

25

**GROWING A
SUSTAINABLE
LEGACY**



Mission

To be the customer's choice by providing a safe, reliable and friendly travel experience that is enhanced through convenient and innovative services

Vision

**MOVING PEOPLE,
ENHANCING LIVES**

Core Values

Excellence, Respect, Responsibility and Recognition, Commitment to the public, shareholders and employees



Corporate Profile

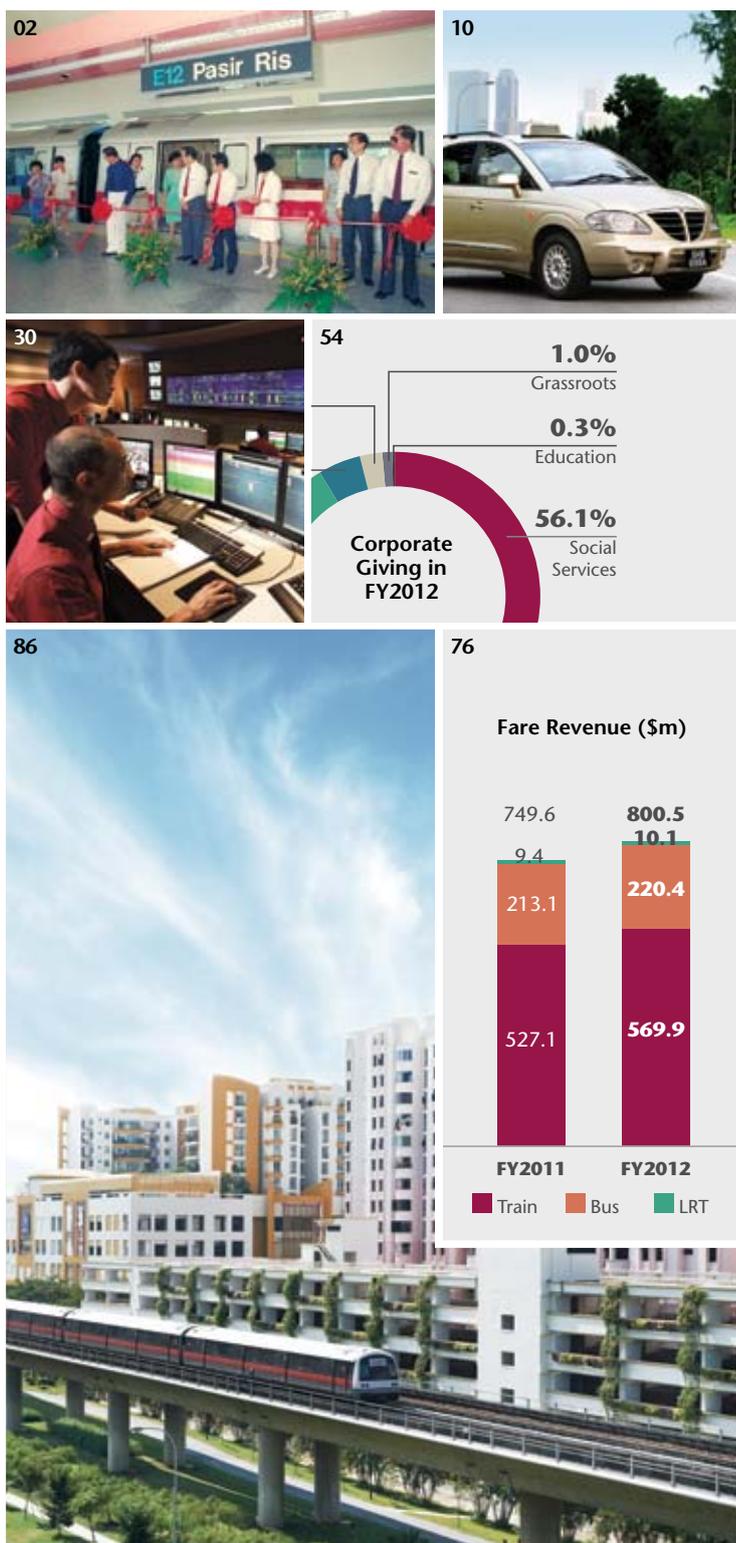
SMRT Corporation Ltd (SMRT) is a leading multi-modal public transport operator. In Singapore, SMRT offers a comprehensive suite of rail, bus and taxi services that are designed to interconnect seamlessly to make Singapore's public transport system one of the best in the world.

SMRT has interests in operations and maintenance services, engineering consultancy and project management, as well as the marketing and leasing of commercial and media spaces within our transport network.

We have established a strong reputation as a reliable, progressive organisation, distinguished by our sound corporate governance, commitment to sustainable development and corporate social responsibility.

SMRT was established in 1987 and was listed on the Singapore Exchange in July 2000. As of 31 March 2012, we had a market capitalisation of approximately \$2.64 billion. We have an annual turnover of \$1,057.2 million and a net profit after tax of \$119.9 million.

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Milestones

1987



Singapore's **first Mass Rapid Transit system (MRT)** opens for service

Train service from **Yio Chu Kang to Toa Payoh** commences



Train service from **Novena to Outram Park** commences



1988



Train service from **Tiong Bahru to Clementi** commences

Train service from **Jurong East to Lakeside** commences

Train service from **Kathib to Yishun** commences

1989



Train service from **Bugis to Tanah Merah** commences
Train service from **Simei to Pasir Ris** commences



1990



Train service from **Bukit Batok to Choa Chu Kang** commences
Boon Lay station opens for passenger service



1996



Train service from **Yishun to Choa Chu Kang** commences

2003



Attains **ISO 9001:2000 certification** for achieving quality standards in the provision of taxi services



Service 950, **first SMRT Cross-border service** for commuters travelling to Johor Bahru, Malaysia



SMRT Corporate Volunteer Programme aims to build an **inclusive society** for all through – saving lives, enhancing quality of life of the elderly, and helping disadvantaged children, youths and families

2005



Raffles Xchange, first MRT station to be redeveloped, transforming SMRT MRT stations into **'lifestyle hubs'**



SMRT Courtesy and Safety Programme is a nationwide public education initiative to encourage courteous acts and safe behaviour amongst commuters travelling with SMRT



Sembawang Bus Interchange opens. It is an **integrated transport hub** that provides Sembawang residents with easy access to bus and train services



A word from our business partners

BUSES

"ST Kinetics is delighted that the SMRT MAN A22 city bus has been very well received by the travelling public. We fully appreciate SMRT's professionalism in ensuring that the public get the best possible quality bus from us and look forward to more successful collaborations to once again enhance the experience of bus rides in Singapore."

Sew Chee Jhuen
PRESIDENT
ST Kinetics

"It is our great honour to supply SMRT with Daimler's low-floor and wheelchair-friendly Citaro buses. The staff in SMRT Buses have given us great input and customer-centric perspectives in the configuration process of buses. We are impressed by the extra miles shown by your staff to provide safe, comfortable and delightful travelling experience for commuters."

Seah Han Seng
SENIOR MANAGER
Cycle & Carriage

"Our recent collaboration with SMRT on our Mobility Day 2011 has been a positive one as the staff from the Community Affairs and other relevant departments were very helpful in promoting the importance of Mobility to the general public. We are also grateful to SMRT for looking into expanding the fleet of Wheelchair Accessible Buses so as to provide safe and affordable transportation for our members."

Jason Rodrigo
MANAGER
Handicapped Welfare Association

Legend:



1999



Bukit Panjang Light Rapid Transit, Singapore's first light rail system, opens for passenger service

2000



SMRT Corporation Ltd lists on Singapore Exchange



2001



SMRT Corporation and TIBS Holdings merger creates Singapore's first multi-modal transport company



SMRT Learning Journeys Programme is a structured education programme to share insights of SMRT operations with students. This is in collaboration with the Ministry of Education



Expo station opens for passenger service
Dover station opens for passenger service



2002



Changi Airport station opens for passenger service

2006



Dhoby Xchange opens



Launch of **SMRT SPACE**, a multi-purpose vehicle that offers customers the luxury of space and comfort when they travel in a group



Citibank-SMRT Visa Credit and Debit Card comes with ez-Link functionality, giving customers the convenience of auto top-up from their card accounts for the ez-Link function and allowing them to accrue rebates with the first-of-its-kind travel rewards programme



SMRT invests \$142 million on **mid-life upgrade of 66 first generation trains**



2007



Boon Lay Xchange opens



Collaborates with Land Transport Authority to provide **Bus Arrival Timing so commuters can better plan for their journey** on SMRT bus services



SMRT invests \$26 million to **upgrade 700 Mercedes buses**



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Green

"SMRT has spared no effort to convey the green message to the public and even to its own staff.

Apart from actively engaging commuters with its own "Go Green" campaigns, SMRT has also been supportive of SEC's green transport related events. SEC is honoured to have such a committed partner and we look forward to a long-term collaboration with SMRT."

Jose Raymond
EXECUTIVE DIRECTOR
Singapore Environment Council (SEC)

Community Outreach

"The Gift of Mobility@ Central has improved the quality of living for our low-income residents with chronic mobility issues. To date, 200 beneficiaries from the Central Singapore District have received taxi subsidies that allow them to defray the transport costs of their medical appointments, and social assistance consultations. SMRT's generous contribution is a great example of the community self-help, which helps to bond and connect the Central Singapore community."

Mark Tan
GENERAL MANAGER
Central Singapore Community
Development Council

"Esplanade is grateful for the generosity of SMRT Corporation Ltd whose support and commitment for *A Date With Friends* since 2009 has enabled us to bring quality performances to the seniors in our community. Believing in the social value of arts sponsorship, our role is to facilitate Corporate Social Responsibility (CSR) initiatives by connecting corporations and Voluntary Welfare Organisation for social benefits through the arts. We are pleased to work with the team of dedicated SMRT staff who, through their efforts, have demonstrated SMRT's firm belief in enhancing lives."

Lim Ewe Leong
DIRECTOR, PARTNERSHIP DEVELOPMENT
The Esplanade Co Ltd

Milestones

2008



SMRT opens first heartland Xchange, **Choa Chu Kang Xchange**



Chrysler 300C added to SMRT Taxis premium service fleet



SMRT Media secures Dubai Metro Media Contract under the consortium comprising SMRT Media, Dubai-based Kaasab Media and Wellmark Communications



SMRT puts **Southeast Asia's first Euro V bus** on the Road



SMRT adds **compressed natural gas** vehicles to its taxi fleet



SMRT acquires **49% equity interest** in Shenzhen Zona Transportation Group Co Ltd



SMRT **All-in-one SPACE** is Singapore's first taxi equipped with an automatic hydraulic ramp, offering wheelchair users safe and comfortable point-to-point travel



SMRT Gift of Mobility Programme assists financially needy and the less mobile with their transport needs for their medical appointments or interim employment

2009



Introduces **Wheelchair Accessible Bus services** to provide wheelchair users or the less mobile with an alternative mode of travel

2010



Esplanade Xchange, first Xchange in a Circle Line station, **opens**



Adds **Euro V Mercedes-Benz Citaro 0530** to the bus fleet as it offers greater fuel efficiency and full low floor for smoother passenger flow



SMRT was included in the **FTSE4Good Index**, an index designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards



SMRT Media expands media offerings with **digital platforms** that **offer interactivity and add vibrancy to the network**



Train service from **Bartley to Dhoby Ghaut Circle Line stations** commences



SMRT INVESTMENTS

Properties

"Congratulations to SMRT on their 25th anniversary. Over the last six-years, our strategic partnership with SMRT has yielded many firsts that have raised the standards of commuter convenience and banking. SMRT commuters were the first to be able to bank while in transit at Citibank branches conveniently located within SMRT stations, pioneering the concept of transit banking which is now adopted in several markets across Asia. The Citibank SMRT Visa credit and debit card has also made commuting a more rewarding experience by providing cashless payment, auto top-up and rebates on everyday spending that earn free travel, shopping and dining vouchers for commuters. We look forward to deepening our partnership with SMRT, to bring even greater convenience and accessibility to SMRT commuters and our customers."

Han Kwee Juan
CHIEF EXECUTIVE OFFICER
Citibank Singapore Limited

"We are pleased with SMRT as a landlord. Sales performance has been up to expectation and there is always something happening in the Xchanges. There has been continuous promotion campaigns from the pre-opening of Esplanade Xchange to the opening, pre-F1 to F1 event, etc."

Jack Poon
DIRECTOR
Coffee & Toast

2009



SMRT is Green is an organisation-wide **commitment to sustainable development** through the promotion of public transport and green practices in energy, water, air, and waste management as well as the use of green resources



Tanjong Pagar Xchange opens



First taxi operator in Singapore to offer customers the ease and convenience of **paying for taxi fares with their ez-Link card**



Joo Koon and Pioneer stations open for passenger service



Buona Vista Xchange opens



Singapore's fourth rail line, **Circle Line**, commences service from **Bartley to Marymount**



Achieves ISO14001 certification for our Environmental Management System. The ISO14001 certification is recognition of SMRT's green efforts towards continual improvements and environmental sustainability



Establishes **SMRT Institute**, an **accredited educational institution** that develops and delivers transport related training and education services



2011



Additional track and platform at Jurong East station opens, shortening waiting time to 2-3 minutes during the busiest stretches



SMRT Taxis adds **Chevrolet Epica** to its fleet



SMRT adds **MAN A22 buses** to its fleet



Orchard Xchange, first Xchange in the heart of Orchard Road, **opens**



Tap a Cab smartphone application makes it easy to book a cab on the go



Train service from **Caldecott to HarbourFront Circle Line stations** commences



Signatory to United Nations Global Compact, a strategic policy initiative for businesses committed to aligning themselves with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption

2012



Train service from **Bayfront and Marina Bay Circle Line stations** commences



Media

"The publicity generated by the MRT posters played a major role in reaching out to the commuting public at high traffic areas. The amount raised has also exceeded the \$1.4 million raised last year."

Neo Lay Tin

DIRECTOR CORPORATE PARTNERSHIPS
Children Cancer Foundation

"SMRT Media provided us, with not only the captive audience reach but the flexibility and innovation for our advertising campaigns to stand out from the clutter and more importantly, deliver our message with impact."

Philip Ho

HEAD MARKETING
Burger King Singapore Pte Ltd

TAXI

"Logicalis is honoured to be a leading technology partner of SMRT Taxis. Sharing SMRT Taxis' vision to deliver excellent service and innovative offerings to its customers, Logicalis is committed to business excellence by our delivery of unique solutions and achievement of high customer service satisfaction. We value SMRT Taxis' trust and continued investment in our technology solutions and services and look forward to a long and very successful future together."

James Tay

CHIEF EXECUTIVE OFFICER
Logicalis Asia



MOVING FORWARD

GOING PLACES

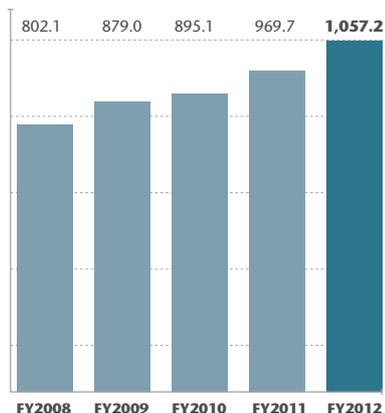


For 25 years, SMRT has been transporting people across our island, evolving with the nation. While we continue to grow and build on our legacy, one thing remains constant – our commitment to the public, shareholders and employees.

Group Financial Highlights

FY2012 Financial Performance

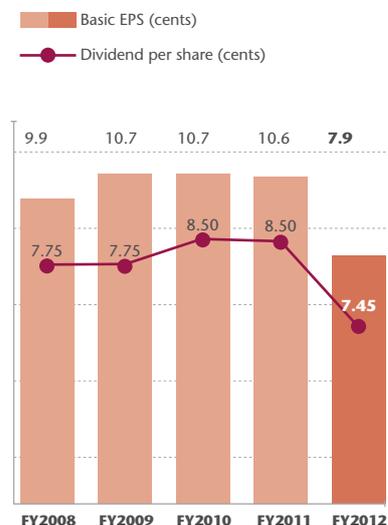
Revenue (\$m)



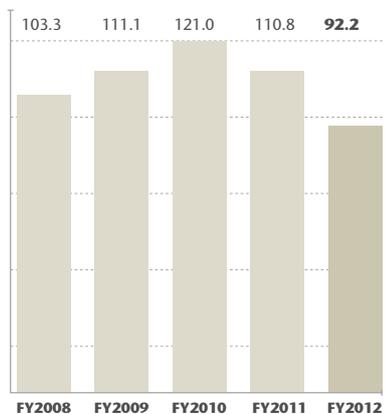
Profit After Tax (\$m)



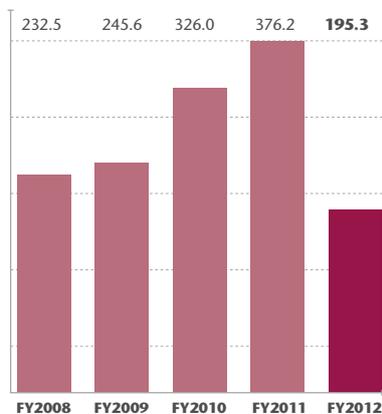
Gross Dividend Per Share (cents)



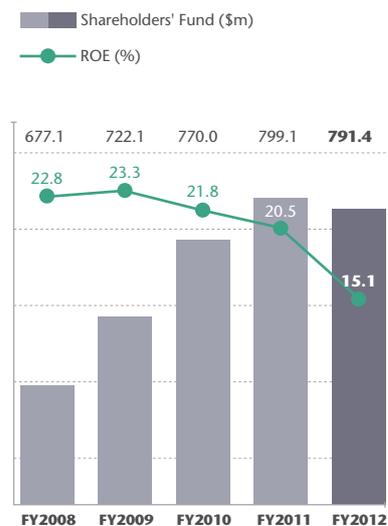
EVA (\$m)



Cash and Cash Equivalents (\$m)



Return on Equity (%)



For The Year

\$m	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	802.1	879.0	895.1	969.7	1,057.2
Other operating income	20.9	26.7	43.2	20.2	22.0
Profit					
EBITDA ¹	284.1	299.0	320.9	314.9	300.0
Operating profit	178.0	188.7	197.2	195.6	148.7
Before tax	176.2	185.8	191.7	191.7	146.9
Profit after tax (PAT)	149.9	162.7	162.9	161.1	119.9
Capital expenditure (CAPEX) ²	118.3	190.4	114.8	100.8	496.1
Operating cash flow	261.6	280.8	326.6	283.3	282.1
Free cash flow ³	165.1	142.3	239.7	176.5	47.8
Economic value added (EVA)	103.3	111.1	121.0	110.8	92.2
Financial ratios					
EBIT margin (%)	22.2	21.5	22.0	20.2	14.1
PAT margin (%)	18.7	18.5	18.2	16.6	11.3
Interest cover (times)	35.4	40.5	40.6	44.2	48.6

At Year-End

\$m	FY2008	FY2009	FY2010	FY2011	FY2012
Cash and cash equivalents	232.5	245.6	326.0	376.2	195.3
Total assets	1,437.6	1,501.5	1,583.2	1,606.6	1,755.9
Short-term and long-term borrowings (total borrowings)	250.0	250.0	250.0	250.0	150.0
Shareholders' funds	677.1	722.1	770.0	799.1	791.4
Net gearing (times) ⁴	0.03	0.01	Net Cash	Net Cash	Net Cash

Per Share

cents	FY2008	FY2009	FY2010	FY2011	FY2012
Basic earnings per share (EPS)	9.9	10.7	10.7	10.6	7.9
Net asset value per share (NAV)	44.7	47.6	50.7	52.6	52.1
Net tangible asset per share (NTA) ⁵	41.9	44.9	48.4	50.3	51.2

Shareholders' Return

	FY2008	FY2009	FY2010	FY2011	FY2012
Gross dividend (cents)	7.75	7.75	8.50	8.50	7.45
Share price at end of year (\$)	1.820	1.530	2.040	1.890	1.735
Average share price (\$)	1.764	1.735	1.747	2.081	1.814
Dividend yield (%) ⁶	4.4	4.5	4.9	4.1	4.1
Total shareholder return (%) ⁷	26.6	(11.5)	38.2	(3.3)	(4.1)
Return on total assets (%) ⁸	10.6	11.1	10.6	10.1	7.1
Return on equity (%) ⁹	22.8	23.3	21.8	20.5	15.1

Notes:

- Earnings before interest, tax, depreciation and amortisation. Excludes impairment of goodwill
- Capital expenditure refers to the total cost incurred during the year to acquire assets that are expected to be used for more than one year
- Free cash flow = cash flow from operating activities – purchase of property, plant and equipment + proceeds from disposal of property, plant and equipment
- Net gearing = (total borrowings – cash and cash equivalents) / shareholders' funds
- Net tangible asset per share excludes intangible asset
- Dividend yield = total gross dividend / average share price in the year
- Total shareholder return = capital gain % (based on end-of-year share prices) + dividend yield
- Return on total assets = PAT / average of total assets as at end FY2011 and FY2012
- Return on equity = PAT / average of equity as at end FY2011 and FY2012

At a Glance

Trains

Full-year ridership grew 8.3% to 654.4 million in FY2012



FACTS

- Operating and maintaining Singapore's first Mass Rapid Transit (MRT) system since 1987
- Network comprises North-South Line, East-West line and Circle Line with a total route length of 128.6 km

HIGHLIGHTS IN FY2012

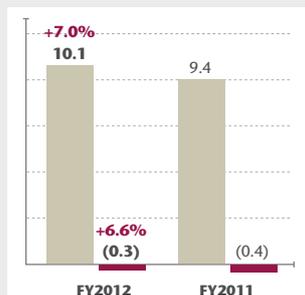
- The new platform at Jurong East station was put into use. This allowed additional trains to be deployed on the North-South and East-West lines to increase capacity
- Circle Line Stage 4 and 5 and Extension commenced operations. The full opening of the Circle Line provided passengers with more travel options

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Revenue is expected to grow with contribution from the full operation of Circle Line and higher MRT ridership
- Greater focus on service reliability and customer experience
- More investments towards acquisition of operating assets and assets renewal which may have an impact on the business

LRT

Continued to engage neighbourhoods and communities it serves



FACTS

- Singapore's first fully-automated Light Rapid Transit (LRT) system commenced operations in 1999
- Network comprises 7.8km of elevated guideways linking 14 stations in Bukit Panjang

HIGHLIGHTS IN FY2012

- Full year LRT ridership increased 6.7% to 18.9 million from 17.7 million in FY2011

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Revenue is expected to grow with higher ridership
- To improve system reliability and reduce the number of delays

Buses

Fleet expansion and renewal to more than 1,050 buses to meet growing demand



FACTS

- Provides 94 bus services connecting the Western and North-Western areas to the rest of Singapore
- Operates premium and chartered bus services

HIGHLIGHTS IN FY2012

- Fleet expansion and renewal with the addition of 200 MAN A22 buses and 40 Mercedes-Benz Citaro O530
- Focused on meeting increasingly stringent Quality of Service standards

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Energy costs is expected to remain high, and staff and related costs to increase, with insufficient offset from fare adjustments
- Exploring vehicles using alternative energy such as electric buses which are more environmentally friendly and energy efficient
- Support the implementation of Bus Services Enhancement Programme (BSEP) in 2012

■ Revenue (\$m) ■ EBIT (\$m)

Taxis

Taxi business continued to expand and renew its fleet to cater to increasing demand for taxis



FACTS

- A leading taxi operator in Singapore with more than 20 years of experience
- Manages and lease a fleet of more than 3,000 taxis, including sedans, limousines, MPVs and CNG vehicles

HIGHLIGHTS IN FY2012

- Taxi business turned profitable on higher rental revenue from larger average hired out fleet
- Newly introduced fleet of Chevrolet Epica taxis was well received by customers and drivers

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Renew fleet with more Chevrolet Epica taxis to enhance passengers' travel experience
- Tap on technology to improve operational efficiencies and effectiveness
- Higher COE prices may impact rate of growth

Rental

Refurbished 43 MRT stations, bringing convenience to commuters, on top of revenue and space growth



FACTS

- Leases approximately 34,400 sqm of commercial space within train network
- Average occupancy rate in FY2012 remains high at 98%

HIGHLIGHTS IN FY2012

- Orchard Xchange was officially launched in June 2011. More than 2,000 sqm of retail space was refurbished
- 23 shops along CCL 4 & 5 stations were launched in October 2011, adding more than 850 sqm of retail space

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Expect rental revenue growth with increased rental space
- Refurbishment of Woodlands station and development of Marina Bay and Bayfront stations
- Enhance our retail spaces to offer more lifestyle conveniences, services and facilities

Advertising

Married out-of-home platforms with new media and mobile technology to generate more innovative, interactive and effective advertising campaigns



FACTS

- Provides a one-stop media solution for advertisers by offering a variety of media platforms to create impactful advertising campaigns

HIGHLIGHTS IN FY2012

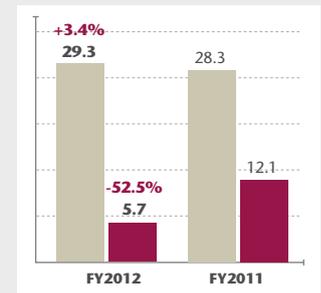
- Launched two new digital infrastructures – Projection Screen @ Orchard and Digital Screen @ Raffles that enable advertisers to create impressive campaigns
- Introduced iMobSMRT, a digital lifestyle space powered by mobile technology where commuters can enjoy great deals, shop and pay on-the-go
- Introduced Shop&Pay On-The-Go in stations providing commuters with instant shopping experience and immediate returns to advertisers

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Continue to leverage latest technology to introduce more digital out-of-home elements into our system
- Introduce new media formats and ideas to enhance advertisers' return on investments

Engineering & Other Services

Continue to pursue international opportunities



FACTS

- Provides rail and road transport-related engineering consultancy, project management, operations and maintenance (O&M) services both locally and overseas
- Provides repair and maintenance services for SMRT buses and taxis as well as to external local clients
- Leases fibre-optic cables

HIGHLIGHTS IN FY2012

- Increased revenue from external fleet maintenance
- Completed O&M project management advisory work for Shinbundang Line in Seoul, South Korea
- Contract renewal for the operations of automated Personal Rapid Transit (PRT) vehicles in Masdar City, Abu Dhabi
- Received local engineering projects from LTA and other customers, such as the renewal of maintenance contract for Sentosa monorail

STRATEGIC DIRECTION & OUTLOOK FOR FY2013

- Pursuit of opportunities relating to O&M franchises, consultancy and training, focusing on the Middle East and Asia Pacific markets



Koh Yong Guan

CHAIRMAN
SMRT Corporation Ltd

Chairman's Message

Revenue:

+ 9.0%

in group revenue attributed to higher demand for public transport and contributions from non-fare businesses

Operating Profit:

\$148.7m

Dividend:

7.45 cents
per share

Leveraging Our Core Business

The disruptions in our train service on 15 and 17 December last year were of an unprecedented scale and posed tremendous challenges for the company and our staff, many of whom had to make huge personal sacrifices. We thank and commend them.

In the five months since, we have had to face other challenges. While we await the findings of the Committee of Inquiry, our resolve to learn from the incidents, and to work harder to continue to deliver a reliable service and to regain the confidence of the public, remains unabated.

We will continue to centre our core business on the running of a safe and reliable Mass Rapid Transit (MRT) system, in line with our vision, "Moving People, Enhancing Lives". We will continue to build upon the strong engineering and operational capabilities, and the rigorous and comprehensive maintenance regimes that were developed over the last 25 years to deliver on our commitment. We will spare no efforts in this commitment going forward, and will work closely with the Land Transport Authority to address the challenges arising from the ageing infrastructure, rising ridership and increasing cost.

This strength in our core business and the public confidence and trust in us will give us the competitive edge to further grow our train business in Singapore as more lines are added to our network. The regulatory environment will evolve, but this should not fundamentally affect the nature and prospects of our core business. We will leverage this strength to seek further growth in areas connected to our core business, such as retail and advertising in train stations, and accretive growth in overseas markets.

Registering a Creditable Performance

SMRT posted positive results for FY2012, crossing the billion dollar revenue mark. We recorded a 9.0% increase in group revenue from the previous year, to \$1.06 billion. This increase in revenue was attributed to higher MRT and bus ridership, contribution from the Circle Line, higher taxi rental income, an increase in external fleet maintenance revenue and higher rental and advertising revenue.

However, group operating profit dropped 24.0% to \$148.7 million over the same period, due mainly to higher operating expenses and impairment of goodwill on bus operations. Net profit decreased correspondingly by 25.6% to \$119.9 million.

Revenue from rail operations increased by 8.1% to \$580.0 million due mainly to higher ridership. However, higher staff, energy and other costs eroded operating profit, resulting in a decline of 19.9% to \$90.7 million.

Bus operations saw a 3.5% rise in revenue to \$220.4 million, thanks to higher ridership. However, a significant operating loss of \$11.6 million was recorded due to higher diesel costs and staff expenses.

Chairman's Message

Revenue from taxi operations increased by 24.1% to \$115.0 million. This increase was attributed to higher rental revenue from a larger average hired out fleet. Our taxi operations turned around from an operating loss in the previous year to an operating profit of \$2.8 million in FY2012.

Rental revenue increased by 10.8% to \$81.5 million, mainly due to increased lettable areas from the redevelopment of commercial spaces at various MRT stations. Advertising revenue followed the same trend, rising by 21.8% to \$30.9 million.

Delivering Sustainable Returns

The Board has proposed a final ordinary dividend of 5.70 cents per share subject to shareholders' approval at the 13th Annual General Meeting on 12 July 2012. If approved, the dividend will be paid on 3 August 2012. Together with the interim dividend of 1.75 cents, this will bring total dividend for FY2012 to 7.45 cents per share, totaling \$113.3 million.

Managing Risks

In order to protect and create value for our shareholders, greater emphasis has been placed on managing risks in the organisation.

Based on recommendations from the independent high level review conducted by PricewaterhouseCoopers in FY2011, SMRT adopted a consistent and systematic risk management framework that is aligned to best international practices. Business units and the Risk Management Committee, comprising senior management, meet regularly to review the top risks and robustness of our mitigation plans.

In addition, an 'early warning system' in the form of key risk indicators has been put in place to provide management with useful and timely insights on key risk areas like safety and security.

Reconstitution of SMRT Subsidiaries

In the past, the board composition of SMRT Trains, SMRT Road Holdings and SMRT Buses (together referred to as "SMRT Subsidiaries") was similar to that of SMRT Corporation's board composition. In FY2012, we re-constituted the board composition of SMRT Trains Ltd, SMRT Road Holdings Ltd and SMRT Buses Ltd to include external experts and management staff. This will allow us to pay closer attention to the technical aspects of our core business areas.

For continuity, a number of SMRT Corporation Directors will continue to serve as Directors in the re-constituted board of the SMRT Subsidiaries. The SMRT Corporation Board will retain its oversight responsibility and supervisory role over the SMRT Subsidiaries Board.

The new board of SMRT Trains Ltd comprises Koh Yong Guan, as Chairman of the Board, and the Directors of the Board are Tan Ek Kia, Ong Ye Kung, Low Tien Sio, and Khoo Hean Siang. Peter Tan Boon Heng is Chairman of the Board of SMRT Road Holdings Ltd and SMRT Buses Ltd. The Directors of these boards are Tan Ek Kia, Teo Chew Hoon, and Kang Huey Ling.

“Rental revenue increased by 10.8% to \$81.5 million, mainly due to increased lettable areas from the redevelopment of commercial spaces at various MRT stations. Advertising revenue followed the same trend, rising by 21.8% to S\$30.9 million.”

Moving Forward

FY2013 will be a challenging year given the increasing demands on Singapore's public transport system and ageing infrastructure.

Expected increase in MRT and bus ridership, additional advertising platforms in the form of new spaces and digital initiatives, and more lettable space will boost Group revenue in the new financial year. However, higher repairs and maintenance, energy, and staff and related costs will impact the profitability of the Group.

As infrastructural expenditures on public transportation are a key focus in several developing economies, we will concentrate on growth both locally and overseas, and to tap into emerging markets and offer our expertise. Market structural developments in developed economies will also present opportunities. Our focal markets will continue to be in the Asia Pacific and Middle East and only where we can see accretive growth opportunities

I would like to assure you that we are aligned with your interests as shareholders. Growing and protecting shareholder value is key in any of our decisions. The fundamentals of the company have not changed and we look forward to your continued support as we build our businesses to achieve sustainable growth while fulfilling our responsibility as a public transport operator.

In January 2012, Saw Phaik Hwa stepped down as the Executive Director and Chief Executive Officer of SMRT after having served nine years with the company and leading SMRT through considerable growth. We thank Ms Saw for her leadership and wish her well.

I would also like to thank the Board, the management and the staff of SMRT for their continued dedication and support. It is only with their commitment that we can overcome the challenges that we might face in the future, and be ready to seize new opportunities for SMRT.



Koh Yong Guan

CHAIRMAN
SMRT Corporation Ltd

Board of Directors



01. KOH YONG GUAN

CHAIRMAN

Koh Yong Guan, 66, is Chairman of SMRT Corporation Ltd. He is also Chairman of Central Provident Fund Board.

Mr Koh's career in the Singapore Civil Service included appointments at the Permanent Secretary level in the Ministries of Defence, Finance, Health and National Development as well as being appointed the Commissioner of Inland Revenue, and Managing Director of the Monetary Authority of Singapore.

Mr Koh did his undergraduate and postgraduate studies at the University of Toronto, and his Master of Business Administration (MBA) in the Catholic University of Leuven, Belgium.

Mr Koh was appointed as Singapore's High Commissioner to Canada in January 2008.

02. TAN EK KIA

EXECUTIVE DIRECTOR & INTERIM CHIEF EXECUTIVE OFFICER

Tan Ek Kia, 64, is Executive Director and Interim Chief Executive Officer of SMRT Corporation Ltd. He is concurrently Chairman of City Gas Pte Ltd and Star Energy Holdings Pte Ltd. He is also a director on the Boards of Keppel Corporation Ltd, Keppel Offshore and Marine Ltd, CitySpring Infrastructure Management Pte Ltd, PT Chandra Asli Petrochemical Tbk, Dialog Systems (Asia) Pte Ltd and Transocean Ltd.

Mr Tan is a seasoned professional in the oil and gas and petrochemical business, with more than 30 years of experience in engineering, construction, project management, operations management, business management and development, joint venture governance, and organisation change/transformation. Prior to his retirement in September 2006, senior positions he held in Shell included Managing Director of Shell Malaysia Exploration and Production (based in Sarawak), Chairman of Shell Northeast Asia (based in Beijing) and Executive Vice President of Shell Chemicals Asia Pacific and Middle East (based in Singapore).

Mr Tan obtained First Class Honours in Mechanical Engineering from Nottingham University, UK. He has attended a management development programme in the International Institute of Management Development, Lausanne. He is a Chartered Engineer with the UK Engineering Council, and a Fellow of the Institute of Engineers, Malaysia. He was awarded the Panglima Gemilang Bintang Kenyalang, which carries the title "Datuk" by the State Government of Sarawak.

03. LEE SEOW HIANG

Lee Seow Hiang, 42, is Chief Executive Officer of Changi Airport Group (CAG) and Deputy Chairman of Changi Airports International Pte Ltd. He also sits on the Board of Agency for Integrated Care Pte Ltd.

Prior to joining CAG, he was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. From 2005 to 2008, Mr Lee was Principal Private Secretary to Minister Mentor Lee Kuan Yew in the Prime Minister's Office. Between 1989 and 2005, he held various appointments in the Republic of Singapore Air Force (RSAF) and Ministry of Defence. His last military appointment was Deputy Head of Air Operations in HQ RSAF.

Mr Lee was awarded the SAF (Overseas)/President's Scholarship in 1989 and the SAF Postgraduate Scholarship (General Development) in 2002. He has a Bachelor of Arts (Honours) degree from the University of Cambridge, UK, and an MBA from the Massachusetts Institute of Technology, USA.

Board of Directors

04. PAUL MA KAH WOH

Paul Ma, 64, is Chairman of Mapletree Logistics Trust Management Ltd, and a director of Mapletree Investments Pte Ltd. He is also a director of CapitaLand China Development Fund Pte Ltd, CapitaLand China Development Fund II Ltd, Hwa Hong Corporation Limited, Keppel Infrastructure Fund Management Pte Ltd and Nucleus Connect Pte Ltd, and a board member of the National Heritage Board. In addition, Mr Ma sits on the Board of Trustees of the National University of Singapore.

Mr Ma was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice until his retirement in September 2003.

Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore.

05. ONG YE KUNG

Ong Ye Kung, 42, is the Deputy Secretary-General of National Trades Union Congress (NTUC). At NTUC, he serves as the Chairman of the Employment and Employability Institute Pte Ltd, and Executive Secretary in the National Transport Workers' Union, the Singapore Manual and Mercantile Workers' Union, and the Singapore Industrial and Services Employees' Union. Prior to joining NTUC, he was the Chief Executive of the Singapore Workforce Development Agency and was the Deputy Chief Negotiator for the US-Singapore Free Trade Agreement.

Mr Ong obtained First Class Honours in Economics from the University of London, London School of Economics and Political Science (UK), and an MBA from the Institute of Management Development, Lausanne, Switzerland.

06. BOB TAN BENG HAI

Bob Tan, 60, is Chairman of Jurong Engineering Limited, Singapore LNG Corporation Pte Ltd, the Singex Group of companies, and a director of Asia Pacific Breweries Ltd and SBF Holdings Pte Ltd. He is also Chairman of the Institute of Technical Education, President of the Singapore Golf Association, Vice President of the Singapore National Employers Federation, Honorary Treasurer of the Singapore Business Federation, and a Board member in the Ong Teng Cheong Labour Leadership Institute. Mr Tan also serves as a member of the NTUC Club Management Council.

Mr Tan is a Fellow of the Institute of Chartered Accountants in England and Wales.

07. PETER TAN BOON HENG

Peter Tan, 63, is Managing Partner of JP Asia Capital Partners Pte Ltd, and also sits on the Boards of Dialog Semiconductor PLC (UK), InnoTek Limited and Exploit Technologies Pte Ltd. He has held senior management roles across a wide range of technology companies, including National Semiconductors Pte Ltd, Molex Singapore Pte Ltd, Apple Computer Inc. and Flextronics International Inc.

Mr Tan also holds an advisory function in the National University of Singapore B.Tech Programme, MIR Investment Management Ltd, PolyTechnos European Growth Fund 1 and SolarEdge Technologies, Inc. in Israel. He is a member of the International Evaluation Panel for the Singapore National Research Foundation and SPRING Policy Advisory Committee.

Mr Tan holds a Diploma in Management Studies from the University of Chicago and an Executive MBA Degree from the Golden Gate University, San Francisco.

08. YEO WEE KIONG

Yeo Wee Kiong, 56, is Non-Executive Chairman of SingXpress Land Ltd. He is also an independent director on the board of two other listed companies, Bonvests Holdings Limited and Kian Ho Bearings Ltd.

Before practising law, Mr Yeo was in investment promotions with Singapore Economic Development Board and in investment banking with NM Rothschild Singapore. He has been a practicing corporate lawyer for the past 21 years, specialising in initial public offers, mergers and acquisitions, capital markets and venture capital.

In the past, he has held appointments as independent director with more than 10 corporations listed on the Singapore Stock Exchange, one corporation listed on the Australian Stock Exchange, and various government-linked agencies and companies such as National Science & Technology Board, Ascendas Pte Ltd and PSB Corporation Pte Ltd.

Mr Yeo obtained First-Class Honours degree in Mechanical Engineering from the National University of Singapore and was awarded the Professional Engineers Board Gold Medal. He also has an LLB (Honours) degree from the University of London, and an MBA from the National University of Singapore. He qualified as a barrister-at-law with the Lincoln's Inn in England.

Senior Management



01. TAN EK KIA

EXECUTIVE DIRECTOR & INTERIM
CHIEF EXECUTIVE OFFICER

Please refer to Mr Tan's profile on page 17.

02. CATHERINE LEE

EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Catherine Lee, 43, is responsible for the Group's financial strategy and management, corporate planning, tax, treasury management, central supplies, investor relations and Corporate Secretariat & Legal.

Ms Lee joined SMRT Corporation in September 2011 from the BreadTalk Group where she was Group CFO, overseeing finance, corporate secretarial, investment, risk management and investor relations. Prior to that, she worked for Transpac Capital where she managed an investment portfolio of public-listed and private companies in the US and Asia Pacific. Ms Lee was concurrently Financial Controller and Business Development Manager of companies from a spectrum of industries. She also sat on the board of several companies, assisting in the implementation of good corporate governance practices and participating in strategic planning. Ms Lee is an experienced banker and investment professional with a strong corporate finance and private equity background.

Ms Lee holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University of Singapore. She is a non-practising Member of the Institute of Certified Public Accountants of Singapore.

03. KHOO HEAN SIANG

EXECUTIVE VICE PRESIDENT,
TRAINS

Khoo Hean Siang, 64, oversees the Group's train and engineering units. He joined the Mass Rapid Transit Corporation (precursor to SMRT) in 1986 as a design engineer and was responsible for the design and

construction of the telecommunication and signalling networks. He was appointed Director of Engineering, overseeing the engineering division before his appointment as Director of the Marina Line Project when the Marina/Circle Line division was formed in 2001. Until recently, he was Senior Vice President of Engineering and Projects, where he was instrumental in laying the foundation for the Circle Line and ensuring a smooth ramp-up of operations to support and run the line. Prior to joining SMRT, Mr Khoo was a senior engineer at Singapore Telecoms and was part of the pioneer team that introduced the first fibre optic network in Singapore.

A Chartered Electrical Engineer of the Institute of Electrical Engineers (United Kingdom), Mr Khoo has an Honours degree in Electronics Engineering from the University of Sheffield and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a Fellow of the Institute of Railway Signal Engineers in the United Kingdom (UK) and a Member of the Professional Engineers Board, Singapore. Mr Khoo also serves as Chairperson of the SMRT Geylang East Home for the Aged Volunteer Committee.

04. TEO CHEW HOON

EXECUTIVE VICE PRESIDENT,
COMMERCIAL & ROADS

Teo Chew Hoon, 48, leads the business units of automotive services, buses, taxis and commercial, and is responsible for driving growth, new businesses and customer engagement strategies.

Ms Teo joined SMRT in 2003, where she transformed and championed the growth of SMRT's leasing and out-of-home advertising businesses, delivering a suite of convenient and lifestyle services as well as innovative and impactful advertising platforms across Singapore's public transport network. In 2010, Ms Teo's portfolio was expanded to include the automotive services, bus and taxi businesses.

Prior to her career in SMRT, Ms Teo was Group Sales Manager and subsequently General Manager for Airport Operations of DFS Venture Singapore Pte Ltd, where she ran the concession businesses for duty free liquor, wines & tobacco, fashion, beauty and watches.

As the Chairperson of the SMRT Family Service Committee, Ms Teo leads the company's community assistance programmes for low income and needy families, children and the elderly.

Ms Teo has a Bachelor of Science in Mathematics and Economics from the National University of Singapore.

05. VINCENT TAN

SENIOR VICE PRESIDENT,
ENGINEERING & PROJECTS

Vincent Tan, 57, joined the Mass Rapid Transit Corporation in 1985, followed by SMRT in 1987, where he assumed positions in rail operations management. Today, Mr Tan oversees the Projects & Technology and Maintenance departments. He is the Chairman of Nova Phase 14, an international railway benchmarking group of railway operators and is also the Chairperson of the SMRT Bloodmobile Drive Committee.

Prior to his career with SMRT, he was a principal mechanical engineer with the Port of Singapore Authority, and served for three years on the Standards Committee in SPRING Singapore (previously known as Singapore Productivity and Standards Board).

Mr Tan holds an Honours degree in Mechanical Engineering from King's College, University of London, and a Master of Science in Technological Economics from the University of Stirling, Scotland.

06. GOH CHEE KONG

SENIOR VICE PRESIDENT,
COMMUNICATIONS & SERVICES

Goh Chee Kong, 56, leads the Group's corporate branding, marketing and communications initiatives, as well

Senior Management

as information technology, safety and security functions. He is responsible for strategic communications, and safety, security and business continuity management. In addition, he oversees SMRT's commitment to good corporate citizenship, focusing on programmes that positively impact SMRT stakeholders and the communities SMRT serves.

Prior to joining SMRT, he served in the Singapore Armed Forces (SAF) of the Ministry of Defence (MINDEF). His appointments in the SAF included Head, Defence Relations Department; Commander, 8th Singapore Armoured Brigade; Commander, Officer Cadet School; and Director, Public Affairs and spokesman for MINDEF. He was awarded the Public Administration Medal (Bronze) in 1998.

Mr Goh is an Accredited Member of the Institute of Public Relations of Singapore. He serves as the Vice President of Beyond Social Services, Chairman of Students Care Service, and is a board member of St Andrew's School. He is also a member of the Programme Advisory Committee for English Television and Radio Programmes.

Mr Goh holds a Bachelor of Science in Electrical and Electronic Engineering from the Royal Military College of Science, United Kingdom, and a Master of Defence Studies from the University of New South Wales, Australia.

07. LUI WAI MENG

VICE PRESIDENT, RAIL OPERATIONS
Lui Wai Meng, 49, heads the Group's rail operations. He joined SMRT in 1995 as an engineer. In 1998, he assumed a managerial role overhauling rolling stock, and was subsequently appointed project manager overseeing the mid-life upgrade of SMRT's first-generation trains. In 2008, Mr Lui was promoted to Director, Maintenance Group, and was responsible for all maintenance activities of SMRT Trains. He subsequently headed the Projects

and Technology Group. In these appointments, Mr Lui was involved in railway engineering as well as the bidding for overseas projects.

Mr Lui has Second-Class Honours (Upper Division) in Mechanical Engineering, and a Master in Mechanics and Processing of Materials from the Nanyang Technological University. He was awarded the Defence Technology Undergraduate Scholarship by Singapore Aerospace Ltd.

08. NG TEK POO

VICE PRESIDENT, MAINTENANCE
Ng Tek Poo, 50, is responsible for the operational maintenance of the North-South, East-West and Circle Lines, and the Bukit Panjang Light Rapid Transit. In his current appointment, he oversees the following functional areas: rolling stock and track, signalling and communication, traction power, fare system and building services.

