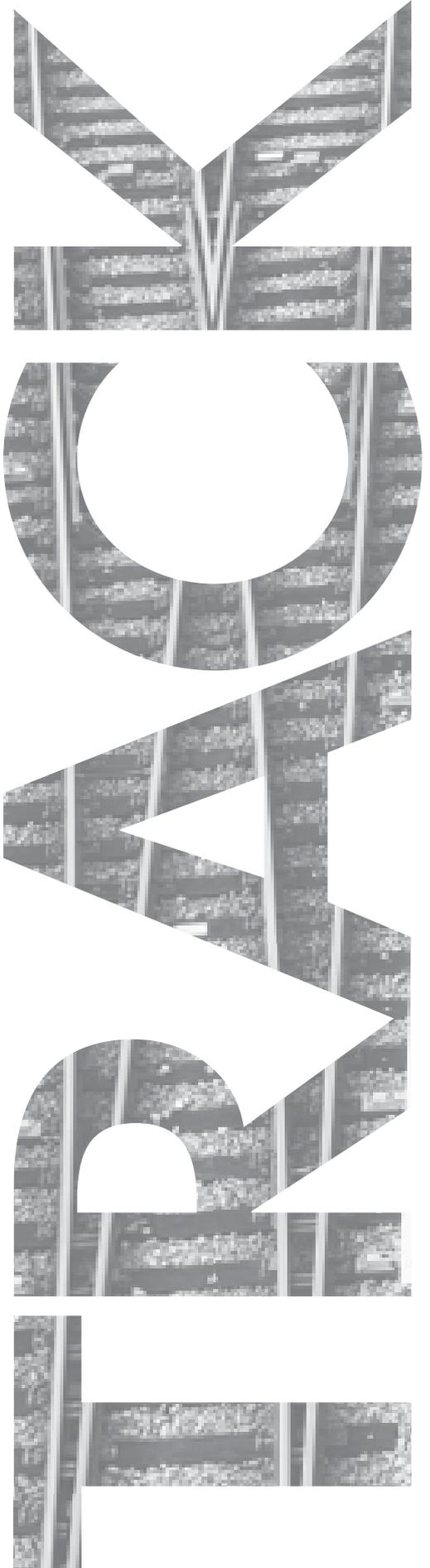




# GETTING ON



---

# CONTENTS

02	Milestones
04	Group Financial Highlights
06	At a Glance
08	Chairman's Message
12	CEO's Message
16	Company Overview

## OUR ORGANISATION

22	Board of Directors
26	Senior Management
33	Group Structure
34	Organisation Structure
35	Corporate Information
36	Corporate Directory
37	Corporate Governance Report
62	Key Dynamics & Risk Management
67	Human Resources

## ENGENDERING GROWTH

72	Group Performance
78	Value Added & Economic Value Added Analysis
80	SMRT and Our Shareholders

## ENHANCING OUR NETWORK

84	Trains
90	Roads
96	SMRT Investments
99	SMRT Engineering and International

## ENGAGING HEARTS AND MINDS

102	Serving Our Community
104	Corporate Social Responsibility

## FINANCIAL REPORT

106	Financial Contents
198	Group Properties & Interested Person Transactions
199	Shareholding Statistics
201	Notice of Annual General Meeting Proxy Form

---

# ABOUT SMRT CORPORATION LTD

SMRT Corporation Ltd (SMRT) is the leading multi-modal public transport operator in Singapore. SMRT serves millions of passengers daily by offering a safe, reliable and comprehensive transport network that consists of an extensive MRT and light rail system which connects seamlessly with its island-wide bus and taxi operations.

SMRT also markets and leases the commercial and media spaces within its transport network, and offers engineering consultancy and project management as well as operations and maintenance services, locally and internationally.

## VISION

Moving People, Enhancing Lives

## MISSION

To be the people's choice by delivering a world-class transport service and lifestyle experience that is safe, reliable and customer-centric.

## CORE VALUES

Service Excellence, Mastery, Responsibility and Respect, Teamwork, Nurture and Integrity



# 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 **Khatib 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.

2007



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**.



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 Cards** come with ez-Link functions, giving customers the convenience of auto top-up from their card accounts and allowing them to accrue rebates with a first-of-its-kind travel rewards programme.



SMRT invests \$142 million in the **mid-life upgrading of 66 first generation trains**.



2008



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



Introduces SMRT Eco taxis which uses **compressed natural gas**. **Chrysler 300C** added to SMRT Taxis premium service fleet.



SMRT introduces the **SPACE fleet**; Singapore's first taxi with an automatic hydraulic ramp.



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-compliant bus** on the roads.



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



**SMRT launches Gift of Mobility Programme** which assists financially needy and less mobile with their transport needs.

2013



SMRT awarded a **\$3.1 million-grant** to run **30 London cabs**.



SMRT Engineering awarded **contract by LTA** for the installation of AFC fare gates for the Tuas West Extension.



SMRT Alpha awarded the bid to **operate and manage the retail mall** in Sports Hub.



SMRT International provides **technical advisory services** on a LRT system for the **Republic of Mauritius**.

2012



Train service from **Bayfront to Marina Bay Circle Line stations** commences.



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



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



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



**Book a Taxi**, a smartphone application makes it easy to book a cab on the go.



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

Legend:



1999



**Bukit Panjang Light Rail 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.**



Launched in collaboration with the Ministry of Education, **SMRT's Learning Journeys Programme** is a structured education programme to share insights of SMRT operations with students.



**Expo and Dover stations open** for passenger service.



2002



**Changi Airport station opens** for passenger service.



**Raffles Xchange**, first MRT station to be redeveloped for transit retail.



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

2005



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



**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.

2004



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

2003



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

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.



**Joo Koon and Pioneer stations open** for passenger service.



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



**Achieves ISO 14001 certification for the Environmental Management System.** The ISO 14001 certification is in 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.



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

2011



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



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



Adds **Euro V Mercedes-Benz Citaro 0530** to the bus fleet. 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 vibrance to the network**.



