

**SMRT
CORPORATION LTD**

**SUMMARY REPORT
2004**

**THE
JOURNEY
IS THE
DESTINATION**

VISION

Moving people, enhancing lives.

MISSION

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

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

SMRT has an annual turnover of nearly S\$700 million and total assets worth more than S\$1.5 billion. Incorporated on 6 March 2000, SMRT has been listed on the main board of the Singapore Exchange since 26 July 2000 and has a market capitalisation of approximately S\$900 million.

In addition to its core transport businesses in the provision of train, bus and taxi services, SMRT reaps additional revenue from its leasing of commercial and advertising spaces within its overall transport infrastructure, as well as the provision of engineering consultancy, project management, operations and maintenance services.

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CHAIRMAN'S MESSAGE

FY2004 was a milestone year for SMRT in many respects, and a year in which we proved our resilience in the face of unprecedented challenges. In terms of performance, we managed to achieve a good 24.2 per cent growth in net profit despite a drop in revenue. The year also saw many initiatives to grow revenue in non-fare sectors, such as property leasing, advertising and taxis. Internally, the year was one of renewal, as a new vision, mission and core values were introduced for the integrated SMRT Group, which will focus our endeavours as we move forward.

FINANCIAL PERFORMANCE

Compared to the previous financial year, Group revenue in FY2004 declined 2.7 per cent to S\$667.3 million. This drop is attributable not only to the SARS (Severe Acute Respiratory Syndrome) outbreak and the generally weakened economic conditions, but also to our absorption of the increases in Goods and Services Tax (GST), by 1 per cent in January 2003, and a further 1 per cent in January 2004. Another factor was a decrease in MRT revenue caused by the lower average fare we experienced when the North-East Line (NEL) started operations in June 2003. Although NEL brought more passengers into our system, the sharing of fares and boarding charges paid by transferring passengers between our lines and NEL led to the decrease in the average fare.

To mitigate the effects of the prevailing weak economic conditions, we implemented a series of cost and productivity improvement measures across all our businesses, and achieved a 2.1 per cent reduction in Group operating expenses. All cost components fell, except repairs and maintenance charges, and some other operating expenses. Repairs and maintenance charges rose due to the increase in engine overhauls for buses, and the planned improvements to LRT's reliability. Other operating expenses increased mainly due to uncontrollable factors, such as property tax, insurance and licence fees.

In spite of the challenging circumstances, I am pleased to report that overall in FY2004 the SMRT Group reported a 24.2 per cent increase in net profit to S\$89.5 million.

In FY2003, we had the benefit of a tax write-back amounting to S\$20.3 million, due to a reduction in the corporate tax rate to 22.0 per cent and the write-back of tax over-provision in previous years. FY2004 saw another tax write-back of S\$14.4 million when the government further reduced the corporate tax rate to 20.0 per cent. The Group also wrote back some S\$8.0 million in tax over-provision upon finalisation of tax assessment. If we exclude these tax write-backs, net profit for FY2004 was actually 29.6 per cent higher than FY2003.

Given the good results, the Board recommends a final gross dividend of 3.2 cents per share. This dividend, taken together with the interim gross dividend of 1.3 cents per share, will amount to total gross dividends of 4.5 cents a share or S\$53.6 million net of tax for FY2004.

A UNIFIED IDENTITY FOR SMRT

The year in review saw the completion of the integration of the key support functions in SMRT and TIBS, namely Human Resource, Computer Services, Finance and Corporate Communications. The MRT and LRT operating departments were also merged as part of the integration process.

As we move forward as a unified company, we embrace a new vision, mission and core values. Our new vision, "Moving People, Enhancing Lives" positions SMRT not only as a multi-modal transport network that is safe, comfortable and reliable, but also as a corporation that is committed to enhancing customers' lives. Along with the new vision, we introduced new uniforms for frontline staff across rail, bus and taxi operations to reinforce the SMRT brand and build a sense of "one-ness". In so doing, we hope to underline our commitment to providing consistent quality of

service for our customers across all our transport modes, whether it is our train, bus or taxi services.

On 10 May 2004, all our subsidiaries adopted the SMRT brand name and corporate identity. We believe the adoption of a single brand is a logical conclusion of our integration efforts, because it symbolises the change in the culture of our organisation. It leverages on SMRT's strong brand name which is associated with efficiency and strong technical fundamentals. We therefore want to reinforce and grow the brand equity that we have built over the years.

Having a common brand identity will also create a stronger marketing platform for us to grow our businesses overseas, as the SMRT brand is well established as a corporation that has wide-ranging expertise in providing multi-modal public transport and related engineering services.

GROWING NON-FARE SECTORS

To increase our top line growth and generate higher shareholder returns, we are looking at increasing our revenue streams in the non-fare sectors, in particular the leasing of commercial space at MRT stations, as well as advertising, taxis and engineering consultancy.

Our growth strategy is to harness the potential within our transport network by expanding all the commercial spaces around our train stations to create attractive retail locations for better rental yield. In FY2005, we will redevelop the Raffles Place Station and 11 other stations to enlarge their commercial space. We intend to apply this strategy in the Circle Line Project and plan the retail element from the start. We have therefore commenced discussions on concepts with LTA.

During the year, we also consolidated all our advertising teams under one division called SMRT Media. SMRT Media will manage the advertising and promotion of all media spaces on trains,

stations, buses and taxis, and will contribute to revenue growth by offering new advertising platforms and more competitive options across our network.

The deregulation of the taxi industry from 1 June 2004 bodes well for SMRT Taxis and we are seizing the opportunity to strengthen our market position. With the lifting of the cap on the fleet size this year, we will expand our taxi fleet size from the current 2,000 taxis to 3,000 taxis in FY2005. We have also enhanced our taxi-hiring package and benefits to attract more hirers into our fold.

In the area of engineering consultancy, we will participate in railway development and related projects in the region to grow our revenue.

PROSPECTS FOR FY2005

On 30 April 2004, we announced that we will not be applying for a fare increase this year and that we will continue to absorb the GST increase, because we recognise that the economy is only starting to recover and commuters will need time to adjust to the economic situation. Nevertheless, we expect fare revenue to increase as ridership rises in FY2005, but that revenue growth will be limited by the GST increase and the full year impact of NEL.

We believe our focus on expanding our income from the non-fare sectors will support revenue performance. The increase in retail space will bring in more rental revenue. Advertising is also expected to perform better with an improving economy, while our taxi revenue is expected to grow with our bigger fleet.

Even as we concentrate on top line growth, security and cost management remain our top priorities in FY2005. In light of the heightened security situation worldwide, we have reinforced security at train stations and bus interchanges.

We are a member of the Public Transport Security Committee and will continue to work closely with them to implement security measures as appropriate. On the cost front, the removal of property and road tax rebates, rising fuel costs and the build-up of resources for the Circle Line will add to our costs. However, without compromising on the safety, security and reliability of our services, we will continue to focus on cost efficiency and productivity.

With our commitment to create new avenues of revenue growth and contain costs, SMRT is expected to deliver operating profits comparable to those achieved in FY2004.

CORPORATE GOVERNANCE

We believe there is a direct connection between corporate governance and building shareholder value, so we have made it our constant endeavour to raise our standards in this respect. Our corporate governance procedures and practices are reviewed at least once a year by the Board, and in FY2004, we adopted the recommendations of the Singapore Code of Corporate Governance. The recommendations included the establishment of a charter for each of the Board committees – the Audit Committee, Nominating Committee and Remuneration Committee. Several governance enhancements were made, such as the Audit Committee's recent initiative to develop a comprehensive ethics policy in order to enhance our standing as a socially responsible company committed to effective corporate governance.

BOARD AND MANAGEMENT DEVELOPMENTS

At the coming Annual General Meeting on 15 July 2004, our director, Mr Ng Ser Miang, who has been on the SMRT board since December 2001, will step down. We would like to thank him for his contribution over the years and in particular, for seeing us through the integration process of SMRT and TIBS.

The SMRT management team was infused with new blood with the appointment of Mr Yeo Meng Hin as Executive Vice President (Human Resource and Corporate Services) who joined in August 2003, and of Mr Patrick Lau, as Executive Vice President (Finance) and Chief Financial Officer, who came on board a month later.

IN CONCLUSION

FY2004 was a trying period for all of us. We are heartened by the way the management and staff worked together to bring us through the hard times. We are also grateful to all our shareholders and customers for their support and confidence in us.

