

# SMRT CORPORATION LTD

(Company Registration No: 200001855H)

## Unaudited Financial Statements for the First Quarter ended 30 June 2008

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the first quarter ended 30 June 2008 ("1Q FY2009").

### 1(a)(i) CONSOLIDATED INCOME STATEMENTS

|   | <b>The Group</b>  |                   |                         |
|---|-------------------|-------------------|-------------------------|
|   | Apr - Jun<br>2008 | Apr - Jun<br>2007 | Increase/<br>(Decrease) |
|   | \$'000            | \$'000            | %                       |
| Revenue   | 215,932           | 194,193           | 11.2                    |
| Other operating income  | 5,622             | 3,762             | 49.4                    |
|   | <u>221,554</u>    | <u>197,955</u>    | <u>11.9</u>             |
| Staff and related costs   | (67,216)          | (62,350)          | 7.8                     |
| Depreciation and impairment losses of property, plant and equipment | (31,993)          | (32,215)          | (0.7)                   |
| Amortisation of asset-related grant                                 | 4,933             | 5,567             | (11.4)                  |
| Repairs and maintenance costs                                       | (15,046)          | (14,160)          | 6.3                     |
| Electricity and diesel costs  | (29,650)          | (21,775)          | 36.2                    |
| Other operating expenses  | (34,369)          | (28,386)          | 21.1                    |
|   | <u>(173,341)</u>  | <u>(153,319)</u>  | <u>13.1</u>             |
| <b>Profit from operations</b>                                       | 48,213            | 44,636            | 8.0                     |
| Finance costs   | (1,843)           | (2,084)           | (11.6)                  |
| Interest and investment income                                      | 1,896             | 2,666             | (28.9)                  |
| Share of results of an associate (net of tax)                       | 159               | 118               | 34.7                    |
|   | <u>48,425</u>     | <u>45,336</u>     | <u>6.8</u>              |
| <b>Profit before income tax</b>                                     | 48,425            | 45,336            | 6.8                     |
| Income tax expense  | (8,118)           | (7,396)           | 9.8                     |
|   | <u>40,307</u>     | <u>37,940</u>     | <u>6.2</u>              |
| <b>Profit for the period attributable to equity holders of SMRT</b> | <u>40,307</u>     | <u>37,940</u>     | <u>6.2</u>              |
|   |                   |                   |                         |
|   | <b>The Group</b>  |                   |                         |
|   | Apr - Jun<br>2008 | Apr - Jun<br>2007 | Increase/<br>(Decrease) |
|   |                   |                   | %                       |
| EBITDA (\$'000)   | 75,273            | 71,284            | 5.6                     |
| EBITDA margin   | 34.9%             | 36.7%             | (1.8)                   |
| EBIT margin   | 22.3%             | 23.0%             | (0.7)                   |
| PAT margin  | 18.7%             | 19.5%             | (0.8)                   |
| Interest coverage (x)   | 40.8              | 34.2              | 19.4                    |
| Earnings Per Share (EPS) (cents)                                    |                   |                   |                         |
| - basic   | 2.7               | 2.5               | 6.1                     |
| - diluted   | 2.7               | 2.5               | 6.1                     |
| Economic Value Added (EVA) (\$'000)                                 | 28,850            | 26,958            | 7.0                     |
| Return On Equity (ROE) (annualised)                                 | 23.1%             | 23.0%             | 0.1                     |

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

|   | <b>The Group</b>  |                   |
|---|-------------------|-------------------|
|   | Apr - Jun<br>2008 | Apr - Jun<br>2007 |
|   | \$'000            | \$'000            |
| <i>After Charging / (Crediting) :-</i>                                |                   |                   |
| - Impairment loss/(Reversal of impairment loss) for trade receivables | 86                | (320)             |
| - Allowance for obsolete inventories                                  | 651               | 460               |
| - Foreign exchange loss/(gain)  | (165)             | (105)             |
| - Loss/(Gain) on disposal of property, plant and equipment            | 467               | 162               |
| - Gain on disposal of available-for-sale financial assets             | (815)             | (13)              |
| - Property, plant and equipment written off                           | 17                | 419               |
| - Under/(over)provision of current tax in respect of prior years      | -                 | 30                |
| - Under/(over)provision of deferred tax in respect of prior years     | -                 | 18                |
|   | <u>          </u> | <u>          </u> |