2010



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

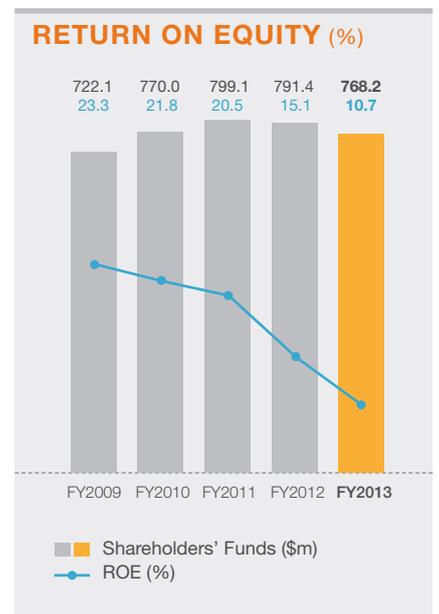
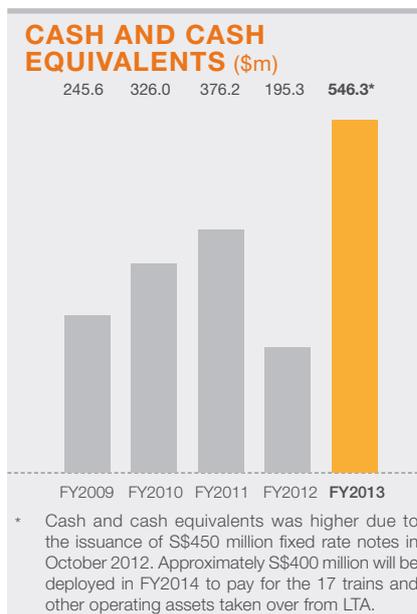
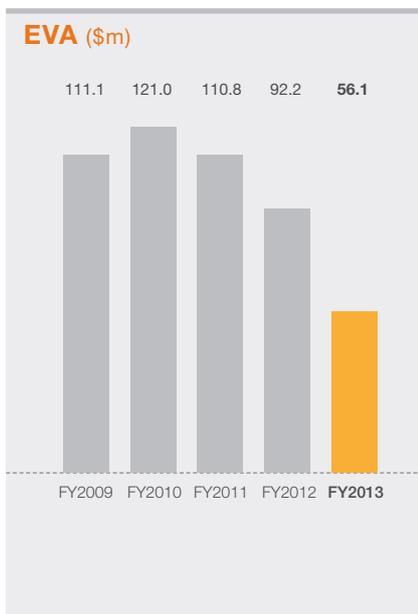
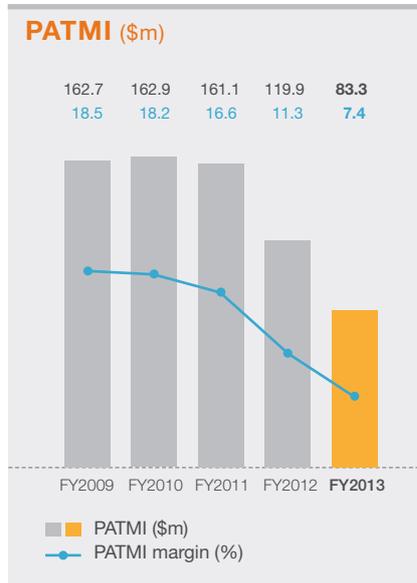
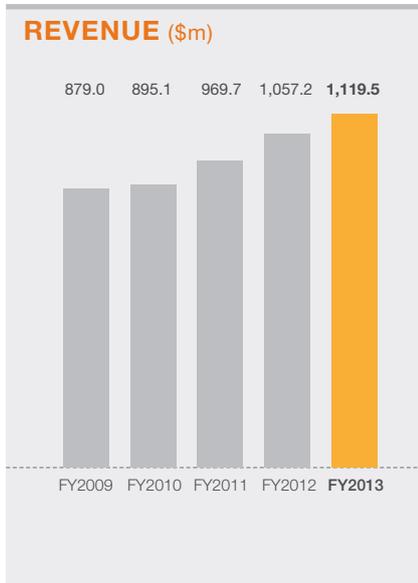


# GROUP FINANCIAL HIGHLIGHTS

	FY2009	FY2010	FY2011	FY2012	FY2013
<b>Income Statement (\$m)</b>					
Revenue	879.0	895.1	969.7	1,057.2	<b>1,119.5</b>
Other Operating Income	26.7	43.2	20.2	22.0	<b>36.3</b>
EBITDA <sup>1</sup>	299.0	320.9	314.9	300.0	<b>278.1</b>
Operating Profit	188.7	197.2	195.6	148.7	<b>110.2</b>
Profit after Tax and Minority Interest (PATMI)	162.7	162.9	161.1	119.9	<b>83.3</b>
Economic Value Added	111.1	121.0	110.8	92.2	<b>56.1</b>
<b>Balance Sheet (\$m)</b>					
Total Assets	1,501.5	1,583.2	1,606.6	1,755.9	<b>2,224.4</b>
Total Borrowings	250.0	250.0	250.0	150.0	<b>609.5</b>
Shareholders' Funds	722.1	770.0	799.1	791.4	<b>768.2</b>
Cash and Cash Equivalents	245.6	326.0	376.2	195.3	<b>546.3</b>
Capital Expenditure <sup>2</sup>	190.4	114.8	100.8	496.1	<b>266.1</b>
<b>Cash Flow (\$m)</b>					
Operating Cash Flow	280.8	326.6	283.3	282.1	<b>260.2</b>
Free Cash Flow <sup>3</sup>	142.3	239.7	176.5	47.8	<b>11.9</b>
<b>Key Ratios (%)</b>					
EBITDA Margin	34.0	35.9	32.5	28.4	<b>24.8</b>
EBIT Margin	21.5	22.0	20.2	14.1	<b>9.8</b>
PATMI Margin	18.5	18.2	16.6	11.3	<b>7.4</b>
Return on Total Assets <sup>4</sup>	11.1	10.6	10.1	7.1	<b>4.2</b>
Return on Equity <sup>5</sup>	23.3	21.8	20.5	15.1	<b>10.7</b>
Net Gearing (times)	0.01	Net Cash	Net Cash	Net Cash	<b>0.08</b>
Interest Cover (times)	40.5	40.6	44.2	48.6	<b>39.4</b>
<b>Per Share (cents)</b>					
Basic Earnings per share	10.7	10.7	10.6	7.9	<b>5.5</b>
Net Asset Value per share	47.6	50.7	52.6	52.1	<b>50.5</b>
Net Tangible Asset per share <sup>6</sup>	44.9	48.4	50.3	51.2	<b>49.6</b>
Dividend per share	7.75	8.50	8.50	7.45	<b>2.50</b>

Notes:

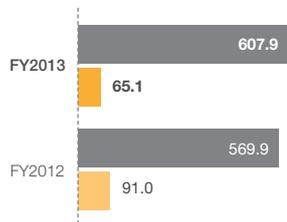
- Earnings before interest, tax, depreciation and amortisation. Excludes impairment of goodwill / impairment of interest in associate
- Capital expenditure refers to the total cost incurred during the year to acquire assets that are expected to be used for more than one year
- Free cash flow = cash flow from operating activities – purchase of property, plant and equipment + proceeds from disposal of property, plant and equipment
- Return on total assets = PAT / average of total assets as at end FY2012 and FY2013
- Return on equity = PAT / average of equity as at end FY2012 and FY2013
- Net tangible asset per share excludes intangible asset



# AT A GLANCE

## Trains

Gearing up for better reliability and capacity, better service quality and system safety.



### FACTS

- Operates and maintains Singapore's first Mass Rapid Transit system.
- Network comprises the North-South and East-West Lines (NSEWL) and the Circle Line (CCL) with a total route length of 128.6km.

