

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Unaudited Financial Statements for the Third Quarter ended 31 December 2009

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the third quarter ended 31 December 2009 (“3Q FY2010”) and for the period 1 April 2009 to 31 December 2009 (“YTD FY2010”).

1(a)(i) CONSOLIDATED INCOME STATEMENTS

	The Group					
	Oct - Dec 2009	Oct - Dec 2008	Increase/ (Decrease)	Apr - Dec 2009	Apr - Dec 2008	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	224,719	219,039	2.6	670,001	662,005	1.2
Other operating income	13,093	6,212	110.8	34,712	18,573	86.9
	<u>237,812</u>	<u>225,251</u>	5.6	<u>704,713</u>	<u>680,578</u>	3.5
Staff and related costs	(72,803)	(67,474)	7.9	(213,248)	(206,512)	3.3
Depreciation of property, plant and equipment	(34,165)	(32,941)	3.7	(100,335)	(97,582)	2.8
Amortisation of asset-related grant	4,353	4,713	(7.6)	13,452	14,562	(7.6)
Repairs and maintenance costs	(18,913)	(15,909)	18.9	(53,932)	(47,283)	14.1
Electricity and diesel costs	(27,095)	(30,183)	(10.2)	(74,871)	(89,147)	(16.0)
Impairment of goodwill *	(6,644)	-	n.m.	(6,644)	-	n.m.
Other operating expenses	(33,352)	(33,006)	1.0	(98,894)	(103,322)	(4.3)
	<u>(188,619)</u>	<u>(174,800)</u>	7.9	<u>(534,472)</u>	<u>(529,284)</u>	1.0
Profit from operations	49,193	50,451	(2.5)	170,241	151,294	12.5
Finance costs	(2,531)	(1,847)	37.0	(6,141)	(5,550)	10.6
Interest and investment income	360	1,050	(65.7)	1,206	3,724	(67.6)
Share of results of associates (net of tax)	158	-	n.m.	308	162	90.1
	<u>47,180</u>	<u>49,654</u>	(5.0)	<u>165,614</u>	<u>149,630</u>	10.7
Profit before income tax	47,180	49,654	(5.0)	165,614	149,630	10.7
Income tax expense	(7,960)	(8,453)	(5.8)	(25,387)	(25,559)	(0.7)
	<u>39,220</u>	<u>41,201</u>	(4.8)	<u>140,227</u>	<u>124,071</u>	13.0
Profit for the period attributable to equity holders of SMRT	<u>39,220</u>	<u>41,201</u>	(4.8)	<u>140,227</u>	<u>124,071</u>	13.0

* This relates to the impairment of goodwill allocated to the Bus operations

	The Group					
	Oct - Dec 2009	Oct - Dec 2008	Increase/ (Decrease)	Apr - Dec 2009	Apr - Dec 2008	Increase/ (Decrease)
			%			%
EBITDA (\$'000) **	85,649	78,679	8.9	263,768	234,314	12.6
EBITDA margin	38.1%	35.9%	2.2	39.4%	35.4%	4.0
EBIT margin	21.9%	23.0%	(1.1)	25.4%	22.9%	2.5
PAT margin	17.5%	18.8%	(1.3)	20.9%	18.7%	2.2
Interest coverage (x)	33.8	42.6	(20.6)	43.0	42.2	1.7
Earnings Per Share (EPS) (cents)						
- basic	2.6	2.7	(4.9)	9.2	8.2	12.9
- diluted	2.6	2.7	(5.0)	9.2	8.2	12.8
Economic Value Added (EVA) (\$'000)	32,576	29,766	9.4	109,027	90,513	20.5
Return On Equity (ROE) (annualised)				25.5%	24.4%	1.1

** EBITDA excludes impairment of goodwill

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

	The Group			
	Oct - Dec	Oct - Dec	Apr - Dec	Apr - Dec
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>After Charging / (Crediting) :-</i>				
- Impairment loss for trade receivables	63	29	239	138
- Allowance for obsolete inventories	452	567	1,910	1,819
- Inventory written off	23	-	91	33
- Foreign exchange loss/(gain)	134	(163)	2,092	(755)
- Loss on disposal of property, plant and equipment	200	621	707	1,658
- Gain on disposal of other investments	-	(73)	-	(888)
- Property, plant and equipment written off	214	25	285	66
- Overprovision of income tax in respect of prior years	-	-	(6)	(145)

1 (b) EARNINGS PER ORDINARY SHARE

	The Group					
	Oct - Dec	Oct - Dec	Increase/	Apr - Dec	Apr - Dec	Increase/
	2009	2008	(Decrease)	2009	2008	(Decrease)
			%			%
Earnings per ordinary share (cents)*:-						
(a) Basic	2.6	2.7	(4.9)	9.2	8.2	12.9
- Weighted average number of shares for basic EPS ('000)	1,517,207	1,515,961		1,516,764	1,515,592	
(b) Fully Diluted	2.6	2.7	(5.0)	9.2	8.2	12.8
- Weighted average number of shares for diluted EPS ('000)	1,521,808	1,519,038		1,521,325	1,518,737	