Mr Ng joined SMRT in November 2000 as a maintenance manager in building services. From January 2005, he was responsible for East-West Line station operations. In May 2006, he was transferred to the Safety Services Department and subsequently promoted to Deputy Director and Head of Safety Services in July 2008. As Head of Safety Services, he led SMRT in several initiatives to enhance the organisation's safety culture and key processes, and helped the organisation achieve ISO 14001 and OHSAS 18001 certifications.

Prior to joining SMRT, Mr Ng was a senior engineer with Keppel FELS, responsible for the design and installation of electrical systems on Mobile Offshore Production Units, and Floating Production Storage and Offloading Units.

Mr Ng has First-Class Honours in Electrical Engineering from the National University of Singapore, and a Master of Business Administration (MBA) from the National University of Singapore Business School.

09. KANG HUEY LING

VICE PRESIDENT, BUSES
Kang Huey Ling, 41, leads the company's bus business. Her career with SMRT began in 1994 at Trans-Island Bus Services where she was a Traffic Officer (Planning) in the bus planning and development team. She assisted senior management in planning and coordination during the North-East Line tender in 1999, and led the marketing team for the Circle Line tender in 2001.

Ms Kang was appointed Deputy Director of Station Operations in 2004. She was responsible for all 64 Mass Rapid Transit and Light Rapid Transit stations operated by SMRT. She was subsequently promoted to Director, Station Operations in 2006.

Ms Kang has an Honours degree in Economics from the National University of Singapore, and an MBA from the National University of Singapore Business School.

10. JAMES NG

VICE PRESIDENT, AUTOMOTIVE SERVICES & TAXIS
James Ng, 40, drives the Group's taxis and automotive services businesses. He joined SMRT in 2008 as Deputy Director of Automotive Services. Prior to that, Mr Ng held several positions in the Ministry of Defence and various transport companies.

Mr Ng has an Honours degree in Mechanical Engineering and a Master of Science in Industrial and System Engineering from the National University of Singapore. He also holds an MBA from Imperial College London, United Kingdom.

11. DAWN LOW

VICE PRESIDENT, COMMERCIAL
Dawn Low, 39, joined SMRT in 2004, where she built the SMRT brand and businesses through strategic marketing, media and corporate social responsibility (CSR) initiatives. In 2007, she took the lead in SMRT's environmental

sustainability strategies and efforts. Since then, SMRT has garnered several local and international awards, such as the FTSE4Good Index, Land Transport Authority's Most Eco-Friendly Transport Provider award and the President's Award for the Environment. In 2008, Ms Low took on the expanded portfolio of Marketing Director for SMRT Taxis to drive growth for the business.

In her current role, Ms Low is responsible for the Group's leasing and out-of-home advertising businesses.

Before joining SMRT, Ms Low was with the Ministry of Defence and City Developments Ltd, responsible for diverse areas such as branding, marketing and partnerships, CSR, local and international media relations, as well as public and corporate communications.

Ms Low is an Accredited Member of the Institute of Public Relations of Singapore. She holds a Bachelor of Social Sciences (Honours) from the National University of Singapore and a Master in Mass Communications from the Nanyang Technological University.

12. PHAN YOKE FEI

VICE PRESIDENT, HUMAN RESOURCE
Phan Yoke Fei, 41, is responsible for the Human Resource & Administration Division, including SMRT Institute.

He was promoted in March 2011 after holding the position of Director, Human Resource from April 2010.

Prior to joining SMRT, he was Director of Human Resource as well as Legal and Corporate Services in several public listed companies in a diverse range of industries including investment holdings, shipping, leisure and hospitality, information technology, and business process outsourcing in Singapore, Malaysia and Hong Kong.

Mr Phan has an LLB degree with Honours from the University of Malaya, Kuala Lumpur, and post-graduate qualifications in International Taxation and Human Resources Management. He is also an Advocate and Solicitor of the High Court of

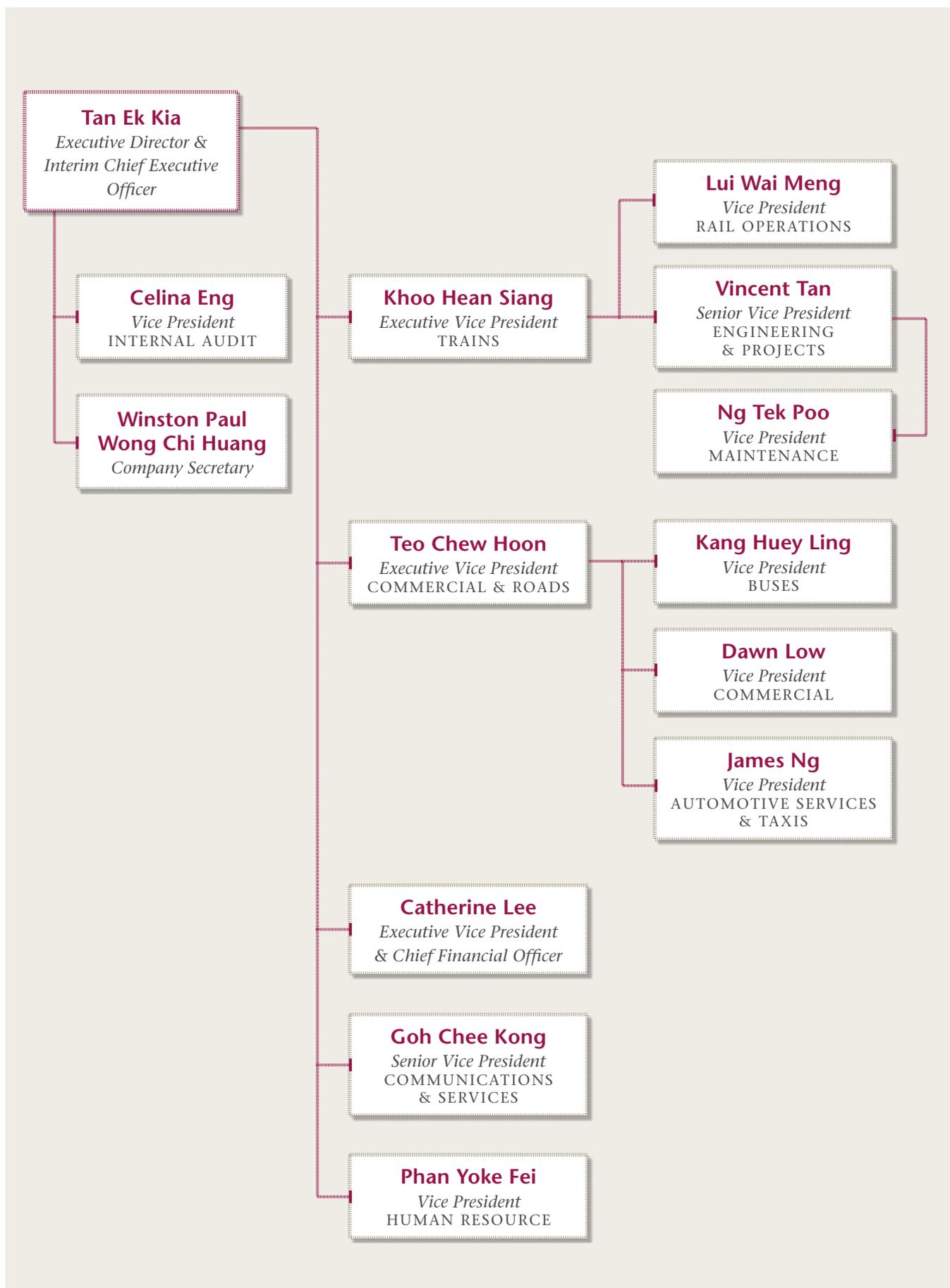
Malaya in Kuala Lumpur, Malaysia, and holds a Company Secretariat licence in Malaysia.

13. CELINA ENG

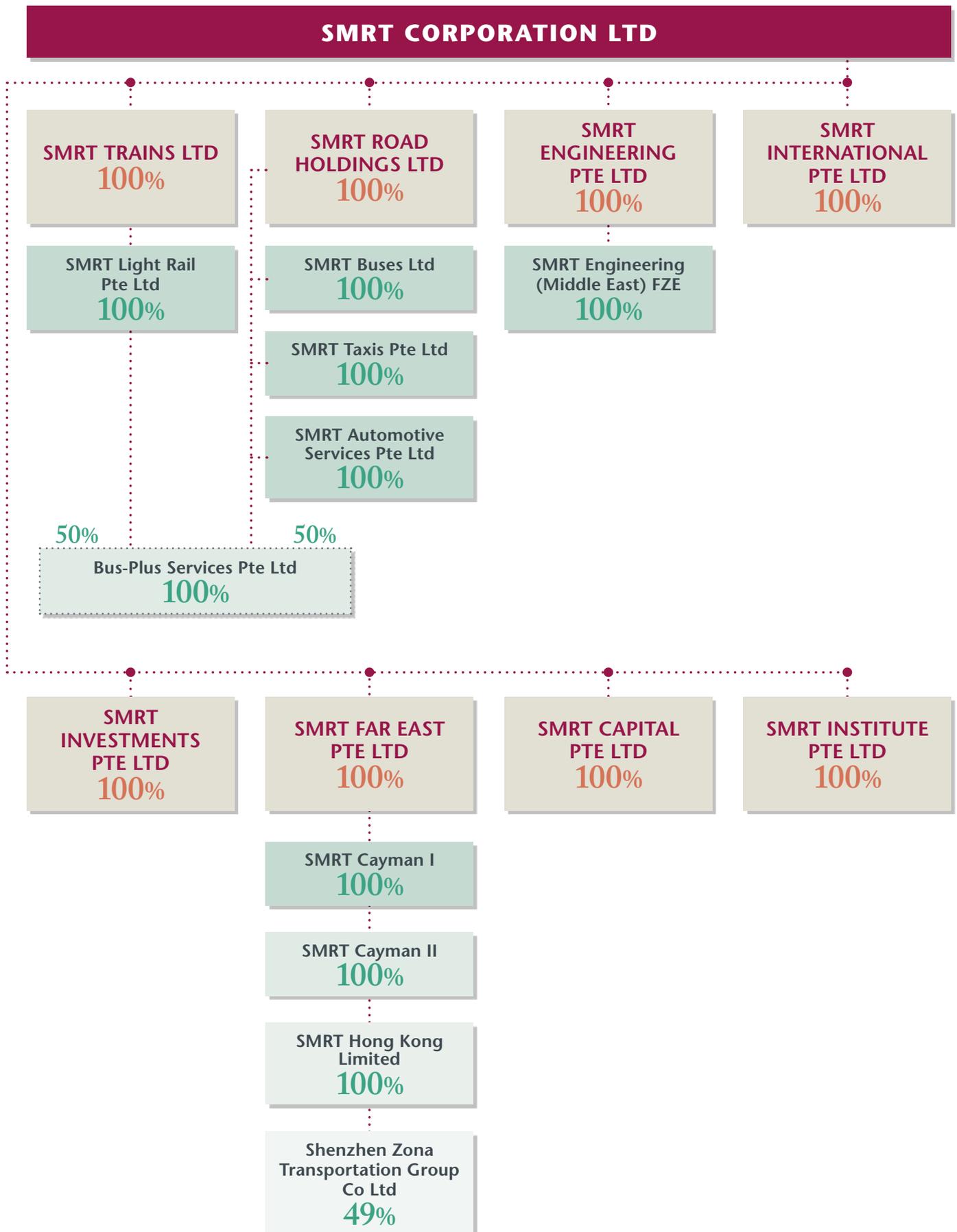
VICE PRESIDENT, INTERNAL AUDIT
Celina Eng, 37, leads the Group's Internal Audit division. She joined SMRT as Deputy Director (Audit) in 2008 to oversee the Control Self Assessment (CSA) project. Prior to this, Ms Eng was Associate Director at KPMG where she worked on several regional internal audit outsourcing projects, enterprise risk management and CSA projects, and performed external quality assurance reviews on internal audit functions.

Ms Eng graduated from the Nanyang Technological University with a Bachelor of Accountancy. She is a Member of the Institute of Internal Auditors (Singapore), and a Non-Practising Member of the Institute of Certified Public Accountants of Singapore. Ms Eng is also SMRT's Whistleblowing Investigation Officer.

Organisational Structure



Group Structure



Corporate Information

Registered Office

251 North Bridge Road
Singapore 179102
Telephone: (65) 6331 1000
Facsimile: (65) 6334 0247
Website: www.smrt.com.sg

Place of Incorporation

Singapore

Company Registration Number

200001855H

Date of Incorporation

6 March 2000

Board of Directors

Koh Yong Guan, *Chairman*
Tan Ek Kia, *Executive Director & Interim Chief Executive Officer*
Lee Seow Hiang
Paul Ma Kah Woh
Ong Ye Kung
Bob Tan Beng Hai
Peter Tan Boon Heng
Yeo Wee Kiong

Company Secretary

Winston Paul
Wong Chi Huang
(Appointed on 23 March 2012)

Audit Committee

Paul Ma Kah Woh, *Chairman*
Bob Tan Beng Hai
Peter Tan Boon Heng
Yeo Wee Kiong

Remuneration Committee

Koh Yong Guan, *Chairman*
Lee Seow Hiang
(Appointed on 10 February 2012)
Yeo Wee Kiong

Nominating Committee

Ong Ye Kung, *Chairman*
Koh Yong Guan
Lee Seow Hiang
Paul Ma Kah Woh

Board Risk Committee

Bob Tan Beng Hai, *Chairman*
Tan Ek Kia
Peter Tan Boon Heng

Executive Committee

Koh Yong Guan, *Chairman*
Tan Ek Kia
Paul Ma Kah Woh
Ong Ye Kung
Bob Tan Beng Hai

Auditors

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PwC Building
Singapore 048424

Audit Partner-in-charge:

Choo Eng Beng
(Appointed in FY2011)

Principal Bankers

DBS Bank Ltd
Oversea-Chinese Banking
Corporation Limited
The Hongkong and Shanghai
Banking Corporation Limited
United Overseas Bank Limited

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Investor Relations

Roger Ng Yang Kwang
Tel: (65) 6331 1211
Fax: (65) 6334 1407
Email: investors_r@smrt.com.sg

Corporate Directory

Subsidiaries

SINGAPORE

SMRT Trains Ltd

SMRT Investments Pte Ltd

SMRT Capital Pte Ltd

SMRT Far East Pte Ltd

251 North Bridge Road

Singapore 179102

Telephone: (65) 6331 1000

Facsimile: (65) 6334 0247

www.smrt.com.sg

SMRT Engineering Pte Ltd

SMRT International Pte Ltd

300 Bishan Road

Singapore 579828

Telephone: (65) 6554 8535

Facsimile: (65) 6453 7645

www.smrt.com.sg

SMRT Light Rail Pte Ltd

1 Woodlands Road

#03-01 Junction 10

Singapore 677899

Telephone: (65) 6893 6456

Facsimile: (65) 6762 6732

www.smrt.com.sg

SMRT Road Holdings Ltd

SMRT Buses Ltd

6 Ang Mo Kio Street 62

Singapore 569140

Telephone: (65) 6482 3888

Facsimile: (65) 6482 3842

www.smrt.com.sg

SMRT Taxis Pte Ltd

60 Woodlands Industrial Park E4

Singapore 757705

Telephone: (65) 6369 0111

Facsimile: (65) 6369 3639

www.smrt.com.sg

SMRT Automotive Services Pte Ltd

6 Ang Mo Kio Street 62

Singapore 569140

Telephone: (65) 6556 3479

Facsimile: (65) 6481 9221

www.smrt.com.sg

Bus-Plus Services Pte Ltd

6 Ang Mo Kio Street 62

Singapore 569140

Telephone: (65) 6481 0166

Facsimile: (65) 6484 0129

www.smrt.com.sg

SMRT Institute Pte Ltd

300 Bishan Road

Singapore 579828

Telephone: (65) 6554 8110

Facsimile: (65) 6552 8974

www.smrtinstitute.com.sg

CAYMAN ISLANDS

SMRT Cayman I

SMRT Cayman II

C/o 251 North Bridge Road

Singapore 179102

Telephone: (65) 6331 1000

Facsimile: (65) 6334 0247

www.smrt.com.sg

HONG KONG

SMRT Hong Kong Limited

C/o 251 North Bridge Road

Singapore 179102

Telephone: (65) 6331 1000

Facsimile: (65) 6334 0247

www.smrt.com.sg

MIDDLE EAST

SMRT Engineering

(Middle East) FZE

Office 310, 3rd Floor

Building LB17, JAFZA

P.O. Box 126370

Dubai, United Arab Emirates

www.smrt.com.sg

Associated Company

CHINA

Shenzhen Zona

Transportation Group Co Ltd

19 Floor, Tongye Building,

Xiameilin,

Futian District, Shenzhen,

People's Republic of China,

PC 518049

Telephone: (0086-755) 8393 8342

Facsimile: (0086-755) 8351 2347

www.zona.com.cn

Branch Office

MIDDLE EAST

SMRT International Pte Ltd

- Abu Dhabi

Floor 01, Hamdan Al Falahy

Building

Hamdan Street

P.O. Box 45565

Abu Dhabi, United Arab Emirates

Telephone: (9712) 6777 424

Facsimile: (9712) 6780 044

www.smrt.com.sg



RAISING STANDARDS

REFINING PRACTICES



Through harnessing technology, and adopting innovative and best practices, we aim to ensure the smooth operations of our services. And in so doing, we enhance the overall experience for our customers.

Corporate Governance

The Board and Management of SMRT believe in and are firmly committed to ensuring high standards of corporate governance which are essential to sustaining the Company's business and performance. The Group's corporate governance principles and practices are continually reviewed both to reinforce our corporate governance framework and maintain its relevance. As a result of our commitment to strong corporate governance, SMRT has won several corporate awards, namely:-

- Best Annual Report Award (Silver) at the Singapore Corporate Awards 2011;
- Merit Award in Corporate Governance at the 2011 Securities Investors Association (Singapore) ("SIAS") Awards; and
- Runner-up in the Most Transparent Company Award (Transport/Storage/Communications Category) at the 2011 SIAS Awards.

We have always adhered to the principles and guidelines of the Code of Corporate Governance 2005 ("Code") and our corporate governance policies and practices vis-à-vis the Code are set out in the following pages:-

The Board's Conduct of its Affairs (Principle 1)

The Board oversees the overall strategy and business direction of the Group. In addition to its statutory duties, the Board:-

- provides entrepreneurial leadership within a framework of prudent and effective controls which enable risks to be adequately assessed and managed;
- provides oversight in the proper conduct of the Group's business;
- oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- sets, challenges and contributes to the Group's strategic objectives and ensures that the necessary financial and human resources are in place for the Group to meet its objectives;
- reviews the performance of members of Senior Management and determines the appropriate levels of remuneration for Executive Directors and Senior Management and oversees succession planning; and
- sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

SMRT has adopted internal guidelines setting forth matters that require Board approval. The Group has a framework of financial procedures which is set out in the Financial Procedures Manual ("FPM"). The FPM provides the Group with defined policies and procedures on all financial matters and ensures that all financial transactions are governed by authority limits as set out therein. The Board is the highest authority level in the FPM and any project which involves equity investment, is high-risk or non-core in nature, requires the Board's approval regardless of the amount of investment involved. The FPM is reviewed and updated regularly to cope with the changing needs within the Group.

Directors are expected to make decisions independently, objectively and in the best interest of the Group. Independence is an important performance criterion when Directors evaluate the Board's performance. For example, one of the questions in the Board Evaluation Questionnaire is whether each Director on the Board is a supportive team player without sacrificing his independent position. The Chairman assesses each Director's decisiveness and preparedness to take a firm stand on difficult issues when he evaluates the performance of each Director.

The dates of Board, Board Committee and Annual General meetings are scheduled one year in advance. To assist Directors in planning their attendance at these meetings, the Company Secretary will consult every Director before fixing the dates of these meetings. Board meetings are scheduled quarterly for the purpose of, including but not limited to, approving the release of the Group's financial results. A Board meeting is also scheduled at the end of each financial year for Directors to consider the Group's annual budget for the following financial year. In addition to these scheduled meetings, ad hoc Board meetings are also held whenever the Board's guidance or approval is required. To give Directors the opportunity of having in-depth discussions with Management on the Group's strategies, an off-site Board Strategy Retreat is held annually. The number of Board and Board Committee meetings as well as Board members' attendance is set out on the following page.

Board and Board Committee Meetings and Attendance From 1 April 2011 to 31 March 2012

Board Of Directors	BOARD				BOARD COMMITTEES							
	AUDIT		BOARD RISK		REMUNERATION		NOMINATING		EXCO			
	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Koh Yong Guan (Chairman)	18	18					6	6	2	2	3	3
Saw Phaik Hwa ^(a)	12	10									3	3
Tan Ek Kia ^(b) (Executive Director & Interim CEO)	18	18			5	5	4	3			3	2
Halimah Jacob ^(c)	1	0					1	0				
Ho Kim Wai ^(d)	2	1	1	1	1	1						
Lee Seow Hiang ^(e)	18	13					2	2	2	2		
Paul Ma Kah Woh	18	17	5	5					2	1	3	3
Ong Ye Kung	18	12							2	2	3	2
Bob Tan Beng Hai	18	17	5	5	5	5					3	2
Peter Tan Boon Heng	18	17	5	5	5	5						
Yeo Wee Kiong	18	13	5	5			6	5				

^(a) Resigned as Board and EXCO Member on 6 January 2012

^(b) Appointed as Executive Director & Interim CEO on 6 January 2012 and resigned as Remuneration Committee Member on 10 February 2012

^(c) Resigned as Board and Remuneration Committee Member on 21 May 2011

^(d) Resigned as Board, Audit Committee and Board Risk Committee Member on 8 July 2011

^(e) Appointed as Remuneration Committee Member on 10 February 2012

As the Company's Articles of Association allows, Board meetings to be conducted via telephone conference, video conference or other means of similar communication, Directors who are unable to attend any scheduled or ad hoc Board meetings which are convened on short notice will be able to participate in the meeting via such means. Directors also make a special effort to participate in Board meetings via teleconference when they are away overseas.

Upon appointment as a Director, the Board Chairman sends the Director a formal letter of appointment which explains his role, duties and responsibilities as a Director. When a Director is appointed onto a Board Committee, he is provided with a copy of the charter of that Board Committee.

As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to Directors are also circulated to the Board. The Company Secretary informs Directors of upcoming conferences and seminars relevant to their roles as Directors. Some of the seminars attended by Directors in FY2012 included programmes organised by the Singapore Institute of Directors. Annually, our external auditors update the Audit Committee and the Board on new or revised financial reporting standards.

Management conducts a comprehensive one-day orientation programme for newly appointed Directors.

This programme includes briefings on the Group's business activities, the financial performance of the Group and its subsidiaries, the Group's governance policies and practices, and meetings with the Group's Senior Management team. Site visits to the Group's bus depots, MRT stations and MRT tunnels are also conducted. First-time Directors are provided training on the roles, duties and obligations of Directors.

Board and Management Committees

The Board is supported by Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. Every Board Committee has its own charter which sets out, inter alia, the Committee's terms of reference, composition and responsibilities. Each Board Committee reviews its charter, at least annually, to ensure that the terms of reference remain relevant and are in line with best practices. Minutes of Board Committee meetings are circulated to the Board to keep Directors updated on the activities of each Committee.

Audit Committee

The Audit Committee ("AC") is chaired by Paul Ma Kah Woh. The other members of the AC are Bob Tan Beng Hai, Peter Tan Boon Heng and Yeo Wee Kiong. All members of the AC are non-executive and independent Directors. The activities of the AC are described under Principle 11 in the subsequent paragraphs.

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Board Risk Committee

The Board Risk Committee (“BRC”) comprises Bob Tan Beng Hai as Chairman with Tan Ek Kia and Peter Tan Boon Heng as members. All members of the BRC are independent and non-executive Directors, except for Tan Ek Kia who became non-independent since his appointment as Executive Director & Interim CEO with effect from 6 January 2012. The primary function of the BRC is to assist the Board in fulfilling its oversight responsibility pertaining to the Group’s risk profile and policies and the effectiveness of the Group’s risk management system. The activities of the BRC are explained in detail in the section under Risk Management of this Corporate Governance Report.

Nominating Committee

The Nominating Committee (“NC”) comprises four members: Ong Ye Kung (Chairman), Koh Yong Guan, Lee Seow Hiang and Paul Ma Kah Woh. All members of the NC are independent and non-executive Directors. The NC Chairman is not directly associated with the Company’s substantial shareholder, Temasek Holdings (Private) Limited.

The primary function of the NC is to ensure a formal and transparent process for the appointment of new Directors. The NC also ensures that there is a formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the Board. The activities of the NC are explained in detail in the sections under Principles 2, 3, 4 and 5 in the subsequent paragraphs. In addition to the formal meetings during the year, the NC conducted several ad hoc meetings to identify and interview suitable candidates for appointment to the Board.

Remuneration Committee

The members of the Remuneration Committee (“RC”) are Koh Yong Guan (Chairman), Lee Seow Hiang and Yeo Wee Kiong. All members of the RC are independent and non-executive Directors. The primary function of the RC is to assist the Board in fulfilling its duties in developing formal and transparent policies on remuneration matters in the Company and to formulate and review the Group’s succession plans with the aim of building talent and renewing strong and sound leadership. The functions of the RC are explained in detail in the sections under Principles 7, 8 and 9 in the following paragraphs.

Executive Committee

The Executive Committee (“EXCO”) comprises Koh Yong Guan as Chairman with Tan Ek Kia, Paul Ma Kah Woh, Ong Ye Kung and Bob Tan Beng Hai as members. All members of the EXCO are independent and non-executive Directors, except for Tan Ek Kia who became non-independent since his appointment as Executive Director & Interim CEO with effect from 6 January 2012.

Management Committee

The Management Committee (“MC”) is not a Board Committee. Chaired by the CEO, the MC comprises members of Senior Management and meets fortnightly to facilitate the communication of the Board’s decisions to the respective departments in the organisation. The MC reviews and deliberates on the Group’s strategic objectives, key policies and operational issues, such as the status of current projects.

Risk Management Committee

The Risk Management Committee (“RMC”), which is also not a Board Committee, leads the Group’s efforts in developing and strengthening its risk management processes and framework. Reporting to the BRC, the RMC is chaired by the CEO and comprises the heads of all the Group’s business and corporate functions. The RMC’s activities and the risk management structure are set out in the Risk Management section of this Corporate Governance Report.

Board Composition and Guidance (Principle 2)

The Directors believe in having a strong and independent element on the Board that can exercise judgment independently. Hence, out of the eight Directors on the Board, all are independent and non-executive, except for the Interim CEO, Tan Ek Kia. The composition of SMRT's Board is illustrated below:-

Composition of Board & Board Committees						
Name of Director	Board Appointments – Executive or Non-Executive Director – Independent or Non-Independent Director	Board Committees As Chairman or Member				
		Audit	Board Risk	Remuneration	Nominating	EXCO
Koh Yong Guan (Chairman)	Non-Executive / Independent	–	–	Chairman	Member	Chairman
Tan Ek Kia ^(a) (Executive Director & Interim CEO)	Executive / Non-Independent	–	Member	–	–	Member
Lee Seow Hiang ^(b)	Non-Executive / Independent	–	–	Member	Member	–
Paul Ma Kah Woh	Non-Executive / Independent	Chairman	–	–	Member	Member
Ong Ye Kung	Non-Executive / Independent	–	–	–	Chairman	Member
Bob Tan Beng Hai	Non-Executive / Independent	Member	Chairman	–	–	Member
Peter Tan Boon Heng	Non-Executive / Independent	Member	Member	–	–	–
Yeo Wee Kiong	Non-Executive / Independent	Member	–	Member	–	–

^(a) Appointed as Executive Director & Interim CEO on 6 January 2012 and resigned as RC Member on 10 February 2012. Tan Ek Kia was a non-executive and independent director until his appointment as Executive Director & Interim CEO on 6 January 2012.

^(b) Appointed as RC Member on 10 February 2012.

The Board consists of Directors with core competencies in areas such as accounting, finance, audit, law, management and engineering. In addition, the Directors' work experience spans the areas of risk management, strategic planning and business development. The Directors' academic and professional qualifications are shown on pages 43 to 46. The Board believes that the present Board size and composition are appropriate for the requirements of the Group's business.

The task of assessing the independence of Directors is delegated to the NC. Annually, each Director is required to complete a Director's Independence Checklist to confirm his independence. The Checklist is based on the guidelines provided in the Code. Each Director must also confirm in the Checklist whether he considers himself independent despite not having any of the relationships identified in the Code. The NC reviews the Checklist completed by each Director to determine whether a Director is independent. Newly-appointed Directors are also requested to complete the Checklist to confirm their independence. For FY2012, with the exception of the CEO, the NC has determined that all the other seven Directors, who are non-executive, are independent.

The NC is also responsible for examining the size and composition of the Board to ensure that the total number of Directors is appropriate for effective decision-making and that the Directors as a group provide core competencies in relevant areas. The NC also takes into account factors such as the scope and nature of the Group's operations, balance of skills and experience of Directors, and balance of executive and non-executive Directors. Annually, the NC reviews

the Directors who are due to retire in accordance with the Company's Articles of Association and, based on factors such as a Director's contribution, his performance as well as his length of service on the Board, makes the relevant recommendation on their re-election.

At Board meetings, Directors and Management openly discuss and debate issues. Board meetings are held in a candid and constructive environment, and Directors make decisions using their collective wisdom whilst at all times acting in the best interest of the Group. Non-executive Directors also meet regularly without the Management's presence to discuss matters such as the Board's effectiveness and the Management's performance.

Directors receive monthly operational and financial reports on the performance of each business unit and key corporate departments. These monthly reports which include key performance indicators such as financial and productivity indicators, and debtors ageing and turnover analyses are given to Directors to provide the Board with a better perception of each business unit's actual performance, both month-on-month and year-on-year. The Board is also apprised on any significant developments via additional information papers. SMS messages are sent to all Directors when critical safety and security issues arise.

Chairman and Chief Executive Officer (Principle 3)

The roles of the Chairman and the CEO are kept distinct through a clear division of responsibilities in order to maintain effective oversight and for independent decision-making.

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Since FY2007, the Board has provided the Chairman and the CEO each with a Role Statement for greater transparency.

In the Role Statement for Chairman it is clearly set out that the Chairman is responsible for:-

- providing leadership and upholding the highest standards of integrity and probity;
- constructively determining and approving the Group's strategies, together with the Board;
- ensuring that Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions;
- promoting constructive relations amongst Directors and within Board Committees as well as between Directors and Senior Management;
- promoting high standards of corporate governance;
- establishing a relationship of trust with the CEO; and
- ensuring effective communication with shareholders.

The CEO is the highest-ranking executive officer of the Group and his primary role is to effectively manage and supervise the day-to-day business operations of the Group in accordance with the strategies and policies, budgets and business plans as agreed with the Board. The Role Statement for the CEO describes the CEO's principal responsibilities as follows:-

- running of the Group's business and developing the Group's vision, mission, core values, strategies and business objectives;
- providing quality leadership and guidance to employees of the Group;
- reporting to the Board on all aspects of the Group's operations and performance (including overall financial performance, internal controls and risk management);
- managing and cultivating good relationships and effective communication with regulators, shareholders, the media and the public; and
- ensuring effective and robust succession planning for all key positions within the Group.

The Chairman, Mr Koh Yong Guan, who is independent and non-executive, does not have any relationship with the executive management of the Group.

Board Membership (Principle 4)

Board Performance (Principle 5)

The Group has a formal and transparent process for the appointment and re-appointment of Directors.

Pursuant to the Company's Articles of Association, one-third of the Board of Directors, including the CEO who also sits on the Board, are required to retire and are subject to re-election at every Annual General Meeting ("AGM") of the Company. All Directors are required to retire from office at least once every three years. A newly appointed Director must also subject himself for retirement and re-election at

the AGM immediately following his appointment. Thereafter he is subject to the one-third retirement rule.

Process for selection, appointment and re-appointment of Directors

Every year, the NC reviews the size and composition of the Board to take stock of the expertise within the Board, and to identify the Board's current and future needs, taking into consideration the evolving business requirements of the Group. The NC considers, inter alia, the range of skills, knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's contribution, performance and commitment (such as attendance, preparedness, participation and candour) and whether new competencies are required to improve the Board's effectiveness. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's bench strength, the NC will shortlist and meet potential candidates. The criteria and guidelines for appointment of Directors are as follows:-

Background

- Potential candidates should have good reputation as persons of integrity.

Experience

- Potential candidates should have core competencies to meet the current needs of the Group and complement the skills and competencies of the existing Directors on the Board.
- Potential candidates should have varied experience from different industries to enhance the bench strength of the Board.

Directorships

- Potential candidates' other directorships. This is to assist the NC in determining whether he is able to commit time and effort to carry out his duties and responsibilities effectively and whether there are any conflicts, or potential conflicts of interest.

Independence

- Potential candidates must think independently, with objectivity, impartiality, fairness and flexibility.
- Potential candidates must have the courage to voice their opinions without fear that they will incur the wrath or ridicule of other Directors or Management.

The NC recommends the most suitable candidate to the Board for appointment as Director. Regarding the annual retirement and re-election of Directors, the NC reviews each of the retiring Director's contribution to the Board and makes the relevant recommendations to the Board for shareholders' approval at the AGM.

Key information on Directors such as academic and professional qualifications and directorships are set out on pages 43 to 46.

Evaluation of Board Performance

The NC sets objective performance criteria for evaluating the Board's performance annually. These performance criteria are reviewed regularly to ensure that they remain relevant. Since FY2010, SMRT has engaged an independent external consultant to conduct the Board evaluation, the process of which is described in sub-paragraph (a) below. The use of an independent external consultant not only encourages Directors to be more candid in their evaluation of the Board's performance but also enhances the objective and transparent assessment of the evaluation process. In FY2012, Egon Zehnder International Pte Ltd ("Egon Zehnder") was appointed as SMRT's external facilitator to assist in the Board evaluation process. Egon Zehnder does not have any relationship with SMRT or any of its Directors.

(a) Evaluation of the Board

This process begins with an annual meeting between the NC Chairman and the consultant to, inter alia, fine-tune the evaluation framework so that areas of particular interest and key issues are focused on. Thereafter, the consultant sends out a customised Board Evaluation Questionnaire to each Director for completion. The Questionnaire typically covers Board roles and processes, including comments on the style and content of Directors' contributions. Questions are categorised into several areas: Board Structure, Board Dynamics and Relationships, Board Processes, Board Committees, People Processes, Company Strategy and Performance, Progress and Benchmarking. The Questionnaire also addresses Directors' self and peer evaluation by incorporating ratings on performance of individual Directors, such as each Director's commitment, whether he is well prepared for meetings and whether he plays a constructive role in Board decisions.

Directors return the completed Questionnaire to the NC Chairman who then forwards the Questionnaire to the consultant. The consultant evaluates the Questionnaire before presenting its report to the NC and thereafter to the Board. The Board Chairman then holds a discussion with all Directors to agree on future action plans.

(b) Evaluation of Directors by the Board Chairman

At the end of each financial year, the Board Chairman evaluates the performance of each Director. The criteria taken into consideration include the degree of preparedness, value of contribution to the development

of strategy and risk management, and the Director's knowledge and experience.

In addition to the abovementioned, the NC sets objective performance criteria for the Board to evaluate the CEO annually.

The NC assesses the independence of Directors as mentioned under Principle 2 above.

The NC also reviews whether each Director has given sufficient time and attention to the affairs of the Group. Internal guidelines drawn up address the issue of competing time commitments faced when Directors serve on multiple boards. As the number of directorships a Director holds is only one measure of his time commitment to the Company, the NC also considers a Director's level of participation in the Company, such as his attendance and level of participation at meetings or company events, his level of engagement when discussing issues at meetings or over emails, and whether he has given sufficient time and attention in addressing matters or issues raised to the Board.

For FY2012, the NC is of the view that although some Directors hold several directorships in other companies, all Directors have contributed sufficient time to meet the expectations of their role as Directors.

The NC also determined that the Directors have allocated adequate time to fulfil their duties as Board and Board Committee members.

Access to Information (Principle 6)

The Management provides the Board with timely operational and financial reports of the Group's performance and prospects on a monthly basis. To give Directors sufficient time to prepare for Board and Board Committee meetings, the Agenda and papers for these meetings are sent to Directors several days in advance. Directors have unrestricted access to the CEO, the Company's Senior Management, Company Secretary and Internal and External Auditors via telephone, email and face-to-face meetings. When major incidents occur, Directors are immediately informed via SMS and provided with a report within 24 hours.

The role of the Company Secretary is clearly defined. He administers, attends and prepares minutes of the Board and the Board Committees in which he acts as Secretary. The Agenda for Board and Board Committee meetings are prepared in consultation with the Chairman of the meeting and the CEO. The Company Secretary also assists the Chairman and the Chairman of each Board Committee in scheduling Board and Board Committee meetings respectively. The incumbent Company Secretary was appointed by the Board on 23 March 2012.

Every month, the Company Secretary circulates the Group's financial and operational progress reports to all Directors, thus keeping the Board updated on the Group's

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affairs on a timely and ongoing basis. The Management highlights to Directors any significant developments or events relating to the Group in these reports. Any Director may in the furtherance of his duties take independent professional advice at the Company's expense.

Procedures for Developing Remuneration Policies (Principle 7)

The RC's primary function is to assist the Board in fulfilling its duties in developing competitive and transparent policies on remuneration in the Company. The RC identifies and reviews all nominations, appointments and promotions of Senior Management. The RC also gives guidance to the Senior Management on the development of talents in the organisation with the aim of building and reinforcing leadership succession for key positions in the Company.

Level and Mix of Remuneration (Principle 8) Disclosure on Remuneration (Principle 9)

Non-Executive Directors are paid Directors' fees which comprise a basic fee and additional fees for appointments on Board Committees. As an Executive Director, the former President & CEO and the Interim CEO do not receive Directors' fees but are remunerated as members of Management. The RC has access to professional advice from independent external consultants to determine the level and mix of remuneration for Directors as well as Management. Aon Hewitt is the Group's remuneration consultant and is free from any relationship with SMRT or any of SMRT's Directors.

The annual remuneration of Directors of the Company for the financial year ended 31 March 2012 is proposed as follows:

Remuneration of Directors

Remuneration Band & Name of Director	Directors' Fees ¹	Basic Salary (Including Employer's CPF)	Variable or Performance Related Income/ Bonuses (Including Employer's CPF)	Benefits	SMRT ESOP, SMRT RSP & SMRT PSP ⁷	Total	EVA Bonus Bank Balance ⁸
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
\$500,000 and above							
Saw Phaik Hwa ²	–	700	1,053 ⁶	60	–	1,813	1,115 ⁹
Below \$250,000							
Bob Tan Beng Hai	104	–	–	–	–	104	
Halimah Yacob ³	8	–	–	–	–	8	
Ho Kim Wai ⁴	48	–	–	–	–	48	
Koh Yong Guan	149	–	–	–	–	149	
Lee Seow Hiang	56	–	–	–	–	56	
Ong Ye Kung	80	–	–	–	–	80	
Paul Ma Kah Woh	101	–	–	–	–	101	
Peter Tan Boon Heng	87	–	–	–	–	87	
Tan Ek Kia ⁵	61	142	–	–	–	203	
Yeo Wee Kiong	81	–	–	–	–	81	

1 Includes Director Fees for Subsidiary Boards – SMRT Trains Ltd Board which was reconstituted on 3 February 2012 and SMRT Road Holdings Ltd Board/SMRT Buses Ltd Board which were reconstituted on 6 February 2012. The fees have been pro-rated accordingly for services rendered in the financial year ended 31 March 2012.

2 Resigned as President & CEO, Board and EXCO Member on 6 January 2012 but remained in service as Advisor up to 6 April 2012.

3 Resigned as Board and RC Member on 21 May 2011.

4 Resigned as Board, AC, BRC Member on 8 July 2011.

5 Resigned as Board, BRC and EXCO Member on 5 January 2012. Resigned as RC Member on 10 February 2012. Appointed as Interim CEO on 6 January 2012. As an Executive Director, the Interim CEO does not receive Directors' Fees but is remunerated as a member of Management.

6 This includes the variable bonus payment received in FY2012 for her performance in both FY2012 and FY2011.

7 Based on the fair values of PSP and RSP shares granted on 30 March 2012 using Monte Carlo simulation model. However, no fresh grant of PSP and RSP shares was made to Ms Saw Phaik Hwa following her resignation from the position of President & CEO on 6 January 2012.

8 EVA Bank: The EVA Bank concept is used to defer the executive's incentive to future years so as to encourage the executive to adopt strategies that will encourage long term growth of the Company and sustained profitability. The rules governing the EVA Based Incentive Scheme provided for proportionate payment of the accumulated EVA Bank Balance upon resignation after achieving three years of service with the Company.

9 This amount is her EVA bonus bank balance payable following her resignation. It is made up of \$123,000 from FY2012 EVA and \$602,000 from her cumulative EVA bank balance from prior years, both payable in FY2013. The remaining \$390,000 will be paid to her in FY2014. These payments are in accordance with the rules governing the EVA Based Incentive Plan.

The number of Directors of the Company receiving remuneration from the Company during the year are as follows:

Remuneration Band	2012	2011
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	10	11
Total	11	12

The total remuneration paid to the five top-earning key executives are shown below:

Remuneration of Key Executives

Remuneration Band ¹	Basic Salary (Including Employer's CPF)	Variable or Performance Related Income/ Bonuses (Including Employer's CPF)	Benefits	SMRT ESOP, SMRT RSP & SMRT PSP ²	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
>\$750,000 to \$1,000,000					
No. of Executives: 1	38%	37%	5%	20%	100%
>\$500,000 to \$750,000					
No. of Executives: 3	42%	41%	5%	12%	100%
>\$250,000 to \$500,000					
No. of Executives: 1	52%	48%	0%	0%	100%

Notes:

1 The five top-earning key executives (names in alphabetical order) are:

Goh Chee Kong
Khoo Hean Siang
Lee Khia Yee, Catherine ³
Tan Pheng Hock, Vincent
Teo Chew Hoon

2 Based on the fair values of PSP and RSP shares granted on 30 March 2012 using Monte Carlo simulation model.

3 Annualised remuneration

No key executive is an immediate family member of any Director, the former President & CEO or the Interim CEO.

In a competitive landscape for talent and an economy with low unemployment, the Group continues to require highly engaged employees with calibre to propel its business strategies forward and to build a progressive and high performing organisation that constantly creates value for shareholders. In its effort to attract and retain key talent, the RC emphasises that the Group's compensation strategies are market competitive. To align with the prevailing economic environment, the compensation strategies adopted must also be flexible and adaptable.

In substitution of the SMRT Employee Share Option Plan ("SMRT ESOP") which ceased the granting of options since FY2005, long term incentives like the SMRT Restricted Share Plan ("SMRT RSP") and the SMRT Performance Share Plan ("SMRT PSP") now constitute a portion of the total compensation structure for Senior Management. SMRT RSP and SMRT PSP focus on performance that creates value for

the shareholders. Details of SMRT RSP and SMRT PSP are set out on pages 108 to 114.

The RC also ensures that there is a strong correlation between the payouts and business units' achievement and individual performance in the compensation policy, balancing teamwork with individual accountability.

Accountability (Principle 10)

The Board presents a balanced and easily understood assessment of the Group's performance, position and prospects to the public via the release of its quarterly and full year financial results. The Board reviews and approves the results before its release. As recommended in the Guidebook for Audit Committees in Singapore, the Board also reviews and approves any media release of its financial results. Since the SGX-ST's introduction of the requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, a process has been introduced to support Management's

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representations to the Board on the integrity of the Group's financial statements before the Negative Assurance Statement is given by the Board.

In September 2011, the SGX-ST introduced a further requirement for a listed company to disclose in its annual report an opinion from the Board, with the concurrence of the Audit Committee, on the adequacy of the internal controls, addressing financial, operational and compliance risks. The Internal Controls Assurance Statement for the financial year ended 31 March 2012 is set out under Internal Controls (Principle 12).

Audit Committee (Principle 11)

The AC comprises members who are non-executive, independent and appropriately qualified to discharge their responsibilities. The Chairman has accounting, auditing and risk management expertise and experience. The other members provide expertise in accounting, legal and business issues.

The AC met five times during the year under review. The CEO, CFO, Vice President (Audit Division), Company Secretary and the external auditors are usually invited to these meetings. During the financial year, the AC had one meeting with the external auditors and one meeting with the internal auditors, without the presence of Management. These meetings enable the auditors to raise issues encountered in the course of their work directly to the AC.

The AC charter provides guidance for the effective operation of the AC by setting out, amongst other things, the AC's terms of reference, authority, composition, conduct of meetings and responsibilities. Annually, the AC will review its charter to ensure that it remains relevant and is in line with best practices.

During the year, the AC reviewed:-

- the effectiveness of the management of financial risks and the reliability of management reporting;
- the Group's compliance with laws and regulations, particularly those of the Companies Act and the SGX-ST Listing Manual;
- the appropriateness of quarterly and full year announcements and reports;
- the effectiveness of the Group's system of internal controls;
- the effectiveness and efficiency of internal and external audits; and
- interested person transactions.

Prior to the re-appointment of the external auditors, the AC conducts a review of their independence. The AC has reviewed and is satisfied with the standard of the external auditors' work. Additionally, having reviewed the volume of non-audit services provided to the Group by the external auditors and its affiliates, and being satisfied that the nature and extent of such services will not prejudice

their independence and objectivity, the AC is recommending their re-appointment.

The Company has complied with Rule 712 and Rule 715 read together with Rule 716 of the SGX-ST Listing Manual in relation to its external auditors.

The AC oversees the Group's Whistleblowing Programme. The Whistleblowing Programme is described in greater detail under Internal Controls.

Internal Controls (Principle 12)

The key elements of the Group's system of controls are as follows:

Operating Structure

The Group has a defined operating structure with lines of responsibility and delegated authority, as well as reporting mechanisms to Senior Management and the Board.

Policies, Procedures and Practices

Controls are detailed in formal procedures, instructions and manuals. The Company's internal auditors and ISO Internal Quality Management System auditors verify compliance with these controls.

The Group has adopted a structured ethics programme to provide legal and ethical guidance in situations where ethical decisions have to be made. Values which Directors and employees of the Group are expected to adhere to (namely Integrity, Honesty, Care, Accountability, Timeliness and Fairness) are provided in the Group's Code of Business Ethics and Conduct (Ethics Code) which was updated in 2010. New employees go through compulsory on-boarding sessions to appreciate, understand and apply the Ethics Code.

