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**TELECONFERENCE BRIEFING¹ ON FIRST QUARTER FY2009
FINANCIAL RESULTS ENDED 30 JUNE 2008 BY LIM CHENG
CHENG, EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL
OFFICER, 25 JULY 2008, 5.45 PM**

Good evening, ladies and gentlemen, members of the media, analysts and investors.

I am Lim Cheng Cheng, Executive Vice President and Chief Financial Officer of SMRT Corporation, addressing the conference call briefing on SMRT's first quarter results for the financial year 2009 ended 30 June 2008.

GROUP HIGHLIGHTS [SLIDE 2]

The SMRT Group achieved an 11.2 per cent increase in revenue to 215.9 million dollars in the first quarter of financial year 2009 as compared to the corresponding quarter last year. The revenue increase was driven mainly by higher train and rental revenue.

¹ Speech is based on results presentation which was sent via SGXNet along with the media release and financial statements after 5:00pm on 25 July 2008. These are available online at www.smrt.com.sg. All figures are in Singapore dollars.

Total operating expenses in the first quarter of financial year 2009 increased 13.1 per cent or 20.0 million dollars to 173.3 million dollars due mainly to increases in staff and related costs, energy costs and other operating expenses.

On account of higher revenue and other operating income partially offset by higher operating cost, the Group achieved an operating profit of 48.2 million dollars, 8.0 per cent higher than the first quarter of financial year 2008. Net profit after tax was 6.2 per cent higher at 40.3 million dollars due mainly to higher operating profits partially offset by higher income tax expenses and lower interest and investment income. Basic earnings per share was also up by 6.1 per cent from 2.5 cents to 2.7 cents.

P & L HIGHLIGHTS [SLIDE 3]

Other operating income was higher by 1.9 million dollars due mainly to higher other maintenance and related income.

Lower finance costs in the first quarter of financial year 2009 at 1.8 million dollars was attributable to lower interest cost on borrowings.

Interest and investment income was lower in the first quarter of financial year 2009 due mainly to lower interest income from variable rate notes and lower interest rates for fixed deposits.

OPERATING EXPENSES [SLIDE 4]

For the breakdown in operating expenses, staff and related costs were 4.9 million dollars or 7.8 per cent higher in the first quarter of financial year 2009 due mainly to increased headcount, salary adjustments and higher employer's CPF contribution by 1.5 percentage points. The higher headcount was mainly attributed to preparations for Circle Line Stage 3.

Electricity and diesel costs increased by 7.9 million dollars or 36.2 per cent to 29.7 million dollars in the first quarter of financial year 2009.

Out of the 29.7 million dollars in the first quarter of financial year 2009, electricity costs was 13.7 million dollars, 9.5 per cent higher as compared to 12.5 million dollars in the same quarter last year. The increase in electricity costs was due mainly to higher electricity prices and higher consumption.

As a result of higher diesel prices, diesel costs for the quarter was 15.9 million dollars, 72.3 per cent higher than 9.2 million dollars in the same quarter last year.

Other operating expenses increased by 6.0 million dollars or 21.1 per cent due mainly to higher cost of diesel sold and recovery of doubtful debts in the first quarter of financial year 2008.

FINANCIAL INDICATORS [SLIDE 5]

Let us look at the financial indicators of the Group. For the first quarter of financial year 2009, operating profit margins were lower at 22.3 per cent due to the increase in cost. Profit after tax margin was also lower at 18.7 per cent as a result of a lower operating profit margin, higher income tax expenses and lower interest and investment income in the first quarter of financial year 2009.

On net gearing, 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 financial year 2008 final dividend of 91 million dollars and the purchase of property, plant and equipment.

BALANCE SHEET HIGHLIGHTS [SLIDE 6]

Now, let us look at the highlights of our balance sheet.

Our CAPEX for the first quarter of financial year 2009 increased to 38.6 million dollars from 30.3 million dollars in the corresponding quarter last year due mainly to the redevelopment of commercial spaces at stations and train mid-life upgrade.

On the key Balance Sheet items, total assets increased by 35.7 million dollars or 2.5 per cent due mainly to higher cash and cash equivalents of 25.1 million dollars, higher trade and other receivables

of 4 million dollars, higher inventories of 2.4 million dollars and higher property, plant and equipment of 4 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 redevelopment of commercial spaces.