**1 (b) EARNINGS PER ORDINARY SHARE**

|  | <b>The Group</b>  |                   |                         |
|--|-------------------|-------------------|-------------------------|
|  | Apr - Jun<br>2008 | Apr - Jun<br>2007 | Increase/<br>(Decrease) |
|  | %                 |                   |                         |
| Earnings per ordinary share (cents)*:-                     |                   |                   |                         |
| (a) Basic  | 2.7               | 2.5               | 6.1                     |
| - Weighted average number of shares for basic EPS ('000)   | 1,515,294         | 1,513,639         |                         |
| (b) Fully Diluted  | 2.7               | 2.5               | 6.1                     |
| - Weighted average number of shares for diluted EPS ('000) | 1,519,168         | 1,517,557         |                         |

\* To the nearest 0.1 cents

## 1(c)(i) BALANCE SHEETS

| Notes  | <b>The Group</b>     |                  | <b>The Company</b> |                |
|--|----------------------|------------------|--------------------|----------------|
|  | As at                | As at            | As at              | As at          |
|  | 30 Jun 2008          | 31 Mar 2008      | 30 Jun 2008        | 31 Mar 2008    |
|  | \$'000               | \$'000           | \$'000             | \$'000         |
| <b>Non-current assets</b>                            |                      |                  |                    |                |
| Property, plant and equipment                        | 1,036,755            | 1,032,789        | 6,102              | 6,473          |
| Intangible asset                                     | 41,932               | 41,932           | -                  | -              |
| Investments in subsidiaries                          | -                    | -                | 329,891            | 329,891        |
| Interest in an associate                             | 1,265                | 1,106            | -                  | -              |
| Available-for-sale financial assets                  | 6,473                | 6,388            | -                  | -              |
|  | <u>1,086,425</u>     | <u>1,082,215</u> | <u>335,993</u>     | <u>336,364</u> |
| <b>Current assets</b>                                |                      |                  |                    |                |
| Inventories  | 34,291               | 31,872           | -                  | -              |
| Trade and other receivables                          | 64,670               | 60,717           | 265,826            | 261,003        |
| Available-for-sale financial assets                  | 15,000               | 15,000           | 15,000             | 15,000         |
| Tax recoverable                                      | 15,301               | 15,253           | 11,139             | 11,049         |
| Fixed deposits with banks and financial institutions | 242,102              | 216,051          | 22,500             | 20,000         |
| Cash at banks and in hand                            | 15,508               | 16,493           | 726                | 4,038          |
|  | <u>386,872</u>       | <u>355,386</u>   | <u>315,191</u>     | <u>311,090</u> |
| <b>Total assets</b>                                  | (a) <u>1,473,297</u> | <u>1,437,601</u> | <u>651,184</u>     | <u>647,454</u> |
| <b>Equity attributable to equity holders of SMRT</b> |                      |                  |                    |                |
| Share capital  | 160,978              | 160,812          | 160,978            | 160,812        |
| Reserves   | 4,475                | 4,070            | 1,902              | 1,564          |
| Accumulated profits                                  | 552,566              | 512,259          | 133,551            | 131,592        |
| <b>Total equity</b>                                  | <u>718,019</u>       | <u>677,141</u>   | <u>296,431</u>     | <u>293,968</u> |
| <b>Non-current liabilities</b>                       |                      |                  |                    |                |
| Interest-bearing borrowings                          | 250,000              | 250,000          | 250,000            | 250,000        |
| Provisions   | 2,837                | 3,215            | 31                 | 35             |
| Deferred tax liabilities                             | 131,512              | 131,470          | 889                | 889            |
| Fuel equalisation account                            | 19,112               | 19,112           | -                  | -              |
| Deferred grant                                       | 121,821              | 126,760          | -                  | -              |
|  | <u>525,282</u>       | <u>530,557</u>   | <u>250,920</u>     | <u>250,924</u> |
| <b>Current liabilities</b>                           |                      |                  |                    |                |
| Trade and other payables                             | 169,332              | 171,371          | 103,654            | 102,390        |
| Provisions   | 19,780               | 18,167           | 179                | 172            |
| Current tax payable                                  | 40,884               | 40,365           | -                  | -              |
|  | <u>229,996</u>       | <u>229,903</u>   | <u>103,833</u>     | <u>102,562</u> |
| <b>Total liabilities</b>                             | (b) <u>755,278</u>   | <u>760,460</u>   | <u>354,753</u>     | <u>353,486</u> |
| <b>Total equity and liabilities</b>                  | <u>1,473,297</u>     | <u>1,437,601</u> | <u>651,184</u>     | <u>647,454</u> |