Whistleblowing

To reinforce a culture of good business ethics and governance, a Whistleblowing Programme is in place to encourage the reporting in good faith of any suspected improper conduct whilst protecting the whistleblowers from reprisals within the limits of the law. The programme, with clearly defined policy and processes, conforms to the guidelines set out in the Code of Corporate Governance and best practices.

Risk Management

Risk management is an integral part of the way the Group manages and runs its business. In order to protect and create value for our shareholders, the Group proactively manages risks and embeds the risk management process into the Group's planning and decision making process as well as its day to day operations.

An independent high level review of the Group's risk management framework was carried out in FY2011 with the assistance of an external consultant. Following the review, the Group's Enterprise Risk Management (ERM) Framework was enhanced to enable the Group and Business units to systematically identify, analyse, evaluate and mitigate risks.

The improvements were carried out in consultation with all the stakeholders in the Group.

The BRC was formed in August 2009 to assist the Board in fulfilling its responsibilities to oversee the Group's risk management process. Comprising members with operational management, accounting and financial management expertise, the BRC oversees the Group risk management framework, the adequacy and effectiveness of the risk management system and reviews the key risks faced by the Group. It reports to the Board on material findings and recommendations in respect of significant risk matters.

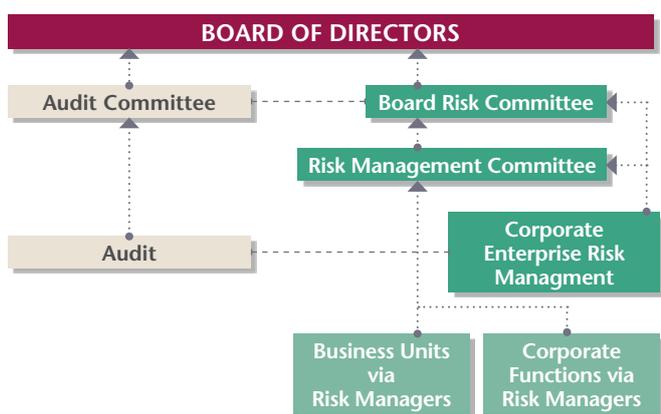
The AC provides oversight of the financial reporting risks, accounting policies and the adequacy and effectiveness of the Group's internal controls and compliance systems.

The RMC, headed by the Executive Director & Interim CEO and comprising heads of the entire Group's business and corporate functions, reports to the BRC and is responsible for identifying and managing risks. The Internal Audit Division plays an independent role in evaluating compliance with and the effectiveness of the Group's ERM process.

The Group Corporate Enterprise Risk Management (CERM) department, a unit that is independent from business lines to ensure sufficient independence to perform its duties, supports the RMC with the ERM framework to achieve the following objectives:

- Drive initiatives to strengthen the risk management processes, policies and framework;
- Review the Group's risk profile and key risks;
- Monitor the implementation of risk mitigation strategies; and
- Promote a risk awareness culture.

The risk management structure of the Group is shown below:



Details on our risk management methodology and the top Group risks along with the mitigating actions are set out in the Key Dynamics & Risk Management.

Financial Reporting

The Board is regularly updated on the Group's financial performance via monthly reports. These reports provide explanations for significant variances of financial performance and revised full year forecast, in comparison with budgets and financial performance of corresponding periods in the preceding year. These financial reports are also regularly reviewed and supplemented with additional information to highlight key operational and financial performance indicators. In addition, business units also provide the Board with monthly updates on key operational activities.

A management representation letter, provided in connection with due diligence exercised in the preparation of the Group consolidated financial statements, and a financial watch list reporting status of significant financial issues of the Group, are presented to the AC and Board quarterly. The representation letter by Management is supported by declarations made individually by the business and finance heads of each business unit. Compliance checklists, which are required for submission to the SGX-ST, are reviewed and confirmed jointly by the CFO and the Company Secretary.

The Group's financial results are reported to shareholders quarterly in accordance with the requirements of the SGX-ST. For the first three quarters, the financial results are released within one month of the close of each quarter. For the fourth quarter, the financial results of that quarter together with the full year financial results are released within one month of the financial year ending 31 March. These results announcements provide analyses of significant variances in financial performance. In addition, they also offer guidance on the outlook of the Group in the next reporting period and 12 months.

Detailed disclosure and analyses of the full year financial performance of the Group are in the Annual Report. This is inclusive of financial indicators such as Economic Value Added and Value Added.

Financial Management

Management reviews the performance of each business unit including significant associates and corporate functions on a monthly basis to instil financial and operational discipline at all levels of the organisation.

The key financial risks for which the Group is exposed to comprise currency risk, price risk, credit risk, liquidity risk and interest rate risk. These risks are managed by a centralised finance function, which includes treasury. The Group hedges against currency fluctuations and price fluctuations arising from the purchase of diesel via forward contracts. The Group implements credit control procedures for extending credit and monitoring of debt collection. The Group manages liquidity risk by ensuring sufficient working capital lines and loan facilities with financial institutions, coupled with established multi-currency medium-term note programmes. When the circumstance warrants, the Group may use derivative financial instruments to hedge interest rate risks.

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Audit

On an annual basis, the Internal Audit Division prepares a risk-based audit plan to review the adequacy and effectiveness of the Group's system of internal controls. The Internal Audit Division is also involved during the year in conducting system or process reviews that may be requested by Management on specific areas of concerns. In doing so, the Internal Audit Division obtains reasonable assurance that business objectives for the process under review are being achieved and material control deficiencies are being detected.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations will be issued to the Chairman of the Board, the Audit Committee, the Executive Director & Interim CEO, the Executive Vice President & CFO and the external auditors for their information. A copy of the report is also issued to the heads of business units for their follow-up action. The Internal Audit Division monitors and reports on the timely implementation of the action plans to the management team and AC every quarter.

The Internal Audit Division also supports the BRC in carrying out audits to review the financial, operational and compliance controls in selected high risk areas. The Internal Audit Division reports their findings and the status of implementation of the action plans to the Board Risk Committee during their quarterly meetings.

Our external auditors from PwC provide an independent perspective on certain aspects of the internal financial controls system arising from their work and annually report their findings to the Audit Committee.

Control Self Assessment Programme (CSA Programme)

The CSA Programme forms an integral element of the Group's ERM Framework, as it generally aims to improve the Group's understanding, control and oversight of risks. The CSA Programme is a self-assessment exercise that provides a documented and auditable trail of accountability from line management and staff to Senior Management and the Board.

The objectives of the CSA Programme are to:

- Enhance the awareness of key process risks and controls amongst the line management and staff;
- Establish a risk-based approach for the business units to assess the effectiveness of their control systems;
- Document the identified control owners for key processes and inculcate a strong sense of accountability throughout the Group;
- Provide a tangible framework for Management to obtain assurance on the state of internal controls.

Under the CSA Programme, line management and staff conduct self-assessments on the effectiveness of their control processes during the year. Thereafter, the Internal Audit Division perform independent and random reviews to validate the results of these self-assessments. Results of the self-assessments are reported to the Executive Director & Interim CEO, the AC and the Chairman of the Board. A copy of the report is also issued to the heads of business units for their follow-up.

Role of Board and Board Committees

The Board recognises the importance of sound internal control systems to safeguard the assets of the Group and our shareholders' interests. The Board affirms its overall responsibility for the Group's systems of internal controls and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Accordingly, the internal control systems can provide only reasonable, and not absolute, assurance regarding the achievement of our Group's objectives in the following categories:

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and full year financial reports and financial information derived from such statements, reported publicly. The third category relates to compliance with those laws and regulations to which the entity is subject.

Based on the internal controls established and maintained by the Group, work performed by the Group internal audit team and external auditors, and reviews performed by Management, various Board Committees, in particular our AC and BRC and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's financial, operational and compliance controls, were adequate as at 31 March 2012. The Board is satisfied that there is a framework to identify and address problems and follow up on the implementation of the action plans.

Internal Audit (Principle 13)

The Internal Audit Division is an independent function that reports directly to the Chairman of the AC, functionally to the Chairman of the BRC, and administratively to the CEO. Headed by the Vice President (Audit Division), the Division comprises 16 staff members from Financial Compliance Operations, Control Self Assessment and Information Systems teams. The Internal Audit Division’s mission statement and charter empower it to provide independent and objective assessments and consulting services which are designed to evaluate the adequacy and effectiveness of the Group’s system of internal controls. A risk-based approach is used to develop the annual audit plan to ensure that all high risk areas are monitored for proper coverage and audit frequency. The audit plans are reviewed and approved by the AC and the BRC. During the year, a number of ad hoc projects were initiated by Management requiring Internal Audit’s involvement to provide assurance in specific areas of concern. The Audit Committee meets with the Vice President (Audit Division) at least once a year without the presence of the Management.

The Internal Audit Division is a corporate member of the Singapore branch of the Institute of Internal Auditors (IIA), an international professional association for internal auditors. The Division is committed to performing its work in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards) pronounced by the IIA. An ongoing quality assurance programme comprising internal and external assessments is in place to ensure that all audits are performed in accordance with the Standards.

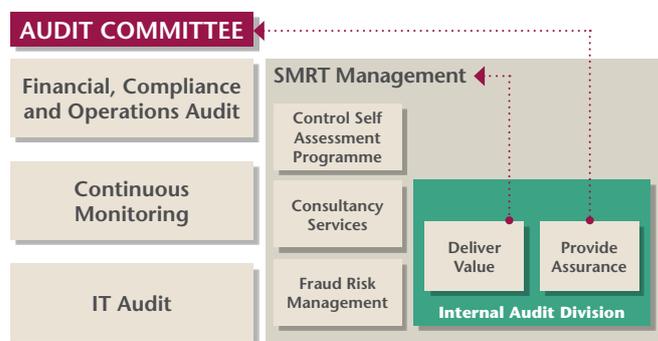
On an annual basis, the Internal Audit Division completes a self-assessment on the adequacy of its internal audit activities against its charter as well as both AC’s and Management’s expectations. To align SMRT’s audit practices with those from leading practitioners, the assessment criteria used is based on the IIA Standards and best practices as recommended by reputable and professional organisations and associations.

The Division was reviewed by external Quality Assurance Reviewers in 2010 and met the IIA Standards in most key aspects.

The Division employs suitably qualified and experienced personnel with at least three years of audit experience to provide audit and consulting services. They either possess a recognised degree in Accountancy or an equivalent professional qualification and a post graduate Masters degree, and have working experience in a “Big Four” public accounting firm. In addition, they are Certified Internal Auditors (“CIA”), Certified Fraud Examiners (“CFE”), Certified Information Systems Auditors (“CISA”), Certified Information Security Managers (“CISM”), Certified in Risk and Information Systems Control (“CRISC”), Certified Public Accountants (“CPA”) or hold the Certification in

Control Self Assessment (“CCSA”). The certification bodies that govern these professional accreditations require their members to maintain a programme of continuing education. A structured and customised training and development roadmap is also in place to ensure that the Internal Audit team is equipped with technical knowledge and skill sets that are current, relevant and appropriate to their seniority. In addition to in-house training, the Internal Audit team also attends training and seminars conducted by the “Big Four” public accounting firms, professional service providers and professional associations such as IIA, Institute of Certified Public Accountants (“ICPAS”), Information Systems Audit and Control Association (“ISACA”) and Association of Certified Fraud Examiners (“ACFE”).

The Internal Audit’s role in SMRT is illustrated below:-



As part of its continuing efforts to innovate its practices, the Internal Audit Division has implemented a job rotation programme in the new financial year. The programme provides a platform for cross-sharing of knowledge between Operations and Internal Audit Division, allows Internal Audit staff to gain industry exposure and operational process knowledge, fosters a better working relationship between Operations and Internal Audit staff, and builds Internal Audit as a training ground for future leaders.

Communication with Shareholders (Principle 14 and Principle 15)

The Group is committed to maintaining high standards of corporate transparency and disclosure and believes that it should provide regular, effective and fair communication with members of the investment community and investing public. A comprehensive investor relations (“IR”) programme to provide clear, timely and fair disclosure of information about the Group’s business developments and performance has been put in place.

All material information including quarterly results announcements is disclosed regularly and on a timely basis via SGXNET and the Company’s website. In addition, combined analyst and media briefings/conference calls are held quarterly to announce the financial results and as and when necessary.

Corporate Governance

The IR team regularly communicates with investors through face-to-face meetings, e-mail communication and teleconferences to update them on the latest corporate developments and at the same time, address their queries. Depending on the nature of the query, it can be forwarded to the CFO or the Company Secretary for corporate governance matters, and even brought to the attention of the CEO, if necessary. The Management and the Board are also kept informed on comments and views received via monthly reports.

In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

For details on the Group's IR activities, please refer to the Investor Relations section of the Annual Report.

Encourage Greater Shareholder Participation at General Meetings

The Group fully supports active shareholder participation at AGMs and Extraordinary General Meetings, and views such General Meetings as principal dialogue sessions with shareholders. The Summary Report and the Notice of AGM are dispatched to all shareholders. The Notice of AGM includes explanatory notes or a circular on items of special business. The full Annual Report is also available to all shareholders on the corporate website or upon request. Notices of General Meetings are also published in *The Business Times*.

To encourage greater shareholder participation at AGMs, SMRT holds its AGMs at centrally located venues that are easily accessible via public transport. The Chairman, CEO, Chairman of each Board Committee, Board Members, the CFO, the Company Secretary and members of Senior Management are in attendance at AGMs to take questions and feedback from shareholders. Shareholders present are given the opportunity to clarify or pose questions on issues pertaining to the proposed resolutions before they are voted on. The external auditors, PricewaterhouseCoopers LLP, are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditors' report.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend General Meetings to speak and vote in place of the shareholder. Voting in absentia by mail, facsimile or e-mail has yet to be introduced because such voting methods need to be carefully reviewed for feasibility to ensure there is no compromise on either the integrity of the information or the proper authentication of the identity of the shareholders.

The Group notes that there should be separate resolutions at General Meetings on each substantially separate issue and supports the Code's principle with regards to the "bundling" of resolutions. The Group treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the General Meetings as separate resolutions.

The minutes of General Meetings prepared by the Company Secretary include substantial comments or queries from shareholders and responses from the Chairman, Board Members and Management. These minutes are available to shareholders upon their request.

Dealings in Securities

Since 2003, the Group has in place an internal code of conduct for Directors and employees on securities transactions when they are in possession of unpublished price-sensitive information on the Company's securities.

The Group's "black-out" policy is more stringent than that prescribed by the SGX-ST's Listing Rule 1207(19) in that Directors and employees are advised not to deal in the Company's securities during the period commencing one month before the announcement of each of the Group's financial results (i.e. the quarterly and full year results) and ending on the date of the announcement of the relevant results.

Directors and employees are also advised not to deal in the Company's securities on short-term considerations. They are also advised to be mindful of the law on insider trading and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

Particulars of Directors

Koh Yong Guan age 66 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> Bachelor of Applied Science, Mechanical Engineering, 1st Class Hons, University of Toronto, Canada Master of Applied Science, Mechanical & Biomedical Engineering, University of Toronto, Canada Master of Business Administration, Catholic University of Leuven, Belgium 		Date first appointed 02.04.2007 Date last re-elected 16.07.2010
Present directorships <i>(As at 31 March 2012)</i>		Past directorships over the preceding three years <i>(from 31 March 2009 to 31 March 2012)</i>
SMRT Group SMRT Corporation Ltd SMRT Trains Ltd	Others Central Provident Fund Board (<i>Chairman</i>) Governing Board of the Cancer Science Institute of Singapore (<i>Chairman</i>)	SMRT Road Holdings Ltd SMRT Buses Ltd SMRT Light Rail Pte Ltd

Tan Ek Kia age 64 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> Bachelor of Science, Mechanical Engineering, 1st Class Hons, Nottingham University, United Kingdom Fellow of Institute of Engineers, Malaysia Chartered Engineer, United Kingdom Engineering Council 		Date first appointed 24.07.2009 Date last re-elected 16.07.2010
Present directorships <i>(As at 31 March 2012)</i>		Past directorships over the preceding three years <i>(from 31 March 2009 to 31 March 2012)</i>
SMRT Group SMRT Corporation Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd SMRT Investments Pte Ltd SMRT International Pte Ltd SMRT Taxis Pte Ltd SMRT Automotive Services Pte Ltd SMRT Far East Pte Ltd SMRT Capital Pte Ltd SMRT Institute Pte Ltd SMRT Hong Kong Limited Shenzhen Zona Transportation Group Co Ltd	Others City Gas Pte Ltd (<i>Chairman</i>) City Spring Infrastructure Management Pte Ltd Dialog Systems (Asia) Pte Ltd Keppel Corporation Limited Keppel Offshore & Marine Ltd PT Chandra Asli Petrochemical Tbk (<i>VP Commissioner</i>) Transocean Ltd Star Energy Holdings Pte Ltd (<i>Chairman</i>)	InterGlobal Offshore Pte Ltd Orchard Energy Pte Ltd SMRT Light Rail Pte Ltd

Lee Seow Hiang age 42 yrs

Academic & Professional Qualifications		Directorship:
<ul style="list-style-type: none"> Bachelor of Arts (Hons), University of Cambridge, UK Master of Business Administration, Massachusetts Institute of Technology, USA 		Date first appointed 19.01.2011 Date last re-elected 08.07.2011
Present directorships <i>(As at 31 March 2012)</i>		Past directorships over the preceding three years <i>(from 31 March 2009 to 31 March 2012)</i>
SMRT Group SMRT Corporation Ltd	Others Agency for Integrated Care Pte Ltd Changi Airports International Pte Ltd (<i>Deputy Chairman</i>) NTU-IATA Advisory Council (<i>Member</i>) ACI World Governing Board (<i>Regional Advisor</i>)	Civil Service College (<i>Member</i>) Singapore Changi Airport Enterprise Pte Ltd (<i>Deputy Chairman</i>) SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd

Corporate Governance

Particulars of Directors

Paul Ma Kah Woh age 64 yrs

Academic & Professional Qualifications

- **Fellow of the Institute of Chartered Accountants in England and Wales**
- **Member of the Institute of Certified Public Accountants of Singapore**

Directorship:

Date first appointed
15.07.2005

Date last re-elected
16.07.2010

Past directorships over the preceding three years

(from 31 March 2009 to 31 March 2012)

Ascott Residence Trust Management Limited
Tenet Insurance Company Ltd
SMRT Trains Ltd
SMRT Road Holdings Ltd
SMRT Buses Ltd

Present directorships

(As at 31 March 2012)

SMRT Group

SMRT Corporation Ltd

Others

CapitaLand China Development Fund Pte Ltd
CapitaLand China Development Fund II Limited
Hwa Hong Corporation Limited
Keppel Infrastructure Fund Management Pte Ltd
Mapletree Investments Pte Ltd
Mapletree Logistics Trust Management Limited
National University of Singapore (*Board of Trustees*)
Nucleus Connect Pte Ltd
National Heritage Board (*Board Member*)

Ong Ye Kung age 42 yrs

Academic & Professional Qualifications

- **Bachelor of Science (Economics)**, 1st Class Hons, University of London, London School of Economics and Political Science
- **Master of Business Administration**, Institute of Management Development, Lausanne, Switzerland

Directorship:

Date first appointed
01.08.2006

Date last re-elected
08.07.2011

Past directorships over the preceding three years

(from 31 March 2009 to 31 March 2012)

Institute of Systems Science (*Board Member*)
SPRING Singapore (*Member*)

Present directorships

(As at 31 March 2012)

SMRT Group

SMRT Corporation Ltd
SMRT Trains Ltd

Others

Chinese Development Assistance Council (CDAC) (*Member*)
Employment and Employability Institute Pte Ltd (e2i) (*Chairman*)
JTC Corporation (*Member*)
National Transport Workers' Union (NTWU) (*Executive Secretary*)
Ngee Ann Polytechnic Council (*Member*)
Northlight School (*Member of Board of Governors*)
NTUC Investment Co-operative Ltd (*Member*)
NTUC LearningHub Pte Ltd (*Member*)
Singapore LSE Trust (*Trustee*)
Singapore Manual & Mercantile Workers' Union (SMMWU) (*Executive Secretary*)
Workers' Upgrading & Employment Committee of Chinese Development Assistance Council (CDAC) (*Chairman*)
Singapore Industrial and Services Employees' Union (SISEU) (*Executive Secretary*)
Young NTUC (*Mentor*)
Alexandra Health System (AHS) Board (*Member*)

Bob Tan Beng Hai age 60 yrs**Academic & Professional Qualifications**

- **Fellow of the Institute of Chartered Accountants in England and Wales**

Directorship:

Date first appointed
01.08.2006

Date last re-elected
08.07.2011

Present directorships
(As at 31 March 2012)
SMRT Group

SMRT Corporation Ltd

Others

Asia Pacific Breweries Limited
 Institute of Technical Education (*Chairman*)
 Jurong Engineering Limited (*Chairman*)
 NTUC Club Management Council (*Council Member*)
 Ong Teng Cheong Labour Leadership Institute
(Board Member)
 SBF Holdings Pte Ltd
 Singapore Business Federation (*Honorary Treasurer*)
 SINGEX Exhibitions Pte Ltd (*Chairman*)
 SINGEX Exhibition Ventures Pte Ltd (*Chairman*)
 SINGEX Venues Pte Ltd (*Chairman*)
 Singapore Golf Association (*President*)
 Singapore LNG Corporation Pte Ltd (*Chairman*)
 Singapore National Employers Federation
(Vice President)

**Past directorships over the
 preceding three years**
(from 31 March 2009 to 31 March 2012)

ITE Holding Pte Ltd (*Chairman*)
 Toppan Leefung Pte Ltd
 (formerly known as SNP
 Corporation Pte Ltd)
 SMRT Trains Ltd
 SMRT Road Holdings Ltd
 SMRT Buses Ltd

Peter Tan Boon Heng age 63 yrs**Academic & Professional Qualifications**

- **Master of Business Administration,**
Golden Gate University, San Francisco, USA
- **Diploma in Management Studies (Distinction),**
University of Chicago

Directorship:

Date first appointed
12.02.2010

Date last re-elected
16.07.2010

Present directorships
(As at 31 March 2012)
SMRT Group

SMRT Corporation Ltd
 SMRT Road Holdings Ltd
 SMRT Buses Ltd

Others

Dialog Semiconductor PLC
 Innotek Limited
 JP Asia Capital Pte Ltd
 JP Asia Capital Partners Pte Ltd
 Exploit Technologies Pte Ltd
 MIR Investment Management Ltd (*Advisor*)
 National Research Foundation – Competitive Research
 Program (*International Evaluation Panel Member*)
 National University of Singapore – B. Tech Program
(Advisor)
 PolyTechnos European Growth Fund 1 (*Advisor*)
 SolarEdge Technologies, Inc (Israel) (*Advisor*)
 Zhenghua Secondary School
(School Advisory Committee Member)
 SPRING Policy Advisory Committee

**Past directorships over the
 preceding three years**
(from 31 March 2009 to 31 March 2012)

Varioptic SA
 GISIL Devices Pte Ltd
 Petitecellar Dot Com (Private)
 Limited
 Vacuumschmelze (VAC)
 Luxembourg S.a.r.l.
 SMRT Trains Ltd

Corporate Governance

Particulars of Directors

Yeo Wee Kiong age 56 yrs

Academic & Professional Qualifications

- **Degree in Mechanical Engineering**, 1st Class Hons, University of Singapore
- **Master of Business Management**, National University of Singapore
- **LLB (Hons) (external degree)**, University of London

Directorship:

Date first appointed
01.09.2010

Date last re-elected
08.07.2011

Present directorships

(As at 31 March 2012)

SMRT Group

SMRT Corporation Ltd

Others

Bonvests Holdings Limited
 Ezyhealth Holdings Pte Ltd
 Integrated Health Plans Pte Ltd
 SingXpress Land Ltd
 Kian Ho Bearings Ltd
 Phillip Ventures Enterprise Fund 2 Ltd
 Heliconia Capital Management Pte Ltd
 Raffles Fund 1 Limited
 Raffles Venture (Direct) Pte Limited
 Pheim Asset Management (Asia) Pte Ltd
 RVP Coinvest Ltd
 Ajia Partners Asia Equities Multi-Strategies Fund Limited
 Ajia Partners Asia Absolute Return Fund Limited
 Ajia Partners Asia Absolute Return Master Fund Limited
 AP Asia Alpha Strategy Fund
 AP Asia Alpha Strategy Master Fund
 Singapore Institute Directors (*Council Member*)
 Yeo Wee Kiong Law Corporation (*Dormant*)

Past directorships over the preceding three years

(from 31 March 2009 to 31 March 2012)

Keppel Corporation Limited
 (*Board Member*)
 Ascendas Pte Ltd
 (*Board Member*)
 Drew & Napier LLC
 Duty Free International Limited
 (formerly known as Esmart Holdings Limited)
 SMRT Trains Ltd
 SMRT Road Holdings Ltd
 SMRT Buses Ltd

Key Dynamics & Risk Management

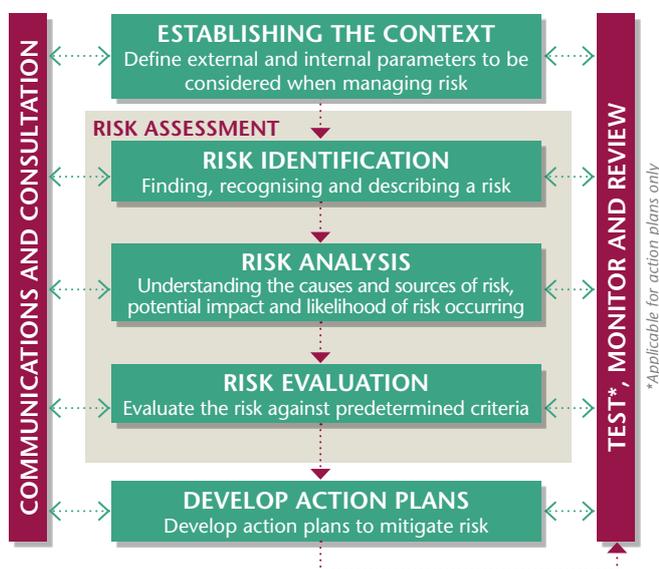
SMRT operates in a complex and highly regulated environment. The existence of a robust risk management framework and process are crucial to ensure that the SMRT Group is able to mitigate and manage both internal and external factors that pose as obstacles to the achievement of our business objectives.

The risk management section in the Corporate Governance Report describes the enterprise risk management (ERM) structure that is adopted by the Group. This section describes the Group's risk management process, and the treatment of risks by SMRT.

Risk Management Process

SMRT strives to be a safe, reliable and progressive transport service provider. In providing transport solutions, SMRT understands that the Group's business environment carries both opportunities and uncertainties.

The Risk Management Process in SMRT, based on the ISO 31000 Risk Management – Principles and Guidelines (2009), enables the Group to deal with business uncertainties by identifying key risks and putting in place the appropriate mitigating plans and actions. The diagram below outlines the key steps used in SMRT's Risk Management Process to determine the company's risk profile and mitigate risks.



The Risk Management Process is an integral part of the Group's planning and decision making processes and is embedded within the business units' core activities. The Board and Management set the overall strategic direction and ensure that strategies are aligned with the risk tolerance of the Group as well as the emerging risks that the Group faces.

The Risk Management Committee (RMC), comprising the Chief Executive Officer (CEO) and senior management team, focuses and manages major risks that have significant impact on the Group, whereas the business units and corporate functions concentrate on the risks in their respective businesses and functions. All major investments and overseas

projects undergo the due diligence and risk management review process. All the key risks are summarised at the Group level and monitored closely by RMC, the business units and corporate functions. A top-down and bottom-up approach is utilised to ensure a holistic risk management process. The top-down approach considers risks to the strategic and corporate objectives, while the bottom-up approach reflects on end-to-end business processes. The Group, business units and corporate functions also constantly scan the economic, political and business environment for emerging risks.

The Board Risk Committee (BRC) convenes regularly to review the robustness of the risk management system and key organisational risks. BRC is joined by Management at such reviews. The key risks are shared with the relevant Board committees and the Board.

Following the independent high level review of SMRT's risk management system by PricewaterhouseCoopers in FY2011, a dedicated Corporate Enterprise Risk Management (CERM) unit was set up. The CERM unit reports functionally to the BRC and administratively to the CEO. The CERM unit ensures the consistent implementation and continuous improvement of the Group's risk management framework. In addition, it assists in ensuring the robustness of the Group's risk management system and benchmarks the Group's practices with those in similar industries and best practices, internationally. Recommended improvements arising from such reviews have also been adopted and progressively implemented throughout the Group.

The revised framework comprises three components that link risk management to our business.



SMRT's risk management strategy is an important component of our business strategy. It provides the commitment and mandate to place risk management at the heart of the organisation. More importantly, it ensures that business strategies are aligned and pursued with the objective to create and preserve value for our stakeholders.

Risk management as an essential part of business management helps to identify, assess, manage, monitor and report risks. The process is integrated into all of SMRT's business operations and decisions.

To equip staff with the correct tools, SMRT has set up an informative risk management website and a confidential feedback system, providing a one-stop platform for staff to familiarise themselves with risk management and to flag out potential risks. To further inculcate a risk-aware culture, all new employees are educated on the risk management process through an induction workshop that aims to assist them assimilate seamlessly into the SMRT family.

Key Dynamics & Risk Management

Moving forward, to enhance the way key risks are monitored, leading indicators known as Key Risk Indicators (KRIs) will be developed. The KRIs will be closely monitored to provide Management and the Board with timely updates of potential risks thus allowing them to focus their efforts on risk mitigation. This will reduce the impact of risks on the Group and minimise the likelihood of such risks recurring.

Managing Our Risks

Energy Cost Risks

The Group is exposed to fluctuating energy prices, such as oil and diesel prices that affect our energy costs but are outside of our control. The Group mitigates rising electricity costs by procuring electricity from both the spot market and/or entering into fixed price electricity contracts over fixed tenures. The Group may, where deemed appropriate, engage in short-term diesel hedging contracts to partially mitigate market price fluctuations. Such hedging practices adhere to the Group's Dealing Mandate that is approved by the Board. In addition, the Group engages in conservation and fuel-efficient efforts to manage usage of electricity and diesel throughout the organisation. To mitigate currency risk from the purchase of diesel in foreign currency, forward exchange contracts are used.

Security and Business Continuity Risks

The Group continues to improve on our security management framework which covers a range of functions such as assessment of threats and vulnerabilities, prevention and protection, and response to and recovery from incidents and crises. The framework helps safeguard and secure our public transportation network. To operationalise and reinforce this framework, SMRT has strategically integrated the framework into the Group's ERM and Internal Audit (IA) processes.

To help the community prepare for and respond to acts of terrorism and major train service disruptions, SMRT developed a Community Emergency Preparedness Programme. The programme, developed in consultation with the Ministry of Home Affairs and the Land Transport Authority (LTA), was officially launched on 22 December 2006. To date, over 15,000 participants have participated in this programme.

SMRT will continue to ensure that all staff are well-trained and adequately tested on their ability to deal with threats of terrorism and major train service disruptions. Drills and Red Teaming Exercises are conducted regularly at MRT stations, train and bus depots, and bus interchanges. The Singapore Police Force, Singapore Armed Forces and Singapore Civil Defence Force also participate in these exercises.

SMRT is working closely with Government agencies to implement a Security Improvement Plan that includes hardening the security infrastructure at train depots with enhanced lighting, fencing, CCTV coverage, and a Fence Intrusion Detection System.

To further strengthen security and emergency planning culture amongst its staff, we introduced the Premises Manager Programme which empowers line managers to assume primary responsibility for security at their workplace. The oversight function has also been strengthened with the formation of Security Committees (Rail, Road and Depot) that report to a Steering Committee.

Following the train service disruptions in December 2011, SMRT initiated a comprehensive review of its Rail Incident Management Plan (RIMP). Two key steps will be taken. Firstly, the RIMP will be integrated with LTA's major train service disruption and security incident plans. This further improves synergy between agencies responding to a crisis. Secondly, we will streamline the Group's Crisis Management and Emergency Response structures and plans to enable SMRT to deal more effectively with a range of incidents and crises, such as prolonged service disruptions.

Regulatory and Operational Risks

The Group's rail, bus and taxi operations are subject to extensive regulation by LTA and the Public Transport Council (PTC). The licences to operate our rail, bus and taxi businesses are issued by LTA and PTC. The terms in the current Licence and Operating Agreement (LOA) for the North-South and East-West lines and the Bukit Panjang Light Rail Transit (BPLRT), the Licence to Operate the Circle Line, and the Bus Service Operator's Licence (BSOL) are described in the Background – Regulatory Framework section of the Operating and Financial Review section, and further detailed in the Notes to the Financial Statements. Our rail, bus and taxi operations are also subject to stipulated minimum operating performance and service standards set by LTA. For example, in our rail operations, we are required to comply with a set of operating performance standards governing train service availability, schedule adherence, safety and equipment availability. Under the BSOL, we are required to comply with the Quality of Service (QoS) standards for reliability, safety and availability, among others. Taxi operations are also subject to regulatory operating standards relating to various aspects of service quality and safety performances. These business units mitigate non-compliance risks by undergoing stringent and regular maintenance regimes to maintain operational excellence and efficiency. The importance of safety awareness, customer service excellence and adherence to strict operating procedures are also inculcated in every staff through training, incentive schemes and other programmes. In addition, fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are subject to approval by PTC. Details on the fare structure are shown in the Background – Regulatory Framework section of the Operating and Financial Review section.

Following the Land Transport Review by the Ministry of Transport (MOT) in January 2008, greater contestability have been introduced in the rail industry through the issuance of shorter operating licences for new lines. The appointed operators of the new lines will not be required to buy or replace operating assets such as trains, and will instead lease them from LTA for a fee.

As for the bus business, LTA has announced that the Bus Service Enhancement Programme (BSEP) will be introduced from the second quarter of FY2013. Under the programme, more stringent service levels than the current QoS standards will be imposed.

We will continue to engage the relevant government agencies and industry partners including MOT, LTA and PTC for an equitable outcome for all cases.

Safety Risks

SMRT's safety management framework encompasses the four following thrusts: safety leadership, safety culture, safety enabling system and safety sustaining system. This holistic approach drives, promotes, enables and sustains a safe and reliable travel experience for our commuters as well as a safe and healthy work environment for our employees and business partners.

Safety Leadership

The key driving force that enables an organisation to achieve safety excellence is Management's commitment to safety. In SMRT, the CEO has the overall and final responsibility for safety. The Senior Vice President (SVP) of Communications and Services oversees the Safety Services Department and Security Department so that the synergies from the integrated approach can be harnessed to enhance safety and security performance.

Safety Culture

Built upon a firm foundation of capable leadership and employee engagement, safety is embraced and practiced by every employee in SMRT. To ensure continued improvements in safety competencies and to raise safety awareness, there are regular talks, industrial visits and quizzes. All employees are encouraged to contribute to safety improvements through innovations in their daily activities. With strong management emphasis on safety, and employee commitment and involvement, SMRT has shaped a progressive and pervasive safety culture.

Safety Enabling System

SMRT has developed and implemented a Safety System Programme Plan (SSPP) that is benchmarked against a number of international standards for system safety in transit operations and occupational safety, including OHSAS 18001. The SMRT SSPP provides a concrete and systematic approach to achieving our safety objectives.

SMRT also boasts a structured training and competency framework that identifies and analyses the learning needs of our employees in the area of operations safety and occupational safety. This ensures our operations and maintenance staff are certified competent to perform safety critical or safety related functions to enable a safe and reliable system.

SMRT has been rigorously audited by external auditors to confirm the continual suitability and effectiveness of our Safety Management System and Environmental Management System in meeting the OHSAS 18001 and ISO 14001 standards, respectively. Certification to both OHSAS 18001 and ISO 14001 standards demonstrates our commitment and effort to make safety an integral part of our business, operational and people decisions as well as day to day activities.

Reputational Risks

SMRT's main stakeholders include the PTC, LTA, commuters, shareholders, analysts as well as the media. Recognising the importance of providing timely, accurate and key information to our stakeholders, the Group has put in place an integrated communications programme to ensure effective communication that allows us to maintain close relations with our stakeholders at all times. In addition, the Group will continue to focus on delivering high standards of service quality in all our business areas. We benchmark ourselves against the world's top transport operators and continuously strive for excellence.

Investment Risks

The Group's investment risks relate largely to those of capital investments made for the maintenance, upgrading and replacement of operating assets, and acquisitions or investments in business entities. The capital investment projects, including the selection of suppliers and contractors, are subject to financial procedures and internal selection criteria for the purpose of expenditure control. Investment activities relating to acquisitions or investments in business entities are supported by experienced internal staff and, where necessary, external professionals for specialised services are engaged. The business proposals for such activities are also guided by operational and financial procedures and presented to the Management and Board for approval.

SMRT wholly-owned subsidiary, SMRT Hong Kong Limited, has a 49% equity interest in Shenzhen Zona. As an associated company of the Group, the performance of Zona has an impact on the Group's profit. The risks that Shenzhen Zona faces include the following:

Key Dynamics & Risk Management

- Regulatory risk in the form of changes to transport policies and fares, and other operational performance requirements
- Increase in operating costs due to factors beyond our control such as compliance with regulatory obligations to maintain, renew and/or replace operating assets and/or licences
- Compliance with safety and operating performance standards

The risks are mitigated through measures including the review of internal controls and approving authorities and limits, as well as ensuring proper communications at all levels. The Management of Shenzhen Zona has also built strong relationships with the local authorities, industry players and related associations to mitigate regulatory risks.

Financial Risks

The Group's activities are exposed to a variety of financial risks including credit, foreign currency, market, interest rate and liquidity risks. The Group's risk management strategy features a system of controls to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The risk management policy and framework are reviewed regularly against best practices in the market to ensure the robustness of the process, and its alignment to the changing requirements in the Group's risk management.

The Audit Committee oversees the Group's financial risk management process through timely reviews of the adequacy and effectiveness of the financial risk management policy, tools, practices, strategies and treatments. The management of these risks is discussed in the Financial Risk Management section of the Notes to the Financial Statements.

Property and Liability Risks

The Group's property, plant and equipment include rolling stock, signalling, communication and fare collection systems, buses, taxis and properties. The Group has an insurance programme to insure our exposure to property damage, business interruption and general liability risks. Professional indemnity insurance is also undertaken in respect of professional advice and services rendered by the Group. The Group adopts a proactive approach with advice and recommendations from insurance brokers. The risk exposure is reviewed annually to ensure our insurance programme continues to be appropriate and adequate in light of the cost of coverage as well as the risk profiles of the Group's businesses.

Sensitivity Analysis

MRT Ridership

Every one percentage point change in annual MRT ridership will result in a \$5.7 million change in revenue. This is assuming the MRT fare structure remains at FY2012 levels.

Bus Ridership

Every one percentage point change in annual bus ridership will result in a \$2.1 million change in revenue. This is assuming the bus fare structure remains at FY2012 levels.

Electricity Costs

Every one percentage point change in rates of electricity, using FY2012 rates as a basis, will lead to a \$1.2 million change in operating profit per year. This is assuming MRT electricity usage is maintained at FY2012 levels.

Diesel Costs

Every one percentage point change in rates of diesel, using FY2012 rates as a basis, will lead to a \$0.5 million change in operating profit per year. This is assuming diesel usage is maintained at FY2012 levels.

Accounting Policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 31 March 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2011.

On 1 April 2011, the Group adopted the new or amended Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

Outlook for FY2013

Group revenue is expected to be higher in FY2013 as ridership on trains and buses grows. With the completion and full opening of Circle Line (“CCL”) and CCL extension in FY2012, the average weekday ridership for the CCL has increased from 181,000 as at end FY2011 to about 350,000 as at end FY2012. We expect ridership on the CCL to continue on the uptrend.

Revenue for rental business is expected to grow as a result of increased rental space following the opening of more new and refurbished stations in the network. In the second half of FY2013, Woodlands Xchange will open its doors to commuters, adding another 50 shop units to our total offering of shop spaces. New shops will also open their doors in Marina Bay and Bayfront stations. With increased media spaces and digital platforms, advertising revenue is expected to rise.

The bus business is expected to remain difficult as energy costs are likely to remain high, while staff and related costs continue to increase, and with insufficient offset from fare adjustments. The Group remains committed to service delivery and will expand and renew the bus fleet to implement the Bus Services Enhancement Programme (BSEP) in 2012 with the support from the Government. There will also be more investments toward train operations, primarily from the acquisition of operating assets and renewal of assets, all of which will have an impact on the train business going forward.

The outlook for the taxi business remains positive as demand for taxi services is expected to remain healthy in FY2013. The Group will continue to assist hirers to increase their earnings while expanding and renewing its taxi fleet. However, higher COE prices may impact the business’ rate of growth.

The Group’s profitability will be impacted by higher repairs and maintenance, energy, and staff and related costs in FY2013. Staff and related costs will increase due mainly to higher headcounts, particularly in train and bus operations, salary adjustments and higher CPF rates.

The Government has implemented a new rail financing framework starting with the Downtown Line. As at the date of this report, the Group’s rail licences are under a different framework and we are in preliminary discussion with LTA on the relative merits of the two frameworks.



GIVING BACK

TAKING RESPONSIBILITY



No one operates in a vacuum. Because we run our business in the heart of the community, it is only fitting that we give back through our philanthropic and volunteering efforts. Through sustainable practices and our community engagement programmes, we seek to enrich lives.

Corporate Social Responsibilities

As a public transport provider, we recognise that our reach is far and wide. Similarly, our Corporate Social Responsibility (CSR) ambit reflects the broad impact we have on the community. SMRT believes that good corporate citizenship ethos should permeate our culture and supporting this belief is the organisation's commitment to partner staff and volunteer welfare organisations to create programmes that benefit needy elderly and families, promote health, the arts, and care for the environment.

Making a Difference to the Community

In channelling our successes towards the greater good of the community, SMRT has supported numerous organisations and causes, many on a continuing basis.

Corporate Volunteer Programme

In FY2012, we continued to leverage our resources to instil the spirit of volunteerism in our staff through our Corporate Volunteer Programme. A dedicated Silver Care Volunteer Committee develops programmes to enhance the quality of life of the elderly while the SMRT Family Service Volunteer Committee focuses on helping disadvantaged children, youth and families. The SMRT Bloodmobile Drive Committee is dedicated to helping save lives. This committee, in partnership with the Singapore Red Cross, conducts blood donation drives and recruits blood donors to meet the needs of patients in Singapore.

SMRT Silver Care Committee

In October 2011, the SMRT Silver Care Volunteer Committee adopted the Asian Women's Welfare Association (AWWA) Home. This is in addition to Geylang East Home for the Aged (GEHA) which SMRT has been supporting since 2004.

Our first volunteer activity at the AWWA home was under the SMRT Home Improvement Programme. Eleven SMRT volunteers spent their weekend installing bidets at the home. Under our A Date with SMRT Volunteers initiative, we created opportunities to bond with the residents. These included dinner and karaoke sessions, a ride on the Singapore Flyer and a trip to Farm Mart. We rounded off the year with a visit to the Singapore Zoo in February 2012.

Over at GEHA, we continued our Monthly Sunday Dinners Programme with the residents. Through the course of the year, more than 110 volunteers came together to prepare and serve meals to the elderly. As part of A Date with SMRT Volunteers, we brought the elderly to events such as The SMRT Silver Tribute Charity Night held in June 2011, and a dinner and getai show at Ngee Ann City in July 2011. Our staff also helped bring cheer to over 200 residents and the elderly in Aljunied Crescent through our participation in GEHA's Mid-Autumn Festival Celebrations in September 2011.

Under the SMRT Home Improvement Programme, 60 SMRT volunteers refurbished the homes of three GEHA befriendees.

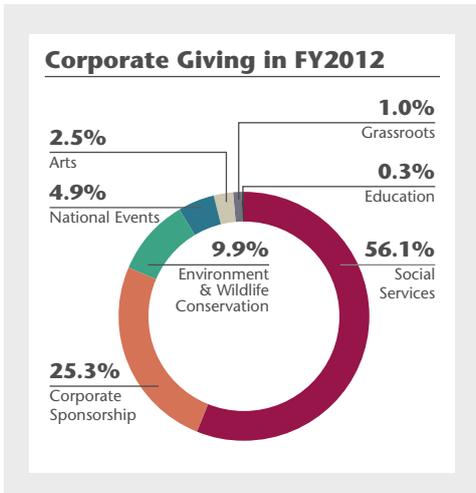


1st volunteer activity at the AWWA home, was under the SMRT Home Improvement Programme.

Eleven SMRT volunteers spent their weekend installing bidets at the home.

01. Monthly Sunday dinners at Geylang East Home for the Aged
02. SMRT Bloodmobile Drive at Raffles Place MRT Station





SMRT Family Service Volunteer Committee

SMRT supports disadvantaged children, youth and families through partnerships with Family Service Centres. Currently, within the folds of the Family Service Volunteer Committee are Ang Mo Kio Family Service Centres (AMKFSC) and TRANS Family Service Centre (TFSC), an SMRT adopted charity since 2010.

Under the committee's SMRT Adopted Families Programme, we supported 11 low-income families from AMKFSC during the financial year. Assistance was provided in different ways, including giving monthly transport allowances and book allowances. SMRT staff volunteers and a social service worker from AMKFSC would schedule meetings with the beneficiaries to assess how they are doing.

Through the SMRT Heart Project, started in 2009, we were able to provide food rations to 100 financially-challenged families. Sixty staff volunteers also came together to organise a year-end party for 160 elderly from AMKFSC.

Our activities with TFSC are focused primarily on providing assistance to low-income families and creating occasions for the families to bond. A key activity in FY2012 was the Passing-It-On project which saw committee members rallying staff to collect and donate essential items that are still in good condition to low-income families. This initiative also helped promote recycling practices amongst our staff.

SMRT Bloodmobile Drive Committee

During the financial year, the committee, together with Singapore Red Cross and Public Transport Security Command (Transcom), organised four blood mobile drives at Raffles Place MRT Station. Some 809 people registered themselves as blood donors and a total 599 units of blood were collected during the four donation drives.

Giving in Cash and Kind

Launched in 2006, the SMRT Silver Tribute Fund is our biggest CSR initiative. Its focus is on helping neglected, needy elderly and their caregivers. In June 2011, we appealed to the nation to give to the SMRT Silver Tribute Fund through our inaugural charity show. The nation responded and over \$3 million was raised to support programmes for needy elderly and their caregivers.

