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**SPEECH¹ ON SECOND QUARTER AND HALF YEAR FY2009
FINANCIAL RESULTS ENDED 30 SEPTEMBER 2008 BY SAW
PHAIK HWA, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
AND LIM CHENG CHENG, EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER, ON 31 OCTOBER 2008, 5.45 PM**

Good evening, ladies and gentlemen, members of the media, analysts and investors, and online participants who are listening in via our webcast.

Welcome to the results presentation for our second quarter and first half of financial year 2009.

GROUP HIGHLIGHTS [SLIDE 2]

For the first six months of financial year 2009, our Group revenue grew 13.1 per cent or 51.5 million dollars to 443 million dollars mainly driven by increased train and bus ridership and growth from rental and advertising revenue.

Total operating expenses for the first six months of financial year 2009 was 354.5 million dollars, 15.5 per cent higher as a result of

¹ Speech is based on results presentation which was sent via SGXNet along with the media release and financial statements after 5:00pm on 31 October 2008. These are available online at www.smr.com.sg. All figures are in Singapore dollars.

increased staff costs, energy costs and other operating expenses. On account of higher revenue and other operating income partially offset by higher operating expenses, the Group achieved an operating profit of 100.8 million dollars, 8.9 per cent higher than the same period last year.

Net profit after tax for the first half of financial year 2009 increased 7 per cent to 82.9 million dollars attributed mainly to higher operating profits, partially offset by higher income tax expense.

The Group also achieved an Economic Value Added of 60.7 million dollars in the first half of financial year 2009, 8.2 per cent higher than last year. Basic earnings per share in the first half of financial year 2009 was 5.5 cents, up 6.9 per cent as compared to the first half of financial year 2008.

I am pleased to announce our Board of Directors has declared an interim ordinary dividend of 1.75 cents per share tax-exempt one-tier, or 26.5 million dollars in dividends for our shareholders.

BUSINESS UPDATE - ZONA [SLIDE 3]

The Group's good performance in the first half of financial year 2009 is a result of higher ridership growth, our continued focus on operational and cost efficiencies, and our strategy to grow our rental and advertising businesses. To further grow our business, we are

keen to leverage on our core competencies and invest overseas in passenger road transportation.

On 30 September 2008, we announced our acquisition of 49 per cent equity interest in Shenzhen Zona Transportation Group Co. Ltd at approximately 90 million Singapore dollars. The signing ceremony marking the entering of the sale and purchase agreement was held in Shenzhen, witnessed by the Deputy Secretary General of Shenzhen Municipal Government.

INVESTMENT RATIONALE [SLIDE 4]

Zona is a strategic investment to SMRT due to a number of reasons. Shenzhen is a top-tier city in China, with one of the strongest and fastest growing economy. Passenger transportation is one of the fastest growing sectors in China, well supported by the Shenzhen Government through its investment in major infrastructure programmes. As such, this makes Shenzhen one of the most attractive regions in China for investment in public transportation.

As a leading transport operator in Shenzhen, Zona has built a successful track record in growing its business. Its earnings is also expected to be accretive from the first year of SMRT's investment.

Zona has high growth potential in all of its business segments. From a fleet of only 300 buses in 2002, Zona grew the fleet to 803 buses in a short span of six years. It has also secured the Shenzhen's

Municipal Government's approval to be the appointed bus operator in the growing BaoAn district, just beside the Shenzhen Special Economic Zone.

Besides public bus, we see growth prospects in other business sectors. In the taxi industry, Shenzhen's number of 12.1 taxis per 10,000 people is relatively lower than other main cities in China and this is expected to increase to 20 taxis per 10,000 people in the next few years. The car leasing business will also benefit from the increasing commuting needs from cross-border travellers and the expanding number of MNCs which are based in Shenzhen.

This investment marks the beginning of a long term partnership between Zona and National Express to further grow Zona's transport services in Shenzhen and beyond. Zona has a dynamic and highly experienced management team, who has very strong relations with the local, regional and national transport industry players and authorities.

LEVERAGING ON SMRT'S EXPERIENCE [SLIDE 5]

There are many areas that SMRT can add value to grow Zona's business segments. SMRT is experienced in the taxi and bus business, which are the core business of Zona, and also in growing our non-fare rental and advertising businesses. SMRT is also well recognised and has received many awards for our service excellence, operational efficiency and corporate governance and these are some of the areas that we can add value to Zona.

The completion of the acquisition is subject to the satisfaction of certain condition precedents, including receipt of approval from the relevant People's Republic of China authorities. We will provide more details on the acquisition upon its completion.

I will now hand over to Cheng Cheng who will take you through our financial performance and also present the business outlook.

P& L HIGHLIGHTS [SLIDE 6]

Thank you, Phaik Hwa. Good evening, ladies and gentlemen. I will now share with you further details on the second quarter and first half of financial year 2009.

For the first half of financial year 2009, the increase in other operating income by 4.3 million dollars was attributable mainly to higher other maintenance and related income.

Finance costs were lower at 3.7 million dollars due to lower interest cost on borrowings.

Interest and investment income was lower by 1.3 million dollars due mainly to lower interest rates for fixed deposits.

OPERATING EXPENSES [SLIDE 7]

Here's the breakdown in operating expenses.

For the first half of financial year 2009 as compared to the same period last year, staff and related costs were up by 13.4 million dollars due mainly to increased headcount, salary adjustments and higher employer's CPF contribution.

Energy costs increased by 14.8 million dollars or 33.6 per cent to 59 million dollars due mainly to higher electricity and diesel prices, and higher electricity consumption.

Of the 59 million dollars, electricity costs accounted for 27.8 million dollars, 11.2 per cent or 2.8 million dollars higher than the same period last year.