## Notes to Balance Sheets:

- (a) Total assets increased by \$35.7 million (2.5%) due mainly to higher cash and cash equivalents of \$25.1 million, higher trade and other receivables of \$4.0 million, higher inventories of \$2.4 million and higher property, plant and equipment of \$4.0 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 redevelopment of commercial spaces.

- (b) Total liabilities decreased by \$5.2 million (0.7%) due mainly to lower deferred grant of \$4.9 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 June 2008 and 31 March 2008.

#### **Amounts repayable after one year**

|   | As at 30 June 2008<br>\$'000 | As at 31 March 2008<br>\$'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**

|             | <b>The Group</b>   |                    |
|-------------|--------------------|--------------------|
|             | As at              | As at              |
| Note        | <u>30 Jun 2008</u> | <u>31 Mar 2008</u> |
| Net gearing | (a) net cash       | 0.03               |

- (a) The Group is in a net cash position as cash and cash equivalents exceed borrowings. The cash and cash equivalents will be utilised for payment of FY2008 final dividend of \$91.0 million and purchase of property, plant and equipment.

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

|   | <b>The Group</b>     |                      | <b>The Company</b>   |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | As at<br>30 Jun 2008 | As at<br>31 Mar 2008 | As at<br>30 Jun 2008 | As at<br>31 Mar 2008 |
| Net asset value per ordinary share (cents)  | 47.4                 | 44.7                 | 19.6                 | 19.4                 |
| Net tangible asset per ordinary share <sup>1</sup> (cents)                        | 44.6                 | 41.9                 | 19.6                 | 19.4                 |
| Number of shares at end of period (excluding treasury shares) <sup>2</sup> ('000) | <u>1,515,397</u>     | <u>1,515,158</u>     | <u>1,515,397</u>     | <u>1,515,158</u>     |

<sup>1</sup> Net tangible asset = net assets less goodwill on consolidation.

<sup>2</sup> Treasury shares - nil.