Our new vision expresses our direction in the years to come, and our responsibility to provide customers with better services, and shareholders with higher value. We will enjoy greater growth when the extension of the rail network is completed. The commercial opportunities presented by our network will be exploited to add convenience to the travel experience and expand our revenue streams. SMRT will evolve from a people-mover into a service provider with a multi-modal transport network that offers an integrated lifestyle experience, one in which the journey itself becomes the destination.



CHOO CHIAU BENG

Chairman

May 2004

REGISTERED OFFICE

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Singapore 179102
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Facsimile: 65 6334 0247
Website: www.smrt.com.sg

PLACE OF INCORPORATION

Singapore

COMPANY REGISTRATION NUMBER

200001855H

DATE OF INCORPORATION

6 March 2000

BOARD OF DIRECTORS

Choo Chiau Beng, Chairman
Saw Phaik Hwa, President & CEO
Cheah Kean Huat
Daniel Ee Hock Huat
Koh Kheng Siong
Victor Loh Kwok Hoong
Margaret Lui-Chan Ann Soo
Ng Ser Miang
Niam Chiang Meng
Nithiah Nandan s/o Arumugam
Engelin Teh Guek Ngor

COMPANY SECRETARY

Patrick Lau Li Tah

AUDIT COMMITTEE

Daniel Ee Hock Huat, Chairman
Koh Kheng Siong
Victor Loh Kwok Hoong
Engelin Teh Guek Ngor

REMUNERATION COMMITTEE

Choo Chiau Beng, Chairman
Cheah Kean Huat
Koh Kheng Siong
Nithiah Nandan s/o Arumugam

NOMINATING COMMITTEE

Engelin Teh Guek Ngor, Chairman
Choo Chiau Beng
Victor Loh Kwok Hoong
Margaret Lui-Chan Ann Soo
Niam Chiang Meng

AUDITORS

KPMG
Audit Partner: Yap Chee Meng
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking
Corporation Limited
United Overseas Bank Limited

SHARE REGISTRAR

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

FINANCIAL HIGHLIGHTS

	FY2000	FY2001	FY2002	FY2003	FY2004
PROFIT AND LOSS STATEMENT (\$\$MILLION)					
REVENUE	365.4	409.4	496.8	685.6	667.3
Other operating income	10.0	11.8	14.0	19.9	28.8
Staff and related costs	(124.4)	(144.4)	(184.0)	(261.9)	(256.4)
Repairs and maintenance costs	(30.0)	(31.6)	(37.9)	(59.0)	(63.3)
Electricity and diesel costs	(22.9)	(35.5)	(40.8)	(51.9)	(49.4)
Other operating expenses	(38.6)	(36.6)	(51.5)	(89.0)	(101.5)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	159.5	173.2	196.6	243.7	225.5
Depreciation and impairment losses of property, plant and equipment	(117.2)	(122.2)	(149.7)	(186.2)	(154.2)
Amortisation of asset-related grant	45.0	44.2	46.6	42.0	31.7
Amortisation of goodwill	0.0	0.0	(1.2)	(3.6)	(3.6)
EARNINGS BEFORE INTEREST AND TAX (EBIT)	87.3	95.2	92.3	96.0	99.3
Finance costs	0.0	0.0	(6.3)	(20.3)	(15.8)
Interest and investment income/(expense)	75.2	49.2	2.5	(0.5)	3.0
Share of results of associates	0.0	(3.5)	(6.3)	(2.6)	(0.3)
PROFIT BEFORE TAX	162.4	140.9	82.3	72.7	86.2
Profit after tax	117.9	102.8	56.8	72.2	90.2
NET PROFIT (AFTER MINORITY INTERESTS) ATTRIBUTABLE TO SHAREHOLDERS	117.9	102.8	56.8	72.1	89.5
NET DIVIDENDS DECLARED	570.0	52.4	32.2	36.0	53.6*

* Upon approval of final dividend at the Fifth Annual General Meeting on 15 July 2004.

SUMMARISED BALANCE SHEET AS AT 31 MARCH (\$\$MILLION)

Non-current assets	1,072.4	1,138.7	1,466.1	1,419.3	1,242.1
Current assets	1,181.1	328.9	458.8	190.6	342.7
Current liabilities	882.0	368.0	547.4	244.6	456.0
Net current assets/(liabilities)	299.1	(39.0)	(88.6)	(54.0)	(113.3)
Non-current liabilities	599.2	375.6	692.4	682.9	426.2
Shareholders' funds	385.4	381.4	387.8	427.2	480.7
Deferred grant	386.8	342.6	295.9	253.5	219.6

REVENUE (\$MILLION)

FY2004	667.3
FY2003	685.6
FY2002	496.8
FY2001	409.4
FY2000	365.4

EARNINGS BEFORE INTEREST AND TAX (EBIT) (\$MILLION)

FY2004	99.3
FY2003	96.0
FY2002	92.3
FY2001	95.2
FY2000	87.3

NET PROFIT (AFTER MINORITY INTERESTS) ATTRIBUTABLE TO SHAREHOLDERS (\$MILLION)

FY2004	89.5
FY2003	72.1
FY2002	56.8
FY2001	102.8
FY2000	117.9

SHAREHOLDERS' FUNDS (\$MILLION)

FY2004	480.7
FY2003	427.2
FY2002	387.8
FY2001	381.4
FY2000	385.4

RETURN ON EQUITY (%)

FY2004	19.7
FY2003	17.7
FY2002	14.8
FY2001	26.8
FY2000	20.8

RETURN ON TOTAL ASSETS (%)

FY2004	5.6
FY2003	4.1
FY2002	3.3
FY2001	5.5
FY2000	5.1

EARNINGS PER SHARE (CENTS)

FY2004	6.0
FY2003	4.8
FY2002	3.8
FY2001	6.9
FY2000	7.9

NET TANGIBLE ASSET PER SHARE (CENTS)

FY2004	27.8
FY2003	24.0
FY2002	21.3
FY2001	25.4
FY2000	25.7

	FY2000	FY2001	FY2002	FY2003	FY2004
FINANCIAL INDICATORS					
EBITDA margin (%)	43.6	42.3	39.6	35.5	33.8
EBIT margin (%)	23.9	23.2	18.6	14.0	14.9
Return on equity (%)	20.8	26.8	14.8	17.7	19.7
Return on total assets (%)	5.1	5.5	3.3	4.1	5.6
Net gearing	0.00	0.00	0.70	0.95	0.49
Interest cover (times)	0.0	0.0	31.3	12.0	14.3
PER SHARE					
Earnings per share (cents)	7.9	6.9	3.8	4.8	6.0
Net asset value per share (cents)	25.7	25.4	25.9	28.5	32.0
Net tangible asset per share (cents)	25.7	25.4	21.3	24.0	27.8
Gross dividend per share (cents) – including special dividend	51.0	4.7	2.8	3.1	4.5
Gross dividend per share (cents) – excluding special dividend	10.7	3.0	2.8	3.1	4.5
PRODUCTIVITY DATA					
Staff strength	2,935	2,987	6,102	6,194	5,975
Employment costs per \$ of turnover (S\$)	0.34	0.35	0.37	0.38	0.38
Economic value-added (S\$million)	(5.9)	24.1	4.7	3.4	24.6
Economic value-added per employee (S\$)	(2,012.27)	8,073.99	765.98	556.34	4,109.12
Value-added (S\$million)	366.3	374.4	386.1	508.9	493.0
Value-added per employee (S\$)	124,797.27	125,337.13	93,926.61*	82,163.22	82,507.78
Value-added per \$ of employment costs (S\$)	2.94	2.59	2.10	1.94	1.92
Value-added per \$ of gross fixed assets (S\$)	0.28	0.25	0.21	0.25	0.25
Value-added per \$ of turnover (S\$)	1.00	0.91	0.78	0.74	0.74

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

FINANCIAL REVIEW

OVERVIEW

Group revenue for FY2004 was S\$667.3 million or 2.7 per cent lower than FY2003 mainly due to the effect of SARS (Severe Acute Respiratory Syndrome) outbreak during the first quarter of the year, the absorption of the 1 per cent increases in GST on fare revenue, which took effect on 1 January 2003 and 1 January 2004, and lower MRT average fares due to the impact of the North-East Line (“NEL”).