* To the nearest 0.1 cents

1(c)(i) BALANCE SHEETS

Notes	The Group		The Company	
	As at	As at	As at	As at
	31 Dec 2009	31 Mar 2009	31 Dec 2009	31 Mar 2009
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	1,017,627	1,061,540	5,228	6,118
Intangible asset	35,288	41,932	-	-
Investments in subsidiaries	-	-	329,891	329,891
Interest in associates	67,441	1,437	-	-
Other investments	4,441	4,231	-	-
	<u>1,124,797</u>	<u>1,109,140</u>	<u>335,119</u>	<u>336,009</u>
Current assets				
Inventories	54,246	30,917	-	-
Trade and other receivables	54,440	71,548	169,429	362,446
Other investments	-	33,276	-	23,192
Tax recoverable	692	10,977	692	10,578
Fixed deposits with banks and financial institutions	331,785	224,419	-	9,000
Cash at banks and in hand	17,365	21,180	1,827	3,608
	<u>458,528</u>	<u>392,317</u>	<u>171,948</u>	<u>408,824</u>
Total assets	(a) <u>1,583,325</u>	<u>1,501,457</u>	<u>507,067</u>	<u>744,833</u>
Equity attributable to equity holders of SMRT				
Share capital	162,981	161,774	162,981	161,774
Reserves	2,033	2,764	2,165	2,149
Accumulated profits	580,240	557,540	174,162	215,418
Total equity	<u>745,254</u>	<u>722,078</u>	<u>339,308</u>	<u>379,341</u>
Non-current liabilities				
Interest-bearing borrowings	250,000	100,000	100,000	100,000
Provisions	3,346	3,557	37	35
Deferred tax liabilities	128,839	132,304	873	873
Fuel equalisation account	19,112	19,112	-	-
Deferred grant	94,595	108,141	-	-
	<u>495,892</u>	<u>363,114</u>	<u>100,910</u>	<u>100,908</u>
Current liabilities				
Interest-bearing borrowings	50,000	150,000	50,000	150,000
Trade and other payables	234,595	222,548	16,745	114,379
Provisions	23,992	21,488	104	205
Current tax payable	33,592	22,229	-	-
	<u>342,179</u>	<u>416,265</u>	<u>66,849</u>	<u>264,584</u>
Total liabilities	(b) <u>838,071</u>	<u>779,379</u>	<u>167,759</u>	<u>365,492</u>
Total equity and liabilities	<u>1,583,325</u>	<u>1,501,457</u>	<u>507,067</u>	<u>744,833</u>

Notes to Balance Sheets:

- (a) Total assets increased by \$81.9 million (5.5%) due mainly to higher cash and cash equivalents (\$103.6 million), higher interest in associates (\$66.0 million) and higher inventories (\$23.3 million). These were partially offset by lower property, plant and equipment (\$43.9 million), lower other investments (\$33.1 million), lower trade and other receivables (\$17.1 million), lower tax recoverable (\$10.3 million) and lower intangible assets (\$6.6 million).

Interest in associates increased due mainly to the acquisition of 49% equity interest in Shenzhen Zona Transportation Group Co. Ltd (“Shenzhen Zona”) on 30 October 2009. Inventories increased as a result of the purchase of inventories for Circle Line Stage 3.

The decrease in property, plant and equipment was due mainly to depreciation charges. Other investments classified as current decreased due mainly to the maturing of promissory notes and fixed rate bonds in 2Q FY2010. Trade and other receivables decreased due mainly to payments received from the sale of property, plant and equipment. The decrease in tax recoverable was due mainly to net tax refund received. Intangible assets decreased as a result of the impairment of goodwill allocated to the Bus operations.

- (b) Total liabilities increased by \$58.7 million (7.5%) due mainly to higher interest-bearing borrowings (\$50.0 million) and higher trade and other payables (\$12.0 million).

Interest-bearing borrowings increased due mainly to the \$150 million fixed rate notes issued in October 2009, partially offset by the repayment of \$100 million fixed rate notes in December 2009. Trade and other payables increased due mainly to the second tranche of consideration of RMB 80 million (approximately S\$16 million¹) payable for the acquisition of 49% equity interest in Shenzhen Zona. The first tranche of consideration of RMB 240 million (approximately S\$49 million²) was paid on 30 October 2009.

¹ At closing rate of 0.2053 as at 31 December 2009

² At closing rate of 0.2046 as at 30 October 2009

1(c)(ii) GROUP’S BORROWINGS

Amounts repayable in one year or less, or on demand

	As at 31 December 2009 \$'000	As at 31 March 2009 \$'000
Unsecured quoted SGD fixed rate notes - at 3.30% per annum due December 2009	-	100,000
Unsecured quoted SGD floating rate notes due January 2010	50,000	50,000

Amounts repayable after one year

	As at 31 December 2009 \$'000	As at 31 March 2009 \$'000
Unsecured quoted SGD fixed rate notes - at 3.27% per annum due December 2011	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 2.42% per annum due October 2014	150,000	-

Details of any collaterals

Not applicable.

