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**TELECONFERENCE BRIEFING¹ ON THIRD QUARTER FY2009
FINANCIAL RESULTS ENDED 31 DECEMBER 2008 BY LIM
CHENG CHENG, EXECUTIVE VICE PRESIDENT & CHIEF
FINANCIAL OFFICER, 23 JANUARY 2009, 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 third quarter results for the financial year 2009 ended 31 December 2008.

GROUP HIGHLIGHTS [SLIDE 2]

I will begin with the Group Highlights for the first nine months of financial year 2009 compared to the same period last year. For Group revenue, we achieved 662 million dollars, an increase of 11.5 per cent or 68.4 million dollars due mainly to increased train and bus ridership, and higher revenue from rental and advertising.

¹ Speech is based on results presentation which was sent via SGXNet along with the media release and financial statements after 5:00pm on 23 January 2009. These are available online at www.smrt.com.sg. All figures are in Singapore dollars.

Total operating expenses were 13.6 per cent higher at 529.3 million dollars due mainly to increases in staff and related costs, energy costs and other operating expenses.

On the back of higher revenue and other operating income, partially offset by higher operating cost, operating profit increased by 8.6 per cent to 151.3 million dollars. Net profit after tax rose 7.2 per cent to 124.1 million dollars, partially offset by higher income tax expense.

The Group also achieved an Economic Value Added of 90.5 million dollars, 8.6 per cent higher. Basic earnings per share was 8.2 cents or 7.1 per cent higher.

I will now present in detail the financial results for the third quarter of financial year 2009 compared to the same quarter last year.

P&L HIGHLIGHTS [3]

Group revenue rose 8.4 per cent to 219 million dollars.

Other operating income was higher by 2.5 million dollars due mainly to higher other maintenance and related income.

OPERATING EXPENSES [4]

For the breakdown in operating expenses for the third quarter of financial year 2009, staff and related costs were 4.2 per cent or 2.7 million dollars higher due mainly to increased headcount, salary adjustments and higher employer's CPF contribution.

Energy costs increased by 7.8 million dollars or 35.1 per cent to 30.2 million dollars due mainly to higher electricity prices and energy consumption.

Of the 30.2 million dollars, electricity costs accounted for 18.8 million dollars as compared to 11.2 million dollars in the same quarter last year. The higher electricity expense was based on higher rates from the six-month electricity contract effective from 1 October 2008.

Diesel costs for the quarter was marginally higher due mainly to higher consumption, partially offset by lower diesel prices. Diesel cost was 11.4 million dollars, as compared to 11.2 million dollars in the same quarter last year.

Other operating expenses were higher by 2.2 million dollars in line with higher other maintenance and related income and loss on disposal of property, plant and equipment.

FINANCIAL INDICATORS [SLIDE 5]

The financial indicators in the third quarter of financial year 2009 were comparable as compared to the previous corresponding quarter.

BALANCE SHEET HIGHLIGHTS [6]

For our balance sheet as at 31 December 2008, total assets increased by 35 million dollars due mainly to higher financial assets of 14.7 million dollars, higher cash and cash equivalents of 5.8 million dollars and higher property, plant and equipment of 24.1 million dollars, partially offset by lower trade and other receivables of 6.8 million dollars.

Trade and other receivables decreased as a result of payments received. The increase in property, plant and equipment was due mainly to the mid-life upgrade of trains and redevelopment of commercial spaces.

Total CAPEX incurred in the first nine months of financial year 2009 was 129.6 million dollars due mainly to train mid-life upgrade, purchase of buses and taxis, and rental refurbishments.

Total liabilities increased by 32.2 million dollars due mainly to higher trade and other payables of 50.4 million dollars as a result of higher payables for the midlife upgrade of trains, partially offset by lower deferred grant of 14.6 million dollars.

Interest-bearing borrowings of 100 million dollars as at 31 December 2008 would be repaid in December 2009.

Let's look at cash flow.

CASH FLOW STATEMENT [7]

Comparing the third quarter of financial year 2009 to the third quarter of financial year 2008, there was a net cash inflow from operating activities of 64.6 million dollars as compared to a net cash inflow of 45.7 million dollars due mainly to higher cash flow from operations, partially offset by the payment of higher income taxes.