Total liabilities decreased by 5.2 million dollars or 0.7 per cent due mainly to lower deferred grant of 4.9 million dollars. The asset related grant decreased as it was amortised over the life of the assets.

CASH FLOW STATEMENT [SLIDE 7]

Let's look at cash flow.

There was a higher net cash inflow from operating activities of 61.0 million dollars for the first quarter of financial year 2009 as compared to a net cash inflow of 52.8 million dollars for the first quarter of financial year 2008 due mainly to higher cash flow from operations, partly offset by the payment of higher income taxes.

Net cash outflow from investing activities in the first quarter of financial year 2009 was lower by 7.4 million dollars as compared to the first quarter of financial year 2008 due mainly to the purchase of 11 million dollars of variable rate notes in the first quarter of financial

year 2008. This was partly offset by higher cash outflow for the purchase of property, plant and equipment.

Net increase in cash and cash equivalents for the first quarter of financial year 2009 was higher than the first quarter of financial year 2008 due mainly to higher cash inflow from operating activities and lower investing cash outflows.

Let us proceed to the revenue by segments.

MRT [SLIDE 8]

For the first quarter of financial year 2009, MRT revenue grew 8.2 per cent or 8.8 million dollars to 115.6 million dollars, driven by the 10.9 per cent increase in average daily ridership.

Ridership growth, partially offset by higher staff and electricity costs, led to a 9.1 per cent increase in operating profits to 34.9 million dollars in the first quarter of financial year 2009 as compared to the first quarter of financial year 2008.

LRT [SLIDE 9]

LRT revenue in the first quarter of financial year 2009 increased 4.3 per cent to 2.2 million dollars, as compared to the same quarter last year, as a result of higher average daily ridership. Operating loss was

slightly lower at 0.1 million dollars due mainly to higher revenue, partially offset by a higher cost of electricity.

BUS [SLIDE 10]

Revenue from Bus operations increased 5.3 per cent to 50.9 million dollars in the first quarter of financial year 2009. Bus, however, posted an operating loss of 3.3 million dollars for the first quarter of financial year 2009 due mainly to higher diesel costs.

TAXI [SLIDE 11]

Taxi rental revenue increased by 1.0 million dollars or 5.6 per cent to 18.9 million dollars in the first quarter of financial year 2009 due to a higher average hired-out fleet. However, diesel subsidies and an increase in other operating expenses due to a higher average hired-out fleet led to an operating loss of 1.3 million dollars in the quarter

RENTAL [SLIDE 12]

With increased rental contributions from refurbished station spaces and better rental yield, rental revenue rose 47.2 per cent or 4.4 million dollars to 13.8 million dollars in the first quarter of financial year 2009, as compared to the same period last year. Operating profits rose 51.4 per cent or 3.5 million dollars to 10.3 million dollars.

ADVERTISING [SLIDE 13]

As a result of increased advertising on trains, MRT stations and buses during the quarter, advertising revenue for the first quarter of financial year 2009 grew 5.3 per cent to 5.6 million dollars and operating profits also rose 12.9 per cent to 3.7 million dollars.

ENGINEERING & OTHER SERVICES [SLIDE 14]

Revenue from Engineering and Other Services doubled to 8.9 million dollars in the first quarter of financial year 2009. The increase in revenue was due mainly to higher sale of diesel and consultancy revenue from the Palm Jumeirah Project in Dubai. Operating profits from Engineering and Other Services almost doubled to 2.0 million dollars as compared to the corresponding quarter last year.

BUSINESS OUTLOOK [SLIDE 15]

Here is the business outlook for the second quarter of financial year 2009 as compared to the second quarter of financial year 2008.

Revenue from Train and Bus operations is expected to increase in the second quarter of financial year 2009 due mainly to ridership growth.

Revenue from Taxis is expected to increase marginally in the second quarter of financial year 2009, as a result of higher average hired-out fleet.

Revenue from Rental is expected to be higher in the second quarter of financial year 2009, 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 the second quarter of financial year 2009.

BUSINESS OUTLOOK [SLIDE 16]

Group operating expenses for the second quarter of financial year 2009 are expected to be higher. This is 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 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.

This marks the end of my briefing. I will now hand over to the moderator for the question and answer session. Thank you.