SMRT

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Media Release

SMRT REPORTS NET PROFIT OF $38.2M FOR 1QFY11

GROUP PERFORMANCE HIGHLIGHTS

Financial Highlights for First Quarter FY2011 Ended 30 June 2010[1]			
	1QFY11	**1QFY10**	**% Change**
Revenue ($m)	235.3	215.8	9.0
Other Operating Income ($m)	4.4	13.1	(66.8)
EBITDA ($m)	75.6	86.2	(12.2)
Total Operating Expenses ($m)	(193.6)	(171.1)	13.1
Operating Profit ($m)	46.1	57.8	(20.2)
Profit Before Tax ($m)	45.7	56.7	(19.3)
Profit After Tax ($m)	38.2	48.2	(20.7)
Basic Earnings Per Share (cents)	2.5	3.2	(20.7)
Economic Value Added ($m)	25.4	35.7	(28.8)
	As at 30 Jun 10	**As at 31 Mar 10**	**% Change**
Net Tangible Assets Per Share[2] (cents)	50.9	48.4	5.2
Net Gearing	Net cash	Net cash	-

Group revenue increased 9.0% or $19.5 million to $235.3 million due mainly to higher MRT ridership, contribution from Circle Line Stages 1 and 2, higher Bus ridership and higher rental revenue, partially offset by lower revenue from Palm Jumeirah Monorail.

Group operating profits were $11.7 million lower at $46.1 million due mainly to higher total operating expenses and lower other operating income, partially offset by higher revenue. Group net profit declined $10.0 million to $38.2 million due mainly to lower operating profits, partially offset by share of better results of associates and lower income tax expenses.

SMRT President and CEO Saw Phaik Hwa said: “The operating performance in the quarter was affected by lower than expected revenue contribution from Circle Line Stages 1 and 2, and lower other operating income. In the 12 months ahead, the profitability of the Group will be impacted by

[1] All figures are quoted in Singapore dollars.
[2] Excludes intangible asset.

higher staff costs, volatility in energy prices and continuing losses for Circle Line. However, we will continue to grow our businesses both locally and overseas while managing our cost levels."

OPERATING PERFORMANCE BY BUSINESS (1QFY11 AS COMPARED TO 1QFY10)

Revenue and Operating Profit by Business for First Quarter Ended 30 June 2010

	Revenue			Operating Profit		
S$m	**1QFY11**	**1QFY10**	**% Increase/ (Decrease)**	**1QFY11**	**1QFY10**	**% Increase/ (Decrease)**
Train	129.6	115.6	12.2	27.7	36.7	(24.5)
LRT	2.3	2.2	6.8	(0.1)	0.0	(273.2)
Bus	52.5	49.0	7.2	(0.8)	1.2	(162.2)
Fare Subtotal	**184.5**	**166.7**	**10.6**	**26.9**	**38.0**	**(29.2)**
Taxi	18.3	17.7	3.3	0.7	1.1	(41.3)
Rental	17.3	15.5	12.0	13.5	12.5	7.9
Advertising	6.2	5.4	15.9	4.1	3.5	19.2
Engineering & Other Services	9.1	10.6	(14.6)	(1.1)	1.4	(178.6)
Non-fare Subtotal	**50.9**	**49.1**	**3.6**	**17.2**	**18.4**	**(6.7)**
Group Elimination/ Investment Holding	-	-	-	2.1	1.4	48.1

Revenue from **Train operations** increased by $14.1 million (12.2%) to $129.6 million as a result of higher MRT ridership and contribution from Circle Line Stages 1 and 2. Operating profits declined by $9.0 million (24.5%) to $27.7 million due mainly to losses from Circle Line as a result of low ridership and lower other operating income. In addition, energy costs and staff and related expenses, as a result of lower jobs credit, were higher. This was partially offset by higher revenue.

Revenue from **Bus operations** was 7.2% higher at $52.5 million due mainly to higher ridership. However, operating loss of $0.8 million was incurred in the quarter as compared to operating profit of $1.2 million in 1QFY10 due mainly to higher staff and related expenses as a result of lower jobs credit and higher diesel cost, partially offset by higher revenue.

Taxi rental revenue increased by $0.6 million (3.3%) to $18.3 million, due mainly to improved hired-out rates and larger average hired-out fleet. Operating profit decreased by $0.5 million (41.3%) to $0.7 million, attributed mainly to higher repair and maintenance costs and hirers' benefits.

Rental revenue grew $1.9 million (12.0%) to $17.3 million as a result of increased space following the redevelopment of commercial spaces at various MRT stations. Consequently, operating profit increased 7.9% to $13.5 million.