Despite lower revenue, profit from operations for FY2004 grew 3.5 per cent to S\$99.3 million mainly due to increase in other operating income and lower operating expenditure.

Net profit for FY2004 improved 24.2 per cent to S\$89.5 million. Both FY2004 and FY2003 had the benefit of tax write-backs due to the reduction in corporate tax rate and write-back on tax overprovision in prior years. Excluding these write-backs, net profit grew 29.6 per cent to S\$67.1 million from FY2003 to FY2004.

REVIEW OF SECTORAL REVENUE

MRT revenue fell 4.8 per cent to S\$366.1 million in FY2004 as a result of the absorption of GST increases, SARS and lower average fare due to NEL. The NEL commenced operations in June 2003 and brought increased ridership to our MRT lines. However, the increase in ridership was not sufficient to offset the decrease in average fares due to the sharing of fares and boarding charges with the operator of NEL.

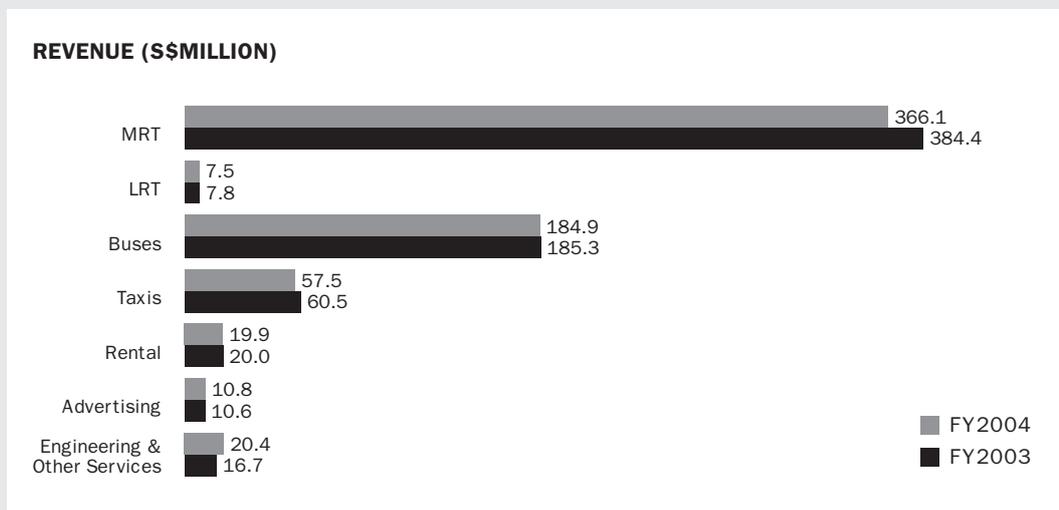
Bus revenue for FY2004 remained relatively stable at S\$184.9 million. The implementation of the Enhanced Integrated Fare System reduced fare leakage and mitigated the drop in revenue caused mainly by SARS in the first quarter and increases in GST.

Revenue contribution from taxis decreased 5.0 per cent to S\$57.5 million due to a smaller hired-out fleet and rental rebates given to hirers to help them cope with the impact of reduced income from SARS.

Rental revenue in FY2004 declined marginally to S\$19.9 million mainly because of the reduction in lettable space due to the construction of the Circle Line and passenger lifts at certain MRT stations.

Revenue from advertising was relatively unchanged at S\$10.8 million. The better performance in the second half of the year arising from improved market conditions was able to offset the weaker first half caused by SARS.

Engineering and Other Services revenue rose 22.2 per cent to S\$20.4 million. Consultancy and services fees earned by SMRT Engineering Pte Ltd and Transit Link Pte Ltd were higher, offset by loss of income upon disposal of TIBS Leasing Pte Ltd (“TIBS Leasing”) on 2 October 2003.



OPERATING EXPENSES

Total operating expenditure in FY2004 declined 2.1 per cent or S\$12.7 million to S\$596.8 million due to the lower staff and related costs, depreciation and energy costs, offset by increase in repairs and maintenance and other operating expenses which were largely uncontrollable.

Staff and related costs declined 2.1 per cent or S\$5.5 million to S\$256.4 million due to the reduction in employers' CPF (Central Provident Fund) contribution from 16.0 to 13.0 per cent from 1 October 2003 and lower provisions for unconsumed leave and retirement benefits.

Depreciation charge declined 17.2 per cent or S\$32.0 million to S\$154.2 million as certain MRT operating assets and equipment were fully depreciated during the year. Amortisation of grant fell 24.9 per cent to S\$31.6 million.

Electricity and diesel costs fell 4.8 per cent to S\$49.4 million as a result of lower electricity tariffs and reduced electricity consumption.

Repairs and maintenance costs rose 7.3 per cent to S\$63.3 million due mainly to the increase in engine overhauls for buses and our planned improvements to the LRT's reliability.

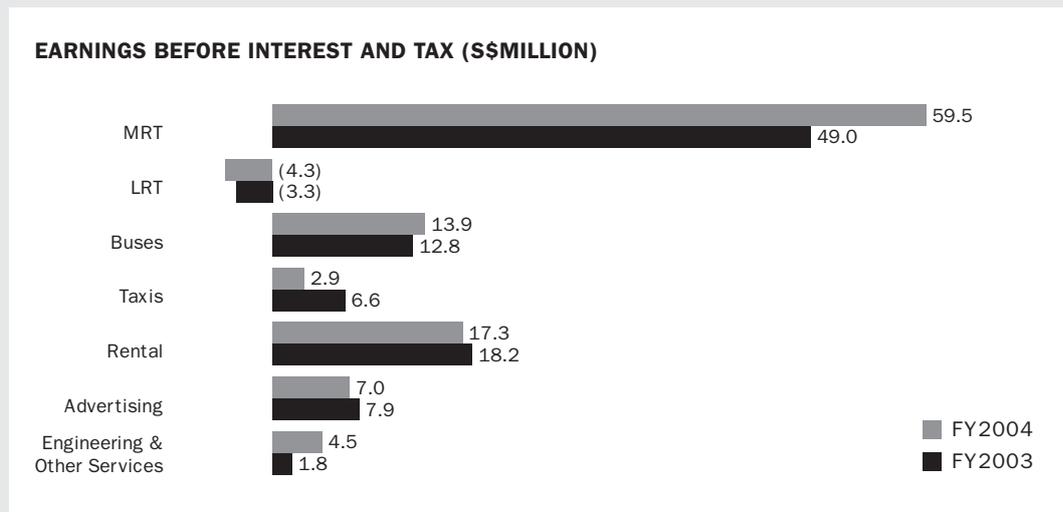
Other operating expenses increased 13.5 per cent to S\$105.1 million mainly from uncontrollable factors, including property tax, insurance costs, LTA licence fees and fees paid to EZ-Link Pte Ltd.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT contribution from our MRT operations increased 21.4 per cent to S\$59.5 million, despite lower revenue, owing to the 19.7 per cent reduction in depreciation as certain operating equipment had been fully depreciated.

Operating losses from our LRT operations increased to S\$4.3 million, attributable mainly to higher costs associated with its maintenance programme.

Bus operations registered an 8.6 per cent rise in EBIT to S\$13.9 million as a result of the reduction in operating expenses arising from the rationalisation of bus services and productivity improvements.



EARNINGS BEFORE INTEREST AND TAX (EBIT) (CONT'D)

EBIT contribution from commercial space rental declined 4.9 per cent to S\$17.3 million on lower revenue and higher operating expenses.

Operating profits from advertising fell 11.4 per cent to S\$7.0 million because of start-up costs incurred to set up an in-house advertising department.

Engineering and Other Services' EBIT surged 150.0 per cent to S\$4.5 million mainly due to higher revenue and the disposal of loss-making TIBS Leasing. In the previous financial year, TIBS Leasing incurred a loss of S\$2.8 million.

FINANCE COSTS AND SHARE OF RESULTS OF ASSOCIATES

Interest expense was significantly lower by 22.2 per cent because of the Group's repayment of outstanding bank loans and redemption of the S\$80.0 million bonds issued by TIBS Holdings Ltd (now known as SMRT Road Holdings Ltd) in March 2003.