Another key CSR initiative is the SMRT Gift of Mobility Fund. This fund provides financial assistance to needy and less mobile individuals who require point-to-point transport when they go for medical treatment or work. In FY2012, SMRT pledged a total of \$333,000 to the Fund, and the Central Singapore Community Development Council (CDC) as well as South East CDC matched, dollar-for-dollar, the donation they have received under this Fund so that more needy residents can benefit from this scheme.

Promoting Arts Appreciation

To bring the arts closer to the community, and to add life and colour to the daily commuting experience, we tap on our network of stations as venues for arts activities.

The latest arts initiative is the Circle Line Art in Transit Walking Tour which is open to the public. Launched on 2 September 2011 with the Land Transport Authority (LTA) and Art Outreach, tour participants will be introduced to selected artworks inside the Circle Line stations, as well as the history of the area and the neighbourhood within which the station is located.

- 03. Year-end party for Ang Mo Kio Family Service Centres' elderly
- 04. SMRT pledges \$102,000 to support the less mobile in the Central District



Corporate Social Responsibilities

Also of artistic note is Moving Words, an initiative in collaboration with the National Arts Council and The Literary Centre to promote the appreciation of poetry. Two thousand entries were received for the Moving Words Poetry Competition and 12 best entries were shortlisted for display in the SMRT network from August to October last year. Winners were announced during the Singapore Writers' Festival, held on 29 October 2011. 2011: A Poetry Anthology, a book featuring shortlisted poems from the competition, was also launched on the same day.

Some of our long-standing arts projects and initiatives include Tales on SMRT Trains which is generally held during the September school holidays. In 2011, the journey started at Jurong East MRT Station. Six storytellers from The Literary Centre entertained children with stories and poetry in line with the theme "All Aboard the Poetry Express".

In 2011, we renewed our support of Esplanade's A Date with Friends Programme. The week-long event, held as part of Active Ageing Week, drew crowds with performances of popular Chinese evergreen songs, English oldies, Malay folk tunes, and lively ukulele and harmonica entertainment.

On 14 January 2012, we organised the ninth Spring Celebrations with SMRT at Esplanade Xchange. More than 2,000 paintings and Chinese calligraphy works were given away free. Over 50 elderly from GEHA and AMKFSC joined us for the activities.

Educating the Public

In conjunction with the opening of Circle Line Stages 4 and 5 in October 2011, we organised a station orientation tour for over 50 members and staff of the Singapore Association of the Visually Handicapped at the newly opened Caldecott Station.

In FY2012, 761 students from 12 schools had the chance to learn more about the maintenance of the Mass Rapid Transit (MRT) network through our Learning Journeys Programme. We also tailored tours for special needs students from Pathlight School.

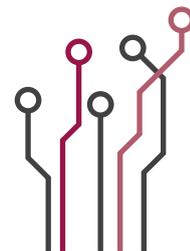
Supporting students in their efforts to promote safe and courteous travel on public transport, we facilitated the Give Up Your Seat Campaign by a group of students from Raffles Institution, Victoria Junior College's Graciousness for the Young and Old campaign in conjunction with Grandparents' Day, as well as Greenview Secondary's Hi-5 programme, where passengers were encouraged to keep left while riding the escalators.

To further raise awareness of courteous and safe travel in the public transport system, SMRT once again sponsored the reality TV show "SMRT Challenge 2012" on MediaCorp Channel 8. Hosted by Bryan Wong and Kym Ng, the three episodes reached over 1.4 million viewers, an increase of 12% from the previous year.

A Green Movement

We remain committed to the environment. In everything we do, we actively seek and adopt sustainable solutions and practices.

For our eco efforts, SMRT won the President's Award for the Environment 2011. It is the highest environmental accolade in Singapore that honours individuals, organisations and companies that have made significant contributions towards environmental sustainability in Singapore. SMRT also successfully recertified to ISO 14001.

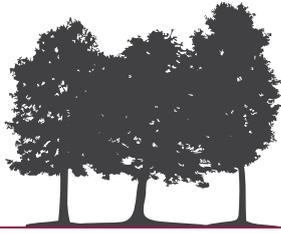


761 students from 12 schools had the chance to learn more about the maintenance of the MRT network through our Learning Journeys Programme.

We also tailored tours for special needs students from Pathlight School.

01. Imparting the skills of Chinese Calligraphy at SMRT Spring Celebrations
02. One of the winning teams of SMRT Challenge 2011





47 tonnes
of paper was recycled –
this is 10 tonnes more
than in 2010 – bringing
total paper recycled to
about 153 tonnes since
we launched the SMRT
is Green programme in
April 2008.

*This is equivalent to saving
approximately 2,600 trees.*

03. SMRT Eco Hero Service Leader
eco-maintenance tips poster



Green Technology and Equipment

Greener transport options translate to less carbon emissions and a more pleasant travel experience for our commuters. A good example is our new eco-friendly MAN A22 buses, which have been well received by passengers. Besides a more spacious interior with higher headroom, they have greener features such as LED lights in the interior bus cabin for better energy efficiency. They are also Euro V-compliant without the need for chemical additives.

Apart from vehicles, we have incorporated more environmentally friendly equipment in our operations. We are trialing three oil purifiers for transmission oils of our buses. The bypass electric mobile oil cleaning system of these purifiers is designed to filter solid contaminants down to 1 micron size, evaporate liquid and gaseous contaminants, and retain acidic contaminants. This project is expected to reduce transmission oil consumption by over 20%.

Air-Handling Unit (AHU) air-conditioning filters are electro-statically charged thus improving their efficiency in removing particles. Based on the trial we conducted in FY2012, by using these high performance filters on our AHUs, 13% energy savings can be achieved yearly. We plan to replace existing filters with the high performance AHU filters for all underground stations on the North-South and East-West lines in FY2013.

We also installed Variable Speed Drives (VSD) in our water pumps to enable the chilled water pump to run at varied speeds depending on the load conditions. In FY2012, VSDs were installed in the chilled water pumps at Tiong Bahru and Lavender MRT stations, reducing power consumption of the pumps at these stations by up to 50%. In FY2013, we plan to install VSDs at the following five underground stations: Bugis, Marina Bay, Somerset, Newton and Braddell.

Encouraging Green Practices

SMRT believes that our staff are critical in driving eco-awareness and action for our stakeholders and will continue to nurture and encourage green awareness and eco-friendly practices among staff.

In October 2010, the SMRT Eco Driving Programme was launched to educate our Service Leaders (SLs) on eco driving and maintenance tips. As of February 2012, we have trained 85% of our SLs and we will continue to drive this initiative.

We have done well in reducing water, electricity and paper usage as well as the recycling of paper. In 2011, despite increased economic activities, fresh paper usage in the company registered a drop of approximately 10% on a per staff member basis when compared to before the SMRT is Green programme was launched in April 2008. We recycled 47 tonnes of paper – this is 10 tonnes more than in 2010 – bringing total paper recycled to about 153 tonnes since we launched the SMRT is Green programme. This is equivalent to saving approximately 2,600 trees.

To reduce the use of disposable cups, SMRT introduced the SMRT No Disposables – Bring Your Own Mug initiative on 1 July 2011. Staff are encouraged to bring their mugs when attending meetings, thus eliminating the use of disposable cups. During the year, we continued to educate our staff through regular electronic direct mailers (EDM) and eco-activities. The EDMs carried tips on recycling, SMRT's sponsorship and participation in green activities in the community, as well as invitations to SMRT eco-activities.

To reinforce the message of going green, we involved the families of our staff in another instalment of the popular SMRT Eco Hero Competition

Corporate Social Responsibilities

in January 2011. Staff stood to win up to S\$5,000 in cash vouchers if their home electricity and water consumption showed the biggest reduction. The top winners for the electricity and water categories registered a drop of 40% and 21% respectively in their average monthly consumption during the competition period, comfortably exceeding the competition target of 15%.

Engaging the Community

At SMRT, we believe in building sustainable partnerships for the good of the community. Since 2009, SMRT has been supporting the World Wide Fund for Nature (WWF). In FY2012, we continued our support and sponsored media space in SMRT's network for campaigns such as Sustainable Seafood Campaign, Earth Hour, and also in celebration of WWF's 50th anniversary.

The Clean and Green Singapore 2012 Carnival, co-organised by the National Environment Agency and North West Community Development Council (CDC), was launched in October 2011. An SMRT booth was set up to showcase our green initiatives in energy, water, air management, as well as good use of green resources.

In January 2011, the South West-SMRT ECo Fund was launched. This is a partnership with South West CDC to encourage environmental sustainability. The Fund supports green initiatives by residents and stakeholders in the South West district. As at February 2012, the Fund has supported three community projects by Earthlink NTU, NUS Students Against Violation of the Earth and Waterways Watch Society, reaching out to more than 2,700 participants.

International Benchmark

SMRT was ranked the most efficient metro in terms of traction energy per capacity-kilometre in the latest railway benchmarking exercise conducted by Nova and Community of Metros (CoMET), comprising leading global metros.

SMRT also did well in traction energy usage per passenger-kilometre, coming in second among other global metros.

SMRT's train carbon footprint saw a 0.7 grams per passenger-kilometre increase due to lower average train load in FY2012. However, we remain committed to reduce our carbon footprint through regular train timetable reviews to optimise train load and to meet passenger demand.

We successfully reduced our bus carbon footprint from 71 grams per passenger-kilometre in FY2011 to 69 grams in FY2012. The introduction of more eco-friendly buses to our fleet and more fuel-efficient driving by our Service Leaders are some of the factors that led to the reduction.

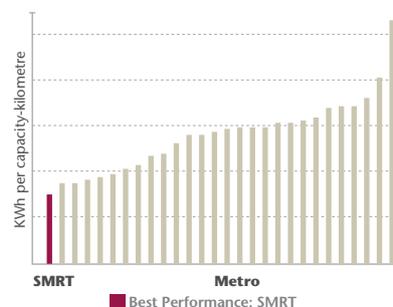
(see charts on right)

Growing Green Spaces

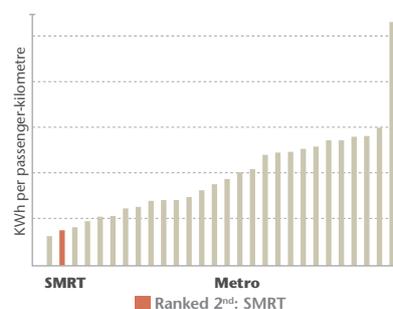
Looking ahead, an SMRT Green Tenant Guide containing eco-tips will be introduced for our tenants in FY2013. The guide will outline green operations and practices, green education as well as a list of green vendors and SMRT Green Ambassadors they can work with.

FY2013 will also see SMRT achieving the Building and Construction Authority Green Mark certification for the Woodlands MRT station, testimony to our environmental efforts. Plans are underway to have more stations certified under the Green Mark scheme.

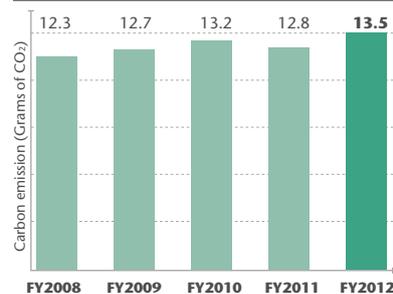
Traction Energy Per Capacity-kilometre



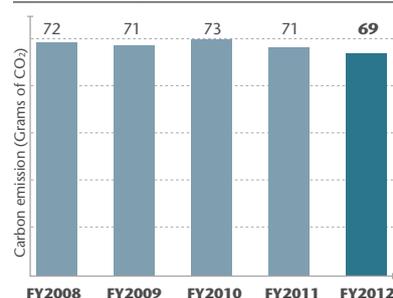
Traction Energy Per Passenger-kilometre



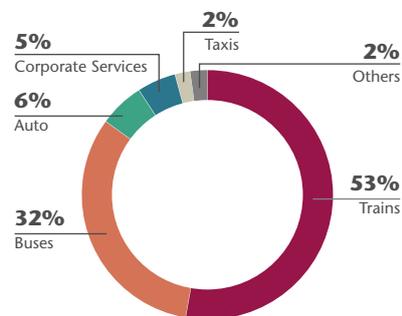
SMRT Trains Carbon Footprint
(grams of CO₂/pax-km)



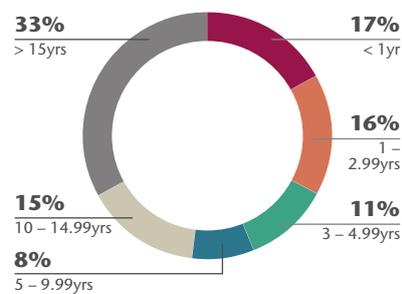
SMRT Buses Carbon Footprint
(grams of CO₂/pax-km)



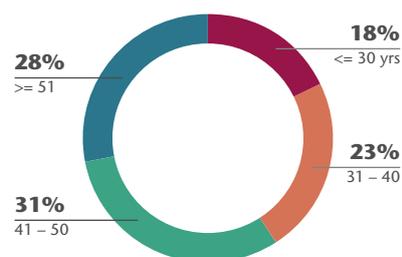
Headcount by Business Unit



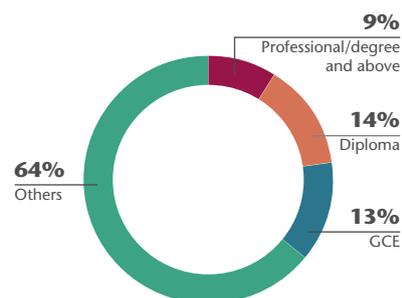
Staff Profile by Completed Years of Service



Staff Profile by Age Group



Staff Profile by Qualification



A World-class Workforce

The success of our CSR initiatives depends very much on our people, who are our most valuable asset. Thus, we continually strive towards building a skilled workforce imbued with a responsibility towards their community and social good.

Investing in People

Each year, we invest approximately 6.5% of employee payroll in technical and non-technical, management and soft skill learning and development activities. On average, each employee is provided with five learning places and undergoes 74 learning hours annually, which is above the industry average of four learning places and 40 learning hours. This clearly reflects the importance of learning at SMRT.

Our human resource efforts in training and development have been recognised. In FY2012, SMRT won The Singapore HR Awards for leading HR practices in the Learning and Human Capital Development categories.

Our people too, have done us proud, with an ever-increasing number winning the National Excellent Service Award (EXSA) supported by SPRING Singapore. In 2011, 1,161 SMRT staff received the award.

Beyond developing our own people, SMRT plays an instrumental role in grooming the next generation of talent for the industry through our collaborations with the Institute of Technical Education (ITE) and the Workforce Development Agency (WDA).

Our ITE collaboration saw the development of the National ITE Certificate (Nitec) in Rapid Transit Technology (RTT). It is Southeast Asia's first certified training programme to be jointly developed by a public transport company and an educational institution. The course will professionalise the rapidly growing rail industry by providing students with a robust foundation in rail engineering, and placing them at the forefront of RTT.

The programme aims to build a continuous training and education path for post-secondary entrants and incumbent employees. In future, this path will extend to diploma and degree programmes. The response to the Nitec in RTT in 2011 was overwhelming, with almost 10 times more applications than the number of vacancies available. The two-year course is conducted at the newly opened ITE College West in Choa Chu Kang and includes trips to SMRT to complement the learning experience.

In 2011, SMRT introduced the Howe Yoon Chong – SMRT Study Scholarship for Nitec in RTT to provide Singaporeans from lower-income families with financial assistance to upgrade their qualifications and skills. While the scholarship is bond-free, scholars are urged to emulate the example of the late Mr Howe by contributing to society later in life.

Meanwhile, SMRT worked with WDA to launch the Public Transport Workforce Skills Qualifications (WSQ) Framework on 20 April 2011. To mark its launch, SMRT and SBS Transit Ltd signed a Memorandum of Understanding with the tripartite partners of WDA, the National Transport Workers' Union and Employment and Employability Institute. The framework is set to benefit a total of 12,000 workers in the public transport industry that is gearing up for rapid expansion.

In 2011, at the tertiary level, SMRT sponsored two scholarships for Nanyang Technological University's pioneer Renaissance Engineering Programme. Students in this Programme graduate with both the Bachelor of Engineering Science and the Master of Science in Technology Management.

Corporate Social Responsibilities

Ensuring Competency

Annually, SMRT conducts an organisation-wide strategic learning needs analysis. In addition, the Learning through Educational Advancement Programme (LEAP) provides deserving employees with opportunities to upgrade their educational qualifications by sponsoring their participation in various certification programmes. Since its launch in July 2009, 16 employees from across SMRT have benefitted from LEAP.

SMRT is further harnessing e-learning technologies to enhance the effectiveness of training and assessment delivery. One such initiative is the use of learning technologies in our orientation programme, Orientation and Onboarding (O2). The systematic and engaging approach of O2 seeks to accelerate the new hire's journey to competency and productivity.

Beyond equipping our people with technical and work skills, we employ various simulator systems to educate and assess our people, and refresh their skills in dealing quickly, safely and effectively with various emergencies.

In April 2011, we invested \$2 million in the Railway Task Trainer, a cutting-edge virtual reality training system, the first of its kind for Singapore's rail industry. Trainees will benefit from the simulated experience based on handling realistic scenarios.

A Safer Ride For All

Security and Emergency Planning

SMRT is committed to meeting commuters' expectations of a safe and secure journey even as safety and emergency planning becomes more complex with the expansion of rail service with the full opening of the Circle Line in October 2011, and Circle Line Extension in January 2012.

In 2011, SMRT conducted a thorough review of our security and contingency planning practices. We put in place a comprehensive plan to tackle security issues from an end-to-end perspective beginning with our depots, where the trains originate, through to our stations and back to the depots. This is being implemented through our investment in and integration of technology, infrastructure, organisation, personnel and management.

The porous nature of our stations cannot be avoided but we have identified and protected critical areas within the stations to prevent unauthorised intrusion. SMRT has installed new intrusion detection systems together with CCTV and lighting systems to provide comprehensive coverage around the perimeters of its depots.

We also reviewed procedural aspects to complement the infrastructure and technology enhancements. These procedures emphasise the participation of all frontline staff, those directly carrying out a security role as well as those supporting daily operations, in ensuring that our trains and depots are safe and secure. This has helped build a strong security culture within the organisation.

SMRT also conducted regular audits of our Transit Security Officers, and Station and Depot premises, as well as Red-teaming exercises to keep both station and security personnel prepared at all times.

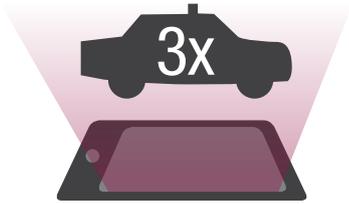
Emergency Preparedness and Crisis Management

SMRT maintains our preparedness for emergencies and crisis management through regular internal exercises and also with government agencies such as Singapore Civil Defence Force (SCDF), Singapore Police Force (SPF) and Land Transport Authority (LTA). In 2011, a Rail Incident Management Plan (RIMP) recall exercise was conducted in June; this was followed by a



10 exercises with participation from LTA, SCDF and SPF.

SMRT maintains our preparedness for emergencies and crisis management through regular internal exercises and also with government agencies.



3,500 bookings since the Taxi Fleet Tracking and Despatch System was launched.

To further reduce the peak period load on the Contact Centre and customer service agents, a Taxi Booking System for Smartphones was launched in June 2011.

01. Through SMRT SHIELD, staff submitted their designs for the Safety Poster Competition

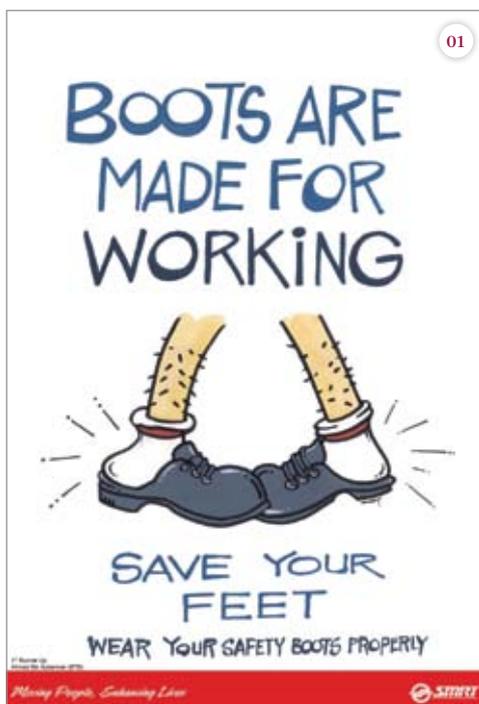


table-top planning exercise. A total of 10 exercises with participation from LTA, SCDF and SPF were conducted in 2011.

SMRT also conducted familiarisation of the RIMP with various groups such as the Customer Management team in July and Stakeholder Management in November and December 2011. The SMRT Community Emergency Preparedness (SCEP) Programme continues to be an important pillar in engaging the public. In 2011, SMRT conducted nine SCEP exercises.

Safety for Everyone

In SMRT, workplace, staff and passenger safety are of utmost importance. Management places great emphasis on safety and this commitment is conveyed to the business units and finally, to ground staff through the safety committees set-up and SMRT SHIELD, an annual programme to promote safety and health, and to build a pervasive and progressive safety culture among all levels of employees at SMRT.

A series of safety-related competitive events and programmes are conducted throughout the year. These are designed to enhance staff awareness and interest in safety in a fun manner.

SMRT SHIELD takes a three-pronged approach to reaching out to our staff.

- SHIELD Engage reaches out to staff through fun and interesting events, such as Safety Poster and Safety Video Competitions.
- SHIELD Innovate rewards staff who are innovative and creative in promoting safety, as well as in solving safety-related issues.
- SHIELD Enrich generates safety awareness through safety cross-audits, awareness talks, dialogue sessions and study visits to other industries.

Over the years, we have consistently surpassed the target set by LTA of 0.4 injuries per million passengers for our passenger safety standards and our organisation's reporting structure places safety and security under one command, which allows the two business units to tap on each other's strengths and ultimately, provide a more robust safety and security work plan for the organisation.

Complementing these efforts is our Integrated Incident Management System. When implemented, this system will provide a holistic and comprehensive view of incident management across the organisation.

SMRT fared well in the risk management audit under Workplace Safety and Health. SMRT was also inducted into the top tier of bizSAFE hierarchy by achieving the STAR certification, the highest level of certification.

On 27 July 2011, Senior Fleet Engineer of SMRT Automotive Services, Mr Hong Khan Meng, clinched the Workplace Safety and Health Supervisor 2011 Award for his commitment to workplace safety. Among the nine winners of this prestigious award, Mr Hong was the only recipient from the transport industry.

IT-enabling Business

SMRT applies cutting-edge technology to create innovative applications that save energy and cost, improve customer service and satisfaction, boost productivity as well as generate more revenue.

Improving Customer Experience

Commuters today want access to accurate and reliable travel information so that they can better plan their journeys. To meet this need, we developed the Train Arrival Time Extraction system. This system paves the way for the

Corporate Social Responsibilities

provision of train arrival times on digital platform and mobile applications.

During the year, SMRT rolled out real-time Bus Arrival Time information on the Internet and at all bus stops islandwide. The web service allows commuters to obtain estimated arrival times of the next two buses of a specific service number and also identifies arrival times of buses with wheelchair accessibility.

Since the Taxi Fleet Tracking and Despatch System was launched in October 2009, taxi call bookings increased three-fold from 759 daily to 3,500 in March 2011. To further reduce the peak period load on the Contact Centre and customer service agents, a Taxi Booking System for Smartphones was launched. This system automatically identifies a customer's location by employing Global Positioning System (GPS) and Location-Based Services (LBS) technologies. It allows customers to book a taxi with just one touch of the mobile device.

The mobile application, Tap a Cab, was introduced in June 2011. This attracted some 200 bookings daily in the first three weeks and has since grown to almost 700 bookings daily, representing 28% of the daily taxi bookings handled by our Contact Centre. About 40% of smartphone bookings are made by new customers who have not used our taxi Contact Centre services previously, adding more than 2,500 new customers to our booking database.

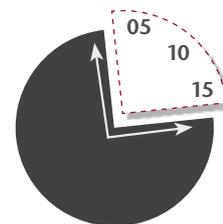
Encouraged by the response, we launched SMRTConnect for iPhones in January 2012. This mobile application allows commuters to locate stations and bus stops, make taxi bookings and enquiries on train and bus arrival times. Android mobile phone users can look forward to using SMRTConnect in the near future.

Fleet Management

To meet bus charterers' expectations for better and more reliable service, SMRT Buses installed the Bus Plus Track and Trace system in all our chartering buses. The system enables real-time monitoring of our fleet, improving reliability, performance and quick response to incidents.

SMRT Taxis too, leveraged technology to provide better service. The integration of the Taxi Management Information System and the Taxi Fleet Tracking and Despatching System, ensures a seamless process and data flow from customer bookings to billing and payment.

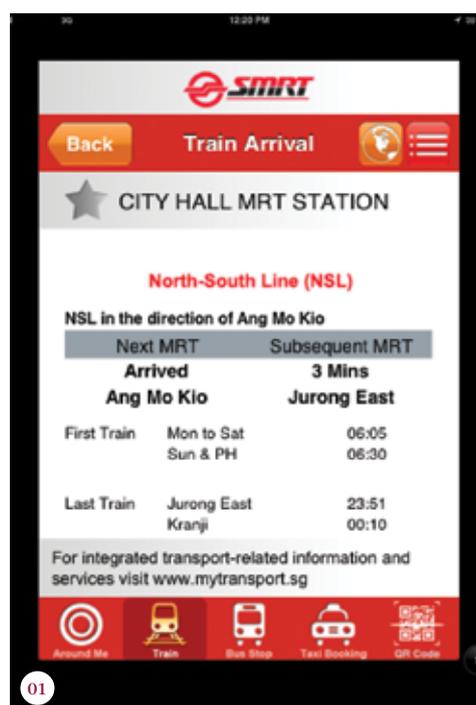
For trains, implementing the Track Allocation Optimisation System has enabled our Engineering Maintenance teams to plan and schedule track access optimally. With increasing access requests, the system was enhanced to enable scheduling to be completed in just 15 minutes and to accommodate ad-hoc track access requested. Without this system, it would have taken a team of 30 staff approximately 240 man-hours to meet and schedule a week's worth of track access allocation. Through further optimisation, the system is now able to minimise resource wastage and mitigate track safety issues that may arise due to human error.



15 minutes to schedule track access requests.

Without this system, it would take a team of 30 staff approximately 240 man-hours to meet and schedule a week's worth of track access allocation.

01. Commuters can access real-time train and bus arrival information on their iPhones with SMRTConnect





\$1.3 million net savings annually with the RFID system that facilitates the automation of operations of three warehouses.

SMRT is the first public transport company in Singapore to adopt this technology for warehouse operations.

- 02. Former SMRT President & Chief Executive Officer Saw Phaik Hwa receiving the President's Award for the Environment 2011 trophy from former Singapore President S R Nathan
- 03. Minister for Information, Communication and the Arts Dr Yaacob Ibrahim presents Goh Chee Kong, SMRT Senior Vice President of Communications & Services, with the Distinguished Patron of the Arts Award



Recognition for IT Innovations

SMRT was conferred the prestigious SiTF e-Enterprise Award 2011, by Singapore Infocomm Technology Federation (SiTF), on 2 August 2011 for our Vehicle Damage Assessment System (VDAS). The system, designed and built in-house, leverages the mobile tablet platform. It streamlines the work process in SMRT Automotive Services workshops, and reduces the lead-time required to establish estimated costs of repair.

SMRT was also awarded the Most Innovative Radio-frequency Identification (RFID) Solution award in 2011 at an event co-organised by GS1 Singapore and RFID World magazine. The integrated RFID Warehouse Management System we implemented allows staff to track and manage more than 4,000 line items round the clock. This system will facilitate the automation of operations of three warehouses and bring about future net savings of \$1.3 million annually. SMRT is the first public transport company in Singapore to adopt this technology for warehouse operations.

Awards and Accolades 2011

Distinguished Patron of the Arts

Patron of the Arts Award 2011, National Arts Council

Special Events Platinum Award 2011

Community Chest, National Council of Social Services

Partner Platinum Award 2011

Community Chest, National Council of Social Services

President's Award for the Environment 2011

Ministry of Environment and Water Resources

Best Annual Report (Silver)

Singapore Corporate Awards 2011

Leading HR Practices in Learning & Human Capital Development Award

Singapore HR Awards 2011

NTUC 50 Model Partnership Awards 2011 (Institutional Category)

National Trade Union Congress (NTUC)

Asia-Pacific Best Service Portfolio Award

59th UITP World Congress & Exhibition

Most Innovative RFID Solution Award

RFID World Asia Awards 2011

Highlights

2011

APRIL

- > SMRT Automotive Services secures the contract for the repair and maintenance of 600 new Chevrolet Epica Taxis.
- > SMRT Taxis introduced a diesel promotion to help taxi hirers cope with rising diesel prices.
- > Winner of "Asia-Pacific Best Service Portfolio Award" at the 59th International Association of Public Transport (UITP) World Congress and Exhibition.
- > SMRT is recognised with the Radio-frequency Identification (RFID) World Asia Most Innovative RFID Solution 2011 award for using RFID technology in warehouse operations.

MAY

- > SMRT Buses began talks with BYD Corporation (China), one of the world's leading green-technology companies, to pioneer environmentally sustainable electric bus services in Singapore.
- > Moving Words, a collaboration between SMRT, National Arts Council and The Literary Centre, was launched to promote literary arts in Singapore.
- > Completion of the Jurong East Modification Project (JEMP) and opening of new platform at Jurong East Station.

JUNE

- > The first Silver Tribute Fund charity show to raise funds for SMRT Silver Tribute Fund. Over \$3 million was raised and the funds will be channelled to needy elderly and their caregivers.
- > SMRT won the Bloodmobile Organiser Gold Award at the World Blood Donor Day celebrations organised by the Singapore Red Cross Society.
- > SMRT Taxis rolled out Tap a Cab, the taxi booking app for iPhone, offering customers a hassle-free and convenient way to book a taxi.

- > SMRT Taxis introduced NETs payment terminals in the Chevrolet Epica taxis.
- > SMRT is awarded the President's Award for the Environment for being outstanding Green champions.
- > SMRT Orchard Xchange officially opened, adding more than 2,000 sqm to the retail space, with SMRT Media launching a new mega outdoor digital Projection Screen @ Orchard.

JULY

- > SMRT Buses and SMRT Taxis launched a three-month Road Safety Campaign to promote safe and good driving habits. Over 3,000 public commendations on the safe driving practices of our Service Leaders were garnered.

AUGUST

- > At Excellence Service Awards, 1,161 SMRT staff and taxi hirers were recognised for service excellence.
- > SMRT ITD was conferred the prestigious Singapore IT Federation (SiTF) e-Enterprise Award 2011 for its Vehicle Damage Assessment System.

SEPTEMBER

- > SMRT Taxis collaborated with the Singapore Grand Prix to provide an exclusive Taxis Priority Service for spectators at the Formula 1.
- > SMRT held the seventh annual Tales on SMRT trains with 300 children and their parents enjoying poetry as part of the Moving Words programme.
- > SMRT launched Art in Transit on the Circle Line in collaboration with Art Outreach and Land Transport Authority.



SMRT Media introduces iMobSMRT space at stations, allowing commuters with NFC- or QR-enabled mobile phone to make transactions and exchange digital content



Inaugural Silver Tribute Fund Charity Show on Channel 8



Participants of the Art in Transit tour appreciating the artwork at Promenade Station



Children get in on the act and interact with poetry on board the Poetry Express during Tales on SMRT Trains

OCTOBER

- > The first MAN A22 bus, equipped with ergonomic and wheelchair-friendly design was put into service.
- > SMRT adopted Asian Women's Welfare Organisation under the Silver Care Volunteer Committee which focuses on enhancing the lives of the elderly.
- > One hundred and forty-five SMRT staff and taxi hirers were recognised for their courteous service at Transport Gold Award 2011, organised by Land Transport Authority and the Singapore Kindness Movement.
- > SMRT taxi hirers Harold Khoo and Tay Seng Kok were a winner and finalist respectively at the Singapore Experience Award 2011 – the most prestigious awards platform in Singapore's tourism industry.
- > Circle Line is fully operational with the opening of stations between Caldecott and HarbourFront. This adds 23 new shops across an additional 850 sqm of retail space, at Holland Village, One North and Botanic Gardens MRT stations
- > SMRT won the Singapore Corporate Governance Award (Merit Award) and Most Transparent Company Award (Runner-Up) in the Transport/Storage/Communications Category at the Securities Investors Association (Singapore) Investors Choice Awards 2011.

NOVEMBER

- > SMRT Properties collaborated with Disney Channel for the first time for a joint festive promotion offering the grand prize of a Disney fly-cruise to the Bahamas for a family of four.

DECEMBER

- > SMRT pledged \$333,000 under the Gift of Mobility Programme to six organisations, including three hospitals, two community development councils and one voluntary welfare organisation.
- > SMRT Challenge 2011 was broadcast on Mediacorp Channel 8 to promote courtesy and safety when travelling in the public transport network.
- > SMRT is signatory to the Global Compact by the United Nations.
- > SMRT launches official Twitter account, @SMRT_Singapore to enhance communication with the public.
- > Resumption of Bukit Panjang LRT Service C and re-opening of Ten Mile Junction Station.
- > Successful re-certification to ISO14001.

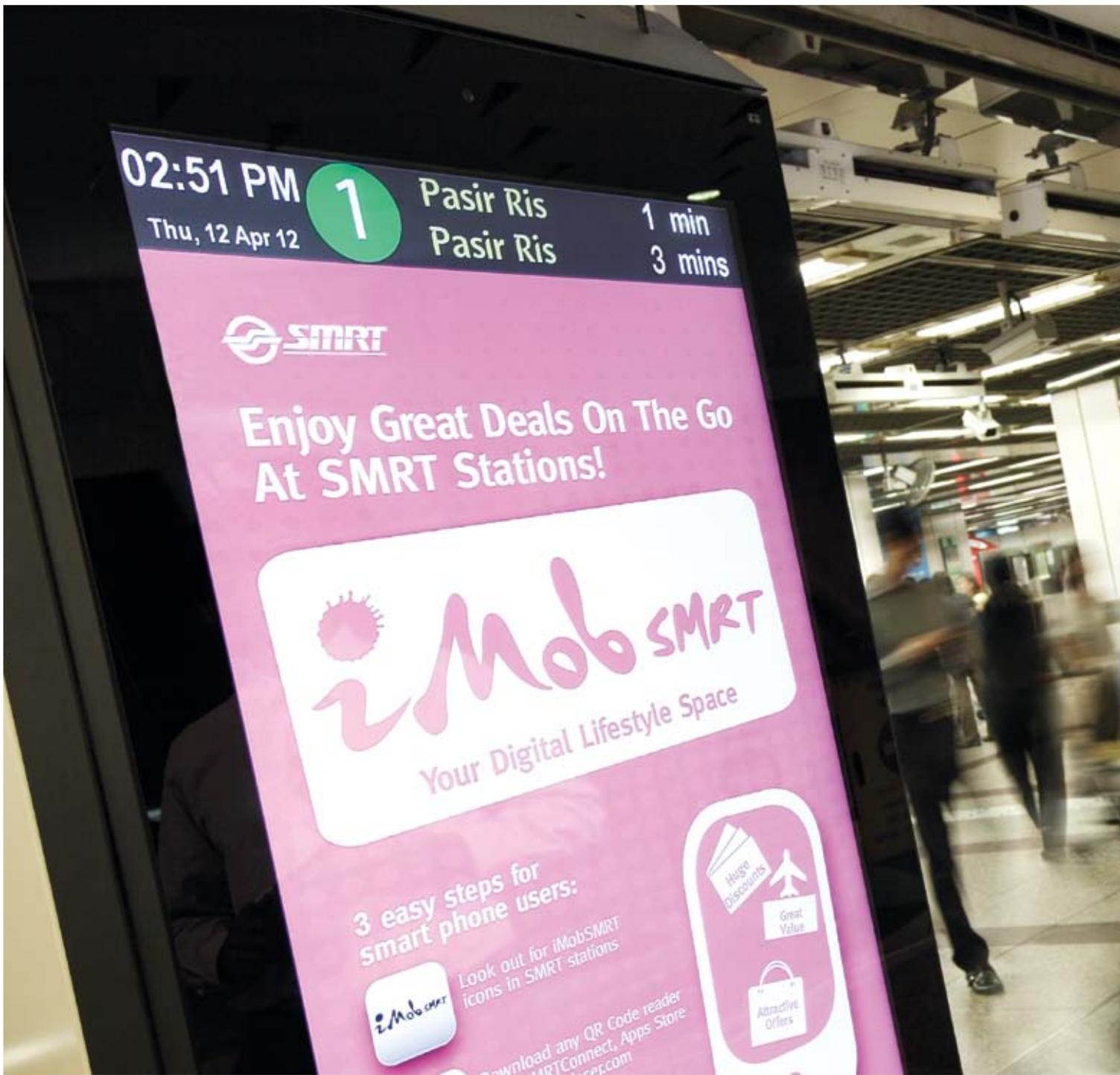
2012

JANUARY

- > Opening of Bayfront and Marina Bay Circle Line stations.
- > The annual Spring Celebrations at Esplanade Xchange saw some 2,000 pieces of Chinese calligraphy and paintings given away to the public.
- > SMRT launches iPhone application, SMRTConnect that allows passengers to access real-time bus and train arrival times when on the go.

FEBRUARY

- > SMRT Media introduced Shop & Pay On-The-Go and transformed media spaces into instant shopping channels with iMobSMRT.



SEEKING OPPORTUNITIES

CREATING VALUE



As we continue to seek and seize opportunities for expansion, we will concurrently work to create value through initiatives that will help to make life a little easier for commuters.

Operating & Financial Review

CEO's Message

“In 2011, while the Public Transport Council revised fares, increasing the overall net fare for trains and buses marginally by 1.0%, SMRT continued to invest in benefits to the commuters.”



Tan Ek Kia

EXECUTIVE DIRECTOR AND INTERIM CHIEF EXECUTIVE OFFICER
SMRT Corporation Ltd

Reduced waiting time

on weekday off-peak periods from 7 minutes to

4.5 – 6.5min

Added

240 buses

to replace existing older buses, operate new services, and increase the capacity and frequency of our existing services

Diversifying revenue base

98%

occupancy of lettable space

Enhancing Service Levels

FY2012 turned out to be a challenging year for SMRT. Financial performance for the year declined when compared to previous year, as increase in revenue was insufficient to offset increase in operating expenses brought about by higher staff costs and energy prices, and an impairment of goodwill in our bus operations. The two major service disruptions in December 2011 severely eroded the confidence of commuters in the reliability of SMRT rail service. Lessons from the incidents and findings from the internal investigation have set in motion plans to enhance performance. These plans will be further refined when the Committee of Inquiry releases its report and recommendations.

FY2011 saw the completion of the Circle Line in October 2011, with the opening of the final 12 stations in Stages 4 and 5. This effectively opens accessibility to more parts of Singapore while further easing congestion on the North-South and East-West Lines. Earlier in May 2011, a new platform was opened at Jurong East station. This allowed for the addition of 55 train trips during the morning peak period, easing congestion on the North-South Line.

Throughout the year, efforts were made to shorten waiting periods and increase the frequency of trains. In August 2011, some 172 trips were added per week, reducing waiting time on weekday off-peak periods from 7 minutes to 4.5 – 6.5 minutes. On Sundays, waiting time was further reduced to around 4 minutes. The Circle Line too, underwent a review and saw waiting time during peak periods brought down from 7 to 3.5 minutes.

In 2011, while the Public Transport Council revised fares, increasing the overall net fare for trains and buses marginally by 1.0%, SMRT continued to invest in benefits to the commuters. This took the form of extended concession hours for senior citizens, a tripling of early travel discount and extension of discount period, and lowering of fares for senior citizens travelling on the Circle Line. As with previous years, we also contributed to Public Transport Fund to help low-income families.

SMRT buses too, improved service levels in the year past through fleet expansion. Some 200 MAN A22 buses and 40 Mercedes-Benz Citaro O530 were added, allowing us to replace existing older buses, operate new services, and increase the capacity and frequency of our existing services.

As a public transport operator, we are ever mindful of the need to provide safe, reliable and affordable service to commuters. At the 59th International Association of Public Transport World Congress and Exhibition held in April 2011, SMRT was named winner of the “Asia-Pacific Best Service Portfolio” award.

This award is a testament to our commitment towards a high quality transport system and will encourage our staff to work even harder to serve our customers.

Operating & Financial Review

CEO's Message

Facing Adversity

Despite our ongoing efforts at service improvement, we encountered two major service disruptions in December 2011 which affected many commuters and greatly tested our customer service, emergency response and recovery systems.

Immediately following the incidents, an investigation team comprising external experts and led by an independent director of SMRT was set up to look into the root causes of the disruptions, adequacy of our emergency response and the required remedial actions. This was an internal investigation separate from the Committee of Inquiry (COI) appointed by the government.

Interim solutions are in place to prevent a recurrence as we continue to introduce longer term measures. Clearly, the disruptions showed that our emergency response, and communication processes with commuters and members of the public were inadequate. Since the incidents, we have strengthened our system and processes, and introduced new procedures and measures to improve service and recovery during a train disruption. In addition, coordination of response efforts of the various agencies and fellow transport operators has also been reinforced.

An improvement plan is in place to reduce occurrence of faults on trains and tracks that lead to service delays or train withdrawals. This involves an enhanced maintenance regime and for some components, replacement and renewal rather than continuation of repair and maintenance.

In time, we hope our concerted efforts will help to regain commuter confidence and earn back their trust.

Playing Our Part for the Environment

As a key public transport operator in Singapore, we are aware of and fully embrace our responsibility to drive environmentally sustainable practices. We have gradually switched to greener MAN A22 buses and are exploring the introduction of electric buses which produce zero direct carbon emissions.

In addition, we have implemented more environmentally friendly equipment, both for buses and for the Mass Rapid Transit (MRT). In 2011, we received the President's Award for the Environment for our efforts in environmental conservation.

Diversifying Our Revenue Sources

SMRT's strategy is to continue to expand our businesses, leveraging our competencies and exploring opportunities for growth. With escalating demand and expectations by the public for an efficient, safe and reliable public transport system, we face tremendous cost pressures brought on in part by rising energy prices.

To continue delivering value to our shareholders, we have to look at diversifying our revenue base and one avenue is through SMRT Properties. We have transformed MRT stations and bus interchanges into lifestyle hubs which contribute significantly to our overall revenue. During the year, we increased the amount of lettable space with the launch of Orchard Xchange and the completion of Circle Line Stages 4 and 5. Average occupancy was a healthy 98%.

“As a key public transport operator in Singapore, we are aware of and fully embrace our responsibility to drive environmentally sustainable practices. We have gradually switched to greener MAN A22 buses and are exploring the introduction of electric buses which produce zero direct carbon emissions.”

Beyond Singapore's shores, we continued to explore opportunities to offer our expertise in public transportation. During the year, we completed a consultancy contract for the Shinbundang Line Project in South Korea and signed a new contract with Dalian Metro Operations Co Ltd to provide consultancy in the operations and maintenance of Dalian's Metro Lines 1 and 2 which have a combined route length of 67km and a daily average ridership of between 300,000 to 500,000.

Managing Risks

We place great emphasis on safety awareness, customer service and adherence to strict operating procedures, and these are inculcated in every staff through training. To further reinforce existing risk management practices, we have put in place a risk management framework that is aligned to best international practices. Business units and the Risk Management Committee, comprising senior management, meet regularly to review the top risks and the robustness of our mitigation plans. An 'early warning system' in the form of key risk indicators has also been introduced. This system provides management with timely insights to key risk areas like safety and security.

In Gratitude

In FY2012, we welcomed Catherine Lee to the senior management team of SMRT. Ms Lee brings with her extensive financial and business leadership experience which will serve SMRT well as the new Executive Vice President and Chief Financial Officer. During the year, two members of the senior management team indicated their desire to pursue other interests and we would like to take this opportunity to thank them and wish them the very best. They are, Ms Lim Cheng Cheng, for her financial leadership; and Ms Saw Phaik Hwa for her significant contributions to the strong performance and recognition SMRT enjoyed during her tenure.

I thank the Board for their astute leadership and guidance, and the management and the staff of SMRT for their immeasurable support and hard work. Together with the team, I look forward to marking new achievements for SMRT in the coming year.



Tan Ek Kia

EXECUTIVE DIRECTOR AND INTERIM CHIEF EXECUTIVE OFFICER
SMRT Corporation Ltd

Operating & Financial Review

Company Overview & Background

This section outlines the strategic, financial and operational overview of SMRT's businesses and describes how our activities address the challenges in our operating environment and fulfil our strategies to grow the businesses.

Company Overview and Structure

SMRT Group is in the business of providing transport services through the operations of Mass Rapid Transit ("MRT") and Light Rapid Transit ("LRT") systems, buses as well as rental of taxis. In addition, it leases commercial and advertising spaces within the transport network it operates. Beyond the transport network, SMRT also engages in operations and maintenance services, project management and engineering consultancy in Singapore and overseas.

Singapore MRT Ltd was established in 1987 and started operating the North-South and East-West lines ("NSEWL") of Singapore's first MRT system in the same year. Singapore LRT Pte Ltd was set up in 1997 and two years later, became the first operator for Singapore's pioneer LRT system in Bukit Panjang ("BPLRT").

Incorporated on 6 March 2000, SMRT Corporation Ltd was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 26 July 2000. As a holding company, it wholly owns SMRT Trains Ltd ("SMRT Trains"), formerly known as Singapore MRT Ltd, and SMRT Light Rail Pte Ltd ("SMRT Light Rail"), formerly known as Singapore LRT Pte Ltd.

In December 2001, SMRT Corporation acquired SMRT Road Holdings Ltd (formerly known as TIBS Holdings Ltd) for \$198.6 million and became Singapore's first multi-modal land transport operator, providing bus and taxi services in addition to its MRT and LRT services. SMRT Buses Ltd ("SMRT Buses") and SMRT Taxis Pte Ltd ("SMRT Taxis")

are wholly-owned subsidiaries of SMRT Road Holdings Ltd.

SMRT Properties and SMRT Media are two divisions of SMRT Investments Pte Ltd ("SMRT Investments"), a wholly-owned subsidiary of SMRT Corporation. SMRT Properties' primary business activity is in the development, leasing and marketing of commercial spaces at train stations and bus interchanges while SMRT Media is the advertising arm of the Group and promotes advertising across SMRT Corporation's network of trains, train stations, buses, bus interchanges and taxis.