Advertising revenue increased by $0.9 million (15.9%) to $6.2 million due mainly to increased advertising on trains and MRT stations. Operating profit was also $0.7 million higher at $4.1 million.

Revenue from **Engineering and Other Services** declined by $1.5 million (14.6%) to $9.1 million due mainly to lower revenue from Palm Jumeirah, partially offset by increased consultancy revenue. In view of the uncertainty of receipt of payment for services, revenue for Palm Jumeirah was accounted for on a non accrual basis from 1QFY11. Operating loss of $1.1 million in the quarter as compared to operating profit of $1.4 million in 1QFY10 was due mainly to lower revenue and higher allowance for doubtful debts of $0.7 million.

Details of the operating metrics are stated in the **Annex** on page 5.

OUTLOOK AND PROSPECTS

12 months outlook

Since the commencement of Circle Line Stages 1 and 2 on 17 April 2010, Circle Line ridership has risen from an average daily ridership of 124,000 to almost 145,000. However, this is below the expected ridership of 200,000. The shortfall in ridership and the high electricity costs will continue to negatively impact Circle Line profitability. While we expect Circle Line ridership to improve, the line will continue to operate at a significant loss over the next 12 months.

In addition, the Group is currently monitoring the impact of the distance fares implementation on the Group fare revenue. With effect from 3 July 2010, Singapore's public transport switched from the existing transfer rebate regime to a system of distance-based charging, allowing passengers to pay according to the distance travelled regardless of the number of transfers made.

Rental revenue is expected to be higher than the preceding year with increased lettable space from the refurbishment of more stations.

Group operating expenses are expected to be higher. Staff and related costs will be higher due mainly to the absence of jobs credit from 2QFY11, higher CPF rates, increased headcount with the operation of Circle Line Stages 1 and 2 from 17 April 2010 and a tight labour market. Electricity cost is expected to be higher in the next quarter and volatility in energy prices is expected to continue to impact the profitability of the Group.

The outlook in the next 12 months for Train operations is expected to be challenging with continuing losses from Circle Line operations, increasing cost pressures and the impact of distance fares on fare revenue.

With these challenges, the profitability of FY2010 may not be maintained.

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Enclosures :

1) *Unaudited Financial Statements for the First Quarter ended 30 June 2010*
2) *Presentation for Teleconference Briefing: 1QFY11 Financial Results*
3) *Speech by Lim Cheng Cheng, Executive Vice President & Chief Financial Officer, of SMRT Corporation, at Teleconference Briefing on First Quarter ended 30 June 2010*

ANNEX

OPERATING METRICS

	1QFY11	1QFY10	4QFY10	1Q11 vs 1Q10 (%)	1Q11 vs 4Q10 (%)
Train					
Total Ridership ('000)	144,584	128,016	136,180	12.9	6.2
Average Daily Ridership ('000)	1,589	1,407	1,513	12.9	5.0
Average No. of Passengers/Car Operated	70	70	71	(1.2)	(1.5)
Average Peak Period Passenger Load/Car (No. of passengers) [1]	185	196	177	(5.6)	4.5
Average Fare (cents)	89.7	90.3	88.2	(0.7)	1.7
LRT					
Total Ridership ('000)	4,157	3,996	4,158	4.0	(0.0)
Average Daily Ridership ('000)	45.7	43.9	46.2	4.0	(1.1)
Average No. of Passengers/Train Operated	24	23	25	5.2	(0.7)
Average Fare (cents)	54.9	54.7	53.0	0.4	3.6
Buses					
Total Ridership ('000)	75,767	70,370	73,737	7.7	2.8
Average Daily Ridership ('000)	832.6	773.3	819.3	7.7	1.6
Load Factor[2] (%)	25.6	24.0	25.7	6.5	(0.4)
Average Fare (cents)	65.0	66.4	65.2	(2.1)	(0.2)
Taxis					
Holding Fleet (as of end-period)	2,602	2,605	2,572	(0.1)	1.2
Rental					
Total Lettable Space (sqm)[3]	31,217	28,799	28,909	8.4	8.0
No. of Shops/Units (as of end-period)[3]	652	571	591	14.2	10.3
Average Occupancy Rate (%)[3]	98.6	98.6	99.4	0.0	(0.8)

[1] An average of estimated maximum half-hour pax load per car during peak hours for selected stations along NSEW lines and CCL.
[2] As different vehicle types have different capacities, the average occupancy rate of buses is expressed as load factor.
[3] Figures relate to spaces at MRT stations only.