1(c)(ii) GROUP'S BORROWINGS (cont'd)**Net Gearing**

	Note	The Group	
		As at	As at
		<u>31 Dec 2009</u>	<u>31 Mar 2009</u>
Net gearing	(a)	net cash	0.01

(a) The Group is in a net cash position as cash and cash equivalents exceed borrowings.

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

	The Group		The Company	
	As at	As at	As at	As at
	<u>31 Dec 2009</u>	<u>31 Mar 2009</u>	<u>31 Dec 2009</u>	<u>31 Mar 2009</u>
Net asset value per ordinary share (cents)	49.1	47.6	22.4	25.0
Net tangible asset per ordinary share ¹ (cents)	46.8	44.9	22.4	25.0
Number of shares at end of period (excluding treasury shares) ² ('000)	<u>1,517,221</u>	<u>1,516,195</u>	<u>1,517,221</u>	<u>1,516,195</u>

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

² Treasury shares - nil.

1(d) CONSOLIDATED CASH FLOW STATEMENTS

	The Group			
	Oct - Dec 2009	Oct - Dec 2008	Apr - Dec 2009	Apr - Dec 2008
	\$'000	\$'000	\$'000	\$'000
Notes				
Operating activities				
Profit before income tax	47,180	49,654	165,614	149,630
Adjustments for items not involving outlay of funds:				
Amortisation of asset-related grant	(4,353)	(4,713)	(13,452)	(14,562)
Impairment of goodwill	6,644	-	6,644	-
Changes in fair value of financial instruments	(7)	444	(1,615)	1,340
Exchange loss/(gain)	-	(229)	1,683	(1,132)
Depreciation of property, plant and equipment	34,165	32,941	100,335	97,582
Dividend income	-	-	(85)	(362)
Grant released upon disposal/write-off of property, plant and equipment	(85)	(2)	(94)	(15)
Interest expense	2,531	1,847	6,141	5,550
Interest income	(360)	(977)	(1,121)	(2,474)
Loss/(gain) on disposal of:				
- property, plant and equipment	200	621	707	1,658
- other investments	-	(73)	-	(888)
Property, plant and equipment written off	214	25	285	66
Provisions made during the period	3,188	1,948	9,196	8,395
Share-based payment expenses	523	245	1,107	827
Share of results of associates	(158)	-	(308)	(162)
	<u>89,682</u>	<u>81,731</u>	<u>275,037</u>	<u>245,453</u>
Changes in working capital:				
Inventories	(1,636)	1,303	(23,329)	(93)
Trade and other receivables	4,955	16,156	11,160	11,383
Amounts due to/from an associate	(2,974)	(2,775)	(1,867)	(1,238)
Trade, other payables and provisions	332	5,599	14,787	473
Cash generated from operations	<u>90,359</u>	<u>102,014</u>	<u>275,788</u>	<u>255,978</u>
Income tax refund/(payment) (net)	1,795	(7,605)	(7,021)	(26,568)
Dividends paid	(26,551)	(26,522)	(117,527)	(117,450)
Interest paid	(3,294)	(3,294)	(6,913)	(7,031)
Cash flows from operating activities	(a) <u>62,309</u>	<u>64,593</u>	<u>144,327</u>	<u>104,929</u>
Investing activities				
Dividends received	-	-	85	362
Interest received	270	776	1,895	2,009
Investment in an associate company	(49,101)	-	(49,101)	-
Purchase of property, plant and equipment	(27,545)	(31,716)	(86,084)	(87,686)
Purchase of other investments	-	(10,216)	(5,750)	(30,751)
Proceeds from disposal of:				
- property, plant and equipment	132	262	13,669	630
- other investments	5,750	73	36,025	15,888
Cash flows from investing activities	(b) <u>(70,494)</u>	<u>(40,821)</u>	<u>(89,261)</u>	<u>(99,548)</u>
Financing activities				
Proceeds from issue of shares under share option plan	24	13	116	291
Payment on settlement of derivatives	-	-	(1,322)	-
Proceeds from issue of unsecured quoted fixed rate notes	150,000	-	150,000	-
Redemption of unsecured quoted fixed rate notes	(100,000)	-	(100,000)	-
Cash flows from financing activities	(c) <u>50,024</u>	<u>13</u>	<u>48,794</u>	<u>291</u>
Net increase/(decrease) in cash and cash equivalents	(d) 41,839	23,785	103,860	5,672
Cash and cash equivalents at beginning of period	307,417	214,521	245,599	232,544
Effect of exchange rate fluctuations on cash held	(106)	8	(309)	98
Cash and cash equivalents at end of the period	<u>349,150</u>	<u>238,314</u>	<u>349,150</u>	<u>238,314</u>
<u>Cash and cash equivalents at end of the period comprise:</u>				
Fixed deposits with banks and financial institutions	331,785	225,916	331,785	225,916
Cash at banks and in hand	17,365	12,398	17,365	12,398
	<u>349,150</u>	<u>238,314</u>	<u>349,150</u>	<u>238,314</u>

Notes to Consolidated Cash Flow Statements:

- (a) Net cash inflow from operating activities of \$62.3 million for 3Q FY2010 was lower compared to \$64.6 million for 3Q FY2009 due mainly to lower cash generated from operations. This was partially offset by a net tax refund received in the current quarter as compared to a net income tax payment in the previous corresponding period. Net cash inflow from operating activities of \$144.3 million for YTD FY2010 was higher compared to \$104.9 million for YTD FY2009 due mainly to higher cash generated from operations and lower payment of income tax.
- (b) Net cash outflow from investing activities of \$70.5 million in 3Q FY2010 was higher compared to \$40.8 million in 3Q FY2009 due mainly to payment for investment in an associate, partially offset by lower purchase of property, plant and equipment and other investments and increased proceeds from disposal of other investments. Net cash outflow from investing activities in YTD FY2010 was lower by \$10.3 million compared to YTD FY2009 due mainly to higher proceeds from the sale of property, plant and equipment and other investments and lower purchase of other investments, partially offset by payment for investment in an associate.
- (c) Net cash inflow from financing activities increased by \$50.0 million in 3Q FY2010 and \$48.5 million in YTD FY2010 due mainly to proceeds from the \$150 million fixed rate notes issued in October 2009, partially offset by the repayment of \$100 million fixed rate notes in December 2009.
- (d) Net increase in cash and cash equivalents in 3Q FY2010 was higher than in 3Q FY2009 due mainly to higher net cash inflow from financing activities, partially offset by higher net cash outflow from investing activities and lower net cash inflow from operating activities. Net increase in cash and cash equivalents was higher for YTD FY2010 as compared to YTD FY2009 due mainly to higher net cash inflow from financing activities, higher cash inflow from operating activities and lower investing cash outflows.

1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group			
	Oct - Dec 2009	Oct - Dec 2008	Apr - Dec 2009	Apr - Dec 2008
	\$'000	\$'000	\$'000	\$'000
Profit for the period	39,220	41,201	140,227	124,071
Other comprehensive income/(expense):				
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(4,547)	(942)	(5,464)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	47	2,612	47	2,612
Net fair value changes on available-for-sale financial assets	49	(1,022)	262	(2,087)
Foreign currency translation differences	220	12	(114)	42
Other comprehensive income/(expense) for the period	<u>316</u>	<u>(2,945)</u>	<u>(747)</u>	<u>(4,897)</u>
Total comprehensive income for the period attributable to equity holders of SMRT	<u><u>39,536</u></u>	<u><u>38,256</u></u>	<u><u>139,480</u></u>	<u><u>119,174</u></u>

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

The Group

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge 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
Comprehensive income/(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
Comprehensive income/(expense) for the period	-	48	(1,150)	(917)	-	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)	1,487	(917)	2,146	504,201	667,991
Comprehensive income/(expense) for the period	-	12	(1,022)	(1,935)	-	41,201	38,256
Issue of shares under SMRT ESOP	13	-	-	-	-	-	13
Issue of performance shares	653	-	-	-	(653)	-	-
Value of employee services received for share-based payment	-	-	-	-	245	-	245
Dividends paid	-	-	-	-	-	(26,522)	(26,522)
At 31 Dec 2008	161,756	(4)	465	(2,852)	1,738	518,880	679,983

1(f)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)

The Group (cont'd)

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity Holders of SMRT \$'000
At 1 Apr 2009	161,774	150	465	-	2,149	557,540	722,078
Comprehensive income/(expense) for the period	-	(162)	(597)	-	-	48,203	47,444
Issue of shares under SMRT ESOP	26	-	-	-	-	-	26
Value of employee services received for share-based payment	-	-	-	-	292	-	292
At 30 Jun 2009	161,800	(12)	(132)	-	2,441	605,743	769,840
Comprehensive income/(expense) for the period	-	(172)	810	(942)	-	52,804	52,500
Issue of shares under SMRT ESOP	66	-	-	-	-	-	66
Issue of performance shares	1,091	-	-	-	(1,091)	-	-
Value of employee services received for share-based payment	-	-	-	-	292	-	292
Dividends paid	-	-	-	-	-	(90,976)	(90,976)
At 30 Sep 2009	162,957	(184)	678	(942)	1,642	567,571	731,722
Comprehensive income/(expense) for the period	-	220	49	47	-	39,220	39,536
Issue of shares under SMRT ESOP	24	-	-	-	-	-	24
Value of employee services received for share-based payment	-	-	-	-	523	-	523
Dividends paid	-	-	-	-	-	(26,551)	(26,551)
At 31 Dec 2009	162,981	36	727	(895)	2,165	580,240	745,254

1(f)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)