**1(d) CONSOLIDATED CASH FLOW STATEMENTS**

|   | <b>The Group</b>    |                   |
|---|---------------------|-------------------|
|   | Apr - Jun<br>2008   | Apr - Jun<br>2007 |
|   | \$'000              | \$'000            |
| Notes   |                     |                   |
| <b>Operating activities</b>   |                     |                   |
| Profit before income tax  | 48,425              | 45,336            |
| Adjustments for items not involving outlay of funds:                    |                     |                   |
| Amortisation of asset-related grant                                     | (4,933)             | (5,567)           |
| Depreciation and impairment losses of property, plant and equipment     | 31,993              | 32,215            |
| Dividend income   | (277)               | (1,243)           |
| Grant released upon disposal/write-off of property, plant and equipment | (6)                 | (11)              |
| Interest expense  | 1,843               | 2,084             |
| Interest income   | (804)               | (1,410)           |
| (Gain)/loss on disposals of:  |                     |                   |
| - property, plant and equipment   | 467                 | 162               |
| - available-for-sale financial assets                                   | (815)               | (13)              |
| Property, plant and equipment written off                               | 17                  | 419               |
| Provisions made during the period                                       | 3,549               | 2,961             |
| Share-based payment expenses  | 338                 | 166               |
| Share of results of an associate  | (159)               | (118)             |
|   | <u>79,638</u>       | <u>74,981</u>     |
| Changes in working capital:   |                     |                   |
| Inventories   | (1,480)             | 144               |
| Trade and other receivables   | (2,597)             | 2,296             |
| Amounts due to/from an associate  | 1,194               | (3,726)           |
| Trade, other payables and provisions                                    | (4,849)             | (14,049)          |
| Cash generated from operations  | <u>71,906</u>       | <u>59,646</u>     |
| Income taxes paid (net)   | (7,605)             | (3,579)           |
| Interest paid   | (3,262)             | (3,276)           |
| Cash flows from operating activities                                    | (a) <u>61,039</u>   | <u>52,791</u>     |
| <b>Investing activities</b>   |                     |                   |
| Dividends received  | 277                 | 1,243             |
| Interest received   | 595                 | 1,043             |
| Purchase of property, plant and equipment                               | (37,992)            | (34,280)          |
| Purchase of available-for-sale financial assets                         | -                   | (11,724)          |
| Proceeds from disposal of:  |                     |                   |
| - property, plant and equipment   | 202                 | 155               |
| - available-for-sale financial assets                                   | 815                 | 13                |
| Cash flows from investing activities                                    | (b) <u>(36,103)</u> | <u>(43,550)</u>   |
| <b>Financing activities</b>   |                     |                   |
| Proceeds from issue of shares under share option plan                   | 166                 | 1,193             |
| Cash flows from financing activities                                    | <u>166</u>          | <u>1,193</u>      |
| Net increase in cash and cash equivalents                               | (c) 25,102          | 10,434            |
| Cash and cash equivalents at beginning of period                        | 232,544             | 169,629           |
| Effect of exchange rate fluctuations on cash held                       | (36)                | -                 |
| Cash and cash equivalents at end of the period                          | <u>257,610</u>      | <u>180,063</u>    |
| <b>Cash and cash equivalents at end of the period comprise:</b>         |                     |                   |
| Fixed deposits with banks and financial institutions                    | 242,102             | 163,377           |
| Cash at banks and in hand   | <u>15,508</u>       | <u>16,686</u>     |
|   | <u>257,610</u>      | <u>180,063</u>    |

Notes to Consolidated Cash Flow Statements:

- (a) Net cash inflow from operating activities of \$61.0 million for 1Q FY2009 was higher compared to a net cash inflow of \$52.8 million for 1Q FY2008 due mainly to higher cash flow from operations, partly offset by the payment of higher income taxes.
- (b) Net cash outflow from investing activities in 1Q FY2009 was lower by \$7.4 million compared to 1Q FY2008 due mainly to the purchase of \$11.0 million variable rate notes in 1Q FY2008. This was partly offset by higher cash outflow for the purchase of property, plant and equipment.
- (c) Net increase in cash and cash equivalents for 1Q FY2009 was higher than 1Q 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

|   | <b>Share<br/>Capital</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve</b> | <b>Fair Value<br/>Reserve</b> | <b>Share-based<br/>Payment<br/>Reserve</b> | <b>Accumulated<br/>Profits</b> | <b>Total<br/>Attributable to<br/>Equity holders<br/>of SMRT</b> |
|---|--------------------------|---|-------------------------------|--|--------------------------------|---|
|   | \$'000                   | \$'000  | \$'000                        | \$'000                                     | \$'000                         | \$'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   |

|  | <b>Share<br/>Capital</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve</b> | <b>Fair Value<br/>Reserve</b> | <b>Share-based<br/>Payment<br/>Reserve</b> | <b>Accumulated<br/>Profits</b> | <b>Total<br/>Attributable to<br/>Equity holders<br/>of SMRT</b> |
|--|--------------------------|---|-------------------------------|--|--------------------------------|---|
|  | \$'000                   | \$'000  | \$'000                        | \$'000                                     | \$'000                         | \$'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   |

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

|   | <b>Share<br/>Capital</b> | <b>Share-based<br/>Payment<br/>Reserve</b> | <b>Accumulated<br/>Profits</b> | <b>Total</b> |
|---|--------------------------|--|--------------------------------|--------------|
|   | \$'000                   | \$'000                                     | \$'000                         | \$'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      |

|   | <b>Share<br/>Capital</b> | <b>Share-based<br/>Payment<br/>Reserve</b> | <b>Accumulated<br/>Profits</b> | <b>Total</b> |
|---|--------------------------|--|--------------------------------|--------------|
|   | \$'000                   | \$'000                                     | \$'000                         | \$'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      |

**1(e)(ii)** The total number of issued shares excluding treasury shares of the Company as at 30 June 2008 and 31 March 2008 were 1,515,396,746 and 1,515,158,046 respectively.