Share of results of associates for FY2004 improved as compared to the prior year. The Group had fully accounted for its share of losses in MediaCorp Press Ltd ("MediaCorp Press") to the extent of its cost of investment in FY2003. In FY2004, the Group's stake in MediaCorp Press was diluted from 22.8 to 14.6 per cent. As a result, MediaCorp Press ceased to be an associate and the Group's investment in MediaCorp Press was reclassified as a long-term investment. The Group disposed of its entire equity interest in another associate, Convenience Shopper Pte Ltd, in FY2004 for a cash consideration of S\$367,500.

INCOME TAX

The tax charge for FY2004 included a write-back of deferred tax provision of S\$14.4 million due to the reduction in corporate tax rate from 22.0 to 20.0 per cent and a write-back of overprovision in prior years amounting to S\$8.0 million upon finalisation of tax assessment.

DIVIDENDS

The Board of Directors has proposed a final gross dividend of 3.2 cents per share less tax at 20.0 per cent for approval by the shareholders at the Fifth Annual General Meeting to be held on 15 July 2004. This, together with the interim dividend that was paid on 28 November 2003, will amount to a total gross dividend of 4.5 cents per share or S\$53.6 million net of tax.

DIRECTORS' REPORT

for the year ended 31 March 2004

IMPORTANT NOTE

The Summary Financial Statements as set out on pages 12 to 27 contains only a summary of the information in the directors' report and a summary of the full financial statements. It also includes the information required for compliance with Section 203A of the Companies Act, Chapter 50 and regulations made thereunder, applicable to the Summary Financial Statements. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of the Group and of the Company.

For further information, the full financial statements, the auditors' report on those financial statements and the directors' report in the Annual Report should be consulted. Shareholders may request for a copy of the full financial report at no cost by notifying the Company by 25 June 2004.

DIRECTORS

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

Choo Chiau Beng, Chairman (*Appointed on 1 May 2003*)

Saw Phaik Hwa

Cheah Kean Huat

Daniel Ee Hock Huat

Koh Kheng Siong

Victor Loh Kwok Hoong

Margaret Lui-Chan Ann Soo

Ng Ser Miang

Niam Chiang Meng

Nithiah Nandan s/o Arumugam

Engelin Teh Guek Ngor

PRINCIPAL ACTIVITIES

The principal activities of the Company are those relating to investment holding and provision of management services to group companies.

The subsidiaries are involved in seven key businesses as follows:

(i) Rail Operations

Its principal activities are to provide transport-related businesses in Singapore. It operates the East-West and North-South lines of the Mass Rapid Transit System (the "MRT System") and the Bukit Panjang Light Rapid Transit System (the "LRT System").

(ii) Bus Operations

Its principal activities are to provide bus services and charter hire services.

(iii) Taxi Operations

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

(iv) Rental

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

(v) Advertising

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

PRINCIPAL ACTIVITIES (CONT'D)**(vi) Engineering and Other Services**

The business provides consultancy, project management services, leasing of fibre optic cables and repair and maintenance services.

(vii) Investment Holding

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

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

NAME OF DIRECTOR AND CORPORATION IN WHICH INTERESTS ARE HELD	HOLDINGS IN THE NAME OF THE DIRECTOR, SPOUSE OR INFANT CHILDREN	
	AT BEGINNING OF THE YEAR/ DATE OF APPOINTMENT	AT END OF THE YEAR
CHOO CHIAU BENG		
SMRT Corporation Ltd		
– ordinary shares of \$0.10 each	–	100,000
SIA Engineering Company Limited		
– ordinary shares of \$0.10 each	100,000	100,000
Singapore Food Industries Limited		
– ordinary shares of \$0.05 each	–	20,000
Singapore Technologies Engineering Ltd		
– ordinary shares of \$0.10 each	20,000	20,000
SAW PHAIK HWA		
SMRT Corporation Ltd		
– ordinary shares of \$0.10 each	80,000	80,000
– options to subscribe for ordinary shares of \$0.10 each at \$0.623 between 22/7/2004 to 21/7/2013	–	160,000
CHEAH KEAN HUAT		
SMRT Corporation Ltd		
– ordinary shares of \$0.10 each	30,000	30,000
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	10,000	–
DANIEL EE HOCK HUAT		
CapitaMall Trust Management Limited		
– units in property trust	20,000	22,000
SMRT Corporation Ltd		
– ordinary shares of \$0.10 each	55,000	55,000
SembCorp Industries Ltd		
– ordinary shares of \$0.25 each	3,709	3,709
Singapore Food Industries Limited		
– ordinary shares of \$0.05 each	61,000	61,000

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
DANIEL EE HOCK HUAT (CONT'D)		
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	3,760	3,760
Singapore Technologies Engineering Ltd		
– ordinary shares of \$0.10 each	20,000	20,000
KOH KHENG SIONG		
CapitaLand Limited		
– ordinary shares of \$1.00 each	25,000	25,000
SembCorp Industries Ltd		
– ordinary shares of \$0.25 each	20,000	20,000
SembCorp Logistics Ltd		
– ordinary shares of \$0.25 each	24,000	24,000
SIA Engineering Company Limited		
– ordinary shares of \$0.10 each	2,000	2,000
Singapore Airlines Limited		
– ordinary shares of \$0.50 each	15,000	15,000
Singapore Technologies Engineering Ltd		
– ordinary shares of \$0.10 each	34,361	34,361
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	15,160	15,160
ST Assembly Test Services Ltd		
– ordinary shares of \$0.25 each	1,000	1,000
VICTOR LOH KWOK HOONG		
SMRT Corporation Ltd		
– ordinary shares of \$0.10 each	51,000	51,000
CapitaLand Limited		
– ordinary shares of \$1.00 each	1,000	1,000
Singapore Technologies Engineering Ltd		
– ordinary shares of \$0.10 each	92,000	92,000
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	9,480	9,480
Singapore Airlines Limited		
– ordinary shares of \$0.50 each	–	111,000
MARGARET LUI-CHAN ANN SOO		
CapitaLand Limited		
– ordinary shares of \$1.00 each	10,000	10,000
SembCorp Industries Ltd		
– ordinary shares of \$0.25 each	11,000	11,000
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	3,440	3,440

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
MARGARET LUI-CHAN ANN SOO (CONT'D)		
Tiger Airways Pte Ltd *		
– ordinary shares of \$1.00 each	–	1
NG SER MIANG		
SembCorp Industries Ltd		
– ordinary shares of \$0.25 each	100,000	100,000
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	4,660	4,660
Singapore Airlines Limited		
– ordinary shares of \$0.50 each	–	1,000
NIAM CHIANG MENG		
CapitaLand Limited		
– ordinary shares of \$1.00 each	10,000	10,000
CapitaMall Trust Management Limited		
– units in property trust	94,000	–
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	15,200	15,200
NITHIAH NANDAN S/O ARUMUGAM		
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	–	840
ENGELIN TEH GUEK NGOR		
Finlayson Global Corporation Ltd		
– 0% bonds maturing in 2004	\$10,000	–
Singapore Airlines Limited		
– ordinary shares of \$0.50 each	5,000	5,000
Singapore Telecommunications Limited		
– ordinary shares of \$0.15 each	1,540	1,540
ST Assembly Test Services Ltd		
– ordinary shares of \$0.25 each	1,000	50,000
The Ascott Group Limited		
– ordinary shares of \$0.20 each	10,000	–

* Held on trust for Fullerton Management Pte Ltd.

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 above-mentioned interests in the Company between the end of the financial year and 21 April 2004.

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the full financial statements and in this report) 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.

UNUSUAL ITEMS

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

SHARE OPTIONS

The SMRTC Corporation Employee Share Option Plan ("SMRTC ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRTC ESOP is administered by the Remuneration Committee, comprising Mr Choo Chiau Beng, Chairman of the Committee, Mr Cheah Kean Huat, Mr Koh Kheng Siong and Mr Nithiah Nandan s/o Arumugam.

The SMRTC 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.

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 SMRTC ESOP as it thinks fit.

The salient features of the SMRTC ESOP are as follows:

(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 SMRTC ESOP.

(ii) Maximum allowable allotment

The aggregate number of shares issued under the SMRTC ESOP ("ESOP Shares") 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.