### HIGHLIGHTS IN FY2013

- Ridership grew by 5.6% to 690.9 million from 654.4 million.
- Made progress in service reliability and fleet availability by stepping-up predictive and preventive maintenance programmes and installing new detection and modelling systems to improve surveillance of key components of our rail network.
- Reviewed incident management plans and procedures to minimise the impact of delays and disruptions.

### STRATEGIC DIRECTION FOR FY2014

- Continue growth in train ridership numbers and revenue.
- Place greater emphasis on delivering a travel experience that is safe, reliable and passenger centric.
- Continue to engage LTA to accelerate the train renewal and facility expansion programmes.

## LRT

Enhanced service reliability with continued efforts to improve service capacity.



### FACTS

- Operates and maintains Singapore's first fully automated Light Rail Transit (LRT) system.
- Network comprises 7.8km of elevated guideways, linking 14 stations in Bukit Panjang.

### HIGHLIGHTS IN FY2013

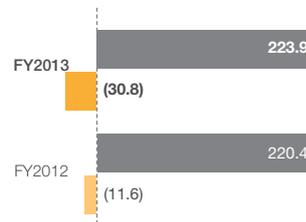
- Saw an increase in full year LRT ridership by 3.1% to 19.4 million from 18.8 million in FY2012.

### STRATEGIC DIRECTION FOR FY2014

- Improve service capacity and reliability through partnerships with LTA.

## Buses

Enhanced network through three new services and improved frequencies on existing routes.



### FACTS

- Provides 97 bus services connecting the Western and North-Western areas to the rest of Singapore.
- Runs premium and chartered bus services across the island.

### HIGHLIGHTS IN FY2013

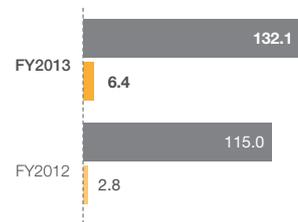
- Rolled out Bus Service Enhancement Programme (BSEP) in collaboration with LTA, from September 2012.
- Deployed additional buses to cater for ridership growth and sustain service standards.
- Brought in close to 200 buses, increasing fleet size to 1,140.

### STRATEGIC DIRECTION FOR FY2014

- Strengthen operational performance to improve safety, reliability and connectivity of bus services.
- Enhance passengers' travelling experience through fleet expansion, renewal and upgrading programmes.
- Engage and develop our bus captains through redesigning the career progression framework and skills upgrading programmes.
- Continue discussion with Government on a more sustainable business model.

## Taxis

Achieved significant improvement to performance.



### FACTS

- Manages a fleet of more than 3,300 taxis.
- Has over 20 years of experience in taxi operations.

### HIGHLIGHTS IN FY2013

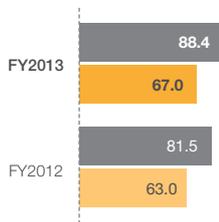
- Achieved record profit of \$6.4 million.
- Accelerated fleet expansion.
- Crossed 1 million taxi bookings.
- Launched Book a Taxi application for Android and Blackberry OS devices.

### STRATEGIC DIRECTION FOR FY2014

- Maintain full hire out of taxis.
- Improve Relief Driver recruitment to meet new Taxi Availability Standards.

## Rental

Won the bid to lease and operate the retail mall of Singapore Sports Hub, a fully integrated sports, entertainment and lifestyle hub.



### FACTS

- SMRT Properties manages approximately 35,000 sqm of commercial spaces within our network that enhances customers' travel experience with a wide selection of lifestyle choices and innovative services.
- 45 train stations have been refurbished, resulting in increased rental yield.

### HIGHLIGHTS IN FY2013

- Maintained high occupancy rates of 98.6% on average in FY2013.
- Won the bid to lease and operate more than 41,000 sqm of retail space of Sports Hub for 12 years, through SMRT Alpha Pte Ltd.
- Refined tenant mix to offer more lifestyle conveniences, services and facilities for the community.

### STRATEGIC DIRECTION FOR FY2014

- Improve customer experience by offering a good mix of lifestyle conveniences and services.
- Refurbish and develop commercial spaces to increase rental yield.
- Explore business growth opportunities adjacent to our station network where we can leverage transport synergies, and strengths in retail operations and advertising.
- Promote Sports Hub as a sports and lifestyle destination in Singapore.

## Advertising

Increased digital inventory and introduced integrated digital out-of-home (OOH) platforms.



### FACT

- Provides multi-sensory digital out-of-home solutions for advertisers to reap greater returns through impactful and engaging campaigns.

### HIGHLIGHTS IN FY2013

- Achieved milestone of 500<sup>th</sup> digital screen.
- Created more Shop&Pay on-the-go across multiple advertising platforms in our network.
- Collaborated with clients and advertisers to roll out island-wide integrated digital out-of-home campaigns in our system.

### STRATEGIC DIRECTION FOR FY2014

- Grow advertising revenue by integration of new and digital technologies with out-of-home platforms in our system.
- Offer more added value and vibrancy to commuters through various digital lifestyle initiatives.

## Engineering & International

Expanded and secured business in new markets.



### FACTS

- SMRT Engineering (SMRTE) is a Facility-Based Operator (FBO).
- SMRT International (SMRTI) provides operations and maintenance (O&M) engineering consultancy and project management services both locally and internationally.

### HIGHLIGHTS IN FY2013

- Awarded contract by LTA to provide Supervisory Control System, Integrated Operations Command Centre and the installation of the Automatic Fare Collection (AFC) gates in Tuas West Extension. The AFC will also be installed in existing MRT stations.
- Provided technical advisory services on Light Rapid Transit system for the Republic of Mauritius.
- Secured a 3-year O&M management consultancy agreement with Dalian Metro.
- Appointed safety consultant by Mumbai Metropolitan Redevelopment Authority for its monorail system.
- Reappointed the Operations contract for the Cybercab Personal Rapid Transit (PRT) system in Masdar City, Abu Dhabi for another 3 years.

### STRATEGIC DIRECTION FOR FY2014

- Extend our transport consultancy business to establish key presence in major regional cities.
- Pursue high value engineering consultancy, project management and O&M contracts.

■ Revenue (\$m)  
■ Operating Profit (\$m)

## CHAIRMAN'S MESSAGE

We are committed to staying the course in the face of challenges...

“As we look to the future, we will build on our strengths, learn from lessons of the past, and act to secure the viability of our business for the future.”

**Koh Yong Guan** Chairman



SMRT has been facing challenges on several fronts. We are managing an ageing rail infrastructure that has to serve a rapidly increasing ridership. We have had to bear escalating expenses arising from energy and wage costs without corresponding fare adjustments for several years. These challenges continue to test the sustainability of the public transport operating model in Singapore.

SMRT is synonymous with public transport in Singapore, and we have built a good brand over the last two decades. Last year, we marked 25 years of serving the transportation needs of Singapore. However, the public's confidence in SMRT has been affected by a combination of events in the last two years. Regaining their trust and confidence is a key focus for the Group and we are expending considerable effort to remedy any shortcomings. In this regard, we have



developed plans and taken steps to improve our overall operational performance, and address infrastructure issues with the Land Transport Authority, in order to ensure better reliability, safety and capacity for enhanced passenger experience. Such experience is further complemented by the lifestyle conveniences and services across the rail and road network.