The Company did not hold any treasury shares in 1Q FY2009 and as at 30 June 2008 (30 June 2007: Nil).

In 1Q FY2009, the Company issued and allotted 238,700 ordinary shares following the exercise of 238,700 share options under the SMRT Corporation Employee Share Option Plan ("SMRT ESOP").

As at 30 June 2008, the number of outstanding share options under the SMRT ESOP was 2,719,350 (30 June 2007: 3,842,650). 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 1/4/2008 | Options exercised | Options cancelled | Options outstanding at 30/6/2008 | Number of option holders at 30/6/2008 | Exercise period        |
|--------------------------|--------------------------|---------------------------------|-------------------|-------------------|----------------------------------|---------------------------------------|------------------------|
| 16/7/2001                | \$0.816                  | 1,382,000                       | 77,000            | 5,000             | 1,300,000                        | 573                                   | 16/7/2002 to 15/7/2011 |
| 22/7/2002                | \$0.676                  | 749,600                         | 51,600            | 4,000             | 694,000                          | 589                                   | 22/7/2003 to 21/7/2012 |
| 22/7/2003                | \$0.623                  | 839,450                         | 110,100           | 4,000             | 725,350                          | 580                                   | 22/7/2004 to 21/7/2013 |
|                          | Total                    | 2,971,050                       | 238,700           | 13,000            | 2,719,350                        |                                       |                        |

As at 30 June 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 June 2007: 1,557,700).

## 2. **AUDIT**

The figures for the quarters ended 30 June 2008 and 30 June 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 1Q FY2009 PERFORMANCE AGAINST PREVIOUS CORRESPONDING PERIOD**

Revenue improved by \$21.7 million (11.2%) in 1Q FY2009 compared to the previous corresponding period due mainly to higher train and bus ridership, larger average hired-out fleet for taxis, higher rental revenue and increase in revenue from diesel sold to taxi hirers.

Operating profits in 1Q FY2009 increased by \$3.6 million (8.0%) compared to 1Q FY2008 due mainly to higher revenue and other operating income partially offset by higher operating cost.

Net profit in 1Q FY2009 was higher by \$2.4 million (6.2%) compared to 1Q FY2008 due mainly to higher operating profits in 1Q FY2009 partially offset by higher income tax expenses and lower interest and investment income in 1Q FY2009.

## 4.1 Revenue

|                                  | <b>1Q FY2009 vs 1Q FY2008</b> |                  |                         |
|----------------------------------|-------------------------------|------------------|-------------------------|
|                                  | Apr -Jun<br>2008              | Apr -Jun<br>2007 | Increase/<br>(Decrease) |
|                                  | \$'000                        | \$'000           | %                       |
| Revenue from:-                   |                               |                  |                         |
| - Train operations               | 115,595                       | 106,831          | 8.2                     |
| - LRT operations                 | 2,193                         | 2,103            | 4.3                     |
| - Bus operations                 | 50,865                        | 48,310           | 5.3                     |
| - Taxi operations                | 18,912                        | 17,916           | 5.6                     |
| - Rental                         | 13,828                        | 9,395            | 47.2                    |
| - Advertising                    | 5,619                         | 5,336            | 5.3                     |
| - Engineering and Other Services | 8,920                         | 4,302            | 107.3                   |
| Total revenue                    | <u>215,932</u>                | <u>194,193</u>   | <u>11.2</u>             |

Revenue from Train and Bus operations increased by \$11.3 million (7.3%) in 1Q FY2009 due mainly to the growth in average daily ridership.

Taxis rental revenue increased by \$1.0 million (5.6%) in 1Q FY2009 due to a higher average hired-out fleet.

Rental revenue from commercial spaces increased by \$4.4 million (47.2%) in 1Q FY2009 as a result of better yield and increased space following the redevelopment of commercial spaces at various MRT stations.

Advertising revenue increased marginally by \$0.3 million (5.3%) in 1Q FY2009 compared to the previous quarter as a result of increased advertising on buses, trains and MRT stations.