SHARE OPTIONS (CONT'D)**(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 SMRTC ESOP on the unissued ordinary shares of \$0.10 each of the Company are as follows:

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE	OPTIONS				OPTIONS OUTSTANDING AT 31/3/2004	NUMBER OF OPTION HOLDERS AT 31/3/2004	EXERCISE PERIOD
		OUTSTANDING AT 1/4/2003	OPTIONS GRANTED	OPTIONS EXERCISED	OPTIONS CANCELLED			
16/7/2001	\$0.816	7,163,000	–	–	74,000	7,089,000	2,436	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	6,311,200	–	–	331,400	5,979,800	3,391	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	–	6,309,800	–	61,800	6,248,000	3,152	22/7/2004 to 21/7/2013
		13,474,200	6,309,800	–	467,200	19,316,800	8,979	

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

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

NAME OF DIRECTOR	AGGREGATE OPTIONS		AGGREGATE OPTIONS	
	OPTIONS GRANTED FOR FINANCIAL YEAR ENDED 31 MARCH 2004	GRANTED SINCE COMMENCEMENT OF SCHEME TO 31 MARCH 2004	EXERCISED SINCE COMMENCEMENT OF SCHEME TO 31 MARCH 2004	AGGREGATE OPTIONS OUTSTANDING AS AT 31 MARCH 2004
Saw Phaik Hwa	160,000	160,000	–	160,000

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

During the financial year, no options have been granted to the employees of the holding company or its related corporations under the SMRTC 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.

AUDIT COMMITTEE

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

Daniel Ee Hock Huat (*Chairman*)
Koh Kheng Siong
Victor Loh Kwok Hoong
Engelin Teh Guek Ngor

The Committee has reviewed all non-audit services provided by the external auditors, KPMG, to the Group and is of the opinion that the provision of such non-audit services has not affected the independence of the external auditors.

On behalf of the Board of Directors



CHOO CHIAU BENG
Director



SAW PHAIK HWA
Director

Singapore
28 April 2004

AUDITORS' STATEMENT

to the Members of SMRT Corporation Ltd

19

We have examined the Summary Financial Statements set out on pages 12 to 27 which have been prepared by the directors of the Company. In our opinion, the Summary Financial Statements are consistent with the full financial statements and directors' report of SMRT Corporation Ltd for the year ended 31 March 2004 and comply with Section 203A of the Companies Act, Chapter 50, and regulations made thereunder, applicable to the Summary Financial Statements.

We have issued an unqualified audit report dated 28 April 2004 on the full financial statements of SMRT Corporation Ltd for the year ended 31 March 2004. The auditors' report is as follows:

"REPORT OF THE AUDITORS TO THE MEMBERS OF SMRT CORPORATION LTD

We have audited the accompanying financial statements of SMRT Corporation Ltd for the year ended 31 March 2004 as set out in Annual Report 2004 pages 93 to 142. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."



KPMG

Certified Public Accountants

Singapore

28 April 2004

BALANCE SHEETS

as at 31 March 2004

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	1,174,254	1,346,891	237	184
Intangible asset	63,373	66,960	-	-
Investments in subsidiaries	-	-	351,332	351,332
Interests in associates	741	1,215	-	-
Finance lease receivables due after 12 months	-	148	-	-
Financial assets	3,753	4,050	-	-
	1,242,121	1,419,264	351,569	351,516
CURRENT ASSETS				
Inventories	41,522	45,456	-	-
Trade and other receivables	36,415	43,098	540,436	558,337
Financial assets	-	400	-	-
Tax recoverable	1,809	5,365	1,809	5,365
Fixed deposits with banks and financial institutions	227,722	58,102	-	-
Cash at banks and in hand	35,268	38,168	511	473
	342,736	190,589	542,756	564,175
CURRENT LIABILITIES				
Trade and other payables	177,137	216,269	41,473	27,622
Amount due to LTA	4,740	3,721	-	-
Interest-bearing borrowings	250,000	4,972	250,000	-
Employee benefits	3,474	4,011	219	121
Provisions	12,687	10,980	-	-
Current tax payable	7,992	4,656	-	-
	456,030	244,609	291,692	27,743
NET CURRENT (LIABILITIES)/ASSETS	(113,294)	(54,020)	251,064	536,432
BALANCE CARRIED FORWARD	1,128,827	1,365,244	602,633	887,948

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
BALANCE BROUGHT FORWARD	1,128,827	1,365,244	602,633	887,948
NON-CURRENT LIABILITIES				
Interest-bearing borrowings	250,000	500,000	250,000	500,000
Employee benefits	3,745	6,043	543	–
Deferred tax liabilities	154,542	158,892	–	–
Fuel equalisation account	17,961	17,961	–	–
	426,248	682,896	250,543	500,000
MINORITY INTERESTS	2,281	1,582	–	–
NET ASSETS	700,298	680,766	352,090	387,948
SHARE CAPITAL	150,000	150,000	150,000	150,000
ACCUMULATED PROFITS	330,709	277,249	202,090	237,948
SHARE CAPITAL AND ACCUMULATED PROFITS	480,709	427,249	352,090	387,948
DEFERRED GRANT	219,589	253,517	–	–
	700,298	680,766	352,090	387,948

PROFIT AND LOSS ACCOUNTS

for the year ended 31 March 2004

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Revenue	667,344	685,638	40,241	264,249
Other operating income	28,771	19,901	3	4
Staff and related costs	(256,424)	(261,925)	(25,723)	(6,513)
Depreciation and impairment losses of property, plant and equipment	(154,221)	(186,168)	(65)	(90)
Amortisation of asset-related grant	31,655	42,049	–	–
Repairs and maintenance costs	(63,299)	(59,023)	–	–
Electricity and diesel costs	(49,383)	(51,871)	–	–
Other operating expenses	(105,108)	(92,609)	(4,143)	(4,337)
PROFIT FROM OPERATIONS	99,335	95,992	10,313	253,313
Finance costs	(15,779)	(20,279)	(16,049)	(15,743)
Interest and investment income/(expense)	2,989	(466)	9,398	9,219
Share of results of associates	(312)	(2,568)	–	–
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION	86,233	72,679	3,662	246,789
Income tax credit/(expense)	3,962	(483)	(3,484)	(53,889)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION	90,195	72,196	178	192,900
Minority interests	(699)	(128)	–	–
NET PROFIT FOR THE YEAR	89,496	72,068	178	192,900
EARNINGS PER SHARE (IN CENTS)				
Basic	5.97	4.80		
Diluted	5.97	4.80		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2004

	SHARE CAPITAL \$'000	ACCUMULATED PROFITS \$'000	TOTAL \$'000
THE GROUP			
At 1 April 2002	150,000	237,835	387,835
Net profit for the year	–	72,068	72,068
Final dividend paid of 1.50 cents per share less tax at 22% in respect of year 2002	–	(17,444)	(17,444)
Interim dividend paid of 1.30 cents per share less tax at 22% in respect of year 2003	–	(15,210)	(15,210)
At 31 March 2003	150,000	277,249	427,249
Net profit for the year	–	89,496	89,496
Final dividend paid of 1.78 cents per share less tax at 22% in respect of year 2003	–	(20,826)	(20,826)
Interim dividend paid of 1.30 cents per share less tax at 22% in respect of year 2004	–	(15,210)	(15,210)
At 31 March 2004	150,000	330,709	480,709
THE COMPANY			
At 1 April 2002	150,000	77,808	227,808
Net profit for the year	–	192,900	192,900
Final dividend paid of 1.50 cents per share less tax at 22% in respect of year 2002	–	(17,550)	(17,550)
Interim dividend paid of 1.30 cents per share less tax at 22% in respect of year 2003	–	(15,210)	(15,210)
At 31 March 2003	150,000	237,948	387,948
Net profit for the year	–	178	178
Final dividend paid of 1.78 cents per share less tax at 22% in respect of year 2003	–	(20,826)	(20,826)
Interim dividend paid of 1.30 cents per share less tax at 22% in respect of year 2004	–	(15,210)	(15,210)
At 31 March 2004	150,000	202,090	352,090