Engineering and other services are undertaken through wholly-owned subsidiaries of SMRT Corporation, namely SMRT Engineering Pte Ltd ("SMRTE"), SMRT Engineering (Middle East) FZE ("SMRTE FZE"), SMRT International Pte Ltd ("SMRT International"), SMRT Automotive Services Pte Ltd ("SMRT Automotive") and SMRT Institute Pte Ltd ("SMRT Institute"). SMRTE, SMRTE FZE and SMRT International provide engineering consultancy, fibre optic leasing, project management, operations and maintenance services while SMRT Automotive provides fleet maintenance services. SMRT Institute provides training to SMRT Corporation's employees and external customers.

SMRT Capital Pte Ltd was incorporated in 2008 to provide depository and financing services to SMRT Group companies. In the same year, SMRT Hong Kong Limited was incorporated in Hong Kong as an investment holding company. It acquired a 49% equity interest in Shenzhen Zona Transportation Group Co Ltd ("Shenzhen Zona"), a transport company in Shenzhen, People's Republic of China, on 30 October 2009.

The Group Structure, which lists all the subsidiaries, is shown in the Group Structure section of this Annual Report.

Business Objectives and Strategies

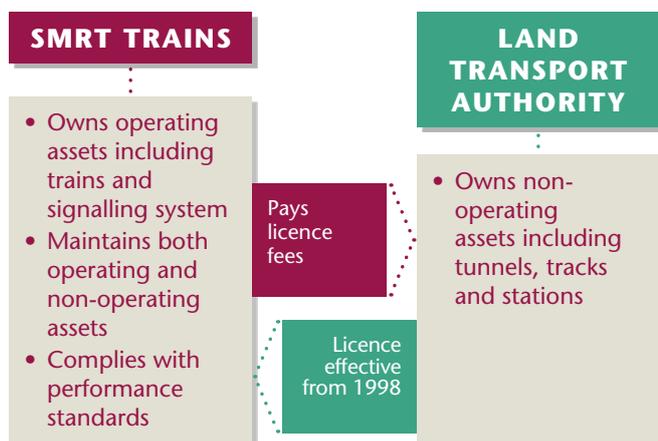
Business Objectives	Strategies in Action in FY2012
To be a leading multimodal transport operator differentiated by competitiveness, innovation and creativity	<ul style="list-style-type: none">• Increased train trips with the addition of new trains to the NSEWL network, commenced operations of the new platform at Jurong East Station and encouraged ridership in the fully completed Circle Line ("CCL") and CCL extension through commuter promotions.• Awarded tender to Thales Solutions Asia Pte Ltd for the upgrading of NSEWL signalling system.• Increased services, capacity and frequency of existing services through expansion of bus fleet. This is to cater to growing bus ridership.• Expanded taxi fleet with the addition of Chevrolet Epica taxis and launched initiatives to enhance customer experience, key of which are a taxi booking mobile application for smart phones and additional cashless payment options onboard taxis.• Grew rental revenue through the development of new and refurbishment of existing stations.• Introduced interactive solutions and digital platforms that enabled targeted advertising, online shopping and payment capabilities.

To be a global brand that epitomises excellence in service standards, environmental practices and social responsibilities	<ul style="list-style-type: none"> • Winner of “Asia-Pacific Best Service Portfolio Award” at 59th International Association of Public Transport World Congress and Exhibition. • Continued to perform well in areas of safety and punctuality when compared to international standards. • Continued investment in socially responsible business decisions such as the purchase of environmentally-friendly and fuel efficient vehicles. • Our support of elderly, family and health causes were further strengthened through partnerships.
To deliver sustainable value to our stakeholders	<ul style="list-style-type: none"> • Achieved Group PAT of \$119.9 million despite challenges. • Proposed total dividend of 7.45 cents per share for FY2012.
To be a key player and valued partner in the international transportation scene, recognised for expertise and experience as a best-in-class organisation	<ul style="list-style-type: none"> • Focused marketing efforts in five growth regions: China, India, Middle East, Oceania and South-East Asia. • Leveraged our core competencies and prioritised efforts on targets where we have a high potential of winning operations and maintenance contracts.
To be an employer-of-choice recognised by our inclusive culture of excellence and focus on maximising individual potential	<ul style="list-style-type: none"> • Enhanced Work Life Effectiveness by introducing flexible working hours and promoting importance of a healthy lifestyle. • Continued our Employee Value Proposition (“EVP”) for matured workforce practices to attract mature workers.

Background – Regulatory Framework Licensing and Operating Agreements

North-South and East-West lines

SMRT Trains’ first Licence and Operating Agreement (“LOA”) to operate NSEWL was granted by Singapore’s Land Transport Authority (“LTA”) on 27 August 1987 for a period of 10 years and was later extended to 31 March 1998. The current LOA to operate the NSEWL came into force on 1 April 1998 and will last 30 years till 2028.



For the first five years of the licence, the licence fee was at 0.5% of the annual passenger revenue net of goods and services tax and rebates. From 1 April 2003 to 31 March 2011, it increased to 1.0%. From 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation.

SMRT Trains may request LTA to extend the licence for a further period of 30 years whereupon LTA may, if it deems fit, renew the licence for a further 30 years or such other period and upon such terms and conditions as LTA may impose.

On 1 April 1998, SMRT Trains purchased the NSEWL operating assets from LTA for approximately \$1.2 billion. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.

To assist SMRT Trains in its purchase of these assets, LTA provided an asset-related grant of \$480 million which SMRT Trains amortises by recognising it as deferred income over the life of the relevant assets.

In April 2002, SMRT Trains had fully paid for the operating assets in five equal annual instalments. While SMRT Trains owns and maintains the operating assets, the infrastructure of the NSEWL, which includes tunnels, tracks, viaducts and station structures, remains the property of LTA and is leased to SMRT Trains at a nominal annual fee or such other amount which LTA may stipulate in the future on the first working day of each calendar year during the term of the lease. SMRT Trains is required to repair and maintain the infrastructure as stipulated in a separate lease and maintenance agreement.

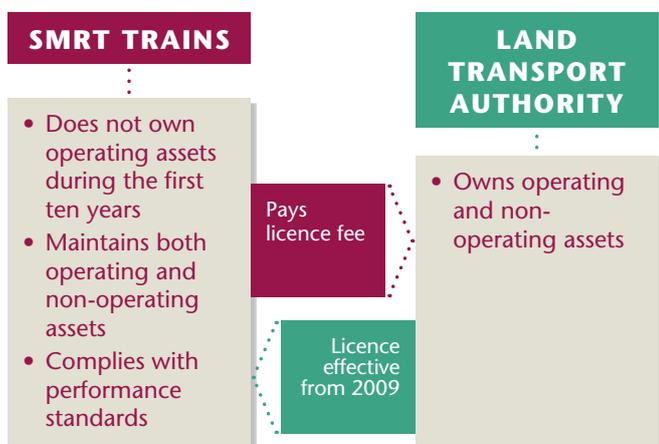
As part of the NSEWL LOA, SMRT Trains also complies with a set of performance standards which relate to service quality, safety assurance and key equipment performance.

The salient terms and conditions of the NSEWL LOA entered into by SMRT Trains and LTA on 1 April 1998 are stated under the Licence and Operating Agreements section in the Notes to the Financial Statements.

Operating & Financial Review

Company Overview & Background

Circle Line



The Licence to operate the Circle Line (“CCL Licence”) is for an initial period of 10 years from 4 May 2009. From 4 May 2009 to 31 March 2011, the annual licence fee is calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates and 0.5% of the annual non-fare revenue net of goods and services tax. From 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, it shall be the amount prescribed under the Rapid Transit System Act or its subsidiary legislation. The licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subject to any other terms and conditions as LTA may impose.

SMRT Trains is obliged to purchase the operating assets of the CCL on 4 May 2019, based on the net book value recorded in LTA’s audited accounts. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, signalling system, communication system, automatic fare collection system and depot equipment.

The infrastructure of the Circle Line MRT system, which includes tunnels, tracks and station structures, remains the property of LTA and is leased to SMRT Trains at a nominal annual fee. SMRT Trains is required to repair and maintain the infrastructure as stipulated in a separate lease and maintenance agreement. The salient terms and conditions of the CCL Licence are stated under the Licence and Operating Agreements section in the Notes to the Financial Statements.

The Circle Line commenced operations in phases: Stage 3 commenced operations on 28 May 2009, Stage 1 and 2 commenced operations on 17 April 2010, and Stage 4 and 5 commenced operations on 8 October 2011. The Circle Line extension from Promenade via Bayfront to Marina Bay station commenced operations on 14 January 2012.

SMRT Light Rail

The BPLRT LOA granted by LTA to SMRT Light Rail is for 30 years, from 6 November 1999 till 31 March 2028. In general, the licence framework of the BPLRT LOA is similar to the NSEWL LOA. From 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. SMRT LRT may request LTA to extend the licence for a period of 30 years whereupon LTA may, if it deems fit, renew the licence for a period of 30 years or such other period and upon such terms and conditions as LTA may impose. LTA currently owns all the operating assets and infrastructure required to operate the BPLRT. The salient terms and conditions of the LOA for the BPLRT are found in the Licence and Operating Agreement section in the Notes to the Financial Statements.

SMRT Buses

SMRT Buses was granted a 10-year Bus Service Operator’s Licence (“BSOL”) on 1 September 2006 by the Public Transport Council (“PTC”), an independent statutory authority, to operate bus services subject to the terms and conditions set out in the BSOL, the PTC Act and any subsidiary legislation made thereunder.

The licensee shall pay PTC an annual nominal fee for the licence with the amount payable subject to PTC’s review every three years from September 2006.

The licence will, among other things, require operators to comply with a set of operating conditions which includes the Quality of Service (“QoS”) standards in respect of Basic Bus Services, provision of service performance and financial information and codes of practices. The QoS standards specify the minimum level of performance operators have to meet in six areas – bus service reliability, loading, safety, availability of bus services, integration with other modes of public transport and provision of information. Hence, SMRT Buses will conduct regular reviews of its service network and the headway of its bus services to best meet the needs of passengers.

The activities of the buses business are described in the “SMRT Buses” section. The bus fleet is maintained by SMRT Automotive. A description of the repair and maintenance activities conducted on the buses is found in the section “SMRT Automotive Services”.

SMRT Taxis

A new licensing framework for taxi operators was introduced by the government in June 2003, allowing greater competition within the taxi industry and to improve taxi services for the benefit of commuters. Under this framework, interested parties who wish to operate a taxi business will have to apply for a Taxi Operator Licence (“TOL”) from LTA. Applicants will be assessed based on a comprehensive set of criteria which include their financial resources and the necessary infrastructure to provide quality service to commuters. With the deregulation of the taxi industry in June 2003, taxi operators are free to decide on the size of their fleet to meet market demand, and to decide on the taxi fare structure.

The TOL is a term licence valid for a period of 10 years and may be extended, at the discretion of LTA, for an additional 10 years or such other period as the LTA may determine. The TOL from LTA under which SMRT Taxis is licensed to operate a taxi business in Singapore came into effect on 1 June 2003. The licence fee payable is 0.1% of the gross revenue payable on a yearly basis. As of the date of this report, SMRT has made an application for early renewal of the TOL for another 10 years and is awaiting reply from LTA.

The TOL, among other things, includes conditions to comply with a set of Taxi QoS standards, codes of practices and audit directions. The Taxi QoS standards specify the level of performance operators have to meet in three areas, the availability of taxis through radiophone bookings, safety and customer satisfaction.

The activities of the taxi business are described in the “SMRT Taxis” section. The taxi fleets is maintained by SMRT Automotive. A description of the maintenance activities conducted on the taxis is found in the section “SMRT Automotive Services”.

Fare Adjustment Formula

Fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are subject to approval by PTC. The fare formula, updated in July 2008 and fixed for five years from 2008-2012, is as follows:

Maximum Fare Adjustment = 0.5CPI + 0.5WI – 1.5%

CPI refers to the change in Consumer Price Index over the preceding year and WI refers to the change in Average Monthly Earnings (Annual National Average) over the preceding year, adjusted to account for any change in the employer’s Central Provident Fund contribution rate. The productivity extraction of 1.5% is half of the public transport operators’ average productivity gains achieved for the period from 2003 to 2007, which was 3.0% per annum.

While the formula will determine the supportable fare adjustment quantum in a given year, PTC retains the flexibility to vary the adjustment or not approve any fare increase should there be adverse economic conditions or significant deterioration in the overall affordability of public transport fares. To further ensure that passengers’ interests are protected, the Return-On-Total-Assets (“ROTA”) values of public transport operators will be compared against that of other similar risk industries to serve as a reality check on the fare levels hitherto approved by the PTC. If the formula yields a negative value, PTC may consider a downward adjustment, which could be in a form of a fare rebate or reduction.

The process for annual fare review begins with the public transport operators submitting applications for fare adjustments to PTC. PTC will announce its decision after its deliberation. Any fare adjustments will take effect thereafter.

The above fare structure is due for review in 2012 and implementation in 2013. While the review is ongoing, the Transport Ministry has indicated in March 2012 that there will be no fare adjustment in 2012.

Fare Structure

The fare structure for SMRT Trains, SMRT Light Rail and SMRT Buses are based on the distance travelled by passengers. Concessionary fares are available to students, senior citizens and full-time national servicemen.

Passengers can travel using standard single trip tickets or ez-link/NETS Flashpay cards which are stored value contactless smartcards (“CSC”). When travelling with the CSC, passengers may enjoy transfer rebates for the first, second and third valid transfer on a single journey between Bus, LRT and MRT services regardless of operator. Distance based fares was introduced in July 2010 and commuters travelling the same distance will pay the same fare for the same type of service, regardless of whether they travel direct or make transfers. All commuters are charged a fare according to the total distance travelled, whether on a bus, MRT or LRT.

Operating & Financial Review

Group Performance

Overview

Group revenue increased 9.0% to \$1,057.2 million due mainly to higher MRT and bus ridership, contribution from Circle Line (CCL), higher taxi rental revenue, increase in external fleet maintenance revenue and higher rental and advertising revenue.

Total operating expenses were \$930.6 million, 17.2% higher as compared to FY2011. Operating profits were lower by \$46.9 million or 24.0% at \$148.7 million in FY2012 due mainly to higher operating expenses and impairment of goodwill on bus operations.

Group net profit was lower by \$41.2 million or 25.6% at \$119.9 million in FY2012 as a result of lower operating profits. Earnings per share of 7.9 cents in FY2012 were 25.6% lower than in FY2011. Return on equity (ROE) was lower at 15.1% as compared to 20.5% in FY2011. Economic value added was \$92.2 million, 16.8% lower than in FY2011.

Cash and cash equivalents at end of FY2012 decreased from \$376.2 million to \$195.3 million mainly as a result of higher net cash outflow from investing and financing activities.

The Board of Directors is proposing a final dividend of 5.70 cents per share. Including the interim dividend, this will bring the gross dividend for FY2012 to 7.45 cents per share or \$113.3 million. This represents 94.5% of FY2012 PAT or 80.0% of adjusted FY2012 PAT (excluding impairment of goodwill on bus operations).

Segmental Performance

Fare business (comprising Train, LRT and Bus Operations) contributed 75.7% of the Group's revenue (FY2011: 77.3%) and 38.6% of its EBIT (FY2011: 56.9%) in FY2012. Non-fare business (comprising Taxi, Rental, Advertising, Engineering and other services) contributed 24.3% of the Group's revenue (FY2011: 22.7%) and 61.4% of the EBIT (FY2011: 43.1%) in FY2012.

Fare Business

Revenue from **train operations** (comprising NSEWL and CCL) increased by 8.1% to \$569.9 million as a result of higher ridership. Operating profits decreased by 19.8% to \$91.0 million due mainly to higher energy costs, staff and related costs and depreciation. Staff and related costs were higher due mainly to increased headcount for the operation of CCL and increased train runs, impact of salary adjustments and higher CPF contributions.

Revenue from **LRT operations** was 7.0% higher at \$10.1 million due to higher ridership. Operating loss was 6.6% lower at \$0.3 million with higher revenue partially offset by higher repairs and maintenance and energy costs.

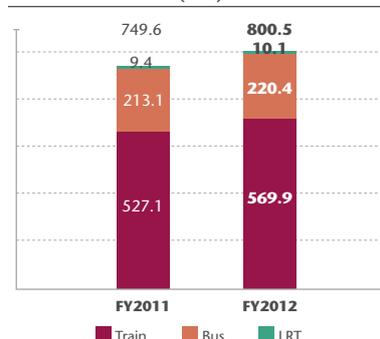
Revenue from **bus operations** was 3.5% higher at \$220.4 million as compared to FY2011 due mainly to higher ridership. However, operating loss was higher at \$11.6 million due mainly to increased diesel cost and staff and related costs, with insufficient offset from fare increase.

(see charts on right)

Non-Fare Business

Taxi operations achieved a 24.1% increase in revenue to \$115.0 million compared to FY2011 due mainly to higher rental revenue from a larger average hired out fleet. Taxi operations posted an operating profit of \$2.8 million from an operating loss of \$2.0 million in FY2011 due to the higher revenue partially offset by higher depreciation.

Fare Revenue (\$m)

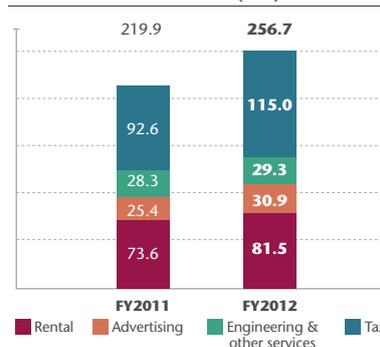


EBIT from Fare Operations (\$m)

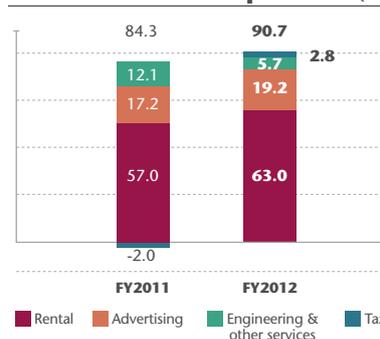


* FY2011 comparatives have been restructured to reflect changes in business control and activities for bus and taxi operations, as well as engineering and other services.

Non-Fare Revenue (\$m)

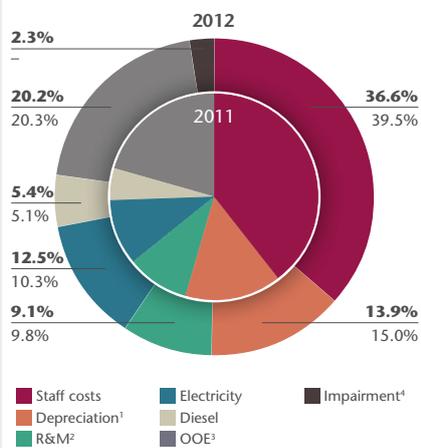


EBIT from Non-Fare Operations (\$m)



* FY2011 comparatives have been restructured to reflect changes in business control and activities for bus and taxi operations, as well as engineering and other services.

Contribution of Operating Expenses (%)



\$m	FY11	FY12	% change
Staff costs	313.6	340.1	8.5
Depreciation ¹	119.3	129.6	8.7
R&M ²	78.0	84.8	8.7
Electricity	81.9	116.5	42.1
Diesel	40.4	49.9	23.4
OOE ³	161.1	188.0	16.7
Impairment ⁴	0.0	21.7	n.m.
Total	794.3	930.6	17.2

1 Depreciation of property, plant and equipment net of amortisation of asset-related grant

2 Repairs & maintenance costs

3 Other operating expenses

4 This relates to the impairment of goodwill on bus operations.

Rental revenue increased by 10.8% to \$81.5 million. This was due to the increase in lettable space following the redevelopment of commercial areas at various stations in the network. As a result, rental EBIT increased by 10.5% to \$63.0 million as compared to FY2011.

Advertising revenue increased by 21.8% to \$30.9 million due to increased advertising on trains and stations. EBIT increased by 11.5% to \$19.2 million. The higher revenue is partially offset by higher depreciation and other operating expenses.

Engineering and other services revenue increased by 3.4% to \$29.3 million due to higher revenue from external fleet maintenance partially offset by lower consultancy revenue and lower receipt from Nakheel. EBIT decreased 52.5% to \$5.7 million due mainly to lower write-back of allowance for doubtful trade receivables from Nakheel.

Discussion and Analysis of Profit and Loss Statement

Other Operating Income

Other operating income rose 9.3% to \$22.0 million in the year due to higher other maintenance and related income from local projects undertaken in the year.

Operating Expenses

Total operating expenses increased by 17.2% to \$930.6 million, impacted by increases in electricity and diesel costs, repairs and maintenance, and staff and related costs. The graph and table provide a breakdown of the operating expenditure in FY2012 as compared to FY2011.

(see chart on left)

As at the end of FY2012, SMRT's staff strength was 6,907 compared to 6,565 as at 31 March 2011. The 8.5% increase in **staff and related costs** to \$340.1 million was due mainly to increased headcount, higher CPF contributions and salary adjustments. The higher headcount is mainly attributed to the opening of CCL Stage 4 and 5 on 8 October 2011 and increased train runs.

Depreciation of property, plant and equipment net of amortisation of asset-related grant increased 8.7% to \$129.6 million due to depreciation expenses from new trains, commercial shop units at train stations, advertising panels and a larger taxi fleet.

Repairs and maintenance costs increased by 8.7% to \$84.8 million due mainly to more scheduled repairs and maintenance in train operations.

Electricity and diesel costs were \$166.4 million, a \$44.0 million increase from FY2011.

Electricity costs increased 42.1% to \$116.5 million due mainly to higher average tariff and higher electricity consumption. **Diesel costs** increased 23.4% to \$49.9 million due mainly to higher diesel prices.

Impairment of goodwill on the bus operations has been made as the bus business had been adversely impacted by significant increase in operating costs (in particular, diesel costs and staff costs) and fare adjustments had not kept pace with these increases.

Other operating expenses increased 16.7% to \$188.0 million due mainly to higher cost of diesel sold, higher operating costs associated with a larger taxi fleet and were in line with the increase in external fleet maintenance business.

Operating & Financial Review

Group Performance

Over a five-year period, total operating expenses have grown from \$645.0 million in FY2008 to \$930.6 million in FY2012. The graph shows the breakdown in total operating expenses over the five-year period.

(see chart on right)

Other Income Statement Items

Share of results of associate in FY2012 related to the 49% share of results of Shenzhen Zona. The increase of \$1.2 million in FY2012 was due mainly to the equity accounting for an associate of Shenzhen Zona.

Quarterly Results

As seen in the following table, the Group recorded higher sales in all the quarters in FY2012, as compared to the corresponding quarters in FY2011.

Operating profit and profit after tax were lower in all quarters compared to the corresponding quarters in FY2011 due mainly to higher energy costs and higher staff and related costs arising from higher headcount for the operation of CCL and increased train runs. PAT for fourth quarter FY2012 was significantly lower than the first three quarters of FY2012 due mainly to the \$21.7 million impairment of goodwill on bus operations.

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total (year)
	\$m	% of FY12	\$m						
Revenue									
2012	253.1	23.9	261.1	24.7	268.2	25.4	274.8	26.0	1,057.2
2011	235.3	24.3	246.0	25.4	243.9	25.1	244.5	25.2	969.7
Operating Profit									
2012	42.4	28.5	42.1	28.3	46.4	31.2	17.8	12.0	148.7
2011	46.1	23.6	56.0	28.6	52.1	26.6	41.3	21.2	195.6
Profit after Tax									
2012	34.8	29.1	34.1	28.4	37.0	30.9	13.9	11.6	119.9
2011	38.2	23.7	45.8	28.4	43.0	26.7	34.0	21.2	161.1

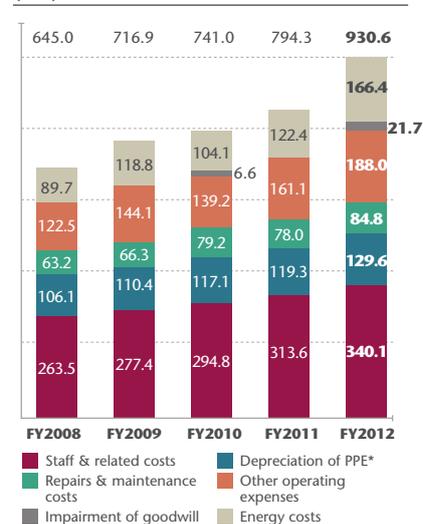
Discussion and Analysis on Financial Margins

	FY11	FY12
EBITDA* margin (%)	32.5	28.4
EBIT margin (%)	20.2	14.1
PAT margin (%)	16.6	11.3
Interest cover (times)	44.2	48.6
ROE (%)	20.5	15.1

* EBITDA excludes impairment of goodwill

EBIT margin was lower compared to FY2011 due to higher operating expenses, in particular energy, staff and related costs and impairment of goodwill on bus operations. PAT margin was lower in FY2012 as a result of lower operating profit. ROE was lower in FY2012 at 15.1%, in line with lower earnings.

Operating Expenses Breakdown (\$m)



* Depreciation of property, plant and equipment net of amortisation of asset-related grant

Discussion and Analysis on Balance Sheet

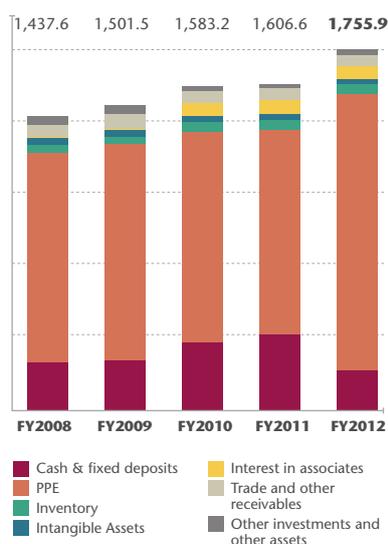
Balance Sheet Highlights (as at 31 March 2012)

	\$m	Var (\$m)	
Total Assets	1,755.9	149.3	▲
Cash		180.9	▼
Inventory		0.1	▲
Interest in associate		4.1	▲
Intangible assets		21.7	▼
PPE		348.0	▲
Trade and other receivables		0.4	▼
Total Liabilities	964.5	157.0	▲
Total Equity	791.4	7.7	▼

Total assets increased by \$149.3 million or 9.3% due mainly to higher property, plant and equipment of \$348.0 million and higher interest in associate of \$4.1 million. This was partially offset by lower cash and fixed deposits of \$180.9 million and lower intangible assets of \$21.7 million. The increase in property, plant and equipment was due mainly to the addition of commercial spaces, trains, buses and taxis. The increase in interest in associate was due mainly to the 49% equity share of results and gains on translation of the financial statements of a foreign associate.

Total liabilities increased by \$157.0 million or 19.4% to \$964.5 million due mainly to increase in trade and other payables of \$277.1 million and higher provisions of \$9.2 million. The increase in trade and other payables was attributable to the accrual for the 17 new trains which will be financed through operating cash flow and/or borrowings. The higher provisions were mainly for taxi insurance and outstanding accident cases. The increase was partially offset by lower interest-bearing borrowings of \$100.0 million, lower deferred grant of \$12.1 million and lower tax liabilities of \$17.3 million.

Total Assets (\$m)



Total Assets (\$m)

	2008	2009	2010	2011	2012
Cash and fixed deposits	232.5	245.6	326.0	376.2	195.3
PPE	1,032.8	1,061.5	1,036.6	998.5	1,346.5
Inventory	31.9	30.9	49.7	53.6	53.7
Intangible assets	41.9	41.9	35.3	35.3	13.6
Interest in associates	1.1	1.4	66.3	63.8	67.9
Trade and other receivables	60.7	71.5	54.2	64.6	64.3
Other investments and other assets	36.6	48.5	15.0	14.7	14.7
	1,437.6	1,501.5	1,583.2	1,606.6	1,755.9

Over the five years, total assets have increased from \$1.4 billion in FY2008 to \$1.8 billion in FY2012. This was due mainly to higher property, plant and equipment and interest in associate.

(see chart on left)

Operating & Financial Review

Group Performance

Capital Structure and Funding

The primary objective of the Group's capital management is to maintain an efficient mix of debt and equity, taking into consideration the cost of capital and financial flexibility. The Group monitors its cash flow, debt maturity profile, cost of funds, overall liquidity position and gearing ratio on a continuous basis. The Directors regularly review the Group's capital structure and make adjustments in light of changes in economic conditions, business strategies and future commitments.

The Group's capital expenditure and working capital requirements are currently financed by cash generated from operations and borrowings. The cash and cash equivalents are centrally managed by the Treasury function and the majority of the funds were invested in liquid assets such as fixed deposits and debt securities. In any given year, if internal cash generated is insufficient to meet all the capital expenditure required for that year, the Group may tap the capital market funds through SMRT Capital's \$1.0 billion multicurrency guaranteed medium term note (MTN) programme. The MTN programme has been rated AAA by Standard and Poor's Rating Services.

The Group's total borrowings reduced from \$250.0 million as at 31 March 2011 to \$150.0 million as at 31 March 2012 due to the repayment of the \$100.0 million 3.27% per annum fixed rate notes in December 2011. The remaining \$150.0 million 2.42% fixed rate notes will be due in October 2014.

Net Cash Position

Equity or capital employed at the end of FY2012 was \$791.4 million, which was \$7.7 million lower than FY2011. At the end of FY2012, the Group was at a net cash position of \$45.3 million as compared to \$126.2 million at the end of FY2011.

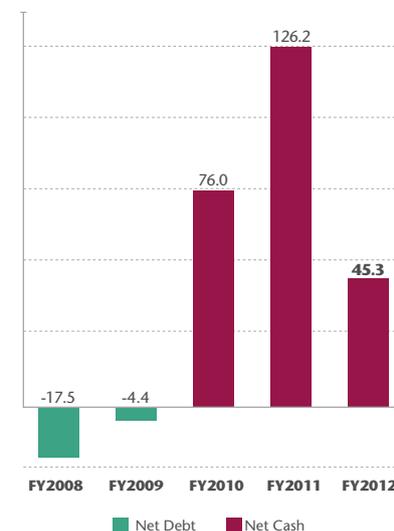
(see chart on right)

Capital Expenditure (CAPEX)

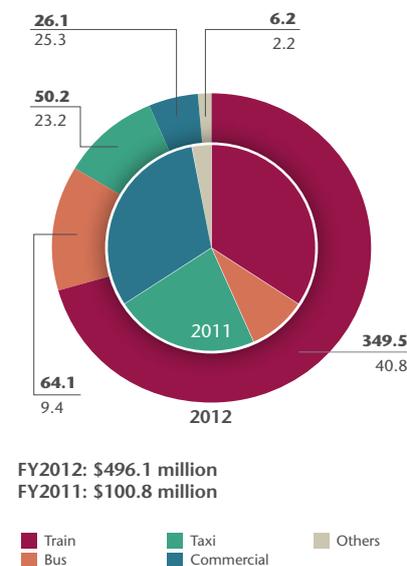
CAPEX of \$496.1 million incurred in FY2012 is an increase of \$395.3 million over FY2011. The graph shows the breakdown in CAPEX for FY2012 as compared to FY2011. CAPEX for train business was higher in FY2012 as compared to FY2011 due mainly to the purchase of 17 trains for \$305.9 million. CAPEX for both bus and taxi businesses was higher in FY2012 due to the expansion of bus and taxi fleet.

(see chart on right)

Net Cash Position (\$m)

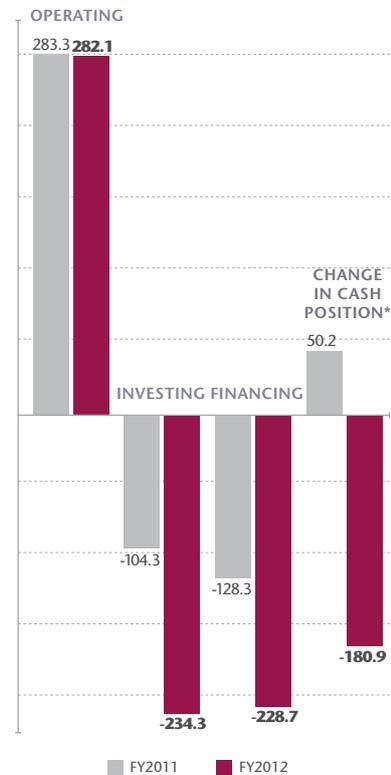


CAPEX Breakdown (\$m)



\$m	FY11	FY12
Train	40.8	349.5
Bus	9.4	64.1
Taxi	23.2	50.2
Commercial	25.3	26.1
Others	2.2	6.2
Total	100.8	496.1

Cash Flow (\$m)



* Includes effect of exchange rate fluctuations.

Cash Flow

Cash and cash equivalents in FY2012 were lower compared to FY2011 due mainly to higher net investing and financing cash outflow. Free cash flow decreased from \$176.5 million last year to \$47.8 million in FY2012. As at 31 March 2012, cash and cash equivalents stood at \$195.3 million as compared to \$376.2 million as at the end of FY2011.

Net cash inflow from operating activities of \$282.1 million for FY2012 was slightly lower compared to \$283.3 million in FY2011 due mainly to higher payment of income taxes.

Net cash outflow from investing activities of \$234.3 million in FY2012 was higher compared to \$104.3 million in FY2011 due mainly to higher payment for property, plant and equipment, and other investments.

Net cash outflow from financing activities of \$228.7 million in FY2012 was higher than in FY2011 due mainly to the repayment of \$100.0 million fixed rate notes in December 2011.

(see chart on left)

Operating & Financial Review

Value Added & Economic Value Added Analysis

Value Added Statement

\$'000	FY2012	FY2011
Revenue	1,057,229	969,692
Less: Cost of bought-in goods and services	(397,367)	(324,410)
Gross value added	659,862	645,282
Share of results of an associate	2,716	1,477
Investment income	390	147
Interest income	1,321	1,657
Loss on disposal of property, plant and equipment	(365)	(478)
Impairment of goodwill	(21,674)	–
	642,250	648,085

Applied as follows:

To Employees – staff and related costs	339,502	311,953
To Government – income and other taxes	47,088	48,634
To Providers of capital:		
Interest on borrowings	6,169	7,127
Dividends to shareholders*	119,873	129,012
Balance reinvested in business:		
Depreciation of property, plant and equipment	141,044	135,259
Profit retained by the Group	–	32,079
Others	(11,426)	(15,979)
	642,250	648,085

* Dividends paid in year 2012 is \$129,144,000, of which \$119,873,000 is paid out from current year profit and balance \$9,271,000 from brought forward accumulated profits.

Economic Value Added Statement

\$'000	FY2012	FY2011
Profit from ordinary activities before taxation	146,922	191,741
Adjustments for:		
Interest expense	6,169	7,127
Others	21,674	–
Adjusted profit before interest and taxation	174,765	198,868
Economic tax	(27,883)	(30,759)
Net Operating Profit After Tax (NOPAT)	146,882	168,109
Average capital employed ^(Note 1)	929,907	956,625
Weighted average cost of capital ^(Note 2)	5.883%	5.993%
Capital Charge (CC)	54,706	57,331
Economic Value Added (EVA = NOPAT – CC)	92,176	110,778

Note 1: Average shareholders' equity plus interest-bearing liabilities and timing provisions.

	FY2012
Major capital components	\$'000
Long-term debt	200,000
Equity	729,907
	<u>929,907</u>

Note 2: The Weighted Average Cost of Capital is calculated as follows:

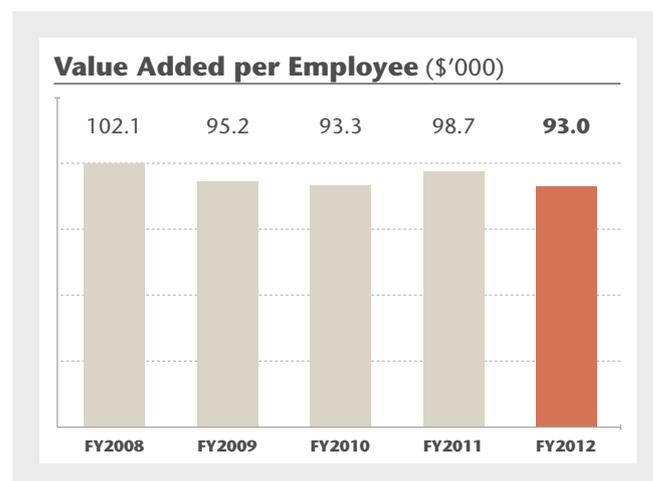
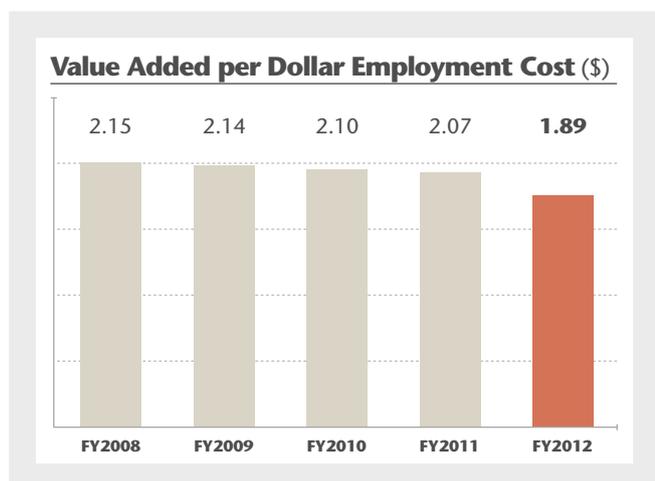
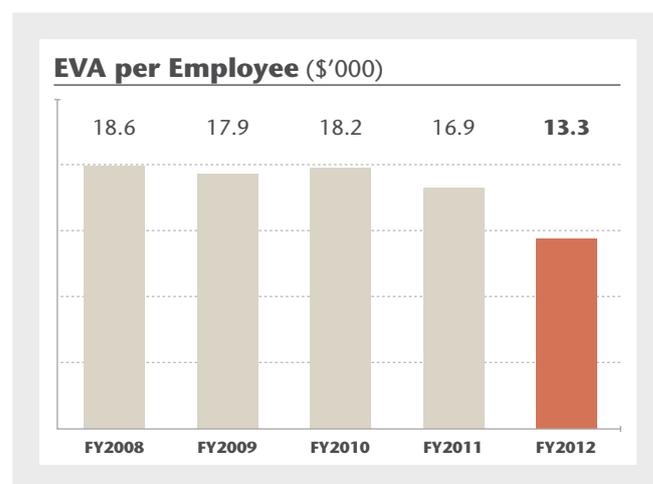
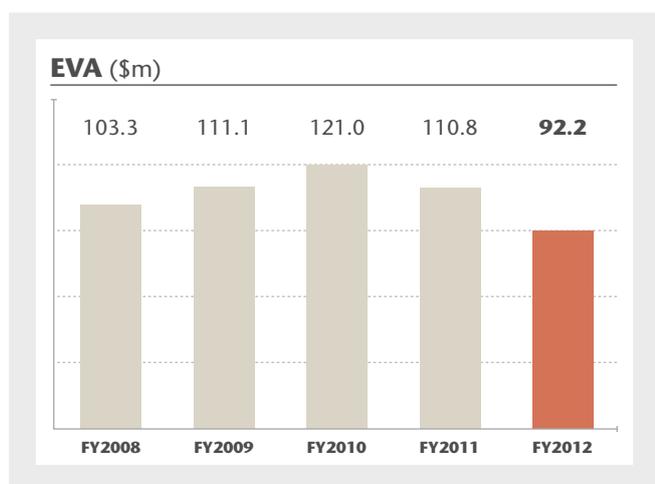
- Cost of equity using Capital Asset Pricing Model with market risk premium at 6.0%;
- Pre-tax risk-free rate of 2.4% (FY2011: 2.6%);
- Ungeared beta at 0.61 based on peer analysis; and
- Pre-tax cost of debt at 3.9% (FY2011: 3.2%) based on pre-tax risk-free rate plus credit spread.

Productivity Analysis

	FY2008	FY2009	FY2010	FY2011	FY2012
Employment costs per \$ of turnover (\$)	0.33	0.32	0.33	0.32	0.32
Economic value added (\$m)	103.3	111.1	121.0	110.8	92.2
Economic value added per employee (\$)	18,597	17,851	18,188	16,874	13,345
Value added (\$m)	567.1	592.4	620.5	648.1	642.3
Value added per employee (\$)	102,095	95,150	93,299	98,718	92,985
Value added per \$ of employment costs (\$)	2.15	2.14	2.10	2.07	1.89
Value added per \$ of gross fixed assets (\$)	0.26	0.25	0.26	0.26	0.22
Value added per \$ of turnover (\$)	0.71	0.67	0.69	0.67	0.61

In FY2012, the total value added (VA) of the Group was lower at \$642.3 million mainly due to lower operating profit. The amount applied to employees (staff and related costs) was \$339.5 million, income and other taxes to the government was \$47.1 million, and interest and dividends to the providers of capital was \$126.0 million, leaving a balance of \$129.6 million reinvested in the Group.

The Economic Value Added (EVA) was lower at \$92.2 million in FY2012, 16.8% lower than FY2011, mainly due to lower operating profit. The graphs below illustrate the change in EVA per employee, VA per dollar employment cost and VA per employee over the last five years. VA per dollar of employment costs was lower due to lower VA and higher headcount as at 31 March 2012. SMRT staff strength was 6,907 as compared to 6,565 as at 31 March 2011.



Operating & Financial Review

SMRT and Our Shareholders

SMRT is committed to improving profitability as well as growing shareholder value and returns to our investors. As such, we take a proactive approach in our communications with shareholders, analysts, fund managers, media and the rest of the investing community. Regular, timely and clear communication helps build trust and reinforces the high corporate transparency standards we hold ourselves to.

Proactive Communication

The Group's Investor Relations (IR) team, led by the Executive Vice President & Chief Financial Officer and with the active participation of the CEO, actively engaged the investing community in FY2012.

During the year, the team met up with over 30 institutional investors and fund managers. We provided insight to our business units, growth drivers, strategies in leveraging opportunities and overcoming challenges, and outlook of the businesses. To reach out to more institutional investors, we also participated in a local investor conference organised by Deutsche Bank.

SMRT is well covered by 16 analysts. To ensure they have a good understanding of our financials as well as business operations, we maintain contact through regular calls, and timely dissemination of results, corporate and business news.

As it is important to reach out to our large retail investor base, our Annual General Meeting (AGM) is always held at a central location. At our last AGM, it was well attended by over 400 shareholders. In FY2012, we once again sponsored the Securities Investors Association (Singapore) (SIAS) investor outreach programme. This is the seventh year we are supporting this programme. In addition, in collaboration with SIAS, we extended a one-year SIAS associate membership to all SMRT shareholders. This is the fifth year we are extending this membership to SMRT shareholders.

During the year, we continued to communicate with shareholders in a timely manner and provide comprehensive information disclosure. Since 2005, we have been reporting quarterly results announcements within one month from the close of the quarter and audited full year results within a month from the end of the financial year.

We also organised results briefings for analysts and the media. This coincided with the release of the Group's second quarter and full-year results, while teleconferences were held for the first and third quarter results. During these briefings, Senior Management reviewed the Group's most recent performance and discussed the business outlook. In the interest of transparency and broad dissemination, live audio webcast of the second quarter and full-year briefings were made accessible to the public on the Group's website, while materials used in the briefings were disseminated via SGXNET and the Group's website.

Commitment To Enhancing Shareholder Value

DIVIDEND POLICY

We will endeavour to maintain or increase dividend payout each year in terms of cents per share, targeting a minimum payout ratio of 60% of PATMI per year for the interim and final ordinary dividend. In any particular year, we may also propose a special dividend to provide investors with greater returns and yield.

The dividend policy takes into account our long term objective of maximising shareholder value, the availability of cash and retained earnings, our expected financial performance and projected capital expenditure and other investment plans.

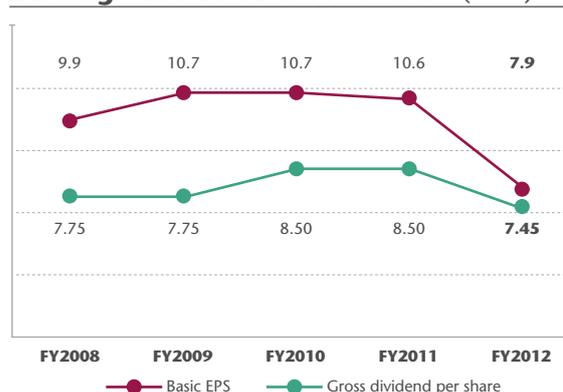
In FY2012, SMRT maintained its dividend policy despite a challenging operating environment. The Board proposed a final dividend of 5.70 cents per share. If approved at the 13th AGM on 12 July 2012, this will bring the total dividend for FY2012 to 7.45 cents per share, or a dividend payout of 94.5% of PAT.

SMRT has a track record of good dividend payout. Since FY2007, SMRT's dividend payout has been at least 60% of total PAT. Total shareholder payout was approximately \$0.6 billion, or 80.1% of earnings over the last five years.

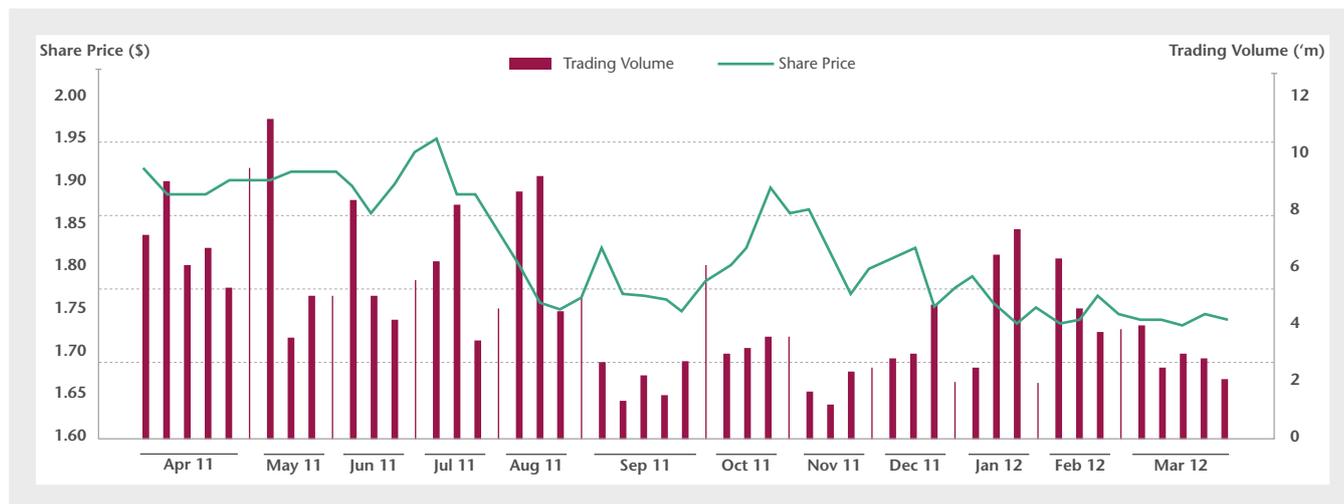
PAT and Dividends (\$m)



Earnings and Dividend Per Share (cents)



As at 31 March 2012, our market capitalisation was approximately \$2.64 billion, based on the closing price of \$1.735. The highest closing price in the year was \$1.96 on 11 July 2011, the average closing price was \$1.81 while the lowest closing price in the year was \$1.73 on 11 August 2011. The graph below shows the average weekly closing share price performance and trading volume of SMRT shares in FY2012.