We are committed to staying the course in the face of these challenges, and remain determined to strengthen our core competencies while reinforcing a culture of excellence that is needed to ensure the perpetuity of our business.

As we look to the future, we will build on our strengths, learn from lessons of the past, and act to secure the viability of our business for the future.

## THE PAST YEAR

Despite a challenging year, the Group was able to increase revenue by 5.9%, registering \$1.1 billion for the financial year ended 31 March 2013. The improved revenue performance is attributed in part to higher ridership, as well as higher taxi and commercial rental revenue. However, higher operating costs, in the continued absence of any fare adjustment, have impacted our net profit which dipped to \$83.3 million, registering a year-on-year decline of 30.5% in Profit After Tax and Minority Interest (PATMI).

In line with the lower profit, the Board has proposed a final dividend of 1.00 cent per ordinary share. Together with the interim dividend of 1.50 cents, this will bring the total dividend for FY2013 to 2.50 cents. This amounts to 45.6% of FY2013 PATMI of \$83.3 million. This is a much considered decision of the Board, mindful that we have hitherto been guided by a 60% target.

The Group's total assets rose to \$2.2 billion as at 31 March 2013 from \$1.8 billion as at end FY2012, mainly due to higher cash balance from the bond issuance and addition of new buses, taxis, and rail equipment to improve our transport services.

The Group welcomed SMRT's new President & CEO, Desmond Kuek, who joined the Board and Executive Committee of the Company on 1 October 2012. Desmond has the necessary background, calibre and attributes that will put him in good stead to steer SMRT into the future and lead us through the challenges.

---

# CHAIRMAN'S MESSAGE

The Board has been augmented to bring in a broader range of experiences. Yap Kim Wah, formerly Senior Vice-President (Product & Services) of Singapore Airlines Limited and Moliah Binte Hashim, who is Chief Executive Officer of Yayasan MENDAKI, both joined us as Independent Directors in October 2012. In April 2013, Patrick Ang, an internationally recognised lawyer and partner at Rajah and Tann LLP also joined the Board. The knowledge and experience they possess in their respective fields will add to the breadth as well as depth of expertise of the Board as we chart our way forward.

Changes have also been made to our Remuneration, Audit and Board Risk Committees.

Tan Ek Kia, who relinquished his executive duties at the end of September 2012, was re-designated as a Non-Independent, Non-Executive Director of the Company. He has since been appointed as a member of the Remuneration Committee, which comprises Moliah Binte Hashim as well as Lee Seow Hiang and myself. Yap Kim Wah has become a member of the Audit Committee, replacing Yeo Wee Kiong who resigned as Director on 10 October 2012, and he has also been appointed to the Board Risk Committee with effect from 15 October 2012.

The Board expresses its appreciation to Yeo Wee Kiong for his dedicated service and contributions to the Company during his tenure as a Director of the Board at SMRT.

---

## OUR FUTURE

SMRT will remain the main player in public transport in Singapore. We will continue to engage and work with the regulator to enhance our MRT public transport, and achieve a sustainable operating environment. As the Group continues to strive for improvements in overall operational performance in FY2014, we will also focus on protecting shareholder interest for the long term.

There are several immediate challenges. The cost of operations is expected to rise in the coming year as we work on maintaining and rejuvenating the ageing rail infrastructure. Under the present operating regime, the increase in costs threatens to outpace revenue growth, and impact our cash flows and borrowing cost. It will subdue our profitability and impair the long-term sustainability of the business. However, the recently announced salary adjustments for non-executive staff will be mitigated to some extent by the Wage Credit Scheme and Management's ongoing efforts to raise productivity. We are also proactively pursuing conversations with the Government on new financing and operating frameworks to ensure the long-term sustainability of both our train and bus businesses.

The Board has made a careful assessment of our near-term capital commitments and liquidity position. We have taken the difficult but necessary decision to pare down our dividend payout this year. This is not an indication of a new benchmark for our dividends but a prudent measure to manage our resources whilst awaiting a favourable outcome in our discussions with the Government. The discussions will hopefully see a shift toward an asset-light ownership model in the near term that will present the Group with a more predictable cash flow stream.

I wish to assure you that growing and protecting shareholder value is a crucial consideration in any of our decisions. In the face of current and expected capital and operating expenditures and commitments, we are keenly aware that preserving a healthy balance sheet now is critical to the sustainability of our business and the continued provision of a key public service for the benefit of future generations.

---

## IN CONCLUSION

I thank you, our shareholders, for your support and patience during the year of challenges. We will continue to improve the rail infrastructure, our internal processes and organisational culture so as to achieve operational and service excellence; and to reposition the Group firmly for the future.

I wish to also extend my sincere appreciation to Tan Ek Kia, who was our Interim CEO, for his able leadership in piloting SMRT through a very difficult period in the first half of the past year following the December 2011 train disruptions. To the Board, management and staff of SMRT, I give my sincere thanks for your dedication, commitment and hard work this past year despite the challenging circumstances.

There is much more that needs to be done, and we will put our best foot forward to steer SMRT towards the next phase of growth.



## KOH YONG GUAN

Chairman

SMRT Corporation Ltd

28 June 2013

“SMRT will remain the main player in public transport in Singapore. We will continue to engage and work with the regulator to enhance our MRT public transport, and achieve a sustainable operating environment.”

# CEO'S MESSAGE

We are clear on the destination and have taken firm steps for the journey ahead...

“Our collective efforts across all business units have been organised along five strategic thrusts: operational performance, customer experience, workforce health, organisational excellence and sustainable growth.”

Desmond Kuek CEO



It is my privilege to have joined SMRT in the past year, and to lead a team of dedicated professionals who are committed to delivering high quality transport services for our commuters while engendering sustainable growth and returns for our shareholders.

## OUR RESULTS

In FY2013, Group revenue increased 5.9% to \$1.1 billion on the back of higher train, taxi, rental and bus revenue.

However, profitability was affected by higher staff cost, depreciation, and repair and maintenance (R&M) expenses. The trains business incurred higher operating expenditure because of increased scheduled R&M, as well as the overhaul of some of the older trains as part of their lifecycle management. Operating costs also increased due to an expanding bus and taxi fleet. Staff costs rose as we increased headcount in the trains and bus businesses to better meet higher service, reliability and operational performance standards. Wages were also adjusted to align



with market benchmarks in order to ensure the right level and quality of staff in recruitment and retention.

These increases in operating costs, in the absence of fare adjustments, coupled with an impairment of interest in associate Shenzhen Zona, led to a year-on-year decline of 30.5% in Profit After Tax and Minority Interest (PATMI) to \$83.3 million for FY2013.