Revenue from Engineering and Other Services increased by \$4.6 million (107.3%) in 1Q 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 \$1.9 million (49.4%) in 1Q FY2009 was due mainly to higher other maintenance and related income.

## 4.3 Expenses

Staff and related costs were \$4.9 million (7.8%) higher in 1Q FY2009 due mainly to increased headcount, salary adjustments and higher employer's CPF contribution by 1.5 percentage points. The higher headcount is mainly attributed to preparations for Circle Line Stage 3.

Depreciation and impairment losses of property, plant and equipment net of amortisation of asset-related grant was \$0.4 million (1.5%) higher in 1Q FY2009 due mainly to increased capitalisation following from the midlife upgrade of trains and the redevelopment of commercial spaces.

Repair and maintenance costs increased by \$0.9 million (6.3%) in 1Q FY2009 due mainly to more scheduled repairs and maintenance for Trains and a larger average hired-out fleet for Taxis.

Electricity and diesel costs increased by \$7.9 million (36.2%) in 1Q FY2009. Electricity cost was \$13.7 million in 1Q FY2009, compared to \$12.5 million in 1Q FY2008. The increase in electricity cost in 1Q FY2009 was due mainly to higher electricity prices and higher consumption. In addition, diesel cost was higher in 1Q FY2009 as a result of higher diesel prices compared to the corresponding period last year. Diesel cost was \$15.9 million in 1Q FY2009, compared to \$9.2 million in 1Q FY2008.

Other operating expenses increased by \$6.0 million (21.1%) in 1Q FY2009 due mainly to higher cost of diesel sold and recovery of doubtful debts in 1Q FY2008.

A segmental breakdown by business is provided under paragraph 9.

#### **4.4 Finance costs**

The lower finance costs for 1Q FY2009 was attributable to lower interest cost on borrowings.

#### **4.5 Interest and investment income**

Interest and investment income for 1Q FY2009 was lower compared to 1Q FY2008 due mainly to lower interest income from variable rate notes and lower interest rates for fixed deposits.

#### **4.6 Share of results of an associate**

Share of profits in an associate in 1Q FY2009 related to the results of Transit Link for the period.

### **5. REVIEW OF PROSPECTS STATEMENT**

The results for 1Q FY2009 are consistent with the prospects statement issued during the announcement of the 4Q FY2008 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 July 2008 to the date of this announcement which is likely to affect materially the results of the Group for 1Q FY2009.

### **7. PROSPECTS**

Revenue from Train and Bus operations is expected to be higher in 2Q FY2009 as compared to 2Q FY2008 due mainly to ridership growth.

Revenue from Taxis is expected to increase marginally in 2Q FY2009 as compared to 2Q FY2008 as a result of higher average hired-out fleet.

Revenue from Rental is expected to be higher in 2Q FY2009 as compared to 2Q FY2008. The higher revenue is expected to be contributed mainly by better rental yield and increased space following the redevelopment of various stations. Revenue from advertising on trains, stations and buses is also expected to increase in 2Q FY2009 as compared to 2Q FY2008.

Group operating expenses for 2Q FY2009 are expected to be higher compared to 2Q 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.

The price of diesel is expected to remain volatile in 2Q FY2009.

The operating environment is expected to be challenging for the next 12 months as the cost of electricity and diesel is likely to remain high. If this persists, the Bus operations will continue to operate at a loss.

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

## **8. DIVIDENDS**

No dividend will be declared for 1Q FY2009.