The Company

	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
Comprehensive income 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
Comprehensive income 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
Comprehensive income for the period	-	-	1,254	1,254
Issue of shares under SMRT ESOP	13	-	-	13
Issue of performance shares	653	(653)	-	-
Value of employee services received for share-based payment	-	245	-	245
Dividends paid	-	-	(26,522)	(26,522)
At 31 Dec 2008	161,756	1,738	218,244	381,738
	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total \$'000
At 1 Apr 2009	161,774	2,149	215,418	379,341
Comprehensive income for the period	-	-	76,817	76,817
Issue of shares under SMRT ESOP	26	-	-	26
Value of employee services received for share-based payment	-	292	-	292
At 30 Jun 2009	161,800	2,441	292,235	456,476
Comprehensive income for the period	-	-	933	933
Issue of shares under SMRT ESOP	66	-	-	66
Issue of performance shares	1,091	(1,091)	-	-
Value of employee services received for share-based payment	-	292	-	292
Dividends paid	-	-	(90,976)	(90,976)
At 30 Sep 2009	162,957	1,642	202,192	366,791
Comprehensive expense for the period	-	-	(1,479)	(1,479)
Issue of shares under SMRT ESOP	24	-	-	24
Value of employee services received for share-based payment	-	523	-	523
Dividends paid	-	-	(26,551)	(26,551)
At 31 Dec 2009	162,981	2,165	174,162	339,308

- 1(f)(ii)** The total number of issued shares excluding treasury shares of the Company as at 31 December 2009 and 31 March 2009 were 1,517,220,746 and 1,516,195,346 respectively.

The Company did not hold any treasury shares in 3Q FY2010 and as at 31 December 2009 (31 December 2008: Nil).

In 3Q FY2010, the Company issued and allotted 32,100 ordinary shares following the exercise of 32,100 share options under the SMRT Corporation Employee Share Option Plan (“SMRT ESOP”).

As at 31 December 2009, the number of outstanding share options under the SMRT ESOP was 2,284,150 (31 December 2008: 2,519,750). 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 1/10/2009	Options exercised	Options cancelled	Options outstanding at 31/12/2009	Number of option holders at 31/12/2009	Exercise period
16/7/2001	\$0.816	1,120,000	19,000	2,000	1,099,000	496	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	579,100	7,800	1,500	569,800	525	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	621,150	5,300	500	615,350	513	22/7/2004 to 21/7/2013
	Total	2,320,250	32,100	4,000	2,284,150		

As at 31 December 2009, the number of outstanding conditional shares awarded under the SMRT Corporation RSP and SMRT Corporation PSP was 3,265,100 (31 December 2008: 1,659,300).

2. AUDIT

The figures for the quarters and periods ended 31 December 2009 and 31 December 2008 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 reporting period compared with the audited financial statements for the year ended 31 March 2009, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2009.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. The adoption of these new/revised FRSs and INT FRSs does not have material effect on the amounts reported for the current or prior period.

The adoption of FRS 1 – Presentation of Financial Statements (Revised) has changed the presentation of the statement of changes in equity and includes the consolidated statement of comprehensive income. The adoption of FRS 108 – Operating Segments will disclose segment information to enable management and external stakeholders to evaluate the nature and financial

effects of the business activities. As a result, comparative segment information has been re-presented.

4. REVIEW OF GROUP PERFORMANCE (3Q FY2010 AND YTD FY2010 AGAINST PREVIOUS CORRESPONDING PERIODS)

4.1 Overview

Group revenue increased by \$5.7 million (2.6%) in 3Q FY2010 and \$8.0 million (1.2%) in YTD FY2010 compared to the previous corresponding periods due mainly to higher MRT ridership, contribution from Circle Line Stage 3, rental revenue and fees from overseas projects, partially offset by the fare reduction package which took effect from 1 April 2009 and lower revenue from diesel sold to taxi hirers.

Operating profits were lower by \$1.3 million (2.5%) in 3Q FY2010 due mainly to impairment of goodwill, higher staff and related costs and higher scheduled repairs and maintenance costs, partially offset by higher revenue and other operating income and lower energy costs. Operating profits were higher by \$18.9 million (12.5%) in YTD FY2010 due mainly to higher revenue, other operating income and lower energy costs partially offset by higher staff and related costs, scheduled repairs and maintenance costs and impairment of goodwill. Higher staff and related costs were partially offset by jobs credit of \$4.5 million and \$13.4 million in 3Q FY2010 and YTD FY2010 respectively. This jobs credit was part of the Government Budget measures as announced in the Budget speech 2009. The higher other operating income included an insurance compensation of \$4.8 million for rail assets.

Group net profit was lower by \$2.0 million (4.8%) in 3Q FY2010 due mainly to lower operating profits and lower interest and investment income. Group net profit was higher by \$16.2 million (13.0%) in YTD FY2010 on account of higher operating profits partially offset by lower interest and investment income.

4.2 Explanatory notes to Consolidated Income Statement

Other operating income increased by \$6.9 million (110.8%) in 3Q FY2010 and \$16.1 million (86.9%) in YTD FY2010 due mainly to higher other maintenance and related income and insurance compensation for rail assets of \$4.8 million.

Staff and related costs were higher by \$5.3 million (7.9%) in 3Q FY2010 and \$6.7 million (3.3%) in YTD FY2010 due mainly to increased headcount and salary adjustments, partially offset by jobs credit. The higher headcount is mainly attributed to the operation of Circle Line Stage 3, increased train runs and increase in the number of bus service leaders.

Repairs and maintenance costs increased by \$3.0 million (18.9%) in 3Q FY2010 and \$6.6 million (14.1%) in YTD FY2010 due mainly to more scheduled repairs and maintenance for Bus and Train.