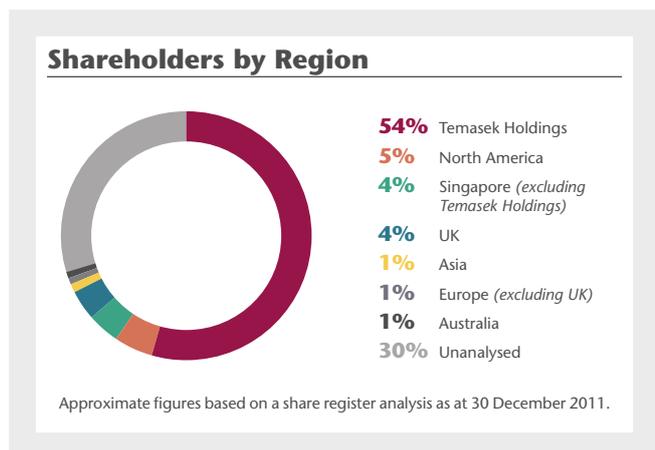


Diverse Shareholder Base

As set forth in the Shareholding Statistics section in the annual report, SMRT has 52,359 registered shareholders as at 28 May 2012. The actual number of shareholders is likely to be greater due to shares being held through nominees, investment funds and other share schemes.

To better understand our shareholders' profile, SMRT commissioned an analysis of our share register in FY2012 and the report identified about 200 institutional investors from major global financial markets.

Based on the share analysis, Temasek Holdings was the largest shareholder with 54.2% ownership interest as at 30 December 2011. Out of the Group's free float of 46%, about 12.2% of our shareholding was held by institutional investors. The top three geographical regions where our investors were based are: Singapore, North America and UK. The diversification of our shareholdings improves liquidity and helps ensure our shares are valued fairly by reference to market conditions and our operating performance.



Achievements And Accolades

For our proactive investor relations and high corporate transparency standards, we were ranked sixth in the Governance and Transparency Index 2012 which is co-published by the Business Times and NUS Corporate Governance and Financial Reporting Centre. This index focuses on the transparency of a company's financial information, governance, ethics and rigor in financial reporting.

At the 2011 Investors' Choice Award presentation organised by SIAS, SMRT was presented with the Singapore Corporate Governance Award (Merit) and Most Transparent Company Award (Runner-Up) in the Transport/Storage/Communications category.

Investor Relations Calendar FY2012

1Q FY2012	
29 April 2011	Webcast of analyst and media briefing on FY2011 results
2Q FY2012	
8 July 2011	12 th Annual General Meeting
18 – 19 July 2011	Books closure dates for FY2011 final dividend
27 July 2011	Teleconference on 1QFY2012 results
29 July 2011	Payment of FY2011 final dividend
15 September 2011	Participation at Deutsche Bank Access Malaysia & Singapore Corporate Day
3Q FY2012	
28 October 2011	Webcast of analyst and media briefing on 2QFY2012 results
4Q FY2012	
31 January 2012	Teleconference on 3QFY2012 results
22 February 2012	Annual New Year lunch with analysts

Operating & Financial Review

SMRT Trains & SMRT Light Rail

“We will continue to improve on system reliability and benchmark against leaders in the industry to ensure our service is on par with railway standards and meet commuter needs.”

Lui Wai Meng

VICE PRESIDENT, Rail Operations

As the island’s first Mass Rapid Transit (MRT) operator, SMRT Trains runs the North-South and East-West Lines (NSEWL), Circle Line (CCL) and Bukit Panjang Light Rapid Transit (BPLRT) system. Together, the lines form the single most frequently used public transport network in Singapore. With the complete opening of the CCL, the combined route length of the NSEWL and CCL now stretches 128.6km across 78 stations. SMRT Trains maintains a fleet of 128 six-car trains for the NSEWL, 40 three-car trains for the CCL and 19 train cars for the BPLRT.

Heralding the Circle Line

A highlight of the year for SMRT Trains was the completion of the CCL. Stages 4 and 5 commenced services with the opening of the final 12 stations running from Caldecott to HarbourFront in October 2011. The opening of Bayfront and Marina Bay stations followed in January 2012.

The CCL significantly enhances accessibility to more parts of Singapore while easing congestion in other stations. To introduce the CCL to commuters, we produced a service guide, SMRT Circle Line’s Best: Your Handy Guide. This guide, which lists attractions and dining options, also provides information on time savings and two suggested itineraries for a family day out. Commuters can also utilise discount coupons in the guide at selected stores located at SMRT Esplanade and Holland Village Xchanges. Printed copies were placed at all SMRT MRT stations and sent to residents living near the newly opened stations. It was also made available online.

A series of themed activities was organised to draw special interest groups. From October 2011 to February 2012, celebrity food bloggers, such as *ieatishootipost* and *Ladyironchef*, were invited to blog about famous and recommended eateries around CCL stations as well as the convenience and connectivity that CCL provides. Food tasting sessions were also organised at these eateries to engage and involve readers.

We collaborated with a local running group, Team Fatbird, to organise fortnightly CCL weekend runs. Four sessions were created to introduce running enthusiasts to nature spots around CCL. These spots were previously



Opening day at Holland Village Circle Line Station. This station was among the final 12 Circle Line stations to be in operation

“The CCL significantly enhances accessibility to more parts of Singapore while easing congestion in other stations.”

accessible only by public buses or private cars. About 70 runners joined us for each of the sessions.

We also partnered with Lianhe Wanbao to introduce venues offering local delights, shopping, arts and cultural activities, which are easily accessible via our MRT network.

Improving Train Service

To cater to rising demands, we are constantly working to reduce waiting times and increase the frequency of trains. In August 2011, we added 172 trips per week, improving waiting time on weekday off-peak periods from 7 minutes to 4.5 – 6.5 minutes. On Sundays, waiting time was further reduced to about 4 minutes. Following a review of CCL, waiting time during peak periods from one-north to HarbourFront stations was improved from 7 to 3.5 minutes.

When the new platform at Jurong East station opened for service in May 2011, it presented new possibilities for improved frequency of train service on the North-South Line as more trains can now turnaround at Jurong East station. We added some 55 train trips a week during the morning peak period, easing congestion at the station. In December 2011, operating hours for the new platform were extended to include the evening peak period. As a result, train frequency improved from 3.5 to 2.5 minutes. At the same time, the morning cross-line trains were removed, reducing waiting time for Eastbound trains from 2.4 to 2.2 minutes.

We worked with LTA on the extension of train service hours on eves of public holidays to meet the needs of late night commuters. On average, some 20 trips were added for each extension, with the last Northbound, Eastbound and

**In August 2011,
we added**

172 trips
per week, improving
waiting time on
weekdays from 7mins
to 4.5 – 6.5 mins

Westbound trains leaving City Hall station at 0030 hours.

In December 2011, train service on the North-South Line was disrupted and over 200,000 commuters were affected. Given the severity of the disruptions, the Board of Directors of SMRT Corporation Limited commissioned an

Internal Investigation Team (IIT), independent of management, to review the causes of these disruptions. The IIT report was shared with the Committee of Inquiry (COI).

Since the incidents, we have put in place plans and new processes that address commuter concerns and operational constraints that surfaced during the incidents.

We await the findings of the COI and will implement further improvements as required.

Affordable Travel In Our Network

Our fares remain among the lowest in Asia. In October 2011, we increased overall nett fares by 1.0%. We continued to invest in benefits to the commuters. Senior citizens now enjoy concession travel rates all day, throughout the week. The SMRT Early Travel Discount was increased from 10 cents to 30 cents and the discount period was extended to 7.45am.

Benchmarked against international standards, SMRT has continued to perform well in safety and punctuality.

(see charts on the next page)

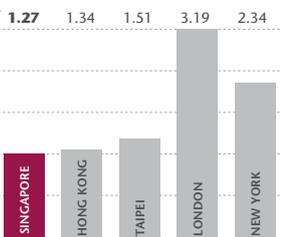
Key Operating Data

	FY2008	FY2009	FY2010	FY2011	FY2012
Total Route length (NSEWL & CCL) (kilometres)	89	92.6	98.6	109.9	128.6
Total car-kilometres operated (to nearest million)	78	85.2	91.9	100.2	114.4
Growth in car-kilometres operated (%)	1.2	9.2	7.9	9.1	14.1
Total ridership (to nearest million)	469.3	510.2	536.6	603.9	654.4
Growth in ridership (%)	7.9	8.7	5.2	12.6	8.3
Average weekday ridership (to nearest '000)	1,381	1,502	1,579	1,776	1,927
Growth in average weekday ridership (%)	8	8.8	5.1	12.5	8.5
Total passenger-kilometres (to nearest million)	5,714	6,223	6,444	7,076	7,575
Growth in passenger-kilometres (%)	8.1	8.9	3.5	9.8	7.0
Average car occupancy	73.3	73.1	70.1	70.6	66.2
Growth in average car occupancy (%)	6.8	-0.3	-4.1	0.7	-6.2

Operating & Financial Review

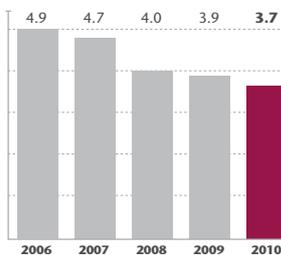
SMRT Trains & SMRT Light Rail

Published Stored Value Fare for a 10km Journey (\$)



Adjusted using the 2010 Purchasing Power Parity (PPP) conversion factor published by the World Bank. The PPP is the rate of currency conversion at which a given amount of currency will purchase the same volume of goods and services in two countries.

Singapore Public Transport Affordability Index



The Singapore Public Transport Affordability Index has shown a consistent drop over the years, reflecting continued affordability of Singapore's public transportation.

Upgrading the Bukit Panjang Light Rapid Transit

During the year, SMRT invested \$3.12 million to improve the reliability of the Bukit Panjang Light Rapid Transit (BPLRT) system. Improvements were made to the power distribution, data transmission system and signalling system. Guideway CCTVs were also installed to enhance security.

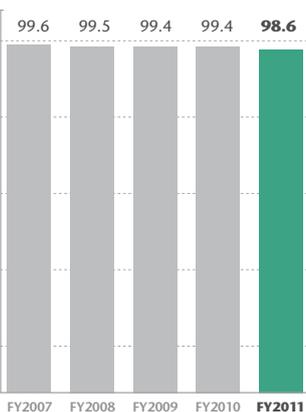
Average ridership on BPLRT currently stands at about 52,000 a day. Anticipating a rise in demand, LTA has agreed to add 13 more train cars to the network by 2014 bringing our total fleet size from 19 currently to 32 by 2014. The additional train cars will increase capacity by 50% and reduce waiting time for commuters.

In December 2011, Ten Mile Junction station was re-opened with the soft launch of the newly developed Junction 10 shopping mall. BPLRT Service C, which operates from Ten Mile Junction station via Bukit Panjang and Senja stations, has resumed service.

To boost travel on BPLRT, we collaborated with Shaw Organisation to give away exclusive movie collectibles to BPLRT commuters, and to attract those who frequent the Shaw Theatres at Choa Chu Kang Lot One Shopping Mall along the LRT route.

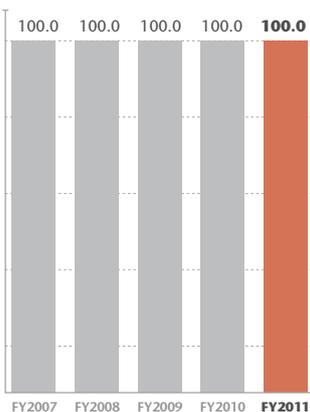
SMRT Performance Against CoMET and Nova Operators (Best Performance = 100%)

Punctuality



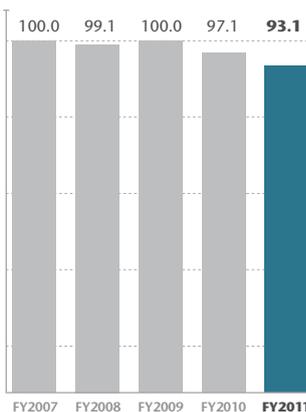
Train punctuality performance in terms of number of trains on time versus total number of scheduled trains to be operated has been consistently high over the years.

Manpower Efficiency



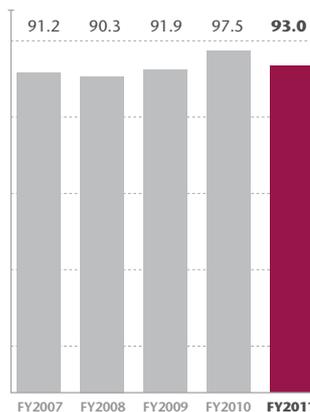
SMRT remains the most manpower-efficient in terms of passenger-kilometre per total staff and contractor hours over the past five years.

Cost Efficiency



SMRT has been consistent in its cost efficiency efforts in terms of operating cost per passenger-kilometre.

Safety



In terms of safety, SMRT has performed well over the years compared to other metros in ensuring safety of commuters.

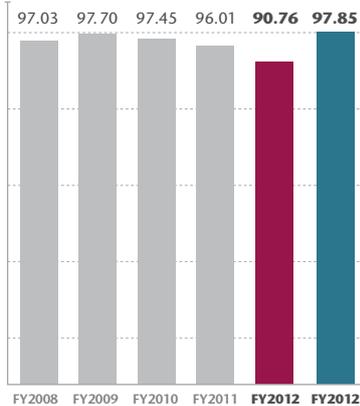
Footnotes:

1. In the areas of punctuality and cost efficiency, the best performing metro operator achieved a higher percentage thus the dip in our benchmarking scores.
2. In computing the safety benchmarking scores, the safety figures taken into consideration are cumulative figures. The dip in our performance is attributed to the addition of new members with no records of fatality in their systems.

SMRT Performance Against LTA Operating Performance Standards (OPS) (%)

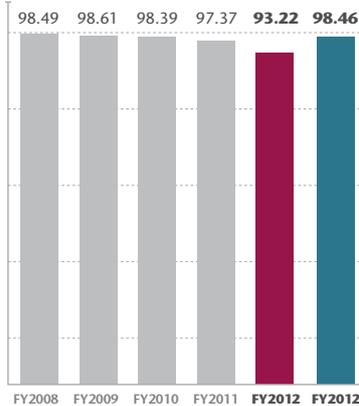
Train Arrivals

at least 94% within 2 minutes of schedule weekly



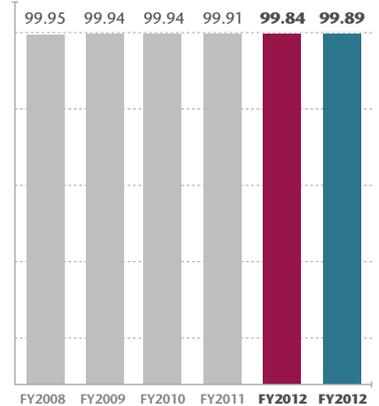
Train Departures

at least 96% within 2 minutes of schedule weekly



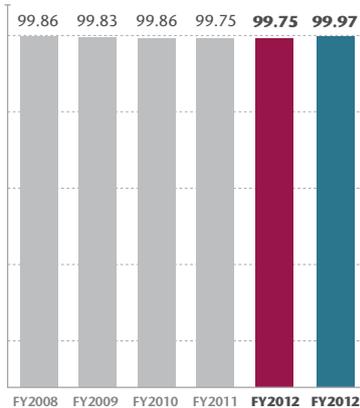
Train Availability

at least 98% of scheduled train-km weekly



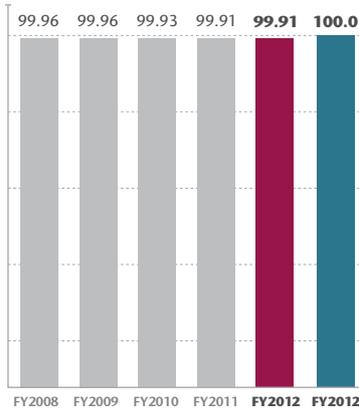
General Ticketing Machine Availability

at least 95% weekly



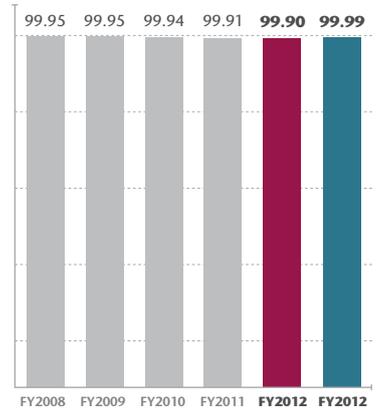
Passenger Service Machine Availability

at least 95% weekly



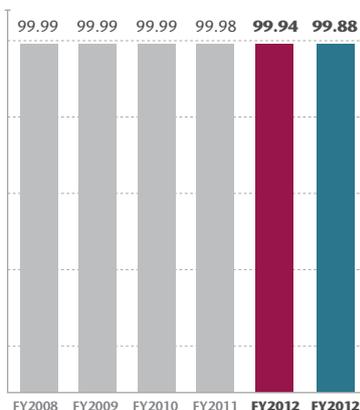
Automatic Fare Gate Availability

at least 95% weekly



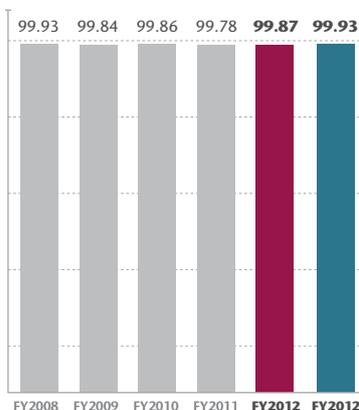
Escalator Availability

at least 99.5% monthly



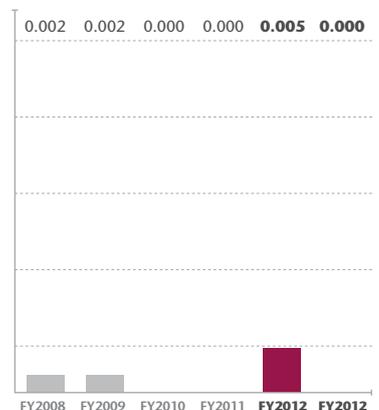
Lift Availability

at least 99.0% monthly



Passenger Injury Rate

no more than 0.4 injuries per million customers monthly



■ NSEWL ■ CCL

Operating & Financial Review

SMRT Trains & SMRT Light Rail

Benchmarking Against Global Standards

At the 59th International Association of Public Transport World Congress and Exhibition held in April 2011, SMRT was named winner of the “Asia-Pacific Best Service Portfolio Award”.

This award testifies to our steadfast commitment to our customers. We regularly push out commuter-centric initiatives, and have in place a station revitalisation programme which presents commuters with more shopping and dining options. Our employees also undergo rigorous training to ensure they maintain high service standards.

SMRT is an active member of the Nova benchmarking group. We benchmark ourselves and exchange information on international best practices regularly with metro operators in cities in Europe, America and Asia Pacific.

Boosting Ridership

To attract more people to ride our system and educate them on the benefits of public transportation, each year we run a series of fun campaigns. This year’s Dream Cruise with SMRT ridership campaign offered an attractive top prize of a 10-day, 7-night fly-cruise to the Mediterranean for two and \$2,000 cash. Monthly thematic roadshows were held at different stations with public drawing of the winners.

SMRT also reached out to new residents through the distribution of information leaflets, such as the SMRT Bus & Train services guides and Discover the Heart of Bukit Panjang LRT services guides.

To entice more tourists to take public transport to places of interest, we collaborated with the Society of Tourist Guides (Singapore) to distribute services guides.

Enhancing the Current Rail System

During the year, we continued to make improvements to the existing network and systems, including a renewal of the signalling system in the NSEWL. The system has been facing issues such as obsolescence, equipment ageing and

non-availability of suppliers’ support, compounded by increasing operational demands. By changing to a new signalling system based on the latest Communication Based Train Control moving block technology, we can enhance the reliability, safety and service levels of the train system. Full completion will take six to seven years. When completed, it will enable more trains to be run at closer intervals between trains.

In 2011, we completed the installation of the SMRT Active Route Map Information System (STARiS) in all 106 trains in the NSEWL and have commenced development of STARiS version 2.0 which will feature real-time multi-purpose displays incorporating pictures and graphics. Retrofitting of all existing general ticketing machines in the NSEWL and BPLRT is underway. The retrofitting works, expected to be completed by January 2013, will extend the system life span by 10 years and enable the dispensing of disposable paper tickets.

Another system upgrade undertaken during the year was that of the CCTV system. To meet the tighter security levels imposed by the authorities, SMRT added new CCTV cameras in all of the four train depots as well as at SMRT stations. As an added security measure, a Fence Intrusion Detection System was also installed at all depots.

Down the Line

In the coming year, we expect higher ridership and revenue to rise due to the full operation of CCL. Increased demand for public transport during major events and special occasions will continue to be catered for with extended train services.

There are several ongoing efforts to improve system reliability, so as to reduce the number of delays and enhance the commuter travelling experience. We will also strengthen partnerships with stakeholders as well as the community at large.



Improving train service and upgrading the LRT

MRT & LRT System Map



Operating & Financial Review

SMRT Buses

“SMRT will continue to improve productivity and manage our fuel costs by bringing in more fuel efficient buses and equipping our Service Leaders with eco-friendly driving skills.”

Kang Huey Ling

VICE PRESIDENT, Buses

SMRT Buses offer commuters a safe, reliable and affordable means of travel. With a fleet of 1,050 buses, we make travelling around Singapore a smooth, efficient experience.

Enhancing Connectivity and Comfort

SMRT Buses actively monitors passenger loads and demand for services so as to optimise the travel experience of our commuters.

In FY2012, we deployed more bendy-buses, and increased the number of bus trips for several of our existing services. For example, from April to December 2011, we made improvements to a total of 26 services, including deploying higher capacity buses and adding bus trips. Daily late night bus trips were also added to Service 189A, to provide greater connectivity for Bukit Batok residents heading home from Bukit Batok MRT Station. In October 2011, we introduced BPS1, a shuttle service that provides residents in Segar with another mode of travel to Choa Chu Kang MRT station during the morning peak hours.

Continuing with our emphasis on accessible travel for all, we introduced trunk and feeder Wheelchair Accessible Bus (WAB) services on five new bus routes. This brings the total number of SMRT WAB services to 13.

Passenger experience is a key priority and in keeping with this focus, SMRT Buses is adding 200 MAN A22 buses and an additional 40 Mercedes-Benz Citaro O530. Expanding our fleet not only allows us to replace existing older buses but also to operate new services and increase our capacity and frequency on existing services.

Every potential bus model undergoes a series of stringent evaluation before an order is placed with the manufacturer. Upon delivery, each new bus model is configured to be as passenger-friendly as possible, before they are put into service. Some of these include installing stanchion poles with bells along every pair of seats and minimising the slope gradient of the bus floor which is necessary in a wheelchair accessible bus.

Our MAN A22 buses, in particular, have proven to be popular with passengers. Besides a more spacious interior



The MAN A22 on the road

with higher headroom, the buses feature a wheelchair accessible design which also allows for ease of boarding and alighting for the elderly and less mobile. They are also designed with unique sliding doors and an electronic braking system for added safety.

Delivering Exemplary Customer Service

Safety is our top priority. On 29 July 2011, we pledged our support for Safe Roads Singapore, a national campaign to raise road safety awareness among road users. During the three-month campaign, our Service Leaders received a total of 3,068 commendations from members of the public in six areas, namely for:

- Slowing down gradually when approaching traffic junctions or bus stops
- Ensuring passengers' safety before moving off
- Keeping a safe distance from the vehicle in front
- Giving way to other road users
- Looking out for vehicles before changing lanes
- Signalling before changing lanes

Our Service Leaders touch the lives of thousands of our commuters. Integral to our provision of excellent customer service is their training regime. In FY2012, we strengthened the training structure for bus trainees based on the Workforce Skills Qualifications (WSQ) competencies framework. The programmes focus heavily on customer service, schedule adherence, safe driving practices, as well as accurate responses to various accidents and incidents that might occur on the roads.

We also completed a review of the Mentor Drivers' Training & Certification course to ensure that our Mentor Drivers are equipped with the latest operational know-how. They, in turn, pass on the knowledge to new Service Leaders during the latter's On-the-Job Training.



Trainee Service Leaders with SMRT Buses receive training based on WSQ competencies framework

Our commitment to good customer service was recognised when our Service Leaders garnered several customer service awards. These include:

- Excellent Service Award (EXSA) – 15 Star Awards and 50 Gold Awards
- National Courtesy Award – Transport Gold, awarded to 40 frontline staff and drivers

Sustainable Bus Travel

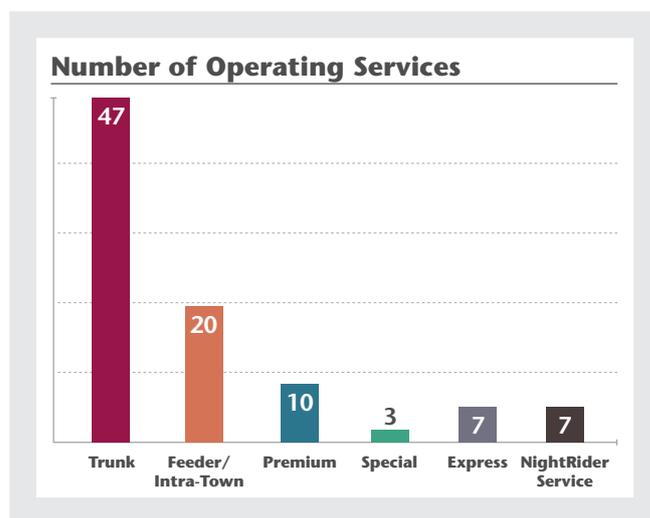
In line with SMRT's efforts to go green, SMRT Buses is always on the lookout for more sustainable forms of operations, for instance, our choice of MAN A22 buses which are Euro 5 compliant and have a maintenance-free PM-KAT© filter in the engine. This means the buses can do without chemical additives.

We are also studying the feasibility of using electric buses in our operating environment as electric buses produce zero direct carbon emission and hence, are environmentally friendly. In addition, they are significantly more energy efficient compared to diesel buses. Comfort-wise, they vibrate less, hence offering a smoother ride.

In FY2012, we embarked on a partnership with BYD Corporation (China) to spearhead the introduction of electric bus services in Singapore. The collaboration with BYD will allow us to offer commuters more environmentally sustainable options of public transport in the near future.

Benchmarking against International Standards

As a member of the International Bus Benchmarking Group (IBBG), SMRT Buses has performed well when compared with international counterparts. Within the IBBG, we are the most manpower-efficient in terms of passenger-kilometre per total staff and contractor hours. Since we joined the IBBG in 2009, we have also consistently topped the rankings in terms of operating cost per passenger-kilometre.



Operating & Financial Review

SMRT Buses

Five-Year Operating Parameters

	FY2008	FY2009	FY2010	FY2011	FY2012
Route length (kilometres)	2,563	2,598.1	2,712.8	2,821.7	2,843.1
Total ridership (millions)	277.3	288.0	290.8	311.2	326.4
Growth in ridership (%)	2.6	3.9	0.7	7.0	4.9
Bus-kilometres operated (millions)	76.3	76.7	78.1	79.5	79.1
Growth in bus-kilometres operated (%)	0.5	0.6	1.8	1.9	-0.5
Aggregate passenger-trip distance travelled per year (million kilometres)	1,674.4	1,745.2	1,759.7	1,824.8	1,895.1
Growth in passenger-trip distance (%)	1.9	4.2	0.8	3.7	3.9
Load factor (%) ^(a)	23.6	24.3	24.3	25	26.0

(a) As different vehicle types have different capacities, the average capacity of buses is expressed as load factors.

Our performance is on par with the world's leading bus operators in the areas of punctuality and ensuring the safety of commuters, and with a record of having one of the fewest accident fatalities. Our bus fares, based on fare revenue per passenger-kilometre are also among the lowest in Asia.

Smooth Bus Charters

SMRT Buses is honoured to be part of many key national events, providing charter transport service. We were the main transport provider for Singapore's National Day Parade 2011. Between June and August 2011, we ferried performers

from various institutions to and from their rehearsals and performances.

We were also one of the key chartering partners for the Standard Chartered Marathon 2011. A total of 150 SMRT buses were deployed on a Sunday to ensure seamless ferry services for 65,000 runners during the largest marathon event in Singapore.

To improve our service, we installed Global Positioning System (GPS) tracking systems in all of our buses for charter. This facilitates monitoring of our fleet, reliability and performance and quick response to incidents.



SMRT Service Leaders recognised for safe driving practices

Looking Ahead

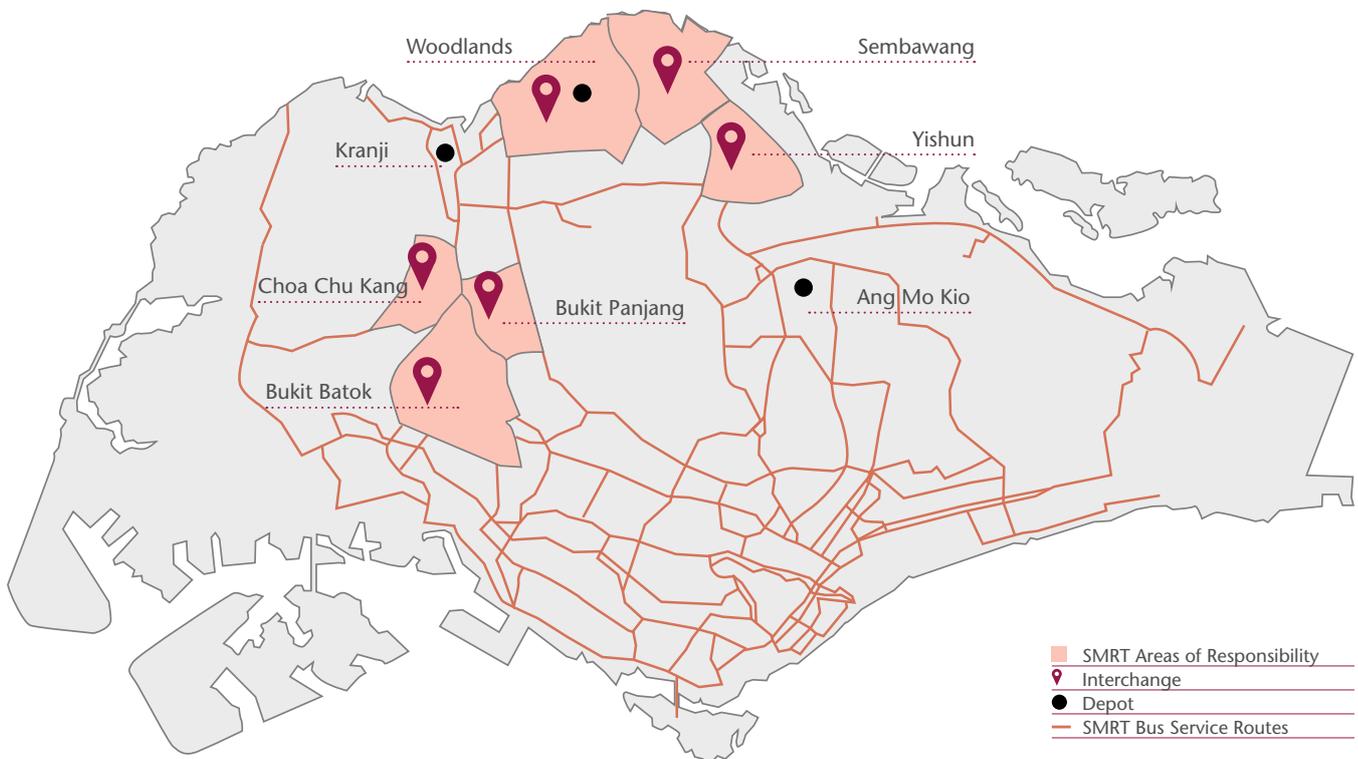
In the coming year, we will further enhance our technical and soft-skills training courses for our staff. This is to ensure they keep abreast with new developments in the industry and continue to perform at their best.

For the longer term, we will be upgrading over 300 articulated buses over the next five years. This is part of our efforts to keep our fleet in optimum shape, to provide a comfortable, safe and reliable travel experience for our customers.

We will also continue to monitor demand for our bus services and improve capacity for services that are in high demand.

Between 2006 and 2011, operating cost increases far exceeded that of fares. Fares have gone up just 0.3% between 2006 and 2011 while in the same period, fuel prices have risen 34% and wages, by about 26%. Given the plans to enhance the Singapore public transport system, more buses will be operated to provide a better level of service. This, in turn, will raise operating costs. To mitigate these cost challenges, SMRT will continue to improve productivity and manage our fuel costs by bringing in more fuel efficient buses and equipping our Service Leaders with eco-friendly driving skills.

“We will be upgrading over 300 articulated buses over the next five years. This is part of our efforts to keep our fleet in optimum shape. We will also continue to monitor demand for our bus services and improve capacity for many services that are in high demand.”



Operating & Financial Review

SMRT Automotive Services

“By focusing on refining our maintenance and engineering processes and solutions, we ensure our fleet of buses and taxis are maintained in optimal condition so that commuters continue to enjoy a comfortable, smooth and safe journey.”

James Ng

VICE PRESIDENT, Automotive Services

SMRT Automotive Services is a one-stop repair and maintenance centre for SMRT Buses, SMRT Taxis and external fleet owners. We currently maintain more than 6,000 vehicles at our workshops located at Ang Mo Kio, Kranji and Woodlands.

Our services include accident repair, vehicle recovery, towing services, vehicle grooming, components overhaul, vehicle system upgrading, and new vehicle commissioning. Part of our services include motor insurance claims, from undertaking accident recoveries to defending claims.

A One-stop Service Centre

We support SMRT bus operations from our workshops located in depots in Ang Mo Kio, Kranji and Woodlands. Our servicing centre located in Ang Mo Kio caters to the repair and maintenance needs of private car owners.

In addition to the two taxi workshops in Woodlands and Ang Mo Kio, we have another three satellite workshops located throughout the island for the convenience of taxi

hirers. We maintain taxi models such as the Chrysler, Ssangyong, Azera, Mercedes-Benz as well as the new Chevrolet Epica. Our technicians are trained to maintain the Epica's Euro IV emissions standards and six-speed automatic transmission.

At the Woodlands Accident Repair Centre, we are able to undertake accident repairs on an extensive range of vehicle sizes, from standard saloon cars to 18-metre articulated buses.

Quality Across the Board

Quality excellence is of paramount importance to SMRT Automotive Services and our ISO9001, ISO14001 and OHSAS 18001 certification attest to our commitment. We invest heavily in staff skills upgrading to ensure they consistently deliver high levels of customer service. We are also an Institute of Technical Education-approved Training Centre for the National Institute of Technical Education Certificate in Automotive Technology (Heavy Vehicles).

Our focus on quality applies to workplace safety



The Ang Mo Kio servicing centre provides repair and maintenance for private cars

as well. To achieve our aim of zero accidents in the workplace, the safety message is reiterated during daily roll calls and all personal protective equipment are regularly checked. Workshop engineers and supervisors carry out daily walkabouts, while the SMRT Workplace Safety and Health Committee conducts monthly site inspections of all depots.

Commuters have come to expect safe and comfortable rides on SMRT buses, and to continue to meet their expectations, in FY2012 we upgraded several MB0405 and MBG buses to extend their lifespan. These improvement projects included the replacement of air conditioning systems, passenger seats, interior room lights, floorboards, and electronic destination systems. In addition, we have night checks on buses that returned to depots after operating hours. Our technicians conduct checks and arrest possible technical defects in the buses before they are released for service the following day.

We also partnered with SMRT Buses to add 240 new buses to their existing fleet. About half of these buses were delivered in FY2012.

SMRT Automotive Services has installed a new fare payment system, the New On-Board Equipment (NOBE), on 70 SMRT buses during the proof of concept phase. The NOBE will replace the current On-Board Equipment that are reaching the end of their 10-year lifespan. The new Bus Card Validator in the NOBE has a larger display screen, thus making it easier for commuters to view their card value.

As part of our overall focus on quality, SMRT Automotive Services supports sustainable development initiatives. We continued to explore new emissions reduction technology, such as the Selective Catalytic Reduction engine system in the Mercedes-Benz Citaro buses and Exhaust Gas Recirculation engine system in MAN A22 buses. These buses adhere to Euro V emission standards.



SMRT Automotive Services supports bus fleet repair and maintenance needs

Looking Ahead

SMRT Automotive Services has started introducing the LEAN management into our workshop processes to reduce wastage and improve the overall productivity.

To keep up with the rapidly escalating demand for public transport services in Singapore, SMRT Automotive Services will also be initiating numerous bus purchase projects with the focus on environmentally friendly buses that provide optimal comfort, reliability, and safety to our passengers. We will also complete the delivery fleet of 200 MAN A22 buses before December 2012.

We are expanding our business with a fourth workshop in Kian Teck and a satellite workshop in the East to undertake maintenance and repair operations. To cope with the increasing demand for spray painting jobs for heavy vehicles, we will replace the saloon car spray booth in the Woodlands workshop with a man-lifter heavy spray booth. A shop floor management information system will also be rolled out to monitor and improve productivity.



Maintaining taxi models like SMRT's Chrysler, Azera and Mercedes-Benz

Operating & Financial Review

SMRT Taxis

“In a highly competitive market, the differentiation offered by SMRT Taxis is unparalleled convenience and comfort. At the same time, we ensure that our hirers are well cared for, even as we offer innovative schemes to optimise their earnings.”

James Ng

VICE PRESIDENT, Taxis

In FY2012, SMRT Taxis continued to focus on raising customers' travel experience and customer service levels while seeking more income opportunities for our taxi hirers. We turned in a creditable performance in FY2012, partly due to the 17% increase in fleet size to cater to rising demand. We are renewing our current fleet of more than 3,000 taxis with more Chevrolet Epica taxis to enhance passengers' travel experience.

Raising Levels of Service

Our customers form the heart of our business. As part of our efforts to boost customer convenience, one of the key initiatives rolled out during the year was Tap a Cab, a smartphone application that allows customers to book a taxi with the touch of a button. It can detect your location automatically and allow your booking details to be confirmed without the need to speak with a customer service officer. You can add frequent pick-up addresses as “Favourites”, or book by selecting from a record of past booking addresses. Booking details such as taxi vehicle number and estimated arrival time will be sent via SMS. Since its launch in 2011 to the end of March 2012, more than 180,000 bookings, about 26% of total bookings, have been made via this application.

NETS payment terminals were also installed in Chevrolet Epica taxis to offer customers more cashless payment options. The NETS payment terminals come with a payment choice of NETS and China UnionPay. As at end FY2012, 296 taxis offer this NETS payment option.

Meanwhile, to trace lost items more effectively, we introduced a dedicated Lost and Found hotline. Since its implementation in June 2011, we have received positive feedback from customers who needed assistance with lost items.

Our efforts at improving levels of service did not go unnoticed. Some 597 SMRT taxi hirers were recognised for good customer service at the Excellence Service Awards 2011 and 19 were recognised at the Transport Gold Awards 2011. At the Singapore Experience Awards 2011, SMRT taxi hirer Harold Khoo clinched the coveted Customer Service Transport (Taxi) award.

SMRT Tap a Cab is a taxi booking application for smartphones

“Some 597 SMRT taxi hirers were recognised for good customer service at the Excellence Service Awards 2011 and 19 were recognised at the Transport Gold Awards 2011.”

Caring for Our Taxi Hirers

At SMRT Taxis, the welfare of our hirers is a top priority. We explore innovative ways to help them mitigate costs and increase their earnings. In December 2011, we revised taxi fares upwards to help them with the rising cost of living and higher diesel prices. The flag down rate for standard and limousine taxis increased by 20 cents and 70 cents, respectively. Distance-based charges increased by \$0.02 and \$0.03 per kilometre, respectively. Some surcharges were adjusted as well.

In April 2011, we introduced a diesel promotion to defray the impact of soaring diesel costs. Taxi hirers were able to redeem \$15 diesel vouchers when they pumped a minimum of 700 litres of SMRT diesel within 30 days.

As added assistance, we disbursed a total of \$9,600 worth of bursary awards to 32 taxi hirers to support their children's education.

Apart from monetary aid, SMRT Taxis continued to promote safe and good driving habits among our taxi hirers. In July 2011, we launched a Road Safety Campaign in partnership with the Singapore Road Safety Council, the Automobile Association of Singapore and the Traffic Police. The campaign served as a reminder that drivers should behave responsibly behind the wheel to make our roads safe for all road users. Passengers were encouraged to commend taxi drivers who display good and safe driving habits by

In FY2012, we increased fleet size by

+17%
to cater to rising demand for taxi services

adding their comments to the driver's Road Safety card, while taxi hirers who maintained an accident-free record of five years or more were recognised as Road Safety Ambassadors. Taxi driver, Chen Ji He, 61, is one such ambassador. He has maintained an accident-

free record for the past 29 years and he attributes his impressive record to the fact that he abides by traffic regulations and stays focused when on the road. At the end of the campaign, we received 2,179 road safety cards from passengers commending 55 of our drivers for their safe driving habits. Taxi driver, Lee Hock Chuan received the most compliments with 372 cards.

The Road Ahead

The outlook for the industry remains positive, especially with the projected increase in tourist arrivals. In 2013, we will continue to assist hirers to increase their earnings and replace ageing taxis while expanding our fleet.

Where possible, we will tap on technology to improve operational efficiencies and effectiveness. As we grow our business, we will strive to reinforce our position as a choice taxi operator through more service improvements.



Ten taxi drivers were recognised and appointed as SMRT Road Safety Ambassadors



Mr Khoo (fourth from the right) emerged as winner in the Customer Service Transport (Taxi) category while another driver, Mr Tay (third from the left) was a finalist

Operating & Financial Review

SMRT Investments

“SMRT Investments continues to redefine and enhance commuters’ travel experience with diverse lifestyle and retail offerings. By marrying new media and mobile interaction with our out-of-home solutions, we offer the opportunities of success to our partners, tenants and clients.”

Dawn Low

VICE PRESIDENT, Commercial

Comprising SMRT Properties and SMRT Media, SMRT Investments is a major contributor to the Group’s non-fare revenue and profit. SMRT Properties manages the commercial spaces within our network of Mass Rapid Transit (MRT) stations and bus interchanges, providing commuters with a wide range of shopping, dining offerings and conveniences as they travel from place to place.

SMRT Media is the advertising arm, managing the advertising spaces within the MRT network, as well as on our trains, buses and taxis.

Transforming the Travel Experience

With SMRT Properties, MRT stations and bus interchanges have been transformed from mere transport platforms to lifestyle hubs, offering everyday conveniences and services to commuters.

The highlight of FY2012 was the launch of Orchard Xchange in June 2011, with international fashion retailer Forever 21 as the anchor tenant. This is their flagship store

which carries their new men’s line, 21Men. Fast food chain Popeyes’ first outlet in downtown Orchard is located here.

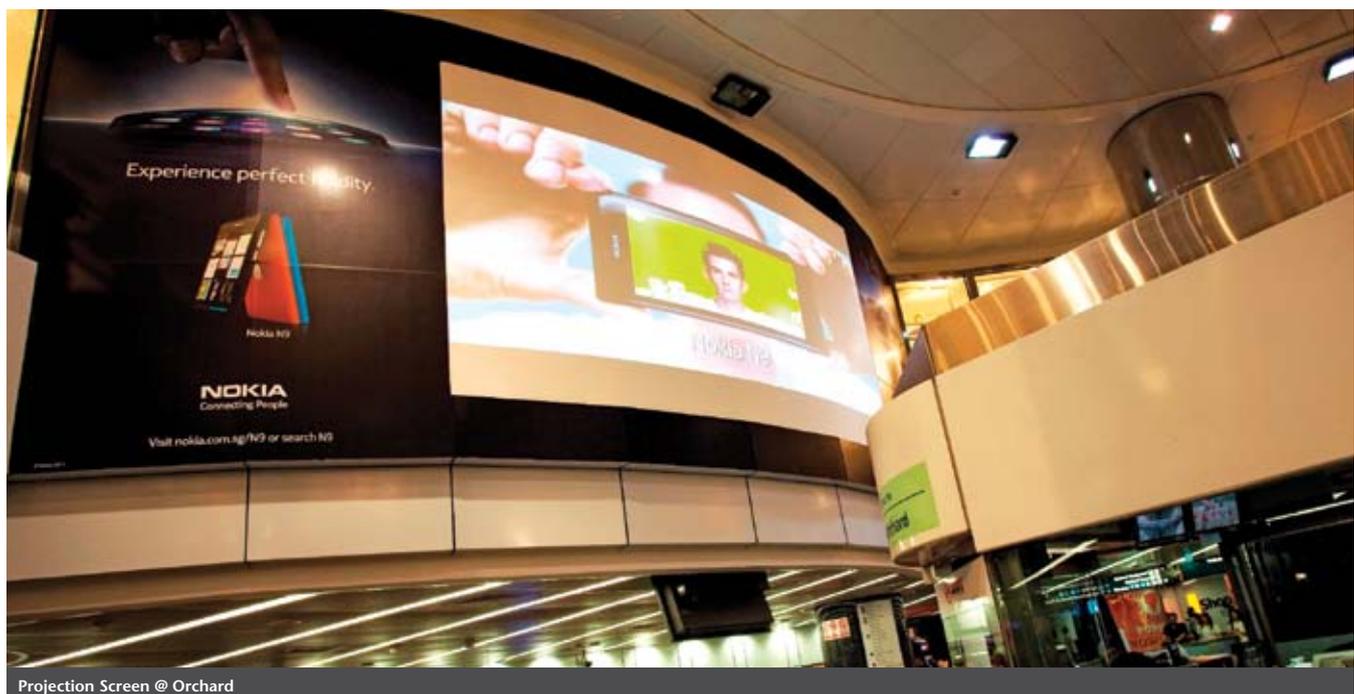
In October 2011, shops at Jurong East station reopened after a revamp and for the first time, saw the introduction of Kopitiam and Wendy’s restaurant to our network. We also added another 23 shops to the network, with the completion of Circle Line stages 4 and 5, that same month.