## 9. SEGMENT INFORMATION

|  | -----Rail----- |               | Bus<br>Operations<br>\$'000 | Taxi<br>Operations<br>\$'000 | Rental<br>\$'000 | Advertising<br>\$'000 | Engineering<br>and other<br>services<br>\$'000 | Investment<br>holding<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000 |
|--|----------------|---------------|-----------------------------|------------------------------|------------------|-----------------------|--|---------------------------------|-----------------------|-----------------|
|  | MRT<br>\$'000  | LRT<br>\$'000 |                             |                              |                  |                       |  |                                 |                       |                 |
| <b>(a) Revenue and expenses</b>                              |                |               |                             |                              |                  |                       |  |                                 |                       |                 |
| <b>1Q FY2009</b>   |                |               |                             |                              |                  |                       |  |                                 |                       |                 |
| Revenue  |                |               |                             |                              |                  |                       |  |                                 |                       |                 |
| - external customers   | 115,595        | 2,193         | 50,865                      | 18,912                       | 13,828           | 5,619                 | 8,920  | -                               | -                     | 215,932         |
| - inter-segment  | -              | -             | 83                          | -                            | -                | -                     | 12,366   | 10,377                          | (22,826)              | -               |
| Operating expenses   | (65,245)       | (2,298)       | (50,440)                    | (14,225)                     | (2,316)          | (1,764)               | (19,172)                                       | (8,018)                         | 22,819                | (140,659)       |
| Depreciation, impairment and amortisation                    | (15,449)       | (7)           | (3,789)                     | (5,947)                      | (1,191)          | (165)                 | (140)  | (372)                           | -                     | (27,060)        |
| Operating profit/(loss)                                      | <u>34,901</u>  | <u>(112)</u>  | <u>(3,281)</u>              | <u>(1,260)</u>               | <u>10,321</u>    | <u>3,690</u>          | <u>1,974</u>                                   | <u>1,987</u>                    | <u>(7)</u>            | <u>48,213</u>   |
| Finance costs  |                |               |                             |                              |                  |                       |  |                                 |                       | (1,843)         |
| Interest and investment income                               |                |               |                             |                              |                  |                       |  |                                 |                       | 1,896           |
| Share of results of an associate                             |                |               |                             |                              |                  |                       |  |                                 |                       | 159             |
| Income tax expense   |                |               |                             |                              |                  |                       |  |                                 |                       | (8,118)         |
| Profit for the period attributable to equity holders of SMRT |                |               |                             |                              |                  |                       |  |                                 |                       | <u>40,307</u>   |
| <b>1Q FY2008</b>   |                |               |                             |                              |                  |                       |  |                                 |                       |                 |
| Revenue  |                |               |                             |                              |                  |                       |  |                                 |                       |                 |
| - external customers   | 106,831        | 2,103         | 48,310                      | 17,916                       | 9,395            | 5,336                 | 4,302  | -                               | -                     | 194,193         |
| - inter-segment  | -              | -             | 99                          | 4                            | -                | -                     | 11,998   | 9,145                           | (21,246)              | -               |
| Operating expenses   | (59,270)       | (2,221)       | (43,603)                    | (12,592)                     | (2,039)          | (1,948)               | (15,150)                                       | (7,472)                         | 21,386                | (122,909)       |
| Depreciation, impairment and amortisation                    | (15,567)       | (20)          | (4,291)                     | (5,610)                      | (539)            | (120)                 | (141)  | (360)                           | -                     | (26,648)        |
| Operating profit/(loss)                                      | <u>31,994</u>  | <u>(138)</u>  | <u>515</u>                  | <u>(282)</u>                 | <u>6,817</u>     | <u>3,268</u>          | <u>1,009</u>                                   | <u>1,313</u>                    | <u>140</u>            | <u>44,636</u>   |
| Finance costs  |                |               |                             |                              |                  |                       |  |                                 |                       | (2,084)         |
| Interest and investment income                               |                |               |                             |                              |                  |                       |  |                                 |                       | 2,666           |
| Share of results of an associate                             |                |               |                             |                              |                  |                       |  |                                 |                       | 118             |
| Income tax expense   |                |               |                             |                              |                  |                       |  |                                 |                       | (7,396)         |
| Profit for the period attributable to equity holders of SMRT |                |               |                             |                              |                  |                       |  |                                 |                       | <u>37,940</u>   |

**10. INTERESTED PERSON TRANSACTIONS**

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

| <b>Name of Interested Person</b>  | <b>Aggregate value of all interested person transactions entered into under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b> |
|---|---|
|   | <b>1Q FY2009</b>  |
|   | \$ '000   |
| <b><u>Sale of Goods and Services</u></b><br>Singapore Telecommunications Limited    | 1,656   |
| <b><u>Purchases of Goods and Services</u></b><br>Singapore Computer Systems Limited | 983   |
| <b>Total</b>  | <b>2,639</b>  |

**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 1Q 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

25 July 2008