Electricity and diesel costs decreased by \$3.1 million (10.2%) in 3Q FY2010 and \$14.3 million (16.0%) in YTD FY2010. Electricity cost was \$18.1 million in 3Q FY2010 and \$49.9 million in YTD FY2010, compared to \$18.8 million in 3Q FY2009 and \$46.6 million in YTD FY2009. Electricity cost was marginally lower in 3Q FY2010 compared to the previous corresponding period due mainly to lower average tariff partially offset by higher electricity consumption. The increase in electricity cost in YTD FY2010 compared to the previous corresponding period was due mainly to higher electricity consumption as a result of increased train runs and the operation of Circle Line Stage 3. Diesel cost was \$9.0 million in 3Q FY2010 and \$24.9 million in YTD

FY2010, compared to \$11.4 million in 3Q FY2009 and \$42.6 million in YTD FY2009. Diesel cost was lower as a result of lower diesel prices compared to the corresponding periods last year.

Impairment of goodwill allocated to the Bus operations (\$6.6 million) arises as the long term bus ridership growth trend is expected to decline. The projection had taken into account the expansion of the rail network and the increase in transfer rebates in 2008 and 2009. The increase in transfer rebates reduces the cost to the commuters in transferring between buses and trains. As a result, the travel pattern of commuters is expected to shift in favour of journeys by train and shorter bus trips. In addition, the requirement to provide additional services under the Quality of Service standards increased operating costs which are not fully offset by incremental bus revenue from these services.

Other operating expenses decreased by \$4.4 million (4.3%) in YTD FY2010 due mainly to lower cost of diesel sold and lower operating fees associated with a smaller taxi fleet.

Interest and investment income for 3Q FY2010 and YTD FY2010 were lower compared to the previous corresponding periods due mainly to lower interest rates for fixed deposits and lower investment income.

5. **REVIEW OF SEGMENT PERFORMANCE (3Q FY2010 AND YTD FY2010 AGAINST PREVIOUS CORRESPONDING PERIODS)**

A segmental breakdown by business is provided under note 10.

	Third Quarter			Year to date		
	3Q FY2010	3Q FY2009	Increase / (Decrease)	3Q FY2010	3Q FY2009	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Train operations</u>						
Revenue	121,784	119,671	1.8	360,682	358,096	0.7
Operating profit	37,183	34,107	9.0	112,586	104,249	8.0
<u>LRT operations</u>						
Revenue	2,116	2,308	(8.3)	6,541	6,849	(4.5)
Operating profit/(loss)	(79)	(86)	8.1	85	(17)	600.0
<u>Bus operations</u>						
Revenue	48,839	51,276	(4.8)	148,848	155,653	(4.4)
Operating profit/(loss)	(1,913)	(1,354)	(41.3)	1,140	(5,880)	119.4
<u>Taxi operations</u>						
Revenue	17,770	17,376	2.3	53,373	54,706	(2.4)
Operating profit/(loss)	904	(232)	489.7	2,792	(2,014)	238.6
<u>Rental</u>						
Revenue	16,875	14,520	16.2	48,415	42,556	13.8
Operating profit	13,266	11,673	13.6	38,501	34,239	12.4
<u>Advertising</u>						
Revenue	6,162	5,941	3.7	16,914	17,532	(3.5)
Operating profit	4,361	4,176	4.4	11,238	11,843	(5.1)
<u>Engineering and Other Services</u>						
Revenue	11,167	7,947	40.5	35,216	26,613	32.3
Operating profit	3,555	1,072	231.6	10,411	3,946	163.8
<u>Investment holding & Support Services / Consolidation elimination & adjustments</u>						
Revenue	6	-	n.m.	12	-	n.m.
Operating profit/(loss)	(1,440)	1,095	(231.5)	132	4,928	(97.3)
<u>Subtotal</u>						
Revenue	224,719	219,039	2.6	670,001	662,005	1.2
Operating profit before impairment of goodwill	55,837	50,451	10.7	176,885	151,294	16.9
Impairment of goodwill *	(6,644)	-	n.m.	(6,644)	-	n.m.
<u>Total</u>						
Revenue	224,719	219,039	2.6	670,001	662,005	1.2
Operating profit after impairment of goodwill	49,193	50,451	(2.5)	170,241	151,294	12.5

* This relates to the impairment of goodwill allocated to the Bus operations

Revenue from **Train operations** increased by \$2.1 million (1.8%) in 3Q FY2010 and \$2.6 million (0.7%) in YTD FY2010 as a result of higher MRT ridership and contribution from Circle Line Stage 3, partially offset by lower average fare for MRT. Operating profits increased by \$3.1 million (9.0%) in 3Q FY2010 due mainly to higher revenue and other operating income including an insurance compensation of \$4.8 million for rail assets, partially offset by higher repairs and maintenance costs and staff and related expenses. Operating profits increased by \$8.3 million (8.0%) in YTD FY2010 as compared to the previous corresponding period due mainly to higher revenue and other operating income, partially offset by higher repairs and maintenance costs, staff and related expenses and electricity cost.