Net cash outflow from investing activities was higher by 27.8 million dollars as compared to the previous quarter due mainly to the purchase of fixed rate bonds and higher payments for property, plant and equipment.

Net increase in cash and cash equivalents was lower due mainly to higher investing cash outflows, partly offset by higher cash inflow from operating activities.

Let us proceed to look at the segmental operating performance in the third quarter of financial year 2009 compared to the previous quarter last year.

TRAIN [8]

Revenue from Train operations grew 9.1 per cent to 119.7 million dollars mainly driven by 8.4 per cent increase in average daily ridership in the period. Ridership growth, partially offset by higher electricity costs, led to a 6.3 per cent increase in operating profits to 35.1 million dollars.

LRT [9]

Revenue from LRT operations incurred an operating loss of 94 thousand dollars attributed by higher electricity costs, partially offset by higher ridership growth.

BUS [10]

As a result of higher average daily ridership, revenue from Bus operations increased by 6.3 per cent to 51.3 million dollars in the quarter. On account of higher staff and repair and maintenance costs, Bus operations posted an operating loss of about 1.2 million dollars.

TAXIS [11]

Taxi operations posted an operating loss of 0.2 million dollars in the quarter due mainly to a lower average hired-out fleet.

RENTAL [12]

With better yield and increased space, rental revenue continued to grow 34.6 per cent to 14.5 million dollars in the quarter while operating profit rose 36 per cent to 10.8 million dollars.

Last year, we disclosed our expectations for rental revenue to grow more than ten million dollars in financial year 2009 over financial year 2008. I am pleased to inform you that for the first nine months of financial year 2009, we had achieved total rental revenue of 42.6 million dollars, 12.6 million dollars higher than the previous corresponding period.

A total of 28 stations have been refurbished as at 31 December 2008 as compared to 22 stations as at 31 December 2007.

ADVERTISING [13]

Advertising revenue increased slightly to 5.9 million dollars while operating profits grew to 4 million dollars in the quarter.

In December last year, we announced that the three party consortium, comprising of SMRT and Dubai based Kassab Media and Wellmark Communications, won a ten year contract to plan the advertising space, attend to design, operation and marketing of media services for the Dubai Metro. Leveraging on our expertise in the area, we look forward to bringing innovative and exciting media solutions to the partnership

ENGINEERING & OTHER SERVICES [14]

Operating profits for Engineering and Other Services more than doubled to 1.1 million dollars due mainly to consultancy revenue from the Palm Jumeirah Project in Dubai.

BUSINESS OUTLOOK [15]

Here is the outlook for the fourth quarter of financial year 2009 compared with the same quarter last year.

Revenue from Train and Bus operations is expected to be higher due mainly to ridership growth but the rate of growth will be lower than the first three quarters.

Revenue from Rental and Advertising is expected to be higher.

BUSINESS OUTLOOK [16]

Group operating expenses are expected to be higher 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.

We have fixed the rates for our electricity contract for the next six months from 1 April to 30 September 2009. The rates will be 25 per

cent lower than the previous six-month contract which will end on 31 March.

Arising from the Budget announced on 22 January 2009, the Group is expected to derive cost savings from the measures announced by the Government.

We will be working closely with the Public Transport Council to pass on the savings from the Budget to commuters by reducing train and bus fares. SMRT will also pass on to our taxi hirers the savings from various rebates to be given to us by the Government, to help them lower operating costs and tide through this difficult time.

BUSINESS OUTLOOK [17]

With the global economic slowdown, the operating environment is expected to be difficult for the next 12 months. The outlook for Taxi operations is expected to remain challenging. Bus operations is expected to sustain operating losses for financial year 2009 due to the high diesel cost sustained in the first half of financial year 2009 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.

As the conditions precedent set out in the Sale & Purchase Agreement relating to the acquisition of 49 per cent of the equity interest in Shenzhen Zona Transportation Group Co. Ltd dated 30 September 2008 have not been met, the Sale & Purchase Agreement has ceased.

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