The Group's balance sheet however, remains healthy. In September, Standard & Poor's affirmed its "AAA" rating on SMRT, and this credit rating enabled us to tap the credit market at low interest rates for capital expenditure needs. We issued S\$450 million in bond issues, consisting of 5-year S\$350 million 1.2% Fixed Rate Notes and 10-year S\$100 million 2.363% Fixed Rate Notes, to established institutions.

### THE EVOLVING LANDSCAPE

FY2013 was a challenging year for the land transport sector, and a number of existing policies and structures are under review. Discussions are ongoing with the Government on

various measures related to a more sustainable public transport model. We hope to make progress in our efforts to transit to a new rail financing framework and bus operating model in the coming year. The outcome of a review on the existing fare formula by the Fare Review Mechanism Committee is also pending.

With population growth and increased demand for public transportation, our daily rail and bus ridership has risen to a daily ridership of 2.8 million last year. The strain in operational loading and network capacity is however compounded by parts of the system having reached a lifecycle stage where upgrading and renewal are necessary. These programmes are being carried out concurrently with daily operations, even as we strive to raise our service standards to meet higher public expectations.

Although there are significant challenges in the immediate term, these are not insurmountable and we remain optimistic that we will be able to work through the spectrum of attendant issues to emerge stronger and better positioned for the future.

Our collective efforts across all business units have been organised along five strategic thrusts: operational performance, customer experience, workforce health, organisational excellence and sustainable growth. These will continue to build and maintain our locus as a premier multi-modal transportation company and an icon of national pride and organisational excellence.

### ENHANCING OPERATIONAL PERFORMANCE

Our key focus remains to address some of the pressing operational issues affecting an ageing network and higher capacity needs. We recognise that strong operational performance is key to gaining public trust and confidence, and is core to our business.

We have undertaken a slew of initiatives in maintenance and engineering works that will improve the operational performance, service and reliability of our rail services. Our availability rates stand at a high level of 99.65% and 99.92% for scheduled train services on the North-South and East-West Lines (NSEWL), and Circle Line (CCL) respectively. For the Bukit Panjang Light Rail Transit (BPLRT), we achieved a rate of 99.97%.

Our cumulative train withdrawal rates improved from 3.51 withdrawals per 100,000 train km in April 2012 to 2.51 in April 2013, and we are targeting to reduce this further to 2.11 by the end of the year.

Infrastructural and operational improvements through re-sleeper, re-signalling and third-rail renewal have been

---

# CEO'S MESSAGE

initiated as part of a comprehensive programme to improve safety, reliability and capacity on our network. Over the next few years, we will upgrade our existing trains and buy new rolling stock. When these programmes are completed by 2016, our NSEWL train fleet will be increased by 25%. We will also continue to employ advanced technologies in train-mounted and track-mounted fault detection sensors as well as analytics for timely on-condition and predictive maintenance to identify potential faults. This will help us to optimise our maintenance efforts.

To better meet bus ridership demand especially during peak hours, we will be embarking on an extensive fleet expansion, extension and replacement programme. We will be taking delivery of new buses in the coming year, and intensifying our efforts to support the Bus Service Enhancement Programme (BSEP).

We shall also be replacing the taxis within our fleet that have reached the end of their life cycle, in the coming year. This will contribute positively to our hirer and passenger experience, as the new taxis are equipped with auto-transmission gearboxes for a smoother ride.

---

## IMPROVING CUSTOMER SERVICE

In line with our commitment to service excellence, we have established a dedicated Passenger Service Department to communicate effectively and act responsively to meet passenger needs. To enhance commuter experience, we have also invested in more Service Ambassadors in our stations and interchanges, and will be upgrading some of the facilities and commuter touch-points to improve comfort and convenience.

An overall campaign has been developed and will be rolled out this year to improve service standards and promote a customer-centric culture across the organisation. To help in this effort, we have partnered NTUC Learning Hub, in collaboration with the Disney Institute, to train all our staff in the relevant customer service attributes.

---

## STRENGTHENING WORKFORCE HEALTH

We recognise that a high-performing and engaged workforce is vital to achieving our objectives. We are unified by a refreshed set of Vision, Mission and Core Values that was reviewed and developed collectively by the Board, Management and staff, and these help us to anchor and align our priorities and efforts. Multiple channels of communication and platforms for staff engagement have been established to build a conducive environment for constructive feedback, continual learning and effective collaboration across organisational lines.

A wage review was conducted for all staff last year, aimed at aligning remuneration with industry standards. For non-executive staff, a monthly Productivity and Performance incentive was introduced to promote high operational performance and workforce productivity. We are also reviewing the scope and design of existing jobs with the view to greater staff productivity and empowerment. Continuing education and vocational training programmes will be revised to meet the professional skills and competency needs of all our staff as part of their career progression. In all these, we aim to position SMRT as an employer of choice, deepen our engineering capability and networks, and strengthen our industrial relations with the Union towards our mutual goals.

---

## ENTRENCHING ORGANISATIONAL EXCELLENCE

We have put in place a robust set of processes governing enterprise risk, safety and security. A high-level committee to address cost management and productivity has been established to derive organisation-wide efficiency gains. In the coming year, a Procurements Office will be set up to ensure system integrity, value extraction and business efficiency in our purchasing, equipping and contracting functions.

We are also reviewing our existing organisational design and processes with the view to staying lean, resilient and nimble. It will enable us to readily and effectively address emerging business needs, as well as growth opportunities. This will be buttressed by a culture that embraces the pursuit of excellence, mastery and teamwork.

---

## ENSURING SUSTAINABLE GROWTH

We are committed to delivering shareholder value on a sustained basis. As we address some of the structural issues facing our fare businesses, we will also keep our commercial business in retail, media and advertising on an even keel and continue to explore opportunities for growth, both locally and internationally. By leveraging on our competencies in operations and maintenance of a transport network that is integrated with retail management, we aim to further strengthen and diversify our revenue streams and ensure sustainable growth for the long term.

We won the bid, through our joint venture with NTUC, to lease and operate 41,000 sqm of commercial retail space at the Singapore Sports Hub. We are proud to be able to play an integral role in a national initiative that promotes Singapore as a sports and lifestyle hub. The Circle Line's Stadium, Dakota and Mountbatten stations, as well as the East-West Line's Kallang station will allow convenient and easy travel access to the venue.

---

## EXTENDING OUR SOCIAL RESPONSIBILITY

In recognition of our strong connection to the community at large, we will continue to strive towards being socially responsible as a corporate citizen. This past year, we donated about \$1 million to on-going social service programmes that provide critical care services and assistance to improve the lives of the elderly and needy.

Our commitment extends to environmental sustainability efforts. We are progressively replacing our bus fleet with new buses that are Euro V-compliant. We have appointed a Singapore Certified Energy Manager to manage energy-related resources, formulate energy efficiency improvement plans, and implement these solutions in our equipment and facilities.