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2004

	2004 \$'000	2003 \$'000
OPERATING ACTIVITIES		
Profit from operating activities before taxation	86,233	72,679
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grant	(31,655)	(42,049)
Amortisation of goodwill	3,587	3,587
Decrease in employee benefits	(2,783)	(730)
Depreciation and impairment losses of property, plant and equipment	154,221	186,168
Dividend income	–	(184)
Grant released upon disposal/write-off of property, plant and equipment	(2,273)	(311)
Interest expense	15,779	20,279
Interest income	(905)	(768)
Diminution in value of long-term investments	297	90
(Gain)/loss on disposals of:		
– investments	(2,208)	1,418
– property, plant and equipment	(201)	(1,118)
– investment in a subsidiary	329	–
– investment in an associate	(205)	–
Property, plant and equipment written off	7,391	749
Provisions made during the year	8,133	5,905
Share of results of associates	312	2,568
Waiver of loan by minority shareholder of a subsidiary	(472)	–
Operating profit before working capital changes	235,580	248,283
Changes in working capital:		
Inventories	3,924	(3,207)
Finance lease receivables	270	1,475
Trade and other receivables	8,067	18,702
Amounts due from associates	(379)	(403)
Trade balance due to LTA	1,731	51
Trade and other payables and provisions	(14,638)	(57,372)
Cash flows from operations	234,555	207,529
Income taxes refunded	6,504	5,129
Dividends paid	(36,036)	(32,654)
Interest paid	(15,746)	(20,236)
CASH FLOWS FROM OPERATING ACTIVITIES	189,277	159,768
BALANCE CARRIED FORWARD	189,277	159,768

	2004 \$'000	2003 \$'000
BALANCE BROUGHT FORWARD	189,277	159,768
INVESTING ACTIVITIES		
Dividends received	–	184
Interest received	668	854
Purchase of property, plant and equipment	(34,546)	(63,568)
Proceeds from disposals of:		
– investments	2,608	11,739
– property, plant and equipment	2,331	4,427
– investment in an associate	367	–
Net cash inflow from disposal of investment in a subsidiary	11,227	–
CASH FLOWS USED IN INVESTING ACTIVITIES	(17,345)	(46,364)
FINANCING ACTIVITIES		
Decrease in non-trade balance due to LTA	(712)	(250,941)
Repayment of bank loans	(4,500)	(24,216)
Redemption of unsecured bonds	–	(80,000)
Loan from minority shareholder of a subsidiary	–	22
CASH FLOWS USED IN FINANCING ACTIVITIES	(5,212)	(355,135)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	166,720	(241,731)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	96,270	338,001
CASH AND CASH EQUIVALENTS AT END OF YEAR	262,990	96,270

Cash and cash equivalents at end of the year comprise:

	2004 \$'000	2003 \$'000
Fixed deposits with banks and financial institutions	227,722	58,102
Cash at banks and in hand	35,268	38,168
	262,990	96,270

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

31 March 2004

BASIS OF PREPARATION

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

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not give rise to any adjustments to the opening balances of accumulated profits of the prior and current years or to changes in comparatives.

The historical cost basis is used. Amounts are expressed in Singapore dollars, unless stated otherwise.

SIGNIFICANT RELATED PARTY TRANSACTIONS – THE GROUP

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, the Group had the following related party transactions on terms agreed between the parties:

	2004	2003
	\$'000	\$'000
Rental income received/receivable	2,431	2,350
Maintenance income received/receivable	631	420
Commission and distribution fee received/receivable	869	1,101
Purchases of goods and services	35,069	42,470

DISPOSAL OF SUBSIDIARY

On 2 October 2003, the Group disposed of a wholly-owned subsidiary, TIBS Leasing Pte Ltd ("TIBS Leasing"). The principal activities of TIBS Leasing were the rental and leasing of vehicles. The Company contributed a loss of \$2,768,400 to the consolidated net profit for the year ended 31 March 2003 and a net profit of \$46,700 for the six months ended 30 September 2003.

The effect of the disposal of TIBS Leasing is set out below:

	2004
	\$'000
Property, plant and equipment	11,151
Finance lease receivables due after 12 months	271
Inventories	10
Trade and other receivables	1,062
Cash at bank and in hand	2,313
Trade and other payables	(924)
BALANCE CARRIED FORWARD	13,883

DISPOSAL OF SUBSIDIARY (CONT'D)

2004
\$'000

BALANCE BROUGHT FORWARD	13,883
Employee benefits	(7)
Provisions	(7)
Net identifiable assets and liabilities	13,869
Loss on disposal	(329)
Cash consideration received	13,540
Cash disposed of	(2,313)
Net cash inflow	11,227

DIVIDENDS

After the balance sheet date, the directors proposed a final dividend of 3.2 cents (2003: 1.78 cents) per share less tax at 20% (2003: 22%) amounting to a net dividend of \$38,400,000 (2003: \$20,826,000). The dividend has not been provided for.

DIRECTORS' REMUNERATION

Directors' remuneration included in staff and related costs are as follows:

	2004	2003
	\$'000	\$'000
Directors of the Company		
– fees	317	270
– remuneration	649	649
Other directors		
– remuneration	–	250
	966	1,169

COMPARATIVE INFORMATION

Certain items in the comparative figures have been reclassified to conform with the current year's presentation.

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDERS as at 26 May 2004

Authorised share capital:	\$500,000,000
Issued and fully paid capital:	\$150,000,003
Class of share:	ordinary shares of \$0.10 each
Voting rights:	one vote per share

DISTRIBUTION OF SHAREHOLDERS

SIZE OF HOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 – 999	3	0.01	1,650	0.00
1,000 – 10,000	50,379	92.44	122,986,601	8.20
10,001 – 1,000,000	4,097	7.52	181,164,598	12.08
1,000,001 and above	18	0.03	1,195,847,181	79.72
Total	54,497	100.00	1,500,000,030	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Temasek Holdings (Private) Limited	934,400,030	62.29
2	Raffles Nominees Pte Ltd	116,793,414	7.79
3	DBS Nominees Pte Ltd	59,297,922	3.95
4	Citibank Nominees Singapore Pte Ltd	21,302,375	1.42
5	HSBC (Singapore) Nominees Pte Ltd	19,942,440	1.33
6	United Overseas Bank Nominees Pte Ltd	17,884,000	1.19
7	Oversea-Chinese Bank Nominees Pte Ltd	8,011,000	0.53
8	Quah Wee Lai	3,000,000	0.20
9	Choo Si Sen	2,150,000	0.14
10	The Asia Life Assurance Society Ltd – Singapore Life Fund	1,769,000	0.12
11	UOB Kay Hian Pte Ltd	1,768,000	0.12
12	Chen Siong Seng	1,699,000	0.11
13	Lee Pineapple Company Pte Ltd	1,550,000	0.10
14	Kim Eng Securities Pte Ltd	1,512,000	0.10
15	Phillip Securities Pte Ltd	1,303,000	0.09
16	Yap Wai Ying Theresa	1,262,000	0.08
17	Chong Yean Fong	1,200,000	0.08
18	OCBC Securities Private Ltd	1,003,000	0.07
19	Overseas Union Enterprise Limited	1,000,000	0.07
20	Toi Boon How Holdings Pte Ltd	1,000,000	0.07
Total		1,197,847,181	79.85

SUBSTANTIAL SHAREHOLDER

NAME OF SHAREHOLDER	NO. OF SHARES	%
Temasek Holdings (Private) Limited	934,400,030	62.29

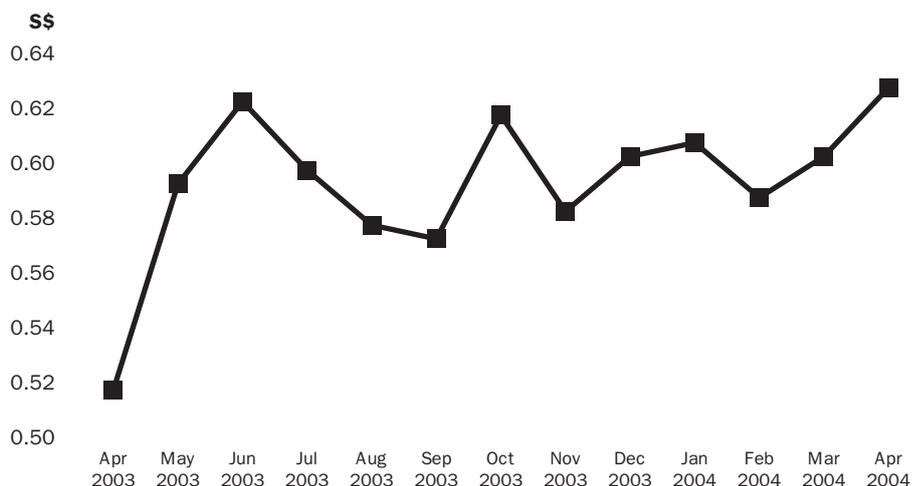
SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 26 May 2004, approximately 37.66% 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.

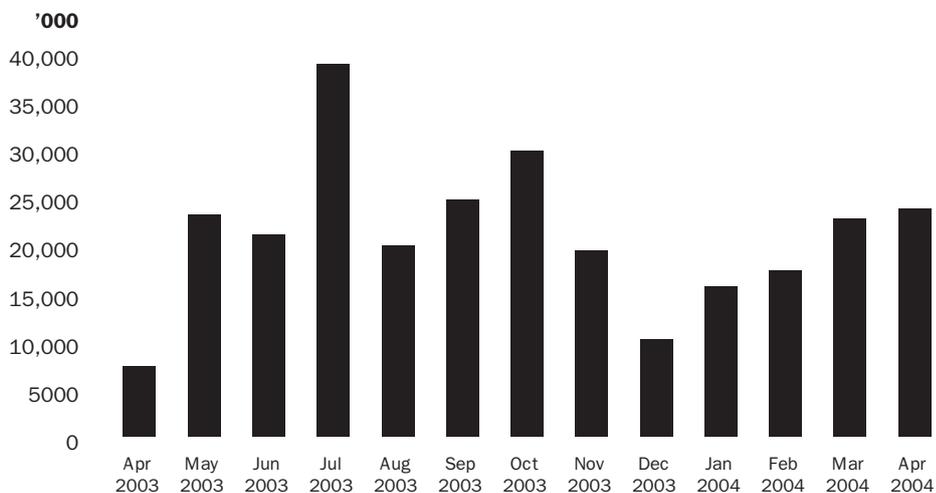
SHARE PRICES AND TRADED VOLUMES

DATE	CLOSING PRICE (S\$)	TRADED VOLUME (‘000)
April 2003	0.515	7,295
May 2003	0.590	23,104
June 2003	0.620	21,035
July 2003	0.595	38,736
August 2003	0.575	19,837
September 2003	0.570	24,652
October 2003	0.615	29,754
November 2003	0.580	19,292
December 2003	0.600	10,073
January 2004	0.605	15,643
February 2004	0.585	17,218
March 2004	0.600	22,680
April 2004	0.625	23,687

MONTHLY SHARE PRICE PERFORMANCE



MONTHLY TRADED VOLUME



Source: Bloomberg

NOTICE OF ANNUAL GENERAL MEETING

SMRT Corporation Ltd (Incorporated in the Republic of Singapore)

To: All Shareholders

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held at Ballroom I & II, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Thursday, 15 July 2004 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

- 1) To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2004 together with the Auditors' Report thereon.
- 2) To declare a Final Dividend of 3.2 cents per share, less income tax at 20 per cent for the financial year ended 31 March 2004.
- 3) To approve Directors' Fees of \$317,000 for the financial year ended 31 March 2004 (FY2003: \$187,344).
- 4) (a) To re-elect the following Directors who are retiring in accordance with Article 94 of the Company's Articles of Association:
 - (i) Mr Daniel Ee Hock Huat; and
 - (ii) Mr Koh Kheng Siong.
(b) To note the retirement of Mr Ng Ser Miang as Director in accordance with Article 94 of the Company's Articles of Association.
- 5) To re-elect Mrs Margaret Lui-Chan Ann Soo, a Director who is retiring in accordance with Article 100 of the Company's Articles of Association.
- 6) To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

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 of the Company to:

- (a) (i) issue shares in the capital of the Company 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

SPECIAL BUSINESS (CONT'D)

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time of the passing of this Resolution, 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 of the passing of this Resolution; and
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2) That authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the SMRT Corporation Employee Share Option Plan ("SMRTC ESOP") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRTC ESOP PROVIDED ALWAYS THAT the aggregate number of shares to be issued pursuant to the SMRTC ESOP shall not exceed 15 per cent of the issued share capital of the Company from time to time.

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 SGX-ST (“Chapter 9”):

- (a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in Appendix B to the attached Letter to Shareholders dated 18 June 2004, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the “General Mandate”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the General Mandate and/or this Resolution.”

ANY OTHER BUSINESS

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

By Order of the Board

PATRICK LAU LI TAH

Company Secretary

18 June 2004

Singapore

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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 22 July 2004 to 23 July 2004 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Fifth Annual General Meeting, will be paid on 3 August 2004 to members on the Register as at 21 July 2004. In respect of shares in securities accounts with The Central Depository (Pte) Limited (“CDP”), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

Duly completed transfers received by the Share Registrar, Lim Associates (Pte) Ltd, at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 up to 5.00 p.m. on 21 July 2004 will be registered to determine shareholders’ entitlements to the final dividend.

EXPLANATORY NOTES ON ORDINARY BUSINESS TO BE TRANSACTED

Resolution 3 Directors will be paid a basic fee and will get additional allowances for their services in other Board Committees.

The current scale of Directors' fees was adopted since FY2001. For FY2003, the Directors' fees paid by the Company and its subsidiaries was \$252,822. Following a review by the Remuneration Committee to consolidate the Directors' fees paid by the Company and its subsidiaries, and to promote a market competitive fee structure, the Directors have recommended a revision in the scale of Directors' fees (per annum) as set out below:

Board of Directors

Chairman's Allowance	\$25,000
Basic Fee	\$20,000

Audit Committee/Executive Committee

Chairman's Allowance	\$16,000
Member's Allowance	\$8,000

Remuneration Committee/Nominating Committee

Chairman's Allowance	\$10,000
Member's Allowance	\$5,000

Resolution 4 Mr Daniel Ee Hock Huat and Mr Koh Kheng Siong will, upon re-election as Directors of the Company, continue to serve as Chairman and Member of Audit Committee respectively. Mr Ee and Mr Koh are considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 7.1 is to empower the Directors to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent (50%) of the issued share capital of the Company with a sub-limit of twenty per cent (20%) for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the issued share capital of the Company at the time that Resolution 7.1 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible at the time that Resolution 7.1 is passed, and any subsequent consolidation or subdivision of shares.

Resolution 7.2 is to authorise the Directors to offer and grant options in accordance with the SMRT Corporation Employee Share Option Plan ("SMRTC ESOP") which was approved at the Extraordinary General Meeting of the Company on 15 July 2000 and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the option under the SMRTC ESOP.

Resolution 8 is to renew the General Mandate to enable the Company, its subsidiaries and associated companies or any of them to enter into any of the mandated transactions with parties who are considered "Interested Person" (as defined in Chapter 9).

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy 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 Meeting.

LETTER TO SHAREHOLDERS

SMRT Corporation Ltd (Incorporated in the Republic of Singapore)

BOARD OF DIRECTORS:

Choo Chiau Beng (*Chairman*)
Saw Phaik Hwa (*President and Chief Executive Officer*)
Cheah Kean Huat
Daniel Ee Hock Huat
Koh Kheng Siong
Victor Loh Kwok Hoong
Margaret Lui-Chan Ann Soo
Ng Ser Miang
Niam Chiang Meng
Nithiah Nandan s/o Arumugam
Engelin Teh Guek Ngor

REGISTERED OFFICE:

251 North Bridge Road
Singapore 179102

18 June 2004

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

Dear Sir/Madam

RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We refer to item 8 of the Notice of the 5th Annual General Meeting of the Company (the "5th AGM") which is an Ordinary Resolution ("Resolution 8") to be proposed at the 5th AGM for the renewal of the Company's general mandate for interested person transactions. The purpose of this letter is to provide Shareholders with information relating to Resolution 8.

1. BACKGROUND

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

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

2. RENEWAL OF THE GENERAL MANDATE

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The General Mandate approved at the EGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 5th AGM, which is to be held on 15 July 2004. Accordingly, it is proposed that the General Mandate be renewed at the 5th AGM, to take effect until the conclusion of the 6th Annual General Meeting of the Company.

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

3. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company confirms that:

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

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial shareholders of the Company in the issued share capital of the Company as at 31 March 2004 and 26 May 2004 can be found on pages 13 to 16 and page 28 respectively.

Saw Phaik Hwa and Margaret Lui-Chan Ann Soo will abstain from voting their shareholdings in the Company, if any, on Resolution 8 relating to the renewal of the General Mandate at the forthcoming 5th AGM. Saw Phaik Hwa and Margaret Lui-Chan Ann Soo shall also decline to accept appointment as proxies for any Shareholder to vote on Resolution 8, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 8.

Temasek Holdings (Private) Limited ("Temasek") and its associates, being interested persons in relation to the proposed renewal of the General Mandate, will abstain from voting their respective shareholdings (if any) in the Company on Resolution 8 relating to the renewal of the General Mandate at the forthcoming 5th AGM. Temasek and its associates shall also decline to accept appointment as proxies for any Shareholder to vote on Resolution 8, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Resolution 8.

5. RECOMMENDATION

The Directors of the Company who are considered independent for the purposes of the proposed renewal of the General Mandate are Messrs Choo Chiau Beng, Cheah Kean Huat, Daniel Ee Hock Huat, Koh Kheng Siong, Victor Loh Kwok Hoong, Ng Ser Miang, Niam Chiang Meng, Nithiah Nandan s/o Arumugam and Engelin Teh Guek Ngor. Having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, they are of the opinion that the entry into the Interested Person Transactions (as described in paragraph 6 of Appendix B) between the SMRT Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of its business will be in the best interests of the Company. For the reasons set out in paragraphs 1 and 3 of Appendix B, they recommend that Shareholders vote in favour of Resolution 8 relating to the renewal of the General Mandate at the forthcoming 5th AGM.

6. RESPONSIBILITY STATEMENT

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

7. SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

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

8. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

Yours faithfully

For an on behalf of the Board of Directors of
SMRT CORPORATION LTD

A handwritten signature in black ink, appearing to read 'Choo Chiau Beng', with a long horizontal flourish extending to the right.

CHOO CHIAU BENG
Chairman

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. INTRODUCTION

Chapter 9 of the Listing Manual (“Chapter 9”) applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) or an approved stock exchange, or an associated company over which the listed company and/or its subsidiaries (the “listed group”), or the listed group and its interested persons(s), has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

2. TERMS USED IN CHAPTER 9

Entity at Risk

The term “entity at risk” is defined to mean (a) the listed company, (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

Interested Person

The term “interested person” is defined to mean a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder.

Interested Person Transaction

The term “interested person transaction” is defined to mean a transaction between an entity at risk and an interested person.

Associate

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

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

Associated Company

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

Controlling Shareholder

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

2. TERMS USED IN CHAPTER 9 (CONT'D)

Approved Exchange

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

Chief Executive Officer

“Chief executive officer” is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

3. MATERIALITY THRESHOLDS, DISCLOSURE REQUIREMENTS AND SHAREHOLDERS' APPROVAL

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

Immediate Announcement

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

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

Shareholders' Approval

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

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

Based on the latest audited consolidated accounts of SMRT Corporation Ltd (“SMRT” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 March 2004, the consolidated NTA of the Group was S\$417.3 million. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ending 31 March 2005 are published, 5% of the latest audited consolidated NTA of the Group would be S\$20.9 million.

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

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

4. EXCEPTIONS

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

- (1) The entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.

4. EXCEPTIONS (CONT'D)

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

5. SHAREHOLDERS' MANDATE

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

APPENDIX B

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION AND RATIONALE FOR THE GENERAL MANDATE

It is envisaged that SMRT Corporation Ltd (“SMRT” or the “Company”), its subsidiaries and associated companies (other than (a) subsidiaries and associated companies which are themselves listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) or an approved stock exchange, or (b) associated companies over which the Company and its subsidiaries and/or its interested person(s) have no control) which are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual (“Chapter 9”) of the SGX-ST (the “SMRT Group”) will, in the ordinary course of their businesses, continue to enter into the categories of transactions (the “Interested Person Transactions”) set out in paragraph 5 below with the specified classes of the Company’s interested persons (the “Interested Persons”) set out in paragraph 4 below. Such transactions are likely to occur with some degree of frequency and could arise at any time.

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

2. SCOPE OF THE GENERAL MANDATE

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

2. SCOPE OF THE GENERAL MANDATE (CONT'D)

- 2.4 The General Mandate will not cover any transaction by a company in the SMRT Group with an Interested Person Transaction that is below S\$100,000 in value, as Chapter 9 provides that any such transaction is to be excluded.
- 2.5 Transactions by the SMRT Group with the Interested Person that do not fall within the ambit of the General Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3. BENEFIT TO SHAREHOLDERS

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

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

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

4. CLASSES OF INTERESTED PERSONS

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

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

5. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

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

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

6. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

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

In particular, the following review procedures will be undertaken:

(a) Provision of Services or Sale of Products

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

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

(b) Obtaining of Services or Purchasing of Products

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

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

6. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS (CONT'D)**(b) Obtaining of Services or Purchasing of Products (cont'd)**

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

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

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

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

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

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

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

7. EXPIRY AND RENEWAL OF THE GENERAL MANDATE

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

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

8. DISCLOSURE

Pursuant to Chapter 9, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted under the General Mandate during the financial year, and in the annual reports for the subsequent financial years during which the General Mandate is in force. In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the General Mandate for the financial periods which it is required to report on (in accordance with Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 705 of the Listing Manual.

PROXY FORM ANNUAL GENERAL MEETING

SMRT CORPORATION LTD (Incorporated in the Republic of Singapore)

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 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 Fifth Annual General Meeting of the Company, to be held on Thursday, 15 July 2004 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
ORDINARY BUSINESS			
1)	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2)	Declaration of Final Dividend		
3)	Approval of Directors' Fees		
4.1)	Re-election of Mr Daniel Ee Hock Huat as Director		
4.2)	Re-election of Mr Koh Kheng Siong as Director		
5)	Re-election of Mrs Margaret Lui-Chan Ann Soo as Director		
6)	Re-appointment of KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
7.1)	Authority to issue shares (Share Issue Mandate)		
7.2)	Authority to offer and grant options and issue shares pursuant to the SMRT Corporation Employee Share Option Plan		
8)	Renewal of General Mandate for Interested Person Transactions		
9)	Any Other Business		

Dated this _____ day of _____ 2004

Total Number of Shares Held: _____

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

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Please
Affix
Postage
Stamp

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

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NOTES TO PROXY FORM:

1. A member entitled to attend and vote at the Annual General Meeting 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 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 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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REQUEST SLIP



SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)

18 June 2004

Dear Shareholder

In addition to this Summary Report 2004 that you have received, a comprehensive review of the Group's operations and performance and the audited financial statements for the financial year ended 31 March 2004, the auditors' report on those financial statements and the directors' report are included in the Annual Report 2004. Shareholders may request for a copy of the full annual report at no cost from the Share Registrar. If you had already made a request for the full report last year, you need not make another request.

Yours faithfully

For and on behalf of SMRT Corporation Ltd

Patrick Lau Li Tah
Company Secretary

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Glue along dotted line

REQUEST SLIP

To SMRT Corporation Ltd

Please send me a copy of the Annual Report for the financial year ended 31 March 2004

Name(s) of Shareholder(s) : _____

NRIC/Passport Number : _____

Address : _____

Signature _____ Date _____

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C/O LIM ASSOCIATES
10 COLLYER QUAY #19-08
OCEAN BUILDING
SINGAPORE 049315**

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DIRECTORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES

SMRT Trains Ltd

SMRT International Pte Ltd

SMRT Investments Pte Ltd

RFP Investments Pte Ltd

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

SMRT Engineering Pte Ltd

300 Bishan Road
Singapore 579828
Telephone: 65 6554 8000
Facsimile: 65 6453 7645
www.smrt.com.sg

SMRT Light Rail Pte Ltd

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

SMRT Road Holdings Ltd

SMRT Buses Ltd

Singapore Shuttle Bus (Pte) Ltd

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

SMRT Taxis Pte Ltd

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

SMRT Automotive Services Pte Ltd

60 Woodlands Industrial Park E4
Singapore 757705
Telephone: 65 6365 4233
Facsimile: 65 6368 7421
www.smrtautomotive.com.sg

Bus-Plus Services Pte Ltd

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

Transit Link Pte Ltd

100 North Bouna Vista Road
#02-01 Bouna Vista MRT Station
Singapore 139345
Telephone: 65 6779 7600
Facsimile: 65 6777 7044
www.transitlink.com.sg

TranSys Pte Ltd

2 Ang Mo Kio Street 64
#04-00 Ang Mo Kio Industrial Park 3
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WWW.SMRT.COM.SG