As at FY2012, we have over 720 shop units, with a total lettable floor area of about 34,400 sqm and an average occupancy rate of 98%.

Through exciting retail promotions and activities, we helped our tenants grow their business.

To enrich customers’ experiences, we rolled out several Shop & Dine @ SMRT promotions during the year. Customers enjoyed even more deals, through our strategic partnerships with Citibank and People’s Association. Citibank-SMRT Platinum VISA and PASSION Cardmembers were entitled to additional benefits and enjoyed exclusive discounts by selected merchants.

For the first time, we collaborated with the Disney Channel to drive traffic to our shops during the festive



Projection Screen @ Orchard

season. Disney characters from the top rated cartoon series, Phineas & Ferb, made their appearance at Esplanade and Choa Chu Kang Xchanges in December 2011. Shoppers could redeem limited edition Phineas & Ferb premiums and stood to win Disney travel packages to the Bahamas and Hong Kong Disneyland.

Innovative, High-Tech Advertising

SMRT Media offers clients dynamic and integrated media solutions, supported by unique advertising platforms for targeted campaigns. By marrying new media and mobile technology with traditional media, we give our advertisers greater mileage and returns.

During the year, we launched two new digital platforms that provided impactful, ambient advertising – the Projection Screen @ Orchard, a mega outdoor theatre screen with surround sound system, and the Digital Screen @ Raffles, a wide screen flanked by escalator light boxes.

In October 2011, we launched iMobSMRT, a digital lifestyle space that offers commuters deals, offers and promotions through technologies such as Near Field Communication and Quick Response Code. Our first group of advertisers and partners included Nokia, Tiger Beer, Jobstreet, Nubee, Samsonite, Forever 21, and the National Heritage Board.

In December 2011, we introduced Shopping On-The-Go with Cold Storage. Customers were able to shop and

pay for festive goodies using their phones.

In February 2012, we partnered PayPal, a leading global online payment company, to launch Shop&Pay On-The-Go on iMobSMRT. Leveraging PayPal’s experience in payment technology innovation, and SMRT’s extensive network of outdoor media, we transformed spaces into instant sale channels, offering customers a more convenient way to shop on their smartphones. For advertisers and retailers, they enjoyed immediate returns.

During the year, we collaborated with Changi Airport Group to create the ‘Million Dollar Grab’ campaign at Media Hub Wall @ Orchard. The space was turned into an augmented reality gaming spot to engage shoppers.

Advancing Creativity

We continued to embark on strategic partnerships and support industry activities to raise the profile of SMRT Media. For the sixth consecutive year, we supported the Singapore Advertising Hall of Fame Awards by sponsoring the Creative Director Award, and for the second year, the Strategic Planner of the Year Award. We publicised the event across our MRT stations.

SMRT Media was the official out-of-home media partner for industry events such as the APPIES, an advertising congress organised by the Institute of Advertising Singapore. Another event we supported is the Festival of Media Asia by Marketing Magazine. This event engages regional marketers and industry players through high level conferences and campaign showcases.

To nurture budding young talents, we organised the Creative Advertising 2011 Student Forum with Ngee Ann Polytechnic. Five Creative Directors were invited to share their experience at a forum for tertiary students in creative and advertising programmes.

Supporting National Events and Causes

As a responsible corporate citizen, SMRT supports national events, community causes, the environment and the arts. For National Day, we sponsored media and event space for “The Singapore Spirit” reflection collection campaign.

We also sponsored media space for the President Design Award, the President’s Challenge, Hair For Hope, the World Wildlife Fund and the Community Chest of Singapore, amongst others.

Looking Ahead

SMRT Properties will continue to source for more exciting tenants to expand the dining and retail options for consumers. The second half of FY2013 will see the opening of Woodlands Xchange with 50 shop units, while four new shops will open in Circle Line Marina Bay and Bayfront stations.

SMRT Media will be looking at refreshing our media platforms and introducing new media formats, including more digital media elements, to enhance our advertisers’ returns on investment.



Operating & Financial Review

SMRT International & Engineering

“After years of building expertise in public transport operations and management, exporting the expertise is a natural channel to grow the business. We have made inroads into the region and hope to realise the opportunities present.”

Gan Yew Hong

DIRECTOR, Business Development

Extending our business operations overseas promotes sustainable growth and SMRT International (SMRTi) has been making progressive headway internationally. Capitalising on our credible track record in public transport systems and domain expertise, we have expanded our services globally in the areas of operations and maintenance (O&M), consultancy and project management.

Engineering, in particular, is our field of specialty. SMRT Engineering (SMRTE) offers a one-stop consulting house focusing on engineering solutions both for the local and overseas rail industry. Our comprehensive suite of services ranges from project conceptualisation to operations and maintenance.

Extending Our Global Footprint

SMRTi continued to strengthen our presence in the Middle East. We were awarded a consultancy contract to assist a consortium comprising Marubeni Corporation and Kobe

Steel Ltd., to prepare a bid proposal for a light rail project in Doha, Qatar.

We were also awarded the consultancy contract for the Roads & Transport Authority, Dubai to conduct a review of the operations and maintenance of the Dubai Metro System and provide operator input to improve cost and operational efficiency. Meanwhile in Masdar city, our operations contract for the Personal Rapid Transit vehicles was renewed for an additional three years.

During the year, we kept abreast of the latest development trends in Asia. In FY2010, SMRTi secured a consultancy contract for the Shinbundang Line Project in South Korea. Up until contract expiration in FY2012, we have provided services in project planning and administration, system integration and interface, system assurance and safety certification, risk management, commissioning management, operations, maintenance, and training planning and management.

In India, we are in discussion with the Mumbai Metropolitan Region Development Authority on the



Hoisting the wheel into the boogie of the monorail

Installation of SMRT Active Route Map Information System on

22

new trains commissioned by LTA

possibility of conducting a safety audit for the Mumbai Monorail.

In China, in line with our strategy of exporting SMRTi's expertise to second tier cities, we reached advanced discussions with the Dalian Metro Operations Co Ltd on

providing our assistance in their preparations for operations and maintenance during the construction stages, and management of operations during the Metro's initial service stage.

Home Grown Expertise

On home ground, SMRTE continued to build on our position and experience as Singapore's forerunner in public transport operations and engineering. We completed the supply, installation, and testing and commissioning of the Automatic Fare Collection System gates for the Circle Line, light rapid transit and new stations for existing MRT lines.

During the year, we modified the existing Supervisory Control Systems in relation to the installation of the half height platform screen door system at above ground stations for existing MRT lines. In addition, software testing was done on the Land Transport Authority (LTA) fare collection software for e-payments incorporating distance fares, as well as for other non-transit related services.

We are also close to completing the installation of the SMRT Active Route Map Information System for 22 new trains commissioned by LTA. The project will be completed by 2012.

In addition, Sentosa Development Corporation has reappointed SMRTE as the maintenance provider for their monorail for another two years from June 2011.

Looking Ahead

In FY2013, we will continue to participate in business opportunities in the transport sector, with specific focus on Asia, China, India, Oceania and the Middle East. To achieve this, we aim to forge partnerships and alliances with government stakeholders, transport operators, consultants, developers, investors and contractors.



SMRT staff replacing a tyre



SMRT staff maintaining the boogie system

25

**STEADFAST
YEARS...**

AND MORE...

Financial Report

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Directors' Report

Year ended 31 March 2012

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2012.

Directors

The directors in office at the date of this report are as follows:

Koh Yong Guan	Chairman
Tan Ek Kia	Executive Director & CEO
Lee Seow Hiang	
Paul Ma Kah Woh	
Ong Ye Kung	
Bob Tan Beng Hai	
Peter Tan Boon Heng	
Yeo Wee Kiong	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director and Corporation in which interests are held	Holdings in the name of the Director, Spouse or Infant children	
	At beginning of the year/date of appointment, if later	At end of the year
Koh Yong Guan		
SMRT Corporation Ltd		
– ordinary shares	70,000	70,000
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	16,000	16,000
Singapore Airlines Limited		
– ordinary shares	4,800	4,800
Singapore Telecommunications Limited		
– ordinary shares	19,090	19,090
Singapore Technologies Engineering Ltd		
– ordinary shares	23,108	23,108
SP AusNet		
– stapled securities	96,000	96,000

Directors' Report

Year ended 31 March 2012

Directors' Interests (cont'd)

Name of Director and Corporation in which interests are held	Holdings in the name of the Director, Spouse or Infant children	
	At beginning of the year/date of appointment, if later	At end of the year
Paul Ma Kah Woh		
Mapletree Industrial Trust Management Ltd – units in Mapletree Industrial Trust	268,000	289,440
Mapletree Logistics Trust Management Ltd – units in Mapletree Logistics Trust	740,000	740,000
Mapletree Commercial Trust Management Ltd – units in Mapletree Commercial Trust	–	340,000
Singapore Telecommunications Limited – ordinary shares	380	380
StarHub Ltd – ordinary shares	78,580	78,580
Ong Ye Kung		
SMRT Corporation Ltd – ordinary shares	10,000	10,000
Singapore Telecommunications Limited – ordinary shares	42,240	45,460
Singapore Airlines Limited – ordinary shares	–	10,000
Neptune Orient Lines Limited – ordinary shares	20,000	20,000
Peter Tan Boon Heng		
Singapore Airlines Limited – ordinary shares	37,400	37,400
Yeo Wee Kiong		
Singapore Telecommunications Limited – ordinary shares	190	190
StarHub Ltd – ordinary shares	–	50,000

Directors' Report

Year ended 31 March 2012

Directors' Interests (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 April 2012.

Except as disclosed under the "Share Options and Share Plans" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in note 21(b) to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options and Share Plans

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRT ESOP comprises two distinct schemes:

- (i) Management Scheme – Scheme designed for management staff in the positions of Deputy Director and above of the Group.
- (ii) Employee Scheme – Scheme designed for all other employees of the Group.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2004.

The SMRT ESOP, SMRT RSP and SMRT PSP are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Lee Seow Hiang and Mr Yeo Wee Kiong.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP as it thinks fit.

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

The salient features of the SMRT ESOP, SMRT RSP and SMRT PSP are as follows:

SMRT ESOP

(i) Eligible participants

At the absolute discretion of the Committee, all confirmed employees of the Group (including any director of the Group who performs an executive function) who are not less than 21 years old and have been in the service of the Group for at least one year prior to the date of which an option is granted ("Grant Date") are eligible to participate in the SMRT ESOP.

(ii) Maximum allowable allotment

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed fifteen percent of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares to be offered to a participant shall be determined by the Committee at its absolute discretion after taking into account the length of service and performance of the participant and such other general criteria as the Committee may consider appropriate.

(iii) Subscription price

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days immediately preceding the Grant Date.

(iv) Option period

The options granted under the Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year) and may be exercised during the period commencing after the vesting date but before the tenth anniversary of the Grant Date.

The options granted under the Employee Scheme may be exercised during the period commencing after the second anniversary of the Grant Date but before the tenth anniversary of the Grant Date. The right of the participants to exercise their options is in all cases subject to such vesting schedule (if any) stipulated by the Committee and any other conditions which may be imposed by the Committee from time to time in its absolute discretion.

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

SMRT ESOP (cont'd)

At the end of the financial year, details of the options granted under the SMRT ESOP on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per option	Options outstanding and exercisable at 1 April 2011	Options exercised	Options forfeited/expired	Options outstanding at 31 March 2012	Number of option holders at 31 March 2012	Exercise period
16/7/2001	\$0.816	761,000	(372,000)	(389,000)	–	–	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	428,200	(83,300)	(7,300)	337,600	323	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	473,500	(75,000)	(6,000)	392,500	334	22/7/2004 to 21/7/2013
		<u>1,662,700</u>	<u>(530,300)</u>	<u>(402,300)</u>	<u>730,100</u>		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

No director has been granted options under the SMRT ESOP during the financial year. As at 31 March 2012, there are no outstanding options granted to directors under the SMRT ESOP.

Since the commencement of the SMRT ESOP, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the SMRT ESOP has been granted 5% or more of the total options available under the SMRT ESOP.

Since the commencement of the SMRT ESOP, no options have been granted to the employees of the holding company or its related corporations under the SMRT ESOP.

The options granted by the Company do not entitle the holders of the option, by virtue of such holdings, to any rights to participate in any share issue of any other company.

During the financial year, no options have been granted.

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans")

The SMRT RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.

The SMRT PSP is targeted at senior management in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

(i) *Eligible participants*

- Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
- Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

(ii) *Awards*

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to award performance-based restricted awards to ensure that the earnings of shares under the SMRT RSP is aligned with pay-for-performance principle.

Awards granted under the SMRT PSP are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted an award under the SMRT PSP, as well as the SMRT RSP although differing performance targets are likely to be set for each award.

Non-executive directors of the Group, the holding company and associated companies will not be eligible to participate in the Plans.

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(iii) Size and duration

The total number of new shares which may be issued pursuant to awards granted under the Plans, when added to the number of options granted under SMRT ESOP shall not exceed fifteen percent of the issued share capital of the Company on the day preceding the relevant date of award.

The number of existing shares purchased from the market which may be delivered pursuant to awards under the Plans, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to any limit as such methods will not involve the issuance of any new shares.

The Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 15 July 2004, provided always that the Plans may continue beyond the 10-year period with the approval of the shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Plans, any awards made to employees prior to such expiry or termination will continue to remain valid.

(iv) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the SMRT PSP and SMRT RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	30 March 2012	30 March 2012
Performance period	1 April 2011 to 31 March 2014	1 April 2011 to 31 March 2013
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/2 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 121% depending on the achievement of pre-set performance targets over the performance period.

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

Grant date	Balance as at 1 April 2011	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
SMRT PSP						
9 February 2009						
– For senior management	114,500	–	(93,500)	(18,100)	(2,900)	–
– For executive director (Saw Phaik Hwa) *	85,000	–	–	(73,100)	(11,900)	–
28 August 2009						
– For senior management	134,000	–	(110,000)	–	–	24,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
23 August 2010						
– For senior management	156,000	–	(120,000)	–	–	36,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
30 March 2012						
– For senior management	–	246,000	–	–	–	246,000
Total	689,500	246,000	(323,500)	(91,200)	(14,800)	506,000
SMRT RSP						
12 November 2007						
– For senior management	190,800	–	(42,500)	(148,300)	–	–
– For executive director (Saw Phaik Hwa) *	34,000	–	–	(34,000)	–	–
9 February 2009						
– For senior management	391,900	–	(99,100)	(174,900)	–	117,900
– For executive director (Saw Phaik Hwa) *	62,300	–	–	(31,200)	–	31,100
28 August 2009						
– For senior management	769,500	–	(186,200)	(318,000)	91,500	356,800
– For executive director (Saw Phaik Hwa) *	100,000	–	–	(38,300)	15,000	76,700
23 August 2010						
– For senior management	934,000	–	(232,000)	–	–	702,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
30 March 2012						
– For senior management	–	965,500	–	–	–	965,500
Total	2,582,500	965,500	(559,800)	(744,700)	106,500	2,350,000

* Ms Saw Phaik Hwa resigned as director on 6 January 2012

Directors' Report

Year ended 31 March 2012

Share Options and Share Plans (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2012 were 506,000 and 2,350,000 (2011: 689,500 and 2,582,500) for SMRT PSP and SMRT RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 694,000 and 2,721,300 (2011: 861,900 and 2,982,300) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

Audit Committee

The Audit Committee (the "Committee") comprises four non-executive independent directors. The Committee's members at the date of this report are as follows:

Paul Ma Kah Woh	Chairman
Bob Tan Beng Hai	
Peter Tan Boon Heng	
Yeo Wee Kiong	

The Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual ("Listing Manual") and the Code of Corporate Governance.

The principal responsibility of the Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:

- the effectiveness of the management of financial risks and the reliability of management reporting;
- compliance with laws and regulations, particularly those of the Act and the Listing Manual;
- the appropriateness of quarterly and full year announcements and reports;
- the effectiveness of the Group's system of internal controls;
- the effectiveness and efficiency of internal and external audits; and
- interested person transactions.

Specific functions of the Committee include reviewing the scope of work of the internal and external auditors, reviewing the level of assistance given by the Group's officers to the internal and external auditors, and receiving and considering the reports of the internal and the external auditors, the internal and external auditors' evaluation of the system of internal controls and ensuring that management responds to recommendations made by the internal and external auditors. The Committee also recommends the appointment of the external auditors.

Directors' Report

Year ended 31 March 2012

Audit Committee (cont'd)

The Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Committee met five times during the year.

The Committee has met with the internal auditors and the external auditors separately without the presence of management during the year.

The Committee has reviewed the fees for non-audit services rendered by the external auditors and their affiliates and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors for the audit of the financial statements of the Group for the year ended 31 March 2012.

In addition, the Committee has, in accordance with Chapter 9 of the Listing Manual, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Group to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



Koh Yong Guan

Director



Tan Ek Kia

Director

30 April 2012

Statement by Directors

Year ended 31 March 2012

In our opinion:

- (a) the financial statements set out on pages 119 to 188 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Koh Yong Guan
Director



Tan Ek Kia
Director

30 April 2012

Independent Auditor's Report

Year ended 31 March 2012

TO THE MEMBERS OF SMRT CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 119 to 188, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Year ended 31 March 2012

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012, and of the results, changes in equity and cash flows of the Group and the changes in equity for the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 30 April 2012

Balance Sheets

As at 31 March 2012

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current assets					
Property, plant and equipment	4	1,346,497	998,453	9,139	5,408
Intangible asset	5	13,614	35,288	–	–
Investments in subsidiaries	6	–	–	368,573	390,247
Interest in associate	7	67,887	63,757	–	–
Other investments	8	14,632	10,154	–	–
		1,442,630	1,107,652	377,712	395,655
Current assets					
Inventories	9	53,680	53,597	–	–
Trade and other receivables	10	64,256	64,608	92,017	164,969
Other investments	8	–	3,570	–	–
Tax recoverable		36	968	–	790
Fixed deposits with banks and financial institutions		157,687	350,424	–	–
Cash at banks and in hand		37,643	25,794	6,416	2,217
		313,302	498,961	98,433	167,976
Total assets		1,755,932	1,606,613	476,145	563,631
Equity attributable to equity holders of SMRT					
Share capital	11	166,462	164,811	166,462	164,811
Reserves	12	(755)	(692)	2,316	2,922
Accumulated profits		625,706	634,977	291,488	274,849
Total equity		791,413	799,096	460,266	442,582
Non-current liabilities					
Interest-bearing borrowings	14	150,000	150,000	–	–
Provisions	15	2,977	3,278	–	30
Deferred tax liabilities	16	124,208	118,242	1,337	721
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	62,758	74,824	57	77
		360,255	366,656	1,394	828
Current liabilities					
Interest-bearing borrowings	14	–	100,000	–	100,000
Trade and other payables	19	546,156	269,012	14,218	19,966
Provisions	15	37,911	28,417	216	255
Current tax payable		20,197	43,432	51	–
		604,264	440,861	14,485	120,221
Total liabilities		964,519	807,517	15,879	121,049
Total equity and liabilities		1,755,932	1,606,613	476,145	563,631

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Revenue	20	1,057,229	969,692
Other operating income	21(a)	22,023	20,154
Staff and related costs	21(b)	(340,141)	(313,593)
Depreciation of property, plant and equipment	4	(141,044)	(135,259)
Amortisation of asset-related grants	18	11,426	15,979
Repairs and maintenance costs		(84,788)	(77,978)
Electricity and diesel costs		(166,366)	(122,357)
Impairment of goodwill	5	(21,674)	–
Other operating expenses	21(c)	(188,001)	(161,051)
Finance costs	21(d)	(6,169)	(7,127)
Interest and investment income	21(e)	1,711	1,804
Share of results of associate (net of tax)		2,716	1,477
Profit before income tax	21	146,922	191,741
Income tax expense	22	(27,049)	(30,650)
Profit for the year attributable to equity holders of SMRT		119,873	161,091
Earnings per share (in cents)			
Basic	23	7.9	10.6
Diluted	23	7.9	10.6

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	2012	2011
	\$'000	\$'000
Profit for the year	119,873	161,091
Other comprehensive income/(loss)		
Change in fair value of available-for-sale financial assets, net of tax	(876)	(469)
Fair value of available-for-sale financial assets realised & transferred to the income statement, net of tax	–	(4)
Effective portion of change in fair value of cash flow hedge, net of tax	830	–
Change in fair value of cash flow hedges transferred to the income statement, net of tax	(642)	189
Currency translation differences arising from consolidation	1,231	(4,696)
Other comprehensive income/(loss) for the year, net of tax	543	(4,980)
Total comprehensive income for the year	120,416	156,111

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2012

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 April 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
Profit for the year	-	-	-	-	-	161,091	161,091
Other comprehensive income/(loss)	-	(4,696)	(473)	189	-	-	(4,980)
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	341	-	-	-	-	-	341
Issue of performance shares	1,392	-	-	-	(1,392)	-	-
Value of employee services received for share-based payment	-	-	-	-	1,640	-	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	-	-	-	-	-	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	-	-	-	-	-	(26,576)	(26,576)
Total transactions with owners	1,733	-	-	-	248	(129,012)	(127,031)
At 31 March 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096
At 1 April 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096
Profit for the year	-	-	-	-	-	119,873	119,873
Other comprehensive income/(loss)	-	1,231	(876)	188	-	-	543
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	406	-	-	-	-	-	406
Issue of performance shares	1,245	-	-	-	(1,245)	-	-
Value of employee services received for share-based payment	-	-	-	-	639	-	639
Final dividend paid of 6.75 cents per share in respect of year 2011	-	-	-	-	-	(102,541)	(102,541)
Interim dividend paid of 1.75 cents per share in respect of year 2012	-	-	-	-	-	(26,603)	(26,603)
Total transactions with owners	1,651	-	-	-	(606)	(129,144)	(128,099)
At 31 March 2012	166,462	(3,168)	568	(471)	2,316	625,706	791,413

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

Year ended 31 March 2012

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2010	163,078	2,674	242,154	407,906
Profit for the year	–	–	161,707	161,707
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	341	–	–	341
Issue of performance shares	1,392	(1,392)	–	–
Value of employee services received for share-based payment	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	248	(129,012)	(127,031)
At 31 March 2011	164,811	2,922	274,849	442,582
At 1 April 2011	164,811	2,922	274,849	442,582
Profit for the year	–	–	145,783	145,783
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	406	–	–	406
Issue of performance shares	1,245	(1,245)	–	–
Value of employee services received for share-based payment	–	639	–	639
Final dividend paid of 6.75 cents per share in respect of year 2011	–	–	(102,541)	(102,541)
Interim dividend paid of 1.75 cents per share in respect of year 2012	–	–	(26,603)	(26,603)
Total transactions with owners	1,651	(606)	(129,144)	(128,099)
At 31 March 2012	166,462	2,316	291,488	460,266

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	2012 \$'000	2011 \$'000
Operating activities		
Profit before income tax	146,922	191,741
<i>Adjustments for items not involving outlay of funds:</i>		
Amortisation of asset-related grants	(11,426)	(15,979)
Depreciation of property, plant and equipment	141,044	135,259
Dividend income	(155)	(141)
Grant released upon disposal/write-off of property, plant and equipment	(723)	(53)
Impairment of goodwill	21,674	–
Interest expense	6,169	7,127
Interest income	(1,321)	(1,657)
Loss/(Gain) on disposal of:		
– property, plant and equipment	365	478
– other investments	(235)	(6)
Property, plant and equipment written off	3,869	1,834
Provisions made during the year	17,762	17,615
Share-based payment expenses	639	1,640
Share of results of associate	(2,716)	(1,477)
	321,868	336,381
<i>Changes in working capital:</i>		
Inventories	(83)	(3,917)
Trade and other receivables	10,033	(6,309)
Trade and other payables	575	(3,944)
Cash generated from operations	332,393	322,211
Income taxes paid, net	(43,425)	(31,991)
Interest paid	(6,900)	(6,900)
Cash flows from operating activities	282,068	283,320

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	2012 \$'000	2011 \$'000
Investing activities		
Dividends received	155	141
Interest received	1,567	1,657
Purchase of property, plant and equipment	(234,575)	(106,964)
Purchase of other investments	(7,238)	(3,123)
Proceeds from disposal of:		
– property, plant and equipment	311	183
– associate	–	1,732
– other investments	5,519	2,084
Cash flows from investing activities	(234,261)	(104,290)
Financing activities		
Grant received	83	402
Proceeds from issue of shares under share option plan	406	341
Repayment of financial liabilities	(100,000)	–
Dividends paid	(129,144)	(129,012)
Cash flows from financing activities	(228,655)	(128,269)
Net (decrease)/increase in cash and cash equivalents	(180,848)	50,761
Cash and cash equivalents at beginning of the year	376,218	326,011
Effect of exchange rate fluctuations on cash held	(40)	(554)
Cash and cash equivalents at end of the year	195,330	376,218
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	157,687	350,424
Cash at banks and in hand	37,643	25,794
	195,330	376,218

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2012.

1 Domicile and Activities

SMRT Corporation Ltd (“SMRT” or the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 251 North Bridge Road, Singapore 179102.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate.

The principal activities of the Company are those relating to investment holding and provision of management services to Group companies. The subsidiaries are involved in seven key businesses as follows:

(i) Rail operations

Its principal activities are to provide transport-related businesses in Singapore. It operates the North-South-East-West and Circle lines of the Mass Rapid Transit System (the “MRT System”) and the Bukit Panjang Light Rapid Transit System (the “LRT System”).

(ii) Bus operations

Its principal activities are to provide bus services and charter hire services.

(iii) Taxi operations

Its principal activities are to provide rental of taxis, provision of taxi services and sale of diesel to taxi hirers.

(iv) Rental

Its principal activities are the leasing of commercial space and kiosks.

(v) Advertising

Its principal activities are the leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis.

(vi) Engineering and other services

The business provides consultancy, project management services, leasing of fibre optic cables and repair & maintenance services.

(vii) Investment holding and support services

Its principal activities are the provision of management and other support services to Group companies and investment holding.

Notes to the Financial Statements

Year ended 31 March 2012

2 Licence and Operating Agreements

(a) SMRT Trains Ltd (“MRT”)

A Licence and Operating Agreement (“the MRT LOA”) with the Land Transport Authority (“LTA”) under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for a period of 30 years from 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. MRT may request LTA to extend the licence for a further period of 30 years, whereupon LTA may, if it deems fit, renew the licence for a further 30 years or such other period and upon such terms and conditions as LTA may impose.
- (ii) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.
- (iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West lines of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System (“CCL System”) in Singapore which came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence shall be for a term (the “Initial Licence Term”) of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates, and 0.5% of the annual non-fare revenue net of goods and services tax from 4 May 2009 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit System Act or its subsidiary legislation.
- (ii) The licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subjected to any other terms and conditions as LTA may impose.
- (iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.

Notes to the Financial Statements

Year ended 31 March 2012

2 Licence and Operating Agreements (cont'd)

(a) SMRT Trains Ltd ("MRT") (cont'd)

- (iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of S\$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which included the cost of any major overhaul of any equipment, machinery or any part of the CCL System comprising all assets and infrastructure required to operate the CCL System. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.
- (v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.
- (vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.
- (vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT upon cancellation.

(b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement ("the LRT LOA") with LTA under which LRT is licensed to operate the Bukit Panjang Light Rapid Transit System ("the LRT System") in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for the period from 6 November 1999 to 31 March 2028, at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 1999 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. LRT may request LTA to extend the licence for a period of 30 years, whereupon LTA may, if it deems fit, renew the licence for a period of 30 years or such other period and upon such terms and conditions as LTA may impose.

Notes to the Financial Statements

Year ended 31 March 2012

2 Licence and Operating Agreements (cont'd)

(b) SMRT Light Rail Pte Ltd ("LRT") (cont'd)

- (ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.
- (iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of \$3 million or 75% of the post tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.
- (iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC Central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.
- (v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.
- (vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT upon cancellation.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 30.

3.2 Changes in accounting policies

On 1 April 2011, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group’s accounting policies or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

3.3 Basis of consolidation

Business combination

Business combinations are accounted for under the purchase method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

The excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the purchase consideration is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.3 Basis of consolidation (cont'd)

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries and associates

Where necessary, accounting policies of subsidiaries and associates have been adjusted on consolidation to be consistent with the policies adopted by the Group.

3.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.4 Foreign currencies (cont'd)

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) which is recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

3.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads and capitalised borrowing costs.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation

Depreciation is provided on a straight-line basis so as to write off the cost of the property, plant and equipment and major components that are accounted for separately over their estimated useful lives as follows:

Leasehold land and properties	– lease period ranging from 10 to 30 years
Furniture and fittings, office equipment and computers	– 3 to 10 years
Motor vehicles	– 5 years
Rolling stock	– 10 to 30 years
Power supply equipment	– 5 to 25 years
Signalling, communication and automatic fare collection systems	– 3 to 30 years
Buses	– 10 to 17 years
Taxis and vehicles for rental	– 6.67 to 7.67 years
Plant and machinery	– 3 to 12 years
Other operating equipment	– 3 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

Property, plant and equipment costing less than \$1,000 per item are expensed off as and when they are purchased.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

3.6 Intangible assets

Goodwill in a business combination represents the excess of the purchase consideration over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill is measured at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates is presented together with investments in associates. Goodwill is tested for impairment on an annual basis in accordance with note 3.12. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provisional values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.7 Non-derivative financial instruments

Available-for-sale financial assets

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Share Capital

Ordinary shares are classified as equity.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.8 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to partially hedge its exposure to financial risks arising from its business activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Separable embedded derivatives

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management's estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

3.12 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.12 Impairment (cont'd)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

Calculation of recoverable amount

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.12 Impairment (cont'd)

Reversals of impairment

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.14 Liabilities and interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

3.15 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.16 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Provision for accident claims

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

3.17 Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.18 Fuel Equalisation Account ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The amount that can be released to the income statement is limited to half the available FEA balance.

The PTC may also direct such transfers that it considers necessary.

3.19 Grants

Asset-related grants

Assets-related grants received from the Land Transport Authority and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

Other grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised. The grants are presented in the income statement as a deduction against the related expenses.

3.20 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and approved.

3.21 Revenue recognition

Passenger revenue

Passenger revenue from MRT and LRT systems and buses is recognised at the end of the ride.

Taxi rental and rental revenue

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

Advertising revenue

Advertising revenue is recognised on an accrual basis over the terms of the contract.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.21 Revenue recognition (cont'd)

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and other services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised on the percentage of completion method. The stage of completion is recognised upon completion of work done at designated phases of the contracts. Where appropriate, the percentage of completion is estimated by reference to the proportion of contract costs incurred to date to the estimated total contract costs for each project.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

3.22 Leases

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in the income statement when incurred.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in the income statement when earned.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.23 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.24 Interest and investment income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.26 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the market yield of quoted Singapore Government Bonds at balance sheet date. The calculation is performed using the projected unit credit method.

Notes to the Financial Statements

Year ended 31 March 2012

3 Summary of Significant Accounting Policies (cont'd)

3.26 Employee benefits (cont'd)

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, any actuarial gain or loss is recognised in the income statement in the period that the gain or loss arises.

Short-term accumulating compensated absences

Provision is made when services are rendered by employees that increase their entitlement to future compensated absences.

Equity and equity related compensated benefits

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") allows the Group's employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

Notes to the Financial Statements

Year ended 31 March 2012

4 Property, Plant and Equipment

Group	Leasehold land and properties \$'000	Furniture, fittings, office equipment and computers \$'000	Motor vehicles \$'000	Rolling stock \$'000	Power supply equipment \$'000
Cost					
At 1 April 2010	189,779	51,745	4,536	920,961	141,200
Additions	241	1,557	1,192	2,816	10
Disposals/Write-offs	–	(2,337)	(410)	–	(892)
Transfers/Reclassifications	27,971	12,637	–	2,094	474
At 31 March 2011	217,991	63,602	5,318	925,871	140,792
At 1 April 2011	217,991	63,602	5,318	925,871	140,792
Additions	160	6,187	851	295,703	90
Disposals/Write-offs	–	(492)	(123)	(6)	(568)
Transfers/Reclassifications	44,052	7,049	–	5,319	4,360
At 31 March 2012	262,203	76,346	6,046	1,226,887	144,674
Accumulated depreciation and impairment losses					
At 1 April 2010	34,548	32,480	2,838	583,721	96,280
Depreciation charge for the year	9,703	6,609	580	43,218	8,262
Disposals/Write-offs	–	(2,334)	(410)	–	(464)
At 31 March 2011	44,251	36,755	3,008	626,939	104,078
At 1 April 2011	44,251	36,755	3,008	626,939	104,078
Depreciation charge for the year	11,544	6,818	710	43,933	8,457
Disposals/Write-offs	–	(480)	(123)	(6)	(205)
At 31 March 2012	55,795	43,093	3,595	670,866	112,330
Carrying amount					
At 31 March 2011	173,740	26,847	2,310	298,932	36,714
At 31 March 2012	206,408	33,253	2,451	556,021	32,344

Notes to the Financial Statements

Year ended 31 March 2012

Signalling, communication and automatic fare collection systems \$'000	Buses \$'000	Taxis and vehicles for rental \$'000	Plant and machinery \$'000	Other operating equipment \$'000	Assets under construction \$'000	Total \$'000
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
2,398	2,156	2,782	512	2,298	84,880	100,842
(1,671)	(352)	(6,047)	(2,201)	(877)	(43)	(14,830)
6,149	3,132	13,857	106	16,229	(82,649)	–
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
14,574	3,790	21,313	560	2,092	150,788	496,108
(805)	(3,663)	(14,874)	(193)	(5,339)	–	(26,063)
3,308	36,317	30,417	1,334	21,105	(153,261)	–
284,740	281,264	234,743	24,212	349,770	88,685	2,979,570
180,075	120,080	80,555	23,380	232,955	–	1,386,912
13,593	18,236	21,420	1,012	12,626	–	135,259
(1,598)	(348)	(3,011)	(2,083)	(851)	–	(11,099)
192,070	137,968	98,964	22,309	244,730	–	1,511,072
192,070	137,968	98,964	22,309	244,730	–	1,511,072
12,519	18,989	25,404	768	11,902	–	141,044
(805)	(3,443)	(10,252)	(193)	(3,536)	–	(19,043)
203,784	153,514	114,116	22,884	253,096	–	1,633,073
75,593	106,852	98,923	202	87,182	91,158	998,453
80,956	127,750	120,627	1,328	96,674	88,685	1,346,497

Notes to the Financial Statements

Year ended 31 March 2012

4 Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers \$'000	Communication systems \$'000	Motor vehicles \$'000	Other operating equipment \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
Cost							
At 1 April 2010	10,718	1,270	129	7	101	1,154	13,379
Additions	217	19	–	–	–	1,334	1,570
Disposals/Write-offs	(124)	–	–	–	–	–	(124)
Transfers/Reclassifications	805	–	–	–	–	(805)	–
At 31 March 2011	11,616	1,289	129	7	101	1,683	14,825
At 1 April 2011	11,616	1,289	129	7	101	1,683	14,825
Additions	4,850	32	–	–	–	576	5,458
Disposals/Write-offs	(65)	–	–	–	–	–	(65)
Transfers/Reclassifications	1,081	–	–	–	–	(1,081)	–
At 31 March 2012	17,482	1,321	129	7	101	1,178	20,218
Accumulated depreciation and impairment losses							
At 1 April 2010	6,787	900	77	7	22	–	7,793
Depreciation charge for the year	1,636	83	18	–	10	–	1,747
Disposals/Write-offs	(123)	–	–	–	–	–	(123)
At 31 March 2011	8,300	983	95	7	32	–	9,417
At 1 April 2011	8,300	983	95	7	32	–	9,417
Depreciation charge for the year	1,627	75	15	–	10	–	1,727
Disposals/Write-offs	(65)	–	–	–	–	–	(65)
At 31 March 2012	9,862	1,058	110	7	42	–	11,079
Carrying amount							
At 31 March 2011	3,316	306	34	–	69	1,683	5,408
At 31 March 2012	7,620	263	19	–	59	1,178	9,139

Notes to the Financial Statements

Year ended 31 March 2012

5 Intangible Asset

Group	Goodwill	
	2012	2011
	\$'000	\$'000
Cost		
At 1 April and 31 March	63,373	63,373
Impairment losses		
At 1 April	28,085	28,085
Impairment loss	21,674	–
At 31 March	49,759	28,085
Carrying amount		
At 1 April	35,288	35,288
At 31 March	13,614	35,288

Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	2012	2011
	\$'000	\$'000
Bus operations	–	21,674
Taxi operations	13,614	13,614
	13,614	35,288

The recoverable amount of a business unit is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The key assumptions for the cash flow projections are stated below.

The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple.

The key assumptions used for the analysis of each business unit are:

- The sizes of taxi and bus fleets approximate those existing at date of review.
- Fare adjustments are based on fare formula set by the Public Transport Council. Ridership projection is based on analysis of historical growth as well as consideration for anticipated economic and physical developments and changes that may affect the transport sector.
- Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- Diesel prices are based on average forecast prices from market sources.
- The pre-tax Weighted Average Cost of Capital of the Group is 6.32% (2011: 6.64%) per annum.
- Operating expenses are based on historical trends, taking into account expected inflation.

Notes to the Financial Statements

Year ended 31 March 2012

5 Intangible Asset (cont'd)

Management believes that any reasonable change to the key assumptions above on which the recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts for the taxi operations.

During the year, goodwill allocated to the bus operations of \$21,674,000 was fully impaired as the Bus business had been adversely impacted by significant increase in operating costs (in particular, diesel costs and staff costs) and fare adjustments had not kept pace with these increases. The projection had taken into account the increasing cost pressures from rising diesel costs and higher salary package for bus service leaders which are not fully offset by incremental bus revenue from fare adjustments.

6 Investments in Subsidiaries

	Company	
	2012 \$'000	2011 \$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(49,759)	(28,085)
	368,573	390,247

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2012 %	2011 %
¹ SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
¹ SMRT Light Rail Pte Ltd	Singapore	100	100
¹ SMRT Engineering Pte Ltd and its subsidiary:	Singapore	100	100
² SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
¹ SMRT International Pte Ltd	Singapore	100	100
¹ SMRT Investments Pte Ltd	Singapore	100	100
¹ SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Buses Ltd.	Singapore	100	100
¹ SMRT Taxis Pte Ltd	Singapore	100	100
¹ SMRT Automotive Services Pte. Ltd.	Singapore	100	100
¹ Bus-Plus Services Pte Ltd	Singapore	100	100
¹ SMRT Capital Pte. Ltd.	Singapore	100	100
¹ SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
⁴ SMRT Cayman I	Cayman Islands	100	100
⁴ SMRT Cayman II	Cayman Islands	100	100
³ SMRT Hong Kong Limited	Hong Kong	100	100
¹ SMRT Institute Pte Ltd	Singapore	100	100

¹ Audited by PricewaterhouseCoopers LLP, Singapore

² Audited by PricewaterhouseCoopers United Arab Emirates

³ Audited by PricewaterhouseCoopers LLP, Hong Kong

⁴ Not required to be audited in its country of incorporation

Notes to the Financial Statements

Year ended 31 March 2012

7 Interest in Associate

	Group	
	2012	2011
	\$'000	\$'000
Interest in associate	67,887	63,757

Details of the associate are as follows:

Name of associate	Place of incorporation and business	Effective equity interest held by the Group	
		2012	2011
		%	%
Held by SMRT Hong Kong Limited			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49

Summarised financial information of Shenzhen Zona Transportation Group Co., Ltd. is as follows:

	2012	2011
	\$'000	\$'000
Assets and liabilities		
Total assets	227,813	215,948
Total liabilities	122,128	120,249
Results		
Revenue	60,392	54,769
Profit after taxation	5,543	3,015

The summarised financial information relating to the associate disclosed above is not adjusted for the percentage of ownership held by the Group.

Notes to the Financial Statements

Year ended 31 March 2012

8 Other Investments

	Group	
	2012	2011
	\$'000	\$'000
Non-current		
Quoted available-for-sale quoted equity security	4,278	5,154
Held-to-maturity debt securities	10,354	5,000
	14,632	10,154
Current		
Held-to-maturity debt securities	–	3,570
Total	14,632	13,724

Held-to-maturity debt securities bear interest at rates ranging from 1.35% to 2.82% (2011: 1.12% to 2.81%) per annum and will mature in 2.9 to 7.0 years (2011: 0.7 year to 3.9 years).

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. Debt securities are neither past due nor impaired.

9 Inventories

	Group	
	2012	2011
	\$'000	\$'000
Spare parts, diesel, tyres and consumable stores	70,190	68,322
Allowance for obsolete inventories	(16,510)	(14,725)
	53,680	53,597

10 Trade and Other Receivables

		Group		Company	
	Note	2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Trade receivables	10(a)	33,395	36,527	–	–
Other receivables, deposits and prepayments	10(b)	30,861	28,081	3,118	1,619
Amounts due from subsidiaries	10(c)	–	–	88,899	163,350
		64,256	64,608	92,017	164,969

Notes to the Financial Statements

Year ended 31 March 2012

10(a) Trade Receivables

	Group	
	2012	2011
	\$'000	\$'000
Trade receivables	37,750	40,496
Allowance for doubtful receivables (note 27)	(4,355)	(3,969)
	<u>33,395</u>	<u>36,527</u>

Trade receivables of the Group include \$2,564,000 (2011: \$7,931,000) due from related corporations and there is no allowance for doubtful debts arising from the outstanding balances.

10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deposits	561	966	145	145
Prepayments	9,635	8,217	1,222	133
Staff loans and advances	452	803	383	112
Interest receivable	218	368	–	–
Recoverable in respect of accident claims	8,553	7,051	–	–
Advances to suppliers	5,540	1,239	227	9
Other receivables	5,902	9,437	1,141	1,220
	<u>30,861</u>	<u>28,081</u>	<u>3,118</u>	<u>1,619</u>

10(c) Amounts Due from Subsidiaries

	Company	
	2012	2011
	\$'000	\$'000
Current account (trade)	25,603	7,647
Interest-bearing loans	63,296	155,703
	<u>88,899</u>	<u>163,350</u>

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.17% (2011: 0.18%) per annum and are repayable on demand.

The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

Notes to the Financial Statements

Year ended 31 March 2012

11 Share Capital

	Group and Company			
	2012		2011	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,518,820	164,811	1,517,354	163,078
Issue of shares under SMRT ESOP	530	406	459	341
Issue of performance shares under SMRT RSP & SMRT PSP	836	1,245	1,007	1,392
At 31 March	1,520,186	166,462	1,518,820	164,811

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Pursuant to the SMRT ESOP, 372,000, 83,300 and 75,000 (2011: 259,000, 96,000 and 104,300) new fully-paid ordinary shares were issued during the year for cash at \$0.816, \$0.676 and \$0.623 per share respectively by the Company.

Capital management

The Company's primary objectives in capital management are to provide adequate returns to shareholders and to manage the capital base so as to sustain future development of the business.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

Notes to the Financial Statements

Year ended 31 March 2012

12 Reserves

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Fair value reserve	568	1,444	–	–
Hedge reserve	(471)	(659)	–	–
Share-based payment reserve	2,316	2,922	2,316	2,922
Foreign currency translation reserve	(3,168)	(4,399)	–	–
	(755)	(692)	2,316	2,922

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

13 Equity Compensation Benefits

The SMRT Corporation Employee Share Option Plan (“SMRT ESOP”) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRT ESOP comprises two distinct schemes:

- (i) Management Scheme – Scheme designed for management staff in the positions of Deputy Director and above of the Group.
- (ii) Employee Scheme – Scheme designed for all other employees of the Group.

The SMRT Corporation Restricted Share Plan (“SMRT RSP”) and the SMRT Corporation Performance Share Plan (“SMRT PSP”) of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2004.

The SMRT ESOP, SMRT RSP and SMRT PSP are administered by the Remuneration Committee (the “Committee”), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Lee Seow Hiang and Mr Yeo Wee Kiong.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP as it thinks fit.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

The salient features of the SMRT ESOP, SMRT RSP and SMRT PSP are as follows:

SMRT ESOP

(i) *Eligible participants*

At the absolute discretion of the Committee, all confirmed employees of the Group (including any director of the Group who performs an executive function) who are not less than 21 years old and have been in the service of the Group for at least one year prior to the date of which an option is granted ("Grant Date") are eligible to participate in the SMRT ESOP.

(ii) *Maximum allowable allotment*

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed fifteen percent of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares to be offered to a participant shall be determined by the Committee at its absolute discretion after taking into account the length of service and performance of the participant and such other general criteria as the Committee may consider appropriate.

(iii) *Subscription price*

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the Grant Date.

(iv) *Option period*

The options granted under the Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year) and may be exercised during the period commencing after the vesting date but before the tenth anniversary of the Grant Date.

The options granted under the Employee Scheme may be exercised during the period commencing after the second anniversary of the Grant Date but before the tenth anniversary of the Grant Date. The right of the participants to exercise their options is in all cases subject to such vesting schedule (if any) stipulated by the Committee and any other conditions which may be imposed by the Committee from time to time in its absolute discretion.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT ESOP (cont'd)

At the end of the financial year, details of the options granted under the SMRT ESOP on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per option	Options outstanding and exercisable at 1 April 2011	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2012	Proceeds on exercise of options during the year credited to share capital \$'000	Weighted average share price at exercise date of options	Exercise period
16/7/2001	\$0.816	761,000	(372,000)	(389,000)	–	303	\$1.899	16/7/2002 to 15/7/2011
22/7/2002	\$0.676	428,200	(83,300)	(7,300)	337,600	56	\$1.881	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	473,500	(75,000)	(6,000)	392,500	47	\$1.884	22/7/2004 to 21/7/2013
		<u>1,662,700</u>	<u>(530,300)</u>	<u>(402,300)</u>	<u>730,100</u>	<u>406</u>		

No option has been granted during the financial year.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a modified Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on the historic volatility, calculated based on monthly share prices over three years prior to date of grant of options.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the fair value measurement of the services received.