---

## GETTING ON TRACK

The road ahead will be challenging, but I am confident of our longer term prospects. At a macro level, the Government's continued emphasis on improving the public transport system augurs well for the Group's business prospects. The projected doubling of the rail network by 2030 will translate into new opportunities that SMRT can participate in. The bus industry is likely to move towards greater contestability, and this development will help drive a strong motivation in the company towards greater cost competitiveness and service excellence. Our taxi business is well positioned to grow as we renew and expand over the next few years. Our commercial and international business arms will continue to explore meaningful opportunities presented by the upcoming growth in the domestic and international public transportation industry.

---

## IN APPRECIATION

I would like to register my gratitude to my predecessor, Mr Tan Ek Kia, who was interim CEO in the first half of FY2013, for his strong leadership in steering the company through a difficult patch following the December 2011 service disruptions. In the course of the year, we bade farewell to several senior management members: Mr Goh Chee Kong, Mr James Ng, Mr Phan Yoke Fei and Ms Teo Chew Hoon; and we would like to thank them for their contributions. We welcome Mr Goh Eng Kiat, Mr Gerard Koh, Mr Benny Lim, Ms Kalai Natarajan, Mr Tan Kian Heong and Ms Jacquelin Tay to the team.

I thank the Board for their invaluable leadership and guidance, and all the management and staff of SMRT for their determination and hard work in rising to the challenges. I would also like to express my appreciation to all our stakeholders for their continued support and understanding. I look forward to working together with everyone to deliver service excellence and extraordinary results, and in realising our vision of "Moving People, Enhancing Lives".



## DESMOND KUEK

President & Chief Executive Officer

SMRT Corporation Ltd

28 June 2013

# COMPANY OVERVIEW

## COMPANY OVERVIEW AND STRUCTURE

SMRT Corporation Ltd (the Company) and its subsidiaries (together, the Group) are in the business of providing transport services through the operation of the Mass Rapid Transit (MRT) and Light Rapid Transit (LRT) systems, buses, as well as the rental of taxis. In addition, the Group leases commercial and advertising spaces within the transport network it operates and 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 became the first operator of Singapore's pioneer LRT system in Bukit Panjang (BPLRT) two years later.

The Company was incorporated on 6 March 2000, and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 26 July 2000. 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), are the licensed operators of the MRT and LRT respectively and are wholly-owned by the Company.

In December 2001, the Company acquired SMRT Road Holdings Ltd (formerly known as TIBS Holdings Ltd) for \$198.6 million. SMRT Buses Ltd (SMRT Buses) and SMRT Taxis Pte Ltd (SMRT Taxis), are the licensed operators of bus and taxi services respectively, and are wholly-owned subsidiaries of SMRT Road Holdings Ltd. Following such acquisition, the Company became Singapore's first multi-modal land transport operator, providing bus and taxi services in addition to its MRT and LRT services.

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

Engineering and other services are undertaken through 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), all of which are wholly-owned subsidiaries of the Company. 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 the Company's employees as well as external customers.

SMRT Capital Pte Ltd was incorporated in 2008 to provide depository and financing services to the SMRT Group. 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.

In October 2012, SMRT Alpha Pte Ltd (SMRT Alpha) was incorporated as the joint venture vehicle of SMRT Investments and Alphaplus Investments Pte. Ltd. (Alphaplus), a wholly-owned subsidiary of NTUC Fairprice Co-operative Ltd. SMRT Investments and Alphaplus own 70% and 30% respectively of the share capital in SMRT Alpha. The business of SMRT Alpha is the management and operation of the retail area of the Singapore Sports Hub, which is currently under construction in Kallang.

A list of all the subsidiaries of the Company is set out at the Group Structure section of this Annual Report.

## REGULATORY FRAMEWORK<sup>1</sup>

### North-South East-West Line

SMRT Trains and the Land Transport Authority of Singapore (LTA) had entered into a License and Operating Agreement (LOA) on 27 August 1987, pursuant to which SMRT Trains was granted a licence to operate the North-South East-West Lines (NSEWL) for an initial period of 10 years (subsequently extended to 31 March 1998).

On 1 April 1998, SMRT Trains was granted a fresh licence to operate the NSEWL for a period of 30 years until 2028 (NSEWL Operating Licence) pursuant to a new LOA. With effect from 1 April 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation.

1. The salient terms and conditions of the NSEWL Operating Licence and CCL Licences are stated under the Licence and Operating Agreements section in the Notes to the Financial Statements.

Under the new LOA, SMRT is responsible for, inter alia, the maintenance, repair, replacement, renewal or refurbishment of all or any part of the working network, which comprises the operating assets and infrastructure required to operate the train system. SMRT may apply to LTA for asset replacement grants for eligible operating assets and may request LTA to fund major replacement or renewal of part or whole of the infrastructure.

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

SMRT Trains had fully paid for the NSEWL operating assets in five equal annual instalments by April 2002. 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.

In April 2013, SMRT purchased the operating assets associated with the Changi Airport Extension and the Dover station for approximately \$93 million.

Under the Rapid Transit Systems Act (Chapter 263A) (RTSA), the LTA may impose certain conditions to the grant of the NSEWL Operating Licence, one of which relates to operating performance standards (OPS). OPS may be prescribed under the Rapid Transit System (RTS) regulatory framework from time to time. The OPS relate to, inter alia, service quality, safety assurance and key equipment performance. Any failure by SMRT Trains to meet such OPS constitutes a default event which could lead to cancellation of the NSEWL Operating Licence. A financial penalty is also payable by SMRT Trains for such failure(s) and such penalty will be determined in accordance with the parameters, principles and penalty computation framework set out in the OPS.

### **Circle Line (CCL)**

The LTA had granted a licence to SMRT Trains to operate the CCL (CCL Licence) for an initial term of 10 years (Initial Licence Term) commencing from 4 May 2009. The CCL 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. With effect from 31 March 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act (Chapter 263A) or its subsidiary legislation.

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 latest audited accounts. The infrastructure of the CCL 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 working network comprising of the operating assets and infrastructure of the CCL MRT system as stipulated in a separate lease and maintenance agreement. SMRT Trains may also apply for replacement grants for eligible operating assets as set out in the CCL Licence.

The CCL Licence sets out certain OPS which relate to service quality, safety assurance and key equipment performance. Any failure by SMRT Trains to meet such standards constitutes a default event that could lead to cancellation of the CCL Licence. A financial penalty is also payable by SMRT Trains for such failure and such penalty will be determined in accordance with the parameters, principles and penalty computation framework set out in the OPS.

### **SMRT Light Rail**

SMRT Light Rail (SMRT LRT) had entered into a Licence and Operating Agreement with LTA, pursuant to which an operating licence was granted to SMRT LRT for the operation of the BPLRT system (BPLRT Operating Licence) with effect from 6 November 1999 and expiring on 31 March 2028. The BPLRT Operating Licence may be extended for a period of 30 years upon request by SMRT LRT. LTA currently owns all the operating assets and infrastructure required to operate the BPLRT. With effect from 31 March 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation.

SMRT LRT is required to purchase the operating assets of the BPLRT system from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and SMRT LRT. SMRT LRT may defer such purchase if SMRT LRT can satisfy LTA that it is not economically viable to do so.

