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**TELECONFERENCE BRIEFING¹ ON FIRST QUARTER FY2011
FINANCIAL RESULTS ENDED 30 JUNE 2010 BY LIM CHENG
CHENG, EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL
OFFICER, ON 30 JULY 2010, 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 2011 ended 30 June 2010.

FINANCIAL HIGHLIGHTS [2]

I will begin with the financial highlights for the first quarter of financial year 2011 as compared to the same period last year. Group revenue increased 19.5 million dollars to 235.3 million dollars on the back of 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.

¹ Speech is based on results presentation which was sent via SGXNet along with the media release and financial statements after 5:00pm on 30 July 2010. These are available online at www.smrt.com.sg. All figures are in Singapore dollars.

Other operating income decreased by 8.8 million dollars due mainly to lower other maintenance and related income.

Operating profits decreased by 11.7 million dollars or 20.2 per cent to 46.1 million dollars due mainly to higher total operating expenses and lower other operating income, partially offset by higher revenue.

Group net profit was 10 million dollars or 20.7 per cent lower at 38.2 million dollars due mainly to lower operating profits, partially offset by share of better results of associates and lower income tax expenses.

Consequently, basic earnings per share declined to 2.5 cents. Economic Value Added also decreased 28.8 per cent to 25.4 million dollars.

OPERATING EXPENSES [3]

Let us look at the individual expense items in the quarter.

Staff and related costs of 76.2 million dollars were 6.8 million dollars higher due mainly to increased headcount, salary adjustments and lower jobs credit. Jobs credit was 1.2 million dollars as compared to 4.4 million dollars in the same quarter last year. The jobs credit was extended at stepped down rates for six months from January to June 2010. The higher headcount is mainly attributed to the operation of Circle Line Stages 1 and 2 and increased train runs. Headcount stood

at 6,680 as at 30 June 2010 as compared to 6,474 as at 30 June 2009.

Repairs and maintenance costs increased by 1.5 million dollars due mainly to more scheduled repairs and maintenance for Train and Taxi.

Electricity and diesel costs increased by 6.8 million dollars to 30.2 million dollars. Electricity cost was 20.5 million dollars, compared to 16.0 million dollars in the same quarter last year. The increase in electricity cost was due mainly to higher average tariff and higher electricity consumption as a result of increased train runs and commencement of Circle Line Stages 1 and 2. Diesel cost was 9.6 million dollars, compared to 7.5 million dollars a year ago. The higher diesel cost was due mainly to higher diesel prices as compared to the previous corresponding period.

Other operating expenses was 6.2 million dollars higher at 38.9 million dollars due mainly to higher fees for ticket payment services, higher allowance for doubtful debts and property tax expenses.

Share of results of associates in the quarter related to the results of Shenzhen Zona while that in the same quarter last year related to the results of Transit Link Pte Ltd which had been disposed as at balance sheet date.

BALANCE SHEET HIGHLIGHTS [4]

Total assets increased by 28.1 million dollars due mainly to higher cash and cash equivalents, higher other investments, higher inventories and higher trade and other receivables. These were partially offset by lower property, plant and equipment.

Other investments increased due mainly to the purchase of fixed rate bonds in the first quarter of financial year 2011. The decrease in property, plant and equipment was due mainly to depreciation charges.

As at balance sheet date, asset classified as held for sale relating to the 50 per cent equity in Transit Link Pte Ltd has been disposed of.

Total CAPEX incurred in the quarter was lower at 14 million dollars due mainly to lower capex from bus and rental businesses as compared to the previous corresponding quarter.

Total liabilities decreased by 9.7 million dollars due mainly to lower trade and other payables.

Cash and cash equivalents stood at 369.6 million dollars, 43.6 million dollars higher as compared to the beginning of the quarter due mainly to cash inflow from operating activities of 82.1 million dollars, partially offset by cash outflow from investing activities of 38.6 million dollars.

As compared to a year ago, net cash inflow from operating activities of 82.1 million dollars was lower due mainly to lower cash generated from operations and higher payment of income taxes.

Net cash outflow from investing activities of 38.6 million dollars was higher due mainly to higher purchase of property, plant and equipment, higher purchase of other investments and lower proceeds from the disposal of property, plant and equipment. This was partially offset by higher proceeds from the disposal of associate which relates to the 50 per cent equity in Transit Link Pte Ltd.

Let us proceed to the segmental operating performance in the first quarter of financial year 2011.

SEGMENTAL PERFORMANCE - TRAIN [5]

Revenue from Train operations grew 14.1 million dollars to 129.6 million dollars as a result of higher MRT ridership and contribution from Circle Line Stages 1 and 2. However, on account of losses from Circle Line as a result of low ridership and lower other operating income, operating profits was 9 million dollars lower at 27.7 million dollars. In addition, energy costs and staff and related expenses, as a result of lower jobs credit, were higher.

SEGMENTAL PERFORMANCE - BUS [6]

Revenue from Bus operations increased 3.5 million dollars to 52.5 million dollars due mainly to higher ridership. Despite the higher revenue, an operating loss of 0.8 million dollars was posted compared to an operating profit of 1.2 million dollars in the previous corresponding quarter due mainly to higher staff and related expenses as a result of lower jobs credit and higher diesel cost.

SEGMENTAL PERFORMANCE - RENTAL [7]

Rental revenue from commercial spaces rose 1.9 million dollars or 12 per cent to 17.3 million dollars as a result of increased space following the redevelopment of commercial spaces at various MRT stations. Correspondingly, operating profit also increased by 1 million dollars to 13.5 million dollars.

SEGMENTAL PERFORMANCE – OTHERS [8]

LRT operations posted an operating loss of 71 thousand dollars due mainly to higher staff and related costs partially offset by higher revenue.

Taxi rental revenue increased by 0.6 million dollars to 18.3 million dollars due mainly to improved hired-out rates and larger average hired-out fleet. However, on account of higher repair and

maintenance costs and hirers' benefits, operating profit declined 0.5 million dollars to 0.7 million dollars.

Advertising revenue and operating profit increased by 0.9 million dollars and 0.7 million dollars to 6.2 million dollars and 4.1 million dollars respectively due mainly to increased advertising on trains and MRT stations.

Revenue from Engineering and Other Services dropped 1.5 million dollars to 9.1 million dollars 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 the first quarter of financial year 2011. Operating loss of 1.1 million dollars was posted compared to operating profit of 1.4 million dollars in the previous corresponding quarter due mainly to lower revenue and higher allowance for doubtful debts of 0.7 million dollars.

On 8 July 2010, Nakheel PJSC issued a notice to exercise its right of early termination to terminate the contract for the operation and maintenance of Palm Jumeirah with effect from 5 August 2010. Nakheel PJSC has stated in the notice that the termination is in line with Nakheel's ongoing restructuring of its business. Since receipt of the notice, the Group has commenced actions to discontinue operations and we are pursuing actions available under the terms of the contract. The termination of the contract undertaken by SMRT

Engineering (Middle East) FZE, is not expected to have any material impact on the Group's operating profit.

BUSINESS OUTLOOK [9]

Here is the outlook for the next twelve months.

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 thousand to almost 145 thousand. However, this is below the expected ridership of 200 thousand. 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.

BUSINESS OUTLOOK [10]

Group operating expenses are expected to be higher. Staff and related costs will be higher due mainly to the absence of jobs credit from the second quarter of financial year 2011, 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 financial year 2010 may not be maintained.

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