SMRT RSP and SMRT PSP (collectively "the Plans")

The SMRT RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.

The SMRT PSP is targeted at senior management in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

(i) Eligible participants

- Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
- Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(i) Eligible participants (cont'd)

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

(ii) Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to award performance-based restricted awards to ensure that the earnings of shares under the SMRT RSP is aligned with pay-for-performance principle.

Awards granted under the SMRT PSP are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted an award under the SMRT PSP, as well as the SMRT RSP although differing performance targets are likely to be set for each award.

Non-executive directors of the Group, the holding company and associated companies will not be eligible to participate in the Plans.

(iii) Size and duration

The total number of new shares which may be issued pursuant to awards granted under the Plans, when added to the number of options granted under SMRT ESOP shall not exceed fifteen percent of the issued share capital of the Company on the day preceding the relevant date of award.

The number of existing shares purchased from the market which may be delivered pursuant to awards under the Plans, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to any limit as such methods will not involve the issuance of any new shares.

The Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 15 July 2004, provided always that the Plans may continue beyond the 10-year period with the approval of the shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Plans, any awards made to employees prior to such expiry or termination will continue to remain valid.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

(iv) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the SMRT PSP and SMRT RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	30 March 2012	30 March 2012
Performance period	1 April 2011 to 31 March 2014	1 April 2011 to 31 March 2013
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/2 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 121% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

	2012		2011	
	SMRT PSP	SMRT RSP	SMRT PSP	SMRT RSP
Historical volatility				
SMRT	13.46%	13.46%	22.22%	22.22%
Straits Times Index	21.20%		32.45%	
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant	0.22%	0.15% - 0.32%	0.57%	0.50% - 0.67%
Term	2.3 years	1.3 to 3.3 years	2.8 years	1.8 to 3.8 years
SMRT expected dividend yield	---- Management's forecast ----		---- Management's forecast ----	
Share price at grant date	\$1.74	\$1.74	\$2.03	\$2.03

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2011	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
9 February 2009						
- For senior management	114,500	-	(93,500)	(18,100)	(2,900)	-
- For executive director (Saw Phaik Hwa) *	85,000	-	-	(73,100)	(11,900)	-
28 August 2009						
- For senior management	134,000	-	(110,000)	-	-	24,000
- For executive director (Saw Phaik Hwa) *	100,000	-	-	-	-	100,000
23 August 2010						
- For senior management	156,000	-	(120,000)	-	-	36,000
- For executive director (Saw Phaik Hwa) *	100,000	-	-	-	-	100,000
30 March 2012						
- For senior management	-	246,000	-	-	-	246,000
	689,500	246,000	(323,500)	(91,200)	(14,800)	506,000

* Ms Saw Phaik Hwa resigned as director on 6 January 2012

The estimated fair value at date of grant for each share granted on 30 March 2012 pursuant to SMRT PSP was \$0.52.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

SMRT RSP

Grant date	Balance as at 1 April 2011	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
12 November 2007						
- For senior management	190,800	-	(42,500)	(148,300)	-	-
- For executive director (Saw Phaik Hwa) *	34,000	-	-	(34,000)	-	-
9 February 2009						
- For senior management	391,900	-	(99,100)	(174,900)	-	117,900
- For executive director (Saw Phaik Hwa) *	62,300	-	-	(31,200)	-	31,100
28 August 2009						
- For senior management	769,500	-	(186,200)	(318,000)	91,500	356,800
- For executive director (Saw Phaik Hwa) *	100,000	-	-	(38,300)	15,000	76,700
23 August 2010						
- For senior management	934,000	-	(232,000)	-	-	702,000
- For executive director (Saw Phaik Hwa) *	100,000	-	-	-	-	100,000
30 March 2012						
- For senior management	-	965,500	-	-	-	965,500
	2,582,500	965,500	(559,800)	(744,700)	106,500	2,350,000

* Ms Saw Phaik Hwa resigned as director on 6 January 2012

The estimated fair values at grant date for each share granted on 30 March 2012 pursuant to SMRT RSP range from \$1.354 to \$1.472.

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2012 were 506,000 and 2,350,000 (2011: 689,500 and 2,582,500) for SMRT PSP and SMRT RSP respectively.

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 694,000 and 2,721,300 (2011: 861,900 and 2,982,300) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

Notes to the Financial Statements

Year ended 31 March 2012

13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2012	2011
	\$'000	\$'000
Expenses		
(i) Performance share plan under SMRT PSP	(50)	268
(ii) Performance-based restricted shares under SMRT RSP	689	1,372
	639	1,640

14 Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Unsecured quoted fixed rate notes	150,000	150,000	–	–
Current liabilities				
Unsecured quoted fixed rate notes	–	100,000	–	100,000
Total	150,000	250,000	–	100,000

Notes to the Financial Statements

Year ended 31 March 2012

14 Interest-Bearing Borrowings (cont'd)

Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Carrying amount	
			2012	2011
			\$'000	\$'000
Unsecured quoted fixed rate notes	3.27%	2011	–	100,000
Unsecured quoted fixed rate notes	2.42%	2014	150,000	150,000
			150,000	250,000

Company

Unsecured quoted fixed rate notes	3.27%	2011	–	100,000
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The Group has established the following Medium Term Note (“MTN”) Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

- (a) On 13 January 2005, the Company put in place a S\$500 Million Multi-Currency MTN Programme
- (b) On 15 September 2009, a subsidiary put in place a S\$1 Billion Multi-Currency Guaranteed MTN Programme

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

- (i) The S\$100 million 5-year unsecured fixed rate notes issued by the Company on 14 December 2006 is due in 2011. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (ii) The S\$150 million 5-year unsecured guaranteed fixed rate notes issued by a subsidiary on 7 October 2009 are due in 2014. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

The Company has extended guarantee to the holders of the notes in respect of the subsidiary’s S\$1 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantee amounted to \$160,900,000 (2011: \$164,530,000). The period in which the financial guarantee expires is as follows:

	Company	
	2012	2011
	\$'000	\$'000
Less than 1 year	3,630	3,630
Between 1 and 5 years	157,270	160,900
	160,900	164,530

Notes to the Financial Statements

Year ended 31 March 2012

15 Provisions

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Liability for defined benefit plan	15(a)	3,034	3,312	–	30
Liability for short-term accumulating compensated absences	15(b)	1,284	1,434	216	255
Provision for accident claims	15(c)	36,570	26,949	–	–
		40,888	31,695	216	285
Current		37,911	28,417	216	255
Non-current		2,977	3,278	–	30
		40,888	31,695	216	285

(a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

- (i) Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.
- (ii) Certain other employees who are eligible for the scheme, subject to having joined on or before 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to sixty-two years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

Movements in the net liability recognised in the balance sheet

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 April		3,312	3,351	30	37
Expense (reversed)/recognised during the year	21(b)	(184)	52	(30)	(7)
Payments made		(94)	(91)	–	–
At 31 March		3,034	3,312	–	30

Recognised in the income statement

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current service costs	205	352	(30)	2
Interest on obligations	65	98	–	1
Actuarial gain	(454)	(398)	–	(10)
	(184)	52	(30)	(7)

Notes to the Financial Statements

Year ended 31 March 2012

15 Provisions (cont'd)

(a) Liability for defined benefit plan (cont'd)

Principal actuarial assumptions

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan include estimated future salary increases, employee turnover rates based on historical trends and discount rates based on the market yield at balance sheet date on quoted Singapore Government Bonds that have maturity dates approximating the average discount period.

(b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

Movements in the net liability recognised in the balance sheet

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 April		1,434	1,291	255	200
Provision (reversed)/made during the year	21(b)	(150)	231	(39)	55
Provision used		–	(79)	–	–
Translation difference on consolidation		–	(9)	–	–
At 31 March		1,284	1,434	216	255

(c) Provision for accident claims

Provision for accidents claims are accounted for in accordance with the accounting policy set out in note 3.16. The Group expects to incur the liability over the next 12 months.

Movements in the net liability recognised in the balance sheet

	Group	
	2012 \$'000	2011 \$'000
At 1 April	26,949	24,578
Provision made during the year	27,821	23,015
Provision reversed during the year	(1,041)	(1,311)
Provision used during the year	(17,159)	(19,333)
At 31 March	36,570	26,949

Notes to the Financial Statements

Year ended 31 March 2012

16 Deferred Tax

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

Group	At 1/4/2010	Recognised in income statement (note 22)	Recognised in other comprehensive income (note 22)	At 31/3/2011	Recognised in income statement (note 22)	Recognised in other comprehensive income (note 22)	At 31/3/2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Excess of net book value over tax written down value of property, plant and equipment	141,826	(12,596)	–	129,230	7,838	–	137,068
Unutilised tax losses	–	(90)	–	(90)	90	–	–
Other temporary differences	(10,484)	(452)	38	(10,898)	(2,001)	39	(12,860)
	131,342	(13,138)	38	118,242	5,927	39	124,208

Company

Excess of net book value over tax written down value of property, plant and equipment	911	(142)	–	769	604	–	1,373
Other temporary differences	(40)	(8)	–	(48)	12	–	(36)
	871	(150)	–	721	616	–	1,337

Notes to the Financial Statements

Year ended 31 March 2012

17 Fuel Equalisation Account ("FEA")

	Group	
	2012	2011
	\$'000	\$'000
At 1 April and 31 March	20,312	20,312

The FEA is accounted for in accordance with the policy set out in note 3.18.

18 Deferred Grants

	Note	Group		Company	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Grants received		480,583	480,500	98	98
Accumulated amortisation:					
At 1 April		(405,676)	(389,644)	(21)	(1)
Amortisation during the year		(11,426)	(15,979)	(20)	(20)
Released on assets disposed/written-off	21(a)	(723)	(53)	–	–
At 31 March		(417,825)	(405,676)	(41)	(21)
		62,758	74,824	57	77

Included in grants received is \$480,000,000 (2011: \$480,000,000) of asset-related grant from LTA to defray part of the purchase cost of the operating assets of the MRT system.

19 Trade and Other Payables

	Note	Group		Company	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Trade payables and accrued operating expenses	19(a)	155,389	140,685	11,419	15,267
Other payables and refundable deposits	19(b)	390,767	128,327	2,615	3,963
Amounts due to subsidiaries	19(c)	–	–	184	736
		546,156	269,012	14,218	19,966

Outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

Year ended 31 March 2012

19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include \$13,813,000 (2011: \$10,071,000) due to related corporations.

Trade payables and accrued operating expenses of the Company include \$25,000 (2011: \$21,000) due to related corporations.

Trade payables and accrued operating expenses are unsecured, interest-free and repayable on demand.

19(b) Other Payables and Refundable Deposits

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Unearned revenue	2,190	2,165	–	–
Rental deposits	27,037	23,786	–	–
Other deposits	5,939	5,148	111	93
Interest payable	1,750	2,708	–	967
Purchase of property, plant and equipment	344,764	84,462	905	1,392
Retention monies	5,371	5,223	–	–
Other payables	3,716	4,835	1,599	1,511
	390,767	128,327	2,615	3,963

19(c) Amounts Due to Subsidiaries

	Company	
	2012 \$'000	2011 \$'000
Current account (non-trade)	184	736

The balances are unsecured, interest-free and are repayable on demand.

20 Revenue

	Group	
	2012 \$'000	2011 \$'000
Passenger revenue	800,466	749,559
Taxi rental	91,461	74,066
Rental revenue	81,486	73,550
Advertising revenue	30,936	25,395
Sales of goods	23,526	18,571
Engineering and others	29,354	28,551
	1,057,229	969,692

Notes to the Financial Statements

Year ended 31 March 2012

21 Profit before Income Tax

The following items have been included in arriving at profit before income tax:

	Note	Group 2012 \$'000	2011 \$'000
(a) Other operating income			
Unutilised tickets and farecards		9,437	8,618
Maintenance income		6,811	4,782
Grant released upon disposal/write-off of property, plant and equipment	18	723	53
Foreign exchange gain		89	897
Others		4,963	5,804
		22,023	20,154
(b) Staff and related costs			
Wages and salaries		289,241	268,393
Contribution to defined contribution plans		35,279	30,777
Job credits granted by the Singapore government		–	(1,150)
(Decrease)/Increase in liability for defined benefit plan	15(a)	(184)	52
(Decrease)/Increase in liability for short-term accumulating compensated absences	15(b)	(150)	231
Value of employee services received for share-based payment		639	1,640
Other staff-related expenses and benefits-in-kind		15,316	13,650
		340,141	313,593
Included in staff and related costs is compensation to key management personnel of the Group as follows:			
Directors of the Company:			
– fees		775	727
– remuneration		1,955	1,848
Senior management personnel of the Group:			
– short-term employee benefits		6,073	5,552
– post-employment benefits		157	106
– share-based payments		727	538
		9,687	8,771

Notes to the Financial Statements

Year ended 31 March 2012

21 Profit before Income Tax (cont'd)

	Group	
	2012	2011
	\$'000	\$'000
(c) Other operating expenses		
Audit fees paid to:		
– auditors of the Company	306	286
– other auditors	22	27
Non-audit fees paid to auditors of the Company	370	101
Cost of inventories sold	21,042	16,913
Loss on disposal of property, plant and equipment	365	478
Licence fees paid to LTA	5,049	5,461
Operating lease expenses	4,847	4,877
Property, plant and equipment written off	3,869	1,834
(d) Finance costs		
Net change in fair value of cash flow hedge transferred to the income statement	227	227
Interest paid and payable on quoted fixed rate notes	5,942	6,900
	6,169	7,127
(e) Interest and investment income		
Dividends received from available-for-sale equity security	155	141
Interest income from:		
– bank deposits and balances	998	1,468
– available-for-sale debt security	132	–
– held-to-maturity debt securities	191	189
Gain on disposal of available-for-sale equity securities	–	6
Gain on disposal of available-for-sale debt security	235	–
	1,711	1,804

Notes to the Financial Statements

Year ended 31 March 2012

22 Income Tax Expense

	Group	
	2012 \$'000	2011 \$'000
Current tax expense		
Current year	19,012	45,025
Under/(Over) provision in respect of prior years	2,110	(1,237)
	21,122	43,788
Deferred tax expense		
Movements in temporary differences	6,687	(15,234)
Tax losses recognised	–	(257)
(Over)/Under provision in respect of prior years	(760)	2,353
	5,927	(13,138)
Income tax expense	27,049	30,650

Reconciliation of effective tax rate

	Group	
	2012 \$'000	2011 \$'000
Profit before income tax	146,922	191,741
Less: Share of result of associate (net of tax)	(2,716)	(1,477)
	144,206	190,264
Tax calculated using Singapore tax rate of 17% (2011: 17%)	24,515	32,345
Expenses not deductible for tax purposes	6,445	2,546
Income not subject to tax	(2,470)	(3,868)
Underprovision in respect of prior years	1,350	1,116
Utilisation of previously unrecognised deferred tax assets	–	(257)
Tax incentives	(2,770)	(1,247)
Others	(21)	15
	27,049	30,650

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

Group	-----2012-----			-----2011-----		
	Before tax \$'000	Tax (charge) / credit \$'000	After tax \$'000	Before tax \$'000	Tax (charge) / credit \$'000	After tax \$'000
Currency translation differences arising from foreign operations	1,231	–	1,231	(4,696)	–	(4,696)
Fair value adjustments on available-for-sale financial assets	(876)	–	(876)	(473)	–	(473)
Fair value adjustments on cash flow hedges	227	(39)	188	227	(38)	189
Other comprehensive income	582	(39)	543	(4,942)	(38)	(4,980)

Notes to the Financial Statements

Year ended 31 March 2012

22 Income Tax Expense (cont'd)

Deferred tax assets have not been recognised for the following temporary differences:

	Group	
	2012	2011
	\$'000	\$'000
Shortfall of tax written down value over net book value of property, plant and equipment	(465)	(291)
Deductible temporary differences	2,870	2,253
Unutilised tax losses	1,216	1,457
	<u>3,621</u>	<u>3,419</u>

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

23 Earnings Per Share

Basic earnings per share is based on:

	Group	
	2012	2011
	\$'000	\$'000
Net profit attributable to ordinary shareholders	119,873	161,091

	Group	
	2012	2011
	No. of shares '000	No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,518,820	1,517,354
– shares issued under share option scheme	427	326
– shares issued under share plan	325	610
Weighted average number of ordinary shares in issue	<u>1,519,572</u>	<u>1,518,290</u>

Diluted earnings per share is based on:

	Group	
	2012	2011
	\$'000	\$'000
Net profit attributable to ordinary shareholders	119,873	161,091

Notes to the Financial Statements

Year ended 31 March 2012

23 Earnings Per Share (cont'd)

The effect of the exercise of share options and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2012	2011
	No. of	No. of
	shares	shares
	'000	'000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,519,572	1,518,290
– unissued shares under SMRT ESOP	731	1,662
– contingently issuable shares under SMRT PSP and SMRT RSP	1,651	2,763
Number of shares that would have been issued at fair value	(261)	(579)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,521,693	1,522,136

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

24 Operating Segments

The Group has seven reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail operations	:	Provision of MRT and LRT services
Bus operations	:	Provision of bus services and charter hire services
Taxi operations	:	Rental of taxis, provision of taxi services and sales of diesel to taxi hirers
Rental	:	Leasing of commercial space and kiosks
Advertising	:	Leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis
Engineering and other services	:	Provision of consultancy, project management services, leasing of fibre optic cables and repair & maintenance services
Investment holding and support services	:	Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. In the current financial year, the segments have been restructured to reflect changes in business control and activities for bus operations, taxi operations as well as engineering and other services. Management believes that the revised segment presentation is more relevant in evaluating the results of these segment operations. Accordingly, the comparatives have been restated.

Notes to the Financial Statements

Year ended 31 March 2012

24 Operating Segments (cont'd)

	←----- Rail -----→			
	MRT	LRT	Bus	Taxi
	\$'000	\$'000	operations	operations
			\$'000	\$'000
(a) Revenue and expenses				
2012				
Revenue				
– external customers	569,928	10,091	220,447	114,987
– inter-segment	–	–	540	–
Operating expenses (net of other income)	(411,510)	(10,367)	(212,210)	(85,796)
Depreciation and amortisation	(67,422)	(61)	(20,390)	(26,376)
Segment operating results	90,996	(337)	(11,613)	2,815
Impairment of goodwill *				
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				
2011				
Revenue				
– external customers	527,106	9,428	213,073	92,637
– inter-segment	–	–	264	–
Operating expenses (net of other income)	(350,202)	(9,744)	(194,357)	(72,555)
Depreciation and amortisation	(63,416)	(45)	(20,728)	(22,038)
Segment operating results	113,488	(361)	(1,748)	(1,956)
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				

* This relates to the impairment of goodwill on bus operations.

Notes to the Financial Statements

Year ended 31 March 2012

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	←----- Reconciliation ----->		Total \$'000
				Sub-total \$'000	Elimination \$'000	
81,486	30,936	29,250	104	1,057,229	-	1,057,229
-	134	924	42,274	43,872	(43,872)	-
(8,683)	(9,700)	(24,403)	(38,476)	(801,145)	43,872	(757,273)
(9,840)	(2,183)	(48)	(1,741)	(128,061)	(1,557)	(129,618)
62,963	19,187	5,723	2,161	171,895	(1,557)	170,338
						(21,674)
						(6,169)
						1,321
						390
						2,716
						(27,049)
						119,873
73,550	25,395	28,297	206	969,692	-	969,692
-	459	724	43,123	44,570	(44,570)	-
(8,358)	(7,615)	(16,613)	(39,951)	(699,395)	44,570	(654,825)
(8,203)	(1,025)	(357)	(1,736)	(117,548)	(1,732)	(119,280)
56,989	17,214	12,051	1,642	197,319	(1,732)	195,587
						(7,127)
						1,657
						147
						1,477
						(30,650)
						161,091

Notes to the Financial Statements

Year ended 31 March 2012

24 Operating Segments (cont'd)

	←----- Rail -----→			
	MRT \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000
(b) Assets and liabilities				
2012				
Operating assets	1,097,084	3,099	184,283	142,267
Assets under construction	37,479	423	24,923	6,293
Segment assets	1,134,563	3,522	209,206	148,560
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	767,607	18,674	162,752	136,901
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
2011				
Operating assets	873,560	3,690	152,978	127,028
Assets under construction	41,132	202	4,272	8,181
Segment assets	914,692	3,892	157,250	135,209
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	503,519	19,170	94,200	121,870
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
(c) Other segment information				
2012				
Capital expenditure	349,481	361	64,127	50,230
Non-cash expenses other than depreciation, impairment losses and amortisation	4,151	617	5,981	32,465
2011				
Capital expenditure	40,819	323	9,361	23,171
Non-cash expenses other than depreciation, impairment losses and amortisation	2,207	695	3,397	16,286

Notes to the Financial Statements

Year ended 31 March 2012

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	←----- Reconciliation ----->		Total \$'000
				Sub-total \$'000	Elimination \$'000	
195,864	43,515	20,886	187,494	1,874,492	(498,744)	1,375,748
16,800	1,366	156	1,245	88,685	-	88,685
212,664	44,881	21,042	188,739	1,963,177	(498,744)	1,464,433
						13,614
						67,887
						209,962
						36
						1,755,932
32,784	16,398	9,601	80,345	1,225,062	(554,948)	670,114
						20,197
						150,000
						124,208
						964,519
164,037	32,131	24,281	256,173	1,633,878	(608,378)	1,025,500
33,865	1,632	100	1,774	91,158	-	91,158
197,902	33,763	24,381	257,947	1,725,036	(608,378)	1,116,658
						35,288
						63,757
						389,942
						968
						1,606,613
25,578	4,312	8,567	178,871	956,087	(560,244)	395,843
						43,432
						250,000
						118,242
						807,517
23,351	2,726	254	5,578	496,108	-	496,108
(12)	-	(44)	577	43,735	(168)	43,567
14,566	10,705	275	1,622	100,842	-	100,842
27	26	(2,623)	1,694	21,709	(91)	21,618

Notes to the Financial Statements

Year ended 31 March 2012

24 Operating Segments (cont'd)

Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore	Others	Consolidated
	\$'000	\$'000	total
			\$'000
2012			
Revenue	1,056,565	664	1,057,229
Non-current assets *	1,360,111	67,887	1,427,998
2011			
Revenue	966,338	3,354	969,692
Non-current assets *	1,033,741	63,757	1,097,498

* Excludes other investments

25 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	2012	Group	2011
	\$'000		\$'000
Related corporations			
Maintenance income received/receivable	1,809		565
Charter hire income received/receivable	76		68
Service income received/receivable	1,100		1,349
Sales of other goods and services	8,666		5,736
Purchases of goods and services	116,268		62,071

Notes to the Financial Statements

Year ended 31 March 2012

26 Commitments

The Group had the following commitments as at the balance sheet date:

	Group	
	2012	2011
	\$'000	\$'000
(a) Capital expenditure commitments:		
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	175,537	190,106
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	687,236	729,669

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to \$29,663,000 (2011: \$9,664,000) that are contracted but not provided for.

(b) Non-cancellable operating leases payable:

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Within 1 year	4,392	3,981	3,114	2,475
After 1 year but within 5 years	2,098	4,495	734	2,297
After 5 years	93	–	–	–
	<u>6,583</u>	<u>8,476</u>	<u>3,848</u>	<u>4,772</u>

The Group leases depot spaces and office facilities under operating leases. The leases typically run for periods of 3 years to 30 years. None of the leases include contingent rentals.

(c) Non-cancellable operating leases receivable:

	Group	
	2012	2011
	\$'000	\$'000
Within 1 year	75,277	61,551
After 1 year but within 5 years	78,577	65,841
After 5 years	3,720	256
	<u>157,574</u>	<u>127,648</u>

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to \$1,773,000 (2011: \$932,000).

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly against best practices in the market and to reflect changes in the Group's risk management requirement.

The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counter-parties that meet the appropriate credit criteria and are of high credit standing.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Other investments, cash and cash equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2012, only 4.9% (2011: 2.2%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

Receivables

The exposure to credit risk for trade receivables (net of impairment) at reporting date by business segment is as follows:

	Group	
	2012	2011
	\$'000	\$'000
Taxi operations	1,614	5,868
Bus operations	4,841	4,827
Rail operations	9,643	7,625
Advertising business	7,422	4,350
Rental of premises	2,698	2,318
Others	7,177	11,539
	33,395	36,527

The Group has a large and diversified customer base. As at 31 March 2012, there was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$9,842,000 (2011: \$7,324,000) that is due from Transit Link Pte Ltd, which is a subsidiary of Land Transport Authority; and
- (ii) \$Nil (2011: \$3,614,000) that is due from a Dubai customer.

The recoverable in respect of accident claims (note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

Impairment losses for receivables

Included in trade and other receivables are trade debtors with the following aging analysis as of the balance sheet date:

	Gross	Impairment	Gross	Impairment
	2012	losses	2011	losses
Group	\$'000	\$'000	\$'000	\$'000
Not past due	17,116	–	17,003	–
Past due 1 – 30 days	7,327	497	5,931	157
Past due 31 – 120 days	7,624	366	6,954	256
Past due more than 120 days	5,683	3,492	10,608	3,556
	37,750	4,355	40,496	3,969

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

The changes in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2012	2011
	\$'000	\$'000
At 1 April	3,969	6,145
Impairment loss recognised/(reversed)	1,039	(1,779)
Write-off against debtors	(640)	(198)
Translation during the year	(13)	(199)
At 31 March	4,355	3,969

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Company has no trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the year.

Financial guarantee

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantee is eliminated in preparing the consolidated financial statements.

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments:

Group	Carrying amount \$'000	Cash flows		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
2012				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2014	150,000	160,900	3,630	157,270
Trade and other payables *	542,216	542,216	542,216	–
	692,216	703,116	545,846	157,270
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Unsecured quoted fixed rate notes due 2014	150,000	164,530	3,630	160,900
Trade and other payables *	264,139	264,139	264,139	–
	514,139	531,939	371,039	160,900
Company				
2012				
Non-derivative financial liabilities				
Amounts due to subsidiaries	184	184	184	–
Trade and other payables *	14,034	14,034	14,034	–
	14,218	14,218	14,218	–
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Amounts due to subsidiaries	736	736	736	–
Trade and other payables *	18,263	18,263	18,263	–
	118,999	122,269	122,269	–

* Excludes unearned revenue and interest payable

Information relating to financial guarantee issued by the Company is set out in note 14.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Foreign currency risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2012, the currencies giving rise to this risk were primarily the United States dollar (USD), EURO and British Pound (GBP).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no outstanding forward exchange contracts as at 31 March 2012 and 31 March 2011.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

Group	2012			2011		
	USD \$'000	EURO \$'000	GBP \$'000	USD \$'000	EURO \$'000	GBP \$'000
Cash and cash equivalents	–	–	–	–	44	–
Trade and other payables	(6,774)	(1,830)	(318)	(6,385)	(2,625)	(1,338)
	(6,774)	(1,830)	(318)	(6,385)	(2,581)	(1,338)

The Company does not have any significant foreign currency exposure as at 31 March 2012 or as at 31 March 2011.

Sensitivity analysis

A 10% strengthening of the functional currency of each of the Group's entities against the following major currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2012 \$'000	2011 \$'000
USD	677	639
EURO	183	258
GBP	32	134
Net Impact	892	1,031

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

Group	Effective interest rate	
	2012 %	2011 %
Financial assets		
Fixed deposits with banks and financial institutions	0.35	0.43
Held-to-maturity debt securities	4.18	2.19
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	–	3.27
Unsecured quoted fixed rate notes due 2014	2.57	2.57
Company		
Financial assets		
Amounts due from subsidiaries	0.17	0.18
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	–	3.27
Sensitivity analysis		
At the reporting date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below:		
Group	2012 \$'000	2011 \$'000
Financial assets		
Fixed deposits with banks and financial institutions	157,687	350,424
Company		
Financial assets		
Amounts due from subsidiaries	63,296	155,703

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Interest rate risk (cont'd)

For these variable-rate financial assets and liabilities, an increase in 100 basis points in interest rate at the reporting date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group \$'000	Company \$'000
2012		
Variable rate instruments	1,577	633
2011		
Variable rate instruments	3,504	1,557

A 100 basis points decrease in interest rate at the reporting date would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Equity price risk

Sensitivity analysis

The Group has available-for-sale investment in equity security and is exposed to price risk. The Group's quoted equity security is listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity price at the reporting date would increase/(decrease) the fair value reserve by \$428,000 (2011: \$515,000).

The Company has no equity investments apart from its investments in subsidiaries.

Fair values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2012 are represented in the following table:

Group	Note	2012		2011	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Held-to-maturity debt securities	8	10,354	10,526	8,570	8,712
Unrecognised gain			172		142
Financial liabilities					
Unsecured quoted fixed rate notes	14	150,000	156,036	250,000	256,917
Unrecognised loss			(6,036)		(6,917)
Company					
Financial liabilities					
Unsecured quoted fixed rate notes	14	–	–	100,000	101,955
Unrecognised loss			–		(1,955)

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Fair values (cont'd)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2012				
Available-for-sale quoted equity security	4,278	–	–	4,278
2011				
Available-for-sale quoted equity security	5,154	–	–	5,154

The Company did not have any financial instrument carried at fair value as at 31 March 2012 or as at 31 March 2011.

Notes to the Financial Statements

Year ended 31 March 2012

27 Financial Risk Management (cont'd)

Financial instruments by category

Group	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2012					
Other investments	–	10,354	4,278	–	14,632
Trade and other receivables *	49,081	–	–	–	49,081
Financial liabilities	–	–	–	(150,000)	(150,000)
Trade and other payables ^	–	–	–	(543,966)	(543,966)
	49,081	10,354	4,278	(693,966)	(630,253)
2011					
Other investments	–	8,570	5,154	–	13,724
Trade and other receivables *	55,152	–	–	–	55,152
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables ^	–	–	–	(266,847)	(266,847)
	55,152	8,570	5,154	(516,847)	(447,971)
Company					
2012					
Trade and other receivables *	90,568	–	–	–	90,568
Trade and other payables ^	–	–	–	(14,218)	(14,218)
	90,568	–	–	(14,218)	76,350
2011					
Trade and other receivables *	164,827	–	–	–	164,827
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables ^	–	–	–	(19,966)	(19,966)
	164,827	–	–	(119,966)	44,861

* Excludes prepayments and advances to suppliers

^ Excludes unearned revenue

Notes to the Financial Statements

Year ended 31 March 2012

28 Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 5.70 cents (2011: 6.75 cents) per share, amounting to a net dividend of \$86,650,625 (2011: \$102,520,363). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2013.

29 New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2012 or later periods and which the Group has not early adopted are:

- Amendments to FRS 107 – Financial instruments: Disclosures – Transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods commencing on or after 1 July 2012)
- FRS 19 (revised) – Employee Benefits (effective for annual periods commencing on or after 1 January 2013)
- FRS 27 (revised) – Separate Financial Statements (effective for annual periods commencing on or after 1 January 2013)
- FRS 28 (revised) – Investments in Associates and Joint Ventures (effective for annual periods commencing on or after 1 January 2013)
- FRS 110 – Consolidated Financial Statements (effective for annual periods commencing on or after 1 January 2013)
- FRS 111 – Joint Arrangements (effective for annual periods commencing on or after 1 January 2013)
- FRS 112 – Disclosure of Interests in Other Entities (effective for annual periods commencing on or after 1 January 2013)
- FRS 113 – Fair Value Measurements (effective for annual periods commencing on or after 1 January 2013)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Notes to the Financial Statements

Year ended 31 March 2012

30 Accounting Estimates and Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements made in applying the Group and Company's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

The Group performs impairment reviews to ensure that the carrying value of goodwill does not exceed its recoverable amount from the cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations of the business unit. In arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

Provision for accident claims

Claims for accidents involving the Group's vehicles are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. Past claims history and severity of the accident cases are used to estimate the amount which the Group will have to pay to third parties for such claims.

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. The insurance premium payable is based on agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year.

Impairment of non-financial assets

Property, plant and equipment, investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where there is objective evidence or indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use or the fair value less costs to sell requires the Group to make an estimate of the expected future cash flows to be generated and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

Provisions and contingent liabilities

The Committee of Inquiry proceedings commissioned by the Ministry of Transport for the cause of the December 2011 train service disruptions, is on-going. As a result, an estimate of any financial impact cannot be made.

Supplementary Information

The following pages do not form part of the statutory audited financial statements



Group Properties & Interested Person Transactions

Group Properties

Major properties held for investment are listed below:

Location	Description/Existing use	Tenure of Lease	Remaining Term of Lease
3 Bishan Street 14	2-storey recreation clubhouse	Leasehold	9.6 years
6 Ang Mo Kio Street 62	A bus depot comprising a 4-storey administrative office block, a workshop building with a 2-storey office block and 7 single-storey bus parking bay-cum-workshop.	Leasehold	0.7 years
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3-storey workshop facilities and 2-storey ancillary office.	Leasehold	15.3 years
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities.	Leasehold	2.8 years

Interested Person Transactions

Pursuant to Chapter 9 of the SGX-ST Listing Manual, a general mandate was obtained for recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations but not in respect of the purchases or sales of assets, undertakings or businesses.

Interested Person / Nature of Transactions	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'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) \$'000
Sale of Goods and Services		
Certis CISCO Aviation Security Pte Ltd	700	–
MediaCorp Press Ltd. ⁽¹⁾	459	–
PSA Marine Pte Ltd	127	–
Singapore Telecommunications Ltd ⁽²⁾	1,236	–
Singapore Technologies Kinetics Ltd ⁽³⁾	4,834	–
Singapore Airlines Ltd ⁽⁴⁾	227	–
SIA Engineering Company Limited ⁽⁴⁾	342	–
SATS Ltd.	408	–
Singapore Technologies Electronics Ltd ⁽³⁾	462	–
SingTel Mobile Singapore Pte Ltd ⁽²⁾	3,059	–
SembWaste Pte Ltd ⁽⁵⁾	2,459	–
Purchases of Goods and Services		
Singapore Technologies Electronics Ltd ⁽³⁾	5,784	–
Singapore Technologies Kinetics Ltd ⁽³⁾	66,111	–
SemCorp Power Pte Ltd ⁽⁵⁾	33,287	–
MediaCorp Pte. Ltd. ⁽¹⁾	–	1,220
STA Inspection Pte Ltd ⁽³⁾	171	–

⁽¹⁾ Part of Singapore MediaCorp Group

⁽²⁾ Part of Singapore Telecommunications Group

⁽³⁾ Part of Singapore Technologies Engineering Group

⁽⁴⁾ Part of Singapore Airlines Group

⁽⁵⁾ Part of SembCorp Industries Group

Shareholding Statistics

As at 28 May 2012

Share Capital

Number of shares issued:	1,520,217,046
Issued and fully paid capital:	S\$166,482,485.748
Class of shares:	ordinary shares
Voting rights:	one vote per share

Distribution Of Shareholdings

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 999	105	0.20	44,197	0.00
1,000 – 10,000	46,123	88.09	144,207,550	9.49
10,001 – 1,000,000	6,101	11.65	245,185,170	16.13
1,000,001 and above	30	0.06	1,130,780,129	74.38
Total	52,359	100.00	1,520,217,046	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Temasek Holdings (Private) Limited	824,400,030	54.23
2	DBSN Services Pte Ltd	75,503,496	4.97
3	DBS Nominees Pte Ltd	56,201,396	3.70
4	Citibank Nominees Singapore Pte Ltd	54,083,539	3.56
5	HSBC (Singapore) Nominees Pte Ltd	33,091,982	2.18
6	United Overseas Bank Nominees Pte Ltd	17,370,143	1.14
7	Raffles Nominees (Pte) Ltd	12,385,418	0.81
8	OCBC Nominees Singapore Pte Ltd	6,926,927	0.46
9	CIMB Securities (Singapore) Pte. Ltd.	6,303,000	0.41
10	Bank of Singapore Nominees Pte Ltd	4,525,000	0.30
11	DBS Vickers Securities (S) Pte Ltd	4,122,000	0.27
12	Merrill Lynch (Singapore) Pte Ltd	3,793,276	0.25
13	Quah Wee Lai	3,380,000	0.22
14	Tan Nak Yong	2,500,000	0.16
15	HL Bank Nominees (S) Pte Ltd	2,362,000	0.16
16	Yim Chee Chong	2,300,000	0.15
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,283,116	0.15
18	Sing Chung Hui @ Sing Chung Sui	2,082,000	0.14
19	Phillip Securities Pte Ltd	2,062,600	0.14
20	Tan Chong & Sons Motor Company (Singapore) Private Limited	2,000,000	0.13
Total		1,117,675,923	73.53

Shareholding Statistics

As at 28 May 2012

Substantial Shareholder

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.23	1,725,164	0.11

Note: Temasek Holdings (Private) Limited is deemed to be interested in the 1,725,164 shares in which its subsidiary, ST Asset Management Ltd, and its associated company, DBS Group Holdings Limited, are deemed to have an interest.

Shareholding Held in Hands of Public

Based on information available to the Company as at 28 May 2012, approximately 45.61% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice of Annual General Meeting

SMRT Corporation Ltd

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200001855H)

To: All Shareholders

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Thursday, 12 July 2012 at 2.30 p.m. to transact the following business:

As Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2012 together with the Auditors' Report thereon.
2. To declare a Final (tax exempt one-tier) Dividend of 5.7 cents per share for the financial year ended 31 March 2012.
3. To approve the sum of \$728,397 as Directors' Fees for the financial year ended 31 March 2012 (FY 2011: \$726,635).
4. To re-elect the following Directors who are retiring in accordance with Article 94 of the Company's Articles of Association:-
 - (i) Mr Koh Yong Guan;
 - (ii) Mr Paul Ma Kah Woh; and
 - (iii) Mr Peter Tan Boon Heng.
5. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business:

6. To consider, and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - 6.1 That authority be and is hereby given to the Directors to:
 - (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent of the total number of issued shares (excluding treasury shares), (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 5 per cent of the total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the Company’s total number of issued shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the share options or share awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company for the time being in force; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

6.2 That authority be and is hereby given to the Directors to:

- (a) grant awards in accordance with the provisions of the SMRT Corporation Restricted Share Plan (“SMRT RSP”) and/or the SMRT Corporation Performance Share Plan (“SMRT PSP”) (the SMRT RSP and SMRT PSP shall collectively be referred to as the “Share Plans”); and
- (b) allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the SMRT Corporation Employee Share Option Plan (“SMRT ESOP”) and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the SMRT RSP and/or the SMRT PSP,

Notice of Annual General Meeting

provided always that:-

- (i) the aggregate number of shares to be issued pursuant to the Share Plans and the SMRT ESOP shall not exceed 15 per cent of the total number of issued shares (excluding treasury shares) from time to time; and
- (ii) the aggregate number of shares to be issued pursuant to the Share Plans and the SMRT ESOP during the period commencing from the date of this Resolution and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 2 per cent of the total number of issued shares (excluding treasury shares) from time to time.

7. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“That for the purpose of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“Chapter 9”):

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in Appendix A to the Notice of the Annual General Meeting, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the “General Mandate”) shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the General Mandate and/or this Resolution.”

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (“Companies Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases (each an “On-Market Purchase”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”); and/or
 - (ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

Notice of Annual General Meeting

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
 - (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in General Meeting; or
 - (iii) the date on which the share purchases have been carried out to the full extent mandated.
- (c) in this Resolution:

“Prescribed Limit” means the number of issued Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer for an Off-Market Purchase, and in the case of an On-Market Purchase, deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate actions occurring after the relevant 5-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

Notice of Annual General Meeting

Any Other Business

9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board
Winston Paul Wong Chi Huang
Company Secretary

Singapore
25 June 2012

Notice of Closure of Books

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed from 23 July 2012 to 24 July 2012 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Thirteenth Annual General Meeting, will be paid on 3 August 2012 to members on the Register as at 20 July 2012. In respect of shares in securities accounts with The Central Depository (Pte) Limited (“CDP”), the said final dividend will be paid by the Company to CDP, which will in turn distribute the final dividend entitlements to CDP account holders in accordance with its normal practice.

Duly completed transfers received by the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 20 July 2012 will be registered to determine shareholders’ entitlement to the final dividend.

Notice of Annual General Meeting

Explanatory notes on Ordinary Business to be transacted:

Resolution 3 The increase in the aggregate amount of Directors' fees payable for the financial year ended 31 March 2012 is due mainly to the movement of directors. A review by the Remuneration Committee taking into account industry benchmark and the public nature of the business of the Group was conducted during the year. There is no change in the Directors' fee structure (per annum) as appended below:-

Board of Directors

Chairman's Basic Fee	\$85,000
Board Member's Basic Fee	\$45,000

Audit Committee

Chairman's Allowance	\$35,000
Member's Allowance	\$25,000

Remuneration Committee/ Board Risk Committee

Chairman's Allowance	\$22,000
Member's Allowance	\$11,000

Nominating Committee

Chairman's Allowance	\$18,000
Member's Allowance	\$ 9,000

Executive Committee

Chairman's Allowance	\$24,000
Member's Allowance	\$12,000

Resolution 4(i) Mr Koh Yong Guan will, upon re-election as a Director of the Company, continue to serve as Chairman of the Board, Chairman of the Remuneration Committee, Chairman of the Executive Committee and Member of the Nominating Committee. Mr Koh Yong Guan is an independent director.

Resolution 4(ii) Mr Paul Ma Kah Woh, upon re-election as a Director of the Company, continue to serve as Chairman of the Audit Committee, Member of the Nominating Committee and Member of the Executive Committee. Mr Paul Ma Kah Woh is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 4(iii) Mr Peter Tan Boon Heng will, upon re-election as a Director of the Company, continue to serve as Member of the Audit Committee and Member of the Board Risk Committee. Mr Peter Tan Boon Heng is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

Explanatory notes on Special Business to be transacted:

- Resolution 6.1 Is to empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares), of which up to five per cent (5%) may be issued other than on a pro-rata basis to existing shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the Company's total number of issued shares (excluding treasury shares) at the time that Resolution 6.1 is passed, after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or the vesting of share awards which are outstanding or subsisting at the time Resolution 6.1 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- Resolution 6.2 Is to authorise the Directors to:
- (a) grant awards in accordance with the SMRT RSP and/or the SMRT PSP; and
 - (b) allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the SMRT ESOP and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the SMRT RSP and/or the SMRT PSP.
- Resolution 7 Is to propose a new General Mandate to authorise the Company, its subsidiaries and associated companies or any of them to enter into any of the mandated transactions with parties who are considered "interested persons" (as defined in Chapter 9 of the Listing Manual). The new General Mandate which is sought to be approved includes clarification to the existing categories and addition of new categories of interested person transactions to the existing General Mandate which was granted by the shareholders at the Twelfth Annual General Meeting of the Company and expiring at the conclusion of this Thirteenth Annual General Meeting. More information regarding the proposed new General Mandate is set out in Appendix A to this Notice of Annual General Meeting.
- Resolution 8 Is to renew for another year, the mandate for share purchases as described in Appendix B to this Notice of Annual General Meeting, which will, unless revoked or varied by the Company at a General Meeting, continue in force until the next Annual General Meeting of the Company. This ordinary resolution, if passed, will authorise the Directors of the Company to make purchases or otherwise acquire issued ordinary shares in the capital of the Company subject to and in accordance with the guidelines set out in Appendix B to this Notice of Annual General Meeting.

Notice of Annual General Meeting

Notes

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and to vote in his stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the Thirteenth Annual General Meeting.*

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Proxy Form

Annual General Meeting

SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration No: 200001855H)

Important:

- For investors who have used their CPF monies to buy SMRT Corporation Ltd shares, the Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their respective CPF Approved Nominees so that their CPF Approved Nominees may register, within the time frame specified, with the Company's Share Registrar. (CPF Approved Nominees: Please refer to Note No. 8 on the reverse side of this form on the required details).
- CPF Investors who wish to vote must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ NRIC/Passport No. _____ of _____ being a member/members of SMRT Corporation Ltd (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (Number of Shares)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (Number of Shares)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company, to be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Thursday, 12 July 2012 at 2.30 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions	Indicate your vote For or Against with a tick	
		For	Against
	Ordinary Business		
1	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2	Declaration of a Final (tax exempt one-tier) Dividend		
3	Approval of Directors' Fees		
4(i)	Re-election of Mr Koh Yong Guan as Director		
4(ii)	Re-election of Mr Paul Ma Kah Woh as Director		
4(iii)	Re-election of Mr Peter Tan Boon Heng as Director		
5	Appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
6.1	Authority for Directors to issue shares		
6.2	Authority for Directors to grant awards and issue and allot shares, pursuant to the SMRT Corporation Employee Share Option Plan, SMRT Corporation Restricted Share Plan and SMRT Corporation Performance Share Plan		
7	Renewal of the General Mandate for Interested Person Transactions		
8	Renewal of the Share Purchase Mandate		
9	Any Other Business		

Dated this _____ day of _____ 2012 Total Number of Shares Held: _____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Fold Flap 1st fold here



Please Affix
Postage
Stamp

The Company Secretary
SMRT CORPORATION LTD
251 North Bridge Road
Singapore 179102

2nd fold here

Notes To Proxy Form:

1. A member entitled to attend and vote at the Thirteenth Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holding (expressed as the number of shares) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing or, where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
4. A corporation which is a member may authorise by a resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the Thirteenth Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Thirteenth Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, at least 48 hours before the time fixed for the Annual General Meeting.

Future shareholder communications and proxy cards

The Company may in future propose to communicate with members via electronic means through The Central Depository (Pte) Limited ("CDP"). A member who wishes and intends to receive future shareholder communications and proxy cards electronically for all his shares in the Depository Register with CDP may do so by providing an e-mail address, his NRIC number and a PIN number. Please go directly to <https://enroll.icsdelivery.com/SGX> and enter the NRIC number and a PIN number, where requested.

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SMRT takes corporate citizenship seriously and we endeavour to do our part to protect the environment. **PRINTER:** This report is printed by an FSC certified printer. **PAPER:** This report is printed on 100% recycled 9 Lives Offset paper which is uncoated and certified environmentally friendly. This paper is also carbon neutral, manufactured with a totally chlorine free process (TCF) and has been granted the Singapore Environment Council Green Label certification. The cover is printed on Stardream Silver. **PRINTING:** This report does not have lamination and UV finishing.



SMRT Corporation Ltd

251 North Bridge Road
Singapore 179102
Telephone : (65) 6331 1000
Facsimile : (65) 6334 0247
www.smrt.com.sg
Company Registration No.: 200001855H