# COMPANY OVERVIEW

## 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 BSOL 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.

With effect from 1 April 2013, the financial penalty quantum will be enhanced to take a serious view of non-compliance with the QoS standards. The penalty quantum was increased from \$100 to \$2,000 per day per bus service and \$10,000 to \$100,000 per month per breach of a QoS standard.

SMRT Buses conducts regular reviews of its service network and the headway of its bus services to best meet the needs of passengers and improve service quality.

## 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 Service Operator Licence (TSOL) 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 TSOL 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 TSOL 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, LTA has given in-principle approval to renew SMRT Taxis' TSOL.

The TSOL, among other things, includes conditions to comply with a set of Taxi QoS standards, Taxi Availability standards, codes of practices and audit directions. The Taxi QoS standards specify the level of performance which operators have to meet in three areas, which are: the availability of taxis through radiophone bookings, safety and taxi partners' conduct. Taxi Availability standards specify the requirements on minimum daily mileage and percentage of taxis on the road during peak periods. Taxi service operators are required to meet Taxi Availability standards to be eligible to expand the fleet.

## FARE ADJUSTMENT FORMULA

Fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses are subject to approval by PTC.

The annual fare adjustment is based on a formula recommended by the Government-appointed Fare Review Mechanism Committee (FRMC). The current fare adjustment formula (as set out below) was revised in 2008 and applicable from 2008 – 2012:

### Maximum Fare Adjustment =

$$0.5\text{CPI} + 0.5\text{WI} - 1.5\%$$

Where

**CPI** = Change in Consumer Price Index over the preceding year

**WI** = Change in Average Monthly Earnings (Annual National Average) over the preceding year, adjusted to account for any change in the employer's CPF contribution rate

**1.5%** = The productivity extraction based on a sharing of productivity gains achieved by Public Transport Operators (PTO)

The process for annual fare review begins with the PTO submitting applications for fare adjustments, based on the above formula, to PTC. PTC will announce its decision for adjustments after deliberation.

The above fare structure is currently under review by the FRMC and the new formula is expected to be unveiled in 2013.

---

## **TRAVEL DEMAND MANAGEMENT SCHEMES**

To encourage commuters to make changes to their travel patterns and to ease crowding during the morning peak hours, the early morning travel discount was first introduced by SMRT in 1997. The discount has increased over the years from the initial 10 cents to 30 cents (October 2011) to 50 cents (August 2012). Both enhancements were mandated by PTC as conditions of the fare adjustment.

From 24 June 2013, LTA embarked on a one-year trial to provide free travel on the rail network for commuters who end their journey before 7.45am on weekdays at 16 designated MRT stations. The 16 designated stations are Bugis, Chinatown, City Hall, Clarke Quay, Dhoby Ghaut, Lavender, Orchard, Outram Park, Raffles Place, Somerset, Tanjong Pagar, Bayfront, Bras Basah, Esplanade, Marina Bay and Promenade. In addition, commuters exiting the stations from 7.45am to 8am will be given a discount of up to 50 cents off their train fare.

The above initiatives are aimed at encouraging commuters to change their travel pattern, by spreading out the morning peak hour crowds to the pre-peak period with the objective of easing the crowding situation on city-bound stretches of the MRT network during morning peak hours.

SMRT has committed up to \$5 million per year for the travel demand management schemes, beyond which the government will reimburse SMRT for the loss.

---

## **CONCESSIONS**

The PTOs offer travel concessions to help certain commuter groups with transport costs, subject to approval by the PTC.

SMRT currently offers travel concessions for trains and buses for senior citizens, students, children and full time National Servicemen. The amount of concessions given has been increasing over the years and in FY2013, this amounted to about \$80 million in the form of concessions.

# OUR ORGANISATION

Our people are the lifeline of the organisation. With strong leadership and a committed team of experts to drive operations, we are ready to serve you.





# BOARD OF DIRECTORS



## KOH YONG GUAN

Chairman

Koh Yong Guan is the Chairman of SMRT Corporation Ltd. He is also the Chairman of the 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. Mr Koh has also held appointments as the Commissioner of Inland Revenue and the Managing Director of the Monetary Authority of Singapore. He was appointed as Singapore's High Commissioner to Canada in January 2008 and was also named as Ambassador to the Hellenic Republic in March 2013.

Mr Koh completed his undergraduate and postgraduate studies at the University of Toronto, Canada, and received his Master of Business Administration from the Catholic University of Leuven, Belgium.

## DESMOND KUEK BAK CHYE

President & Chief Executive Officer

Desmond Kuek assumed the role of President & CEO at SMRT Corporation Ltd on 1 October 2012.

Prior to joining SMRT, Mr Kuek served with distinction in both the military and civil service. He joined the Singapore Armed Forces (SAF) in 1982 on an SAF Overseas Scholarship, rising steadily through the ranks to senior leadership roles as Director in the Joint Intelligence Directorate, Chief of Army and Chief of Defence Force. In 2010, Mr Kuek was appointed Permanent Secretary in the Ministry of the Environment and Water Resources.

Mr Kuek has also held Directorships on the Boards of International Enterprise Singapore, the Housing Development Board, JTC Corporation, Defence Science and Technology Agency, and Singapore Technologies Engineering Ltd and its various subsidiaries.

Mr Kuek holds a Master of Arts (Engineering Science) from Oxford University and a Masters in Public Administration from Harvard University. He is currently a member of the Civil Service College Board and also serves as the Chairman of its Audit Committee. Mr Kuek is a member of the International Advisory Panel for the Lee Kuan Yew Centre for Innovative Cities at the Singapore University of Technology and Design.



---

#### **PATRICK ANG PENG KOON**

Patrick Ang is the Deputy Managing Partner of Rajah & Tann LLP. Mr Ang has more than 20 years' experience handling litigation and corporate transactional cases. One of his key areas of expertise is in corporate restructuring and insolvency, acting for financial institutions and companies such as Lehman Brothers Singapore, Nortel Networks, and China Aviation Oil Corporation.

Mr Ang is internationally recognised as a leading lawyer in his field by Asian Legal Business' Legal Who's Who Singapore, AsiaLaw Leading Lawyers, Euromoney Guide To The World's Leading Insolvency and Restructuring Lawyers, International Financial Law Review 1000, Asia Pacific Legal 500 and Chambers Global – The World's Leading Lawyers.

He is also an Independent Director on the Board of The Esplanade Co. Ltd, Singapore Deposit Insurance Corporation Limited, Tiong Seng Holdings Limited and Malacca Trust Limited.

---

#### **LEE SEOW HIANG**

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

Prior to joining CAG, Mr Lee was the Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. From 2005 to 2008, he was the Principal Private Secretary to Minister Mentor Lee Kuan Yew in the Prime Minister's Office. Mr Lee has also 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 a Master of Business Administration from the Massachusetts Institute of Technology, USA.