Revenue from **Bus operations** decreased by \$2.4 million (4.8%) in 3Q FY2010 and \$6.8 million (4.4%) in YTD FY2010 due mainly to lower average fare. Higher operating loss of \$1.9 million in 3Q FY2010 as compared to \$1.4 million in 3Q FY2009 was due mainly to lower revenue, higher repairs and maintenance expenses and higher depreciation, partially offset by lower diesel costs. Lower diesel cost partially offset by lower revenue, higher repairs and maintenance expenses and higher depreciation resulted in operating profit of \$1.1 million in YTD FY2010 as compared to operating loss of \$5.9 million in YTD FY2009.

Taxi rental revenue increased by \$0.4 million (2.3%) in 3Q FY2010 due mainly to improved hired-out rates. However, the decline in revenue of \$1.3 million (2.4%) for YTD FY2010 was due mainly to a smaller average holding fleet, partially offset by the higher average hired out rate. Operating profits of \$0.9 million in 3Q FY2010 and \$2.8 million in YTD FY2010 as compared to operating losses of \$0.2 million in 3Q FY2009 and \$2.0 million in YTD FY2009 were due mainly to improved hired-out rates, lower depreciation and other operating expenses as a result of a smaller average holding fleet.

Rental revenue from commercial spaces increased by \$2.4 million (16.2%) in 3Q FY2010 and \$5.9 million (13.8%) in YTD FY2010 as a result of better yield and increased space following the redevelopment of commercial spaces at various MRT stations. Operating profit also increased by \$1.6 million (13.6%) in 3Q FY2010 and \$4.3 million (12.4%) in YTD FY2010 compared to the previous corresponding periods.

Advertising revenue increased by \$0.2 million (3.7%) in 3Q FY2010 as compared to 3Q FY2009 due mainly to continued efforts throughout the quarters, resulting in increased advertising on trains and MRT stations. Advertising revenue declined by \$0.6 million (3.5%) in YTD FY2010 as a result of the weak economic environment. Operating profit increased by \$0.2 million (4.4%) in 3Q FY2010 but declined by \$0.6 million (5.1%) in YTD FY2010 compared to the previous corresponding periods.

Revenue from **Engineering and Other Services** increased by \$3.2 million (40.5%) in 3Q FY2010 and \$8.6 million (32.3%) in YTD FY2010 due mainly to increased consultancy revenue and higher fees from overseas projects, partially offset by lower revenue from diesel sold to taxi hirers. Operating profit increased by \$2.5 million (231.6%) in 3Q FY2010 and \$6.5 million (163.8%) in YTD FY2010 due mainly to contribution from overseas projects.

6. REVIEW OF PROSPECTS STATEMENT

The results for 3Q FY2010 are consistent with the prospects statement issued during the announcement of the 2Q FY2010 results.

7. SUBSEQUENT EVENTS

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen since 1 January 2010 to the date of this announcement which is likely to affect materially the results of the Group for 3Q FY2010.

8. PROSPECTS

Group revenue is expected to be higher in 4Q FY2010 as compared to 4Q FY2009. This is due mainly to higher Train ridership and fees from overseas projects, partially offset by lower average fare due to the fare reduction package effective from 1 April 2009 to 30 June 2010 and increase in transfer rebates.

Group operating expenses for 4Q FY2010 are expected to be higher compared to 4Q FY2009 due mainly to more scheduled repairs and maintenance and increase in ramp-up costs for the progressive opening of the remaining Circle Line stations. Staff and related costs is expected to be higher as headcount is expected to increase with the operation of Circle Line Stage 3, increased train runs and recruitment of bus service leaders.

For the next 12 months, the profitability of the Group including Bus operations continues to be impacted by the fare reduction package ending June 2010 and volatility in diesel prices. Jobs credit scheme will be at stepped down rates for 6 months from January to June 2010.

The future implementation of central bus planning and market contestability may further impact Bus operations.

9. DIVIDENDS

No dividend will be declared for 3Q FY2010.

10. SEGMENT INFORMATION

	-----Rail-----		Bus operations \$'000	Taxi operations \$'000	Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	Consolidation elimination & adjustments \$'000	Total \$'000
	MRT \$'000	LRT \$'000								
Revenue and expenses										
3Q FY2010										
Revenue										
- external customers	121,784	2,116	48,839	17,770	16,875	6,162	11,167	6	-	224,719
- inter-segment	-	-	116	2	-	207	14,115	12,731	(27,171)	-
Operating expenses (net of other income)	(68,606)	(2,188)	(45,988)	(11,722)	(1,701)	(1,776)	(21,548)	(12,288)	26,747	(139,070)
Depreciation and amortisation	(15,995)	(7)	(4,880)	(5,146)	(1,908)	(232)	(179)	(419)	(1,046)	(29,812)
Segment operating results	<u>37,183</u>	<u>(79)</u>	<u>(1,913)</u>	<u>904</u>	<u>13,266</u>	<u>4,361</u>	<u>3,555</u>	<u>30</u>	<u>(1,470)</u>	<u>55,837</u>
Impairment of goodwill *										(6,644)
Finance costs										(2,531)
Interest income										360
Share of results of associates										158
Income tax expense										(7,960)
Profit for the period attributable to equity holders of SMRT										<u>39,220</u>
3Q FY2009										
Revenue										
- external customers	119,671	2,308	51,276	17,376	14,520	5,941	7,947	-	-	219,039
- inter-segment	-	-	82	18	-	-	12,075	10,321	(22,496)	-
Operating expenses (net of other income)	(69,401)	(2,388)	(48,533)	(11,597)	(1,547)	(1,580)	(18,799)	(9,011)	22,496	(140,360)
Depreciation and amortisation	(16,163)	(6)	(4,179)	(6,029)	(1,300)	(185)	(151)	(437)	222	(28,228)
Segment operating results	<u>34,107</u>	<u>(86)</u>	<u>(1,354)</u>	<u>(232)</u>	<u>11,673</u>	<u>4,176</u>	<u>1,072</u>	<u>873</u>	<u>222</u>	<u>50,451</u>
Finance costs										(1,847)
Interest income										977
Investment income										73
Share of results of an associate										-
Income tax expense										(8,453)
Profit for the period attributable to equity holders of SMRT										<u>41,201</u>