Diesel costs for the first half of financial year 2009 was 31.1 million dollars, 62.9 per cent higher as compared to the first six months of last year. Oil prices continued to be volatile in the quarter.

Other operating expenses were higher by 16 million dollars or 29.5 per cent due mainly to higher cost of diesel sold and higher operating fees associated with higher fare revenue.

FINANCIAL INDICATORS [SLIDE 8]

Let us look at the financial indicators of the Group. The financial indicators, though slightly lower, still remain strong.

BALANCE SHEET HIGHLIGHTS [SLIDE 9]

Now, let us look at the highlights of our balance sheet as at 30 September 2008.

The total CAPEX incurred in the six months of financial year 2009 was 81.9 million dollars due mainly to train mid-life upgrade and rental refurbishments.

Total assets increased by 9.9 million dollars or 0.7 per cent due mainly to an increase in financial assets of 5.4 million dollars, an increase in trade and other receivables of 7.7 million dollars, higher inventories of 2.3 million dollars and higher property, plant and equipment of 12.1 million dollars, partially offset by lower cash and cash equivalents of 18 million dollars.

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.

Total liabilities increased by 19 million dollars due mainly to higher trade and other payables of 29.3 million dollars as a result of higher payables for the midlife upgrade of trains, partially offset by lower deferred grant of 9.9 million dollars.

CASH FLOW STATEMENT [SLIDE 10]

Let's look at cash flow.

Comparing the first half of financial year 2009 to the first half of financial year 2008, there was a higher net cash inflow from operating activities of 40.3 million dollars as compared to a net cash inflow of 30.6 million dollars. This was due mainly to higher cash flow from operations, partially offset by the payment of higher income taxes and dividend.

Net cash outflow from investing activities for the first half of financial year 2009 was lower by 15.7 million dollars as compared to the first half of financial year 2008 due mainly to the receipt of proceeds from the redemption of 15 million dollars variable rate notes by the issuer and lower payment for property, plant and equipment. This was partly offset by the purchase of 20.5 million dollars promissory notes in the second quarter of financial year 2009.

As a result, cash and cash equivalents rose to 214.5 million dollars as at 30 September 2008.

Let us proceed to the revenue by segments.

MRT [SLIDE 11]

Revenue from MRT Operations grew 11 per cent or 23.6 million dollars to 238.4 million dollars in the first half of financial year 2009 driven by growth in average daily ridership. MRT recorded operating profits of 72 million dollars, partially offset by higher staff and electricity costs, in the first half of financial year 2009.

The Public Transport Council has approved an average 0.6 per cent fare adjustment on SMRT's bus and train fares effective 1 October 2008. The final fare revision will amount to an additional 4.3 million dollars in fare revenue over the next 12 months from 1 October. After factoring in the cost of extending the senior citizen concessionary

travel hours, SMRT expects to yield an additional 3 million dollars in fare revenue for the full year.

LRT [SLIDE 12]

Driven by ridership growth, LRT operations posted a slight profit of 0.1 million dollars in the first half of financial year 2009 as compared to an operating loss of 0.2 million dollars in the first half of financial year 2008.

BUS [SLIDE 13]

Bus revenue improved 7.7 per cent to 104.4 million dollars in the first half of financial year 2009 led by higher ridership growth. However, an operating loss of 4.2 million dollars was posted due mainly to an increase in diesel costs.

TAXI [SLIDE 14]

An operating loss for Taxis of 1.8 million dollars was posted for the first half of financial year 2009 due to diesel subsidies, higher repair and maintenance cost, depreciation and loss on disposal of taxis.

RENTAL [SLIDE 15]

Rental revenue rose 45.9 per cent to 28 million dollars in the first half of financial year 2009 as a result of better yield and increased space.

Rental operating profits grew 45 per cent to 21 million dollars in the first half of financial year 2009.

Including the Dover station completed in the second quarter of financial year 2009, a total of 28 refurbished MRT stations have contributed to the growth in rental revenue.

ADVERTISING [SLIDE 16]

Advertising revenue increased 14.9 per cent to 11.6 million dollars in the first half of financial year 2009 as compared to the previous corresponding period as a result of increased advertising on buses, trains and MRT stations. This led to operating profits of 7.4 million dollars in the first half of financial year 2009, 16.3 per cent higher than the same period last year.

ENGINEERING & OTHER SERVICES [SLIDE 17]

Operating profits for Engineering and Other Services improved to 2.9 million dollars in the first half of financial year 2009 due mainly to profit contribution from the Palm Jumeirah Project in Dubai and other project management and consultancy projects.

I will next present the business outlook.

BUSINESS OUTLOOK [SLIDE 18]

Revenue from Train and Bus operations is expected to be higher in the third quarter of financial year 2009 as compared to the third quarter of financial year 2008 due mainly to ridership growth.

Revenue from Rental is expected to be higher in the third quarter of financial year 2009 as compared to the third quarter of financial year 2008. The higher revenue is expected to be contributed mainly by better rental yield and increased space following the redevelopment of various MRT stations.

BUSINESS OUTLOOK [SLIDE 19]

Group operating expenses for the third quarter of financial year 2009 are expected to be higher as compared to the third quarter of financial year 2008 due mainly to higher electricity and diesel costs and staff and related costs. Based on the six-month electricity contract which started from 1 October 2008 and will end on 31 March 2009, the rates will be about 30 per cent higher than the previous six-month contract which ended in 30 September 2008. 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 the third quarter of financial year 2009.

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 financial year 2009 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 per cent equity interest in Shenzhen Zona Transportation Group Co. Ltd by the fourth quarter of financial year 2009.

This marks the end of my briefing. I would like to invite Phaik Hwa and Meng Hin now to the Q&A panel.