---

#### **PAUL MA KAH WOH**

Paul Ma is the 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, Keppel Infrastructure Fund Management Pte Ltd and Nucleus Connect Pte Ltd. In addition to these responsibilities, Mr Ma sits on the Board of Trustees of the National University of Singapore and is a board member of the National Heritage Board.

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.

# BOARD OF DIRECTORS



## MOLIAH BINTE HASHIM

Moliah Binte Hashim is the Chief Executive Officer of Yayasan MENDAKI. Prior to her appointment to Yayasan MENDAKI, Mdm Moliah held several key appointments in her 27-year career with the Ministry of Education, including Principal of Northland Primary School and Cluster Schools Superintendent, Schools Division South.

Mdm Moliah presently serves on numerous governing boards in the public sector. These are the Media Development Authority (MDA) & MDA's Audit Committee, Medifund Committee of Khoo Teck Puat Hospital, Majlis Ugama Islam Singapura (Islamic Religious Council of Singapore), One People.sg Management Committee and Youth Outreach & Engagement Sub-Committee and Health Promotion Board Audit & Risk Management Committee.

Mdm Moliah holds a Bachelor of Arts and Social Science from the then University of Singapore and postgraduate diplomas in education and educational leadership.

## ONG YE KUNG

Ong Ye Kung is the Director of Group Strategy at Keppel Corporation Limited. Before assuming his current position at Keppel Corporation Limited, Mr Ong served as Deputy Secretary-General of National Trades Union Congress, Chief Executive of the Singapore Workforce Development Agency and was the Deputy Chief Negotiator for the US-Singapore Free Trade Agreement. In the last year, he led SMRT's internal investigation on the December 2011 disruptions, and recommended a range of measures to improve maintenance, customer service and emergency response.

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

## BOB TAN BENG HAI

Bob Tan is the Chairman of Jurong Engineering Limited, Singapore LNG Corporation Pte Ltd, the Singex Group of companies and a Director of CapitaMalls Asia Limited and SBF Holdings Pte Ltd. He is also the Chairman of the Institute of Technical Education, President of the Singapore Golf Association, Vice President of the Singapore National Employers Federation, and Honorary Treasurer of the Singapore Business Federation. He is a member of the Board at the Ong Teng Cheong Labour Leadership Institute and 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.



---

### PETER TAN BOON HENG

Peter Tan is the Managing Partner of JP Asia Capital Partners Pte Ltd. He also sits on the Boards of InnoTek Limited and Exploit Technologies Pte Ltd, and is Co-Chairman of the Advanced Remanufacturing Technology Centre. Mr Tan 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 is an advisor to Solar Edge Technologies Inc. in Israel and National University of Singapore's B.Tech Programme. He is a member of the International Evaluation Panel for the Singapore National Research Foundation.

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.

---

### TAN EK KIA

Tan Ek Kia is the Chairman of City Gas Pte Ltd and Star Energy Group 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 veteran of over 30 years in the oil and gas and petrochemicals business. Prior to his retirement in September 2006, he held senior positions in Shell including that of Managing Director of Shell Malaysia Exploration and Production, Chairman of Shell North East Asia, and Vice President of Shell Chemicals Asia Pacific and Middle East.

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

---

### YAP KIM WAH

Yap Kim Wah is a registered professional engineer. Mr Yap joined Singapore Airlines Limited in 1975 and has over 35 years of experience in senior management positions within the airline's marketing, cabin crew and human resource divisions. He was also Singapore Airlines Limited's Regional Director (West Asia & Africa) and Chief Executive of SATS Catering Pte Ltd.

In his last position as Senior Vice President for Product & Services at Singapore Airlines Limited, Mr Yap was responsible for product design and innovation, worldwide airport and reservation services and operations, in-flight services and catering, in-flight entertainment, customer servicing, staff training and development.

Mr Yap has a First Class Honours in Mechanical Engineering from the then University of Singapore.

# SENIOR MANAGEMENT



From Left: Desmond Kuek Bak Chye and Catherine Lee Khia Yee

## **DESMOND KUEK BAK CHYE**

President & Chief Executive Officer

As President & CEO of SMRT, Desmond Kuek is head of Singapore's leading multi-modal transport service provider. He oversees the organisation's operations and maintenance services, engineering and project management, as well as the marketing and leasing of commercial and media spaces within the transport network. Mr Kuek joined SMRT in October 2012.

Prior to joining SMRT, Mr Kuek served with distinction in both the military and civil service. He joined the Singapore Armed Forces (SAF) in 1982 on an SAF Overseas Scholarship, rising steadily through the ranks to senior leadership roles as Director in the Joint Intelligence Directorate, Chief of Army and Chief of Defence Force. In 2010, Mr Kuek was appointed Permanent Secretary in the Ministry of the Environment and Water Resources.

Mr Kuek has also held Directorships on the Boards of International Enterprise Singapore, the Housing Development Board, JTC Corporation, Defence Science and Technology Agency, and Singapore Technologies Engineering Ltd and its various subsidiaries.

Mr Kuek holds a Master of Arts (Engineering Science) from Oxford University and a Masters in Public Administration from Harvard University. He is currently a member of the Civil Service College Board and also serves as the Chairman of its Audit Committee. Mr Kuek is a member of the International Advisory Panel for the Lee Kuan Yew Centre for Innovative Cities at the Singapore University of Technology and Design.

## **CATHERINE LEE KHIA YEE**

Executive Vice President & Chief Financial Officer

Catherine Lee oversees the Group's financial strategy and management, corporate planning, tax, treasury management, central supplies and investor relations. She joined SMRT in September 2011.

Before joining SMRT, Ms Lee was Group CFO of the BreadTalk group, where she was responsible for finance, corporate secretarial, investment, risk management and investor relations. Prior to that, she was with Transpac Capital, a private equity investment firm where she looked after a portfolio of public-listed and private companies in the US and Asia Pacific.

An experienced banker and investment professional with a strong corporate finance and private equity background, Ms Lee has also sat on the board of several companies and assisted in implementing good corporate governance practices.

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.

---

# SENIOR MANAGEMENT

## Corporate Services



From Left: Cindy Lau Kee Mei, Gerard Koh Keng Swee and Celina Eng Soo Hwi

---

### CINDY LAU KEE MEI

Vice President, Group Finance & Shared Services

Cindy Lau is responsible for the Group's financial strategy and management, treasury, tax and shared services. She joined SMRT in April 2012 and is the co-team leader of the cost management team.

Prior to joining SMRT, Ms Lau was Vice President Corporate Finance at PT Telekomunikasi Selular Tbk. She has held other leadership positions in various commercial and public-listed companies where her key responsibilities have included management reporting, group consolidation, financial accounting, cost accounting, budgeting, forecasting, treasury, tax and investor relations.

Ms Lau holds a Bachelor of Commerce and Administration majoring in Accountancy from the Victoria University of Wellington, New Zealand. She is a Provisional Chartered Accountant with the New Zealand Institute of Chartered Accountants.

---

### GERARD KOH KENG SWEE

Vice President, Human Resources

Gerard Koh is Vice President for Human Resources