* This relates to the impairment of goodwill allocated to the Bus operations

10. SEGMENT INFORMATION (cont'd)

	-----Rail-----		Bus	Taxi	Rental	Advertising	Engineering and other services	Investment holding and support services	Consolidation elimination & adjustments	Total
	MRT	LRT	operations	operations	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and expenses										
YTD FY2010										
Revenue										
- external customers	360,682	6,541	148,848	53,373	48,415	16,914	35,216	12	-	670,001
- inter-segment	-	-	331	27	-	312	40,018	34,180	(74,868)	-
Operating expenses (net of other income)	(199,784)	(6,439)	(134,077)	(35,034)	(4,728)	(5,304)	(64,313)	(30,998)	74,444	(406,233)
Depreciation and amortisation	(48,312)	(17)	(13,962)	(15,574)	(5,186)	(684)	(510)	(1,283)	(1,355)	(86,883)
Segment operating results	<u>112,586</u>	<u>85</u>	<u>1,140</u>	<u>2,792</u>	<u>38,501</u>	<u>11,238</u>	<u>10,411</u>	<u>1,911</u>	<u>(1,779)</u>	<u>176,885</u>
Impairment of goodwill *										(6,644)
Finance costs										(6,141)
Interest income										1,121
Investment income										85
Share of results of associates										308
Income tax expense										(25,387)
Profit for the period attributable to equity holders of SMRT										<u>140,227</u>
YTD FY2009										
Revenue										
- external customers	358,096	6,849	155,653	54,706	42,556	17,532	26,613	-	-	662,005
- inter-segment	-	-	239	18	-	-	36,588	31,123	(67,968)	-
Operating expenses (net of other income)	(206,253)	(6,847)	(149,580)	(38,836)	(4,549)	(5,144)	(58,775)	(25,663)	67,956	(427,691)
Depreciation and amortisation	(47,594)	(19)	(12,192)	(17,902)	(3,768)	(545)	(480)	(1,184)	664	(83,020)
Segment operating results	<u>104,249</u>	<u>(17)</u>	<u>(5,880)</u>	<u>(2,014)</u>	<u>34,239</u>	<u>11,843</u>	<u>3,946</u>	<u>4,276</u>	<u>652</u>	<u>151,294</u>
Finance costs										(5,550)
Interest income										2,474
Investment income										1,250
Share of results of an associate										162
Income tax expense										(25,559)
Profit for the period attributable to equity holders of SMRT										<u>124,071</u>

* This relates to the impairment of goodwill allocated to the Bus operations

11. 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 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	3Q FY2010	YTD FY2010	3Q FY2010	YTD FY2010
	\$ '000	\$ '000	\$ '000	\$ '000
<u>Sale of Goods and Services</u>				
National University Hospital (Singapore) Pte Ltd	-	1,129	-	-
Singapore Telecommunications Limited (1)	104	809	-	-
Singapore Technologies Electronics Limited (2)	-	3,371	-	-
Singapore Airport Terminal Services Limited (3)	-	-	-	140
SembWaste Pte Ltd (4)	2,858	2,858	-	-
<u>Purchases of Goods and Services</u>				
SembWaste Pte Ltd (4)	115	225	-	-
SCS Computer Systems Pte Ltd (1)	-	316	-	-
NCS Communications Engineering Pte Ltd (1)	-	447	-	-
Singapore Telecommunications Limited (1)	-	661	-	-
Power Automation Pte Ltd (5)	224	224	-	-
MediaCorp TV Singapore Pte Ltd (6)	300	300	-	-
Total	3,601	10,340	-	140

(1) Part of Singapore Telecommunications Group

(2) Part of Singapore Technologies Engineering Group

(3) Part of Singapore Airlines Group

(4) Part of SembCorp Industries Group

(5) Part of Singapore Power Group

(6) Part of MediaCorp Group

12. 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 3Q FY2010 and YTD FY2010 financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ms S. Prema
Company Secretary
SMRT Corporation Ltd

27 January 2010