SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Unaudited Financial Statements for the Second Quarter and Half-Year ended 30 September 2008

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the second quarter ended 30 September 2008 ("2Q FY2009") and half-year ("1H FY2009") ended 30 September 2008.

1(a)(i) CONSOLIDATED INCOME STATEMENTS

	The Group					
	Jul - Sep 2008	Jul - Sep 2007	Increase/ (Decrease)	Apr - Sep 2008	Apr - Sep 2007	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%
Revenue	227,034	197,302	15.1	442,966	391,495	13.1
Other operating income	6,739	4,272	57.7	12,361	8,034	53.9
	233,773	201,574	16.0	455,327	399,529	14.0
Staff and related costs	(71,822)	(63,276)	13.5	(139,038)	(125,626)	10.7
Depreciation and impairment losses of property, plant and equipment	(32,648)	(31,813)	2.6	(64,641)	(64,028)	1.0
Amortisation of asset-related grant	4,916	5,559	(11.6)	9,849	11,126	(11.5)
Repairs and maintenance costs	(16,328)	(15,771)	3.5	(31,374)	(29,931)	4.8
Electricity and diesel costs	(29,314)	(22,359)	31.1	(58,964)	(44,134)	33.6
Other operating expenses	(35,947)	(25,930)	38.6	(70,316)	(54,316)	29.5
	(181,143)	(153,590)	17.9	(354,484)	(306,909)	15.5
Profit from operations	52,630	47,984	9.7	100,843	92,620	8.9
Finance costs	(1,860)	(2,045)	(9.0)	(3,703)	(4,129)	(10.3)
Interest and investment income	778	1,273	(38.9)	2,674	3,939	(32.1)
Share of results of an associate (net of tax)	3	29	(89.7)	162	147	10.2
Profit before income tax	51,551	47,241	9.1	99,976	92,577	8.0
Income tax expense	(8,988)	(7,705)	16.7	(17,106)	(15,101)	13.3
Profit for the period attributable to equity holders of SMRT	42,563	39,536	7.7	82,870	77,476	7.0

	The Group					
	Jul - Sep 2008	Jul - Sep 2007	Increase/ (Decrease)	Apr - Sep 2008	Apr - Sep 2007	Increase/ (Decrease)
			%			%
EBITDA ($'000)	80,362	74,238	8.2	155,635	145,522	6.9
EBITDA margin	35.4%	37.6%	(2.2)	35.1%	37.2%	(2.1)
EBIT margin	23.2%	24.3%	(1.1)	22.8%	23.7%	(0.9)
PAT margin	18.7%	20.0%	(1.3)	18.7%	19.8%	(1.1)
Interest coverage (x)	43.2	36.3	19.0	42.0	35.2	19.3
Earnings Per Share (EPS) (cents)						
- basic	2.8	2.6	7.6	5.5	5.1	6.9
- diluted	2.8	2.6	7.6	5.5	5.1	6.8
Economic Value Added (EVA) ($'000)	31,897	29,168	9.4	60,747	56,126	8.2
Return On Equity (ROE) (annualised)				24.6%	24.4%	0.2

1(a)(ii) Included in the determination of net profit are the following items:-

	The Group			
	Jul - Sep 2008	Jul - Sep 2007	Apr - Sep 2008	Apr - Sep 2007
	$'000	$'000	$'000	$'000
After Charging / (Crediting) :-				
- Impairment loss/(Reversal of impairment loss) for trade receivables	23	(15)	109	(335)
- Allowance for obsolete inventories	601	560	1,252	1,020
- Foreign exchange loss/(gain)	(427)	(124)	(592)	(229)
- Loss/(Gain) on disposal of property, plant and equipment	570	141	1,037	303
- Gain on disposal of available-for-sale financial assets	-	-	(815)	(13)
- Property, plant and equipment written off	24	378	41	797
- Under/(over)provision of current tax in respect of prior years	-	-	-	30
- Under/(over)provision of deferred tax in respect of prior years	(145)	-	(145)	18

1 (b) EARNINGS PER ORDINARY SHARE

	The Group					
	Jul - Sep 2008	Jul - Sep 2007	Increase/ (Decrease) %	Apr - Sep 2008	Apr - Sep 2007	Increase/ (Decrease) %
Earnings per ordinary share (cents)*:-						
(a) Basic	2.8	2.6	7.6	5.5	5.1	6.9
- Weighted average number of shares for basic EPS ('000)	1,515,520	1,514,893		1,515,407	1,514,266	
(b) Fully Diluted	2.8	2.6	7.6	5.5	5.1	6.8
- Weighted average number of shares for diluted EPS ('000)	1,519,337	1,518,186		1,519,203	1,517,581	

** To the nearest 0.1 cents*

1(c)(i) BALANCE SHEETS

	Notes	The Group		The Company	
		As at 30 Sep 2008	As at 31 Mar 2008	As at 30 Sep 2008	As at 31 Mar 2008
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment		1,044,916	1,032,789	5,842	6,473
Intangible asset		41,932	41,932	-	-
Investments in subsidiaries		-	-	329,891	329,891
Interest in an associate		1,268	1,106	-	-
Financial assets		5,323	6,388	-	-
		1,093,439	1,082,215	335,733	336,364
Current assets					
Inventories		34,206	31,872	-	-
Trade and other receivables		68,456	60,717	289,368	261,003
Financial assets		21,438	15,000	21,438	15,000
Tax recoverable		15,405	15,253	11,229	11,049
Fixed deposits with banks and financial institutions		198,750	216,051	106,500	20,000
Cash at banks and in hand		15,771	16,493	712	4,038
		354,026	355,386	429,247	311,090
Total assets	(a)	1,447,465	1,437,601	764,980	647,454
Equity attributable to equity holders of SMRT					
Share capital		161,090	160,812	161,090	160,812
Reserves		2,700	4,070	2,146	1,564
Accumulated profits		504,201	512,259	243,512	131,592
Total equity		667,991	677,141	406,748	293,968
Non-current liabilities					
Interest-bearing borrowings		250,000	250,000	250,000	250,000
Provisions		3,101	3,215	32	35
Deferred tax liabilities		127,863	131,470	889	889
Fuel equalisation account		19,112	19,112	-	-
Deferred grant		116,898	126,760	-	-
		516,974	530,557	250,921	250,924
Current liabilities					
Trade and other payables		200,690	171,371	107,066	102,390
Provisions		19,744	18,167	245	172
Current tax payable		42,066	40,365	-	-
		262,500	229,903	107,311	102,562
Total liabilities	(b)	779,474	760,460	358,232	353,486
Total equity and liabilities		1,447,465	1,437,601	764,980	647,454

Notes to Balance Sheets:

(a) Total assets increased by $9.9 million (0.7%) due mainly to higher financial assets of $5.4 million, higher trade and other receivables of $7.7 million, higher inventories of $2.3 million and higher property, plant and equipment of $12.1 million, partially offset by lower cash and cash equivalents of $18.0 million.

Trade and other receivables increased as a result of advance payments made for the purchase of new buses. The increase in property, plant and equipment was due mainly to the mid-life upgrade of trains and redevelopment of commercial spaces.

Financial assets as at 30 September 2008 relate to the fair value of the promissory notes of $21.4 million. The $15.0 million variable rate notes as at 31 March 2008 were redeemed by the issuer during the quarter.

(b) Total liabilities increased by $19.0 million (2.5%) due mainly to higher trade and other payables of $29.3 million as a result of higher payables for the midlife upgrade of trains, partially offset by lower deferred grant of $9.9 million. The asset related grant decreased as it was amortised over the life of the assets.

1(c)(ii) GROUP'S BORROWINGS

Amounts repayable in one year or less, or on demand

Nil as at 30 September 2008 and 31 March 2008.

Amounts repayable after one year

	As at 30 September 2008 $'000	As at 31 March 2008 $'000
Unsecured quoted floating rate notes due 2010	50,000	50,000
Unsecured quoted SGD fixed rate notes - at 3.30% per annum due 2009	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 3.27% per annum due 2011	100,000	100,000

Details of any collaterals

Not applicable.

Net Gearing

		The Group	
	Note	As at 30 Sep 2008	As at 31 Mar 2008
Net gearing	(a)	0.05	0.03

(a) Borrowings net of cash and cash equivalents increased by $18.0 million (103.2%) due mainly to lower cash and cash equivalents. As a result, net gearing has increased from 0.03 as at 31 March 2008 to 0.05 as at 30 September 2008.

1(c)(iii). NET ASSET VALUE AND NET TANGIBLE ASSET PER ORDINARY SHARE

	The Group		The Company	
	As at 30 Sep 2008	As at 31 Mar 2008	As at 30 Sep 2008	As at 31 Mar 2008
Net asset value per ordinary share (cents)	44.1	44.7	26.8	19.4
Net tangible asset per ordinary share [1] (cents)	41.3	41.9	26.8	19.4
Number of shares at end of period (excluding treasury shares) [2] ('000)	1,515,550	1,515,158	1,515,550	1,515,158

[1] Net tangible asset = net assets less goodwill on consolidation.

[2] Treasury shares - nil.

1(d) CONSOLIDATED CASH FLOW STATEMENTS

	Notes	The Group			
		Jul - Sep 2008	Jul - Sep 2007	Apr - Sep 2008	Apr - Sep 2007
		$'000	$'000	$'000	$'000
Operating activities					
Profit before income tax		51,551	47,241	99,976	92,577
Adjustments for items not involving outlay of funds:					
Amortisation of asset-related grant		(4,916)	(5,559)	(9,849)	(11,126)
Changes in fair value of financial instruments		896	-	896	-
Unrealised exchange gain		(903)	-	(903)	-
Depreciation and impairment losses of property, plant and equipment		32,648	31,813	64,641	64,028
Dividend income		(85)	(255)	(362)	(1,498)
Grant released upon disposal/write-off of property, plant and equipment		(7)	(36)	(13)	(47)
Interest expense		1,860	2,045	3,703	4,129
Interest income		(693)	(1,018)	(1,497)	(2,428)
(Gain)/loss on disposal of:					
- property, plant and equipment		570	141	1,037	303
- financial assets		-	-	(815)	(13)
Property, plant and equipment written off		24	378	41	797
Provisions made during the period		2,898	4,083	6,447	7,044
Share-based payment expenses		244	176	582	342
Share of results of an associate		(3)	(29)	(162)	(147)
		84,084	78,980	163,722	153,961
Changes in working capital:					
Inventories		84	906	(1,396)	1,050
Trade and other receivables		(2,176)	(4,688)	(4,773)	(2,392)
Amounts due to/from an associate		343	(1,440)	1,537	(5,166)
Trade, other payables and provisions		(277)	(2,897)	(5,126)	(16,946)
Cash generated from operations		82,058	70,861	153,964	130,507
Income taxes paid (net)		(11,358)	(5,039)	(18,963)	(8,618)
Dividends paid		(90,928)	(87,094)	(90,928)	(87,094)
Interest paid		(475)	(875)	(3,737)	(4,151)
Cash flows from operating activities	(a)	(20,703)	(22,147)	40,336	30,644
Investing activities					
Dividends received		85	255	362	1,498
Interest received		638	1,663	1,233	2,706
Purchase of property, plant and equipment		(17,978)	(32,929)	(55,970)	(67,209)
Purchase of financial assets		(20,535)	-	(20,535)	(11,724)
Proceeds from disposal of:					
- property, plant and equipment		166	135	368	290
- financial assets		15,000	-	15,815	13
Cash flows from investing activities	(b)	(22,624)	(30,876)	(58,727)	(74,426)
Financing activities					
Proceeds from issue of shares under share option plan		112	435	278	1,628
Cash flows from financing activities		112	435	278	1,628
Net increase in cash and cash equivalents	(c)	(43,215)	(52,588)	(18,113)	(42,154)
Cash and cash equivalents at beginning of period		257,610	180,063	232,544	169,629
Effect of exchange rate fluctuations on cash held		126	(10)	90	(10)
Cash and cash equivalents at end of the period		214,521	127,465	214,521	127,465
Cash and cash equivalents at end of the period comprise:					
Fixed deposits with banks and financial institutions		198,750	118,270	198,750	118,270
Cash at banks and in hand		15,771	9,195	15,771	9,195
		214,521	127,465	214,521	127,465

Notes to Consolidated Cash Flow Statements:

(a) There was a net cash inflow from operating activities of $40.3 million for 1H FY2009 compared to a net cash inflow of $30.6 million for 1H FY2008 due mainly to higher cash flow from operations, partially offset by the payment of higher income taxes and dividend.

(b) Net cash outflow from investing activities in 1H FY2009 was lower by $15.7 million compared to 1H FY2008 due mainly to the receipt of proceeds from the redemption of $15.0 million variable rate notes by the issuer and lower payments for property, plant and equipment. This was partly offset by the purchase of $20.5 million promissory notes in 2Q FY2009.

(c) Net decrease in cash and cash equivalents for 1H FY2009 was lower than 1H FY2008 due mainly to higher cash inflow from operating activities and lower investing cash outflows.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY

The Group

	Share Capital $'000	Foreign Currency Translation Reserve $'000	Hedge Reserve $'000	Fair Value Reserve $'000	Share-based Payment Reserve $'000	Accumulated Profits $'000	Total Attributable to Equity holders of SMRT $'000
At 1 Apr 2007	158,824	-	-	4,540	879	475,926	640,169
Net fair value changes on available-for-sale financial assets	-	-	-	(1,818)	-	-	(1,818)
Net gain/(loss) recognised directly in equity	-	-	-	(1,818)	-	-	(1,818)
Net profit for the period	-	-	-	-	-	37,940	37,940
Total recognised income and expense for the period	-	-	-	(1,818)	-	37,940	36,122
Issue of shares under SMRT ESOP	1,193	-	-	-	-	-	1,193
Value of employee services received for share-based payment	-	-	-	-	166	-	166
At 30 Jun 2007	160,017	-	-	2,722	1,045	513,866	677,650
Net fair value changes on available-for-sale financial assets	-	-	-	128	-	-	128
Translation differences relating to financial statements of foreign subsidiaries	-	(10)	-	-	-	-	(10)
Net gain/(loss) recognised directly in equity	-	(10)	-	128	-	-	118
Net profit for the period	-	-	-	-	-	39,536	39,536
Total recognised income and expense for the period	-	(10)	-	128	-	39,536	39,654
Issue of shares under SMRT ESOP	435	-	-	-	-	-	435
Issue of performance shares	205	-	-	-	(205)	-	-
Value of employee services received for share-based payment	-	-	-	-	176	-	176
Dividends paid	-	-	-	-	-	(87,094)	(87,094)
At 30 Sep 2007	160,657	(10)	-	2,850	1,016	466,308	630,821

1(e)(i) STATEMENTS OF CHANGES IN EQUITY

The Group (cont'd)

	Share Capital $'000	Foreign Currency Translation Reserve $'000	Hedge Reserve $'000	Fair Value Reserve $'000	Share-based Payment Reserve $'000	Accumulated Profits $'000	Total Attributable to Equity holders of SMRT $'000
At 1 Apr 2008	160,812	(46)	-	2,552	1,564	512,259	677,141
Net fair value changes on available-for-sale financial assets	-	-	-	85	-	-	85
Translation differences relating to financial statements of foreign subsidiary	-	(18)	-	-	-	-	(18)
Net gain/(loss) recognised directly in equity	-	(18)	-	85	-	-	67
Net profit for the period	-	-	-	-	-	40,307	40,307
Total recognised income and expense for the period	-	(18)	-	85	-	40,307	40,374
Issue of shares under SMRT ESOP	166	-	-	-	-	-	166
Value of employee services received for share-based payment	-	-	-	-	338	-	338
At 30 Jun 2008	160,978	(64)	-	2,637	1,902	552,566	718,019
Net fair value changes on available-for-sale financial assets	-	-	-	(1,150)	-	-	(1,150)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(917)	-	-	-	(917)
Translation differences relating to financial statements of foreign subsidiaries	-	48	-	-	-	-	48
Net gain/(loss) recognised directly in equity	-	48	(917)	(1,150)	-	-	(2,019)
Net profit for the period	-	-	-	-	-	42,563	42,563
Total recognised income and expense for the period	-	48	(917)	(1,150)	-	42,563	40,544
Issue of shares under SMRT ESOP	112	-	-	-	-	-	112
Value of employee services received for share-based payment	-	-	-	-	244	-	244
Dividends paid	-	-	-	-	-	(90,928)	(90,928)
At 30 Sep 2008	161,090	(16)	(917)	1,487	2,146	504,201	667,991

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont')

The Company

	Share Capital $'000	Share-based Payment Reserve $'000	Accumulated Profits $'000	Total $'000
At 1 Apr 2007	158,824	879	129,739	289,442
Net profit for the period	-	-	1,128	1,128
Total recognised income and expense for the period	-	-	1,128	1,128
Issue of shares under SMRT ESOP	1,193	-	-	1,193
Value of employee services received for share-based payment	-	166	-	166
At 30 Jun 2007	160,017	1,045	130,867	291,929
Net profit for the period	-	-	52,454	52,454
Total recognised income and expense for the period	-	-	52,454	52,454
Issue of shares under SMRT ESOP	435	-	-	435
Issue of performance shares	205	(205)	-	-
Value of employee services received for share-based payment	-	176	-	176
Dividends paid	-	-	(87,094)	(87,094)
At 30 Sep 2007	160,657	1,016	96,227	257,900

	Share Capital $'000	Share-based Payment Reserve $'000	Accumulated Profits $'000	Total $'000
At 1 Apr 2008	160,812	1,564	131,592	293,968
Net profit for the period	-	-	1,959	1,959
Total recognised income and expense for the period	-	-	1,959	1,959
Issue of shares under SMRT ESOP	166	-	-	166
Value of employee services received for share-based payment	-	338	-	338
At 30 Jun 2008	160,978	1,902	133,551	296,431
Net profit for the period	-	-	200,889	200,889
Total recognised income and expense for the period	-	-	200,889	200,889
Issue of shares under SMRT ESOP	112	-	-	112
Value of employee services received for share-based payment	-	244	-	244
Dividends paid	-	-	(90,928)	(90,928)
At 30 Sep 2008	161,090	2,146	243,512	406,748

1(e)(ii) The total number of issued shares excluding treasury shares of the Company as at 30 September 2008 and 31 March 2008 were 1,515,550,346 and 1,515,158,046 respectively.

The Company did not hold any treasury shares in 2Q FY2009 and as at 30 September 2008 (30 September 2007: Nil).

In 2Q FY2009, the Company issued and allotted 153,600 ordinary shares following the exercise of 153,600 share options under the SMRT Corporation Employee Share Option Plan ("SMRT ESOP").

As at 30 September 2008, the number of outstanding share options under the SMRT ESOP was 2,552,250 (30 September 2007: 3,219,450). Details of the options granted under the SMRT ESOP on the un-issued ordinary shares of the Company are as follows:-

Date of grant of options	Exercise price per share	Options outstanding at 1/7/2008	Options exercised	Options cancelled	Options outstanding at 30/9/2008	Number of option holders at 30/9/2008	Exercise period
16/7/2001	$0.816	1,300,000	66,000	8,000	1,226,000	567	16/7/2002 to 15/7/2011
22/7/2002	$0.676	694,000	51,000	3,500	639,500	586	22/7/2003 to 21/7/2012
22/7/2003	$0.623	725,350	36,600	2,000	686,750	585	22/7/2004 to 21/7/2013
	Total	2,719,350	153,600	13,500	2,552,250		

As at 30 September 2008, the number of outstanding conditional shares awarded under the SMRT Corporation Restricted Share Plan and SMRT Corporation Performance Share Plan was 2,260,700 (30 September 2007: 1,376,600).

2. AUDIT

The figures for the quarter and half-year ended 30 September 2008 and 30 September 2007 have not been audited or reviewed.

3. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period compared with the audited financial statements as at 31 March 2008.

4. REVIEW OF 2Q FY2009 AND 1H FY2009 PERFORMANCE AGAINST PREVIOUS CORRESPONDING PERIODS

Revenue improved by $29.7 million (15.1%) in 2Q FY2009 and $51.5 million (13.1%) in 1H FY2009 compared to the previous corresponding periods due mainly to higher train and bus ridership, higher rental and advertising revenue and increase in revenue from diesel sold to taxi hirers.

Operating profits in 2Q FY2009 and 1H FY2009 increased by $4.6 million (9.7%) and $8.2 million (8.9%) respectively, compared to the previous corresponding periods due mainly to higher revenue and other operating income partially offset by higher operating cost.

Net profit in 2Q FY2009 was higher by $3.0 million (7.7%) in 2Q FY2009 and $5.4 million (7.0%) in 1H FY2009 compared to the previous corresponding periods due mainly to higher operating profits partially offset by higher income tax expenses.

4.1 Revenue

	2Q FY2009 vs 2Q FY2008			1H FY2009 vs 1H FY2008		
	Jul - Sep 2008	Jul - Sep 2007	Increase/ (Decrease)	Apr - Sep 2008	Apr - Sep 2007	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%
Revenue from:-						
- Train operations	122,830	108,014	13.7	238,425	214,845	11.0
- LRT operations	2,348	2,135	10.0	4,541	4,238	7.1
- Bus operations	53,512	48,593	10.1	104,377	96,903	7.7
- Taxi operations	18,418	19,035	(3.2)	37,330	36,951	1.0
- Rental	14,208	9,822	44.7	28,036	19,217	45.9
- Advertising	5,972	4,756	25.6	11,591	10,092	14.9
- Engineering and Other Services	9,746	4,947	97.0	18,666	9,249	101.8
Total revenue	227,034	197,302	15.1	442,966	391,495	13.1

Revenue from Train and Bus operations increased by $19.7 million (12.6%) in 2Q FY2009 and $31.1 million (10.0%) in 1H FY2009 due mainly to the growth in average daily ridership.

Taxi rental revenue declined by $0.6 million (3.2%) in 2Q FY2009 compared to the previous corresponding period due to a lower average hired-out fleet. However, Taxi revenue increased by $0.4 million (1.0%) in 1H FY2009 due to a higher average hired-out fleet.

Rental revenue from commercial spaces increased by $4.4 million (44.7%) in 2Q FY2009 and $8.8 million (45.9%) in 1H FY2009 as a result of better yield and increased space following the redevelopment of commercial spaces at various MRT stations.

Advertising revenue increased by $1.2 million (25.6%) in 2Q FY2009 and $1.5 million (14.9%) in 1H FY2009 compared to the previous corresponding periods as a result of increased advertising on buses, trains and MRT stations.

Revenue from Engineering and Other Services increased by $4.8 million (97.0%) in 2Q FY2009 and $9.4 million (101.8%) in 1H FY2009 due mainly to higher sale of diesel and consultancy revenue from the Palm Jumeirah Project in Dubai.

4.2 Other operating income

The increase in other operating income by $2.5 million (57.7%) in 2Q FY2009 and $4.3 million (53.9%) in 1H FY2009 was due mainly to higher other maintenance and related income.

4.3 Expenses

Staff and related costs were $8.5 million (13.5%) and $13.4 million (10.7%) higher in 2Q FY2009 and 1H FY2009 respectively due mainly to increased headcount, salary adjustments and higher employer's CPF contribution. The higher headcount is mainly attributed to preparations for Circle Line Stage 3 and increased train runs.

Depreciation and impairment losses of property, plant and equipment net of amortisation of asset-related grant was $1.5 million (5.6%) and $1.9 million (3.6%) higher in 2Q FY2009 and 1H FY2009 respectively due mainly to increased capitalisation following from the midlife upgrade of trains and the redevelopment of commercial spaces.

Repairs and maintenance costs increased by $0.6 million (3.5%) in 2Q FY2009 and $1.4 million (4.8%) in 1H FY2009 due mainly to more scheduled repairs and maintenance for Trains.

Electricity and diesel costs increased by $7.0 million (31.1%) in 2Q FY2009 and $14.8 million (33.6%) in 1H FY2009. Electricity cost was $14.1 million and $27.8 million in 2Q FY2009 and 1H FY2009, respectively, compared to $12.5 million and $25.0 million in 2Q FY2008 and 1H FY2008, respectively. The increase in electricity cost was due mainly to higher electricity prices and higher consumption. In addition, diesel cost was higher in 2Q FY2009 and 1H FY2009 as a result of higher diesel prices compared to the corresponding periods last year. Diesel cost was $15.2 million and $31.1 million in 2Q FY2009 and 1H FY2009 respectively, compared to $9.9 million and $19.1 million in 2Q FY2008 and 1H FY2008, respectively.

Other operating expenses increased by $10.0 million (38.6%) and $16.0 million (29.5%) in 2Q FY2009 and 1H FY2009 respectively due mainly to higher cost of diesel sold and higher operating fees associated with higher fare revenue.

A segmental breakdown by business is provided under paragraph 9.

4.4 Finance costs

The lower finance costs for 2Q FY2009 and 1H FY2009 was attributable to lower interest costs on borrowings.

4.5 Interest and investment income

Interest and investment income for 2Q FY2009 and 1H FY2009 was lower compared to previous corresponding periods due mainly to lower interest rates for fixed deposits.

4.6 Share of results of an associate

Share of profits in an associate in 2Q FY2009 and 1H FY2009 related to the results of Transit Link.

5. REVIEW OF PROSPECTS STATEMENT

The results for 2Q FY2009 are consistent with the prospects statement issued during the announcement of the 1Q FY2009 results.

6. SUBSEQUENT EVENTS

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen since 1 October 2008 to the date of this announcement which is likely to affect materially the results of the Group for 2Q FY2009 and 1H FY2009.

7. PROSPECTS

Revenue from Train and Bus operations is expected to be higher in 3Q FY2009 as compared to 3Q FY2008 due mainly to ridership growth.

Revenue from Rental is expected to be higher in 3Q FY2009 as compared to 3Q FY2008. The higher revenue is expected to be contributed mainly by better rental yield and increased space following the redevelopment of various stations.

Group operating expenses for 3Q FY2009 are expected to be higher compared to 3Q FY2008 due mainly to higher electricity and diesel costs and staff and related costs as headcount is expected to be higher with increased preparation work on Circle Line Stage 3 and increased train runs.

The price of diesel is expected to remain volatile in 3Q FY2009.

With the global economic slowdown, the operating environment is expected to be difficult for the next 12 months. The outlook for Taxi is expected to remain challenging. Bus is expected to sustain operating losses for FY2009 in view of the high diesel cost and its operations would also be affected by the implementation of more stringent Quality of Service standards.

Revenue service for Circle Line Stage 3 is expected to commence by mid 2009.

SMRT is expected to complete the acquisition of 49% equity interest in Shenzhen Zona Transportation Group Co. Ltd by 4Q FY2009.

8. DIVIDENDS

8(a) Current Financial Period Reported On

Name of dividend	**Interim**
Dividend type	Cash
Dividend amount per share (in cents)	1.75 cents per ordinary share
Tax rate	Tax exempt one-tier

8(b) Previous Corresponding Period

Name of dividend	**Interim**
Dividend type	Cash
Dividend amount per share (in cents)	1.75 cents per ordinary share
Tax rate	Tax exempt one-tier

8(c) Date Payable

The Board of Directors has declared an interim ordinary dividend of 1.75 cents per share (tax-exempt one-tier) totalling $26.5 million. The interim dividend will be paid on 25 November 2008 to members on the Register as at 14 November 2008.

8(d) Book Closure Date

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed from 17 November 2008 to 18 November 2008 (both dates inclusive) for the preparation of dividend warrants.

Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 3 Church Street #08-01, Samsung Hub, Singapore 049483 up to 5.00p.m. on 14 November 2008 will be registered to determine shareholders' entitlement to the interim dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim dividend will be paid by the Company to CDP which will, in turn, distribute the entitlements to the interim dividend to CDP account holders in accordance with its normal practice.

9. SEGMENT INFORMATION

	----------Rail----------									
	MRT	LRT	Bus Operations	Taxi Operations	Rental	Advertising	Engineering and other services	Investment holding	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Revenue and expenses										
2Q FY2009										
Revenue										
- external customers	122,830	2,348	53,512	18,418	14,208	5,972	9,746	-	-	227,034
- inter-segment	-	-	74	-	-	-	12,147	209,925	(222,146)	-
Operating expenses	(69,728)	(2,180)	(50,619)	(13,014)	(2,261)	(2,085)	(20,804)	(8,634)	22,653	(146,672)
Depreciation, impairment and amortisation	(15,982)	(6)	(3,841)	(5,916)	(1,277)	(195)	(140)	(375)	-	(27,732)
Operating profit/(loss)	37,120	162	(874)	(512)	10,670	3,692	949	200,916	(199,493)	52,630
Finance costs										(1,860)
Interest and investment income										778
Share of results of an associate										3
Income tax expense										(8,988)
Profit for the period attributable to equity holders of SMRT										42,563
2Q FY2008										
Revenue										
- external customers	108,014	2,135	48,593	19,035	9,822	4,756	4,947	-	-	197,302
- inter-segment	-	-	95	(2)	-	-	11,979	72,425	(84,497)	-
Operating expenses	(58,961)	(2,198)	(43,995)	(13,225)	(1,506)	(1,532)	(15,850)	(7,530)	21,733	(123,064)
Depreciation, impairment and amortisation	(15,447)	(20)	(3,880)	(5,604)	(658)	(144)	(141)	(360)	-	(26,254)
Operating profit/(loss)	33,606	(83)	813	204	7,658	3,080	935	64,535	(62,764)	47,984
Finance costs										(2,045)
Interest and investment income										1,273
Share of results of an associate										29
Income tax expense										(7,705)
Profit for the period attributable to equity holders of SMRT										39,536

9. SEGMENT INFORMATION (cont'd)

	----------Rail----------									
	MRT $'000	LRT $'000	Bus Operations $'000	Taxi Operations $'000	Rental $'000	Advertising $'000	Engineering and other services $'000	Investment holding $'000	Elimination $'000	Total $'000
(a) Revenue and expenses										
YTD FY2009										
Revenue										
- external customers	238,425	4,541	104,377	37,330	28,036	11,591	18,666	-	-	442,966
- inter-segment	-	-	157	-	-	-	24,513	220,302	(244,972)	-
Operating expenses	(134,973)	(4,478)	(101,059)	(27,239)	(4,577)	(3,849)	(39,976)	(16,652)	45,472	(287,331)
Depreciation, impairment and amortisation	(31,431)	(13)	(7,630)	(11,863)	(2,468)	(360)	(280)	(747)	-	(54,792)
Operating profit/(loss)	72,021	50	(4,155)	(1,772)	20,991	7,382	2,923	202,903	(199,500)	100,843
Finance costs										(3,703)
Interest and investment income										2,674
Share of results of an associate										162
Income tax expense										(17,106)
Profit for the period attributable to equity holders of SMRT										82,870
YTD FY2008										
Revenue										
- external customers	214,845	4,238	96,903	36,951	19,217	10,092	9,249	-	-	391,495
- inter-segment	-	-	194	2	-	-	23,977	81,570	(105,743)	-
Operating expenses	(118,231)	(4,419)	(87,598)	(25,817)	(3,545)	(3,480)	(31,000)	(15,002)	43,119	(245,973)
Depreciation, impairment and amortisation	(31,014)	(40)	(8,171)	(11,214)	(1,197)	(264)	(282)	(720)	-	(52,902)
Operating profit/(loss)	65,600	(221)	1,328	(78)	14,475	6,348	1,944	65,848	(62,624)	92,620
Finance costs										(4,129)
Interest and investment income										3,939
Share of results of an associate										147
Income tax expense										(15,101)
Profit for the period attributable to equity holders of SMRT										77,476

10. INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during the quarter are as follows:-

Name of Interested Person	Aggregate value of all interested person transactions entered into under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	2Q FY2009	1H FY2009
	$ '000	$ '000
Sale of Goods and Services		
Singapore Telecommunications Limited	-	1,656
National University Hospital (Singapore) Pte Ltd	180	180
Planet Telecoms (S) Pte Ltd	824	824
Purchases of Goods and Services		
Singapore Computer Systems Ltd	398	1,381
Nexwave Solutions Pte Ltd	109	109
NCS Pte Ltd	411	411
SembCorp Power Pte Ltd	40,587	40,587
Total	42,509	45,148

11. NEGATIVE ASSURANCE ON INTERIM FINANCIAL STATEMENTS

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 2Q FY2009 and 1H FY2009 financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ms S. Prema
Company Secretary
SMRT Corporation Ltd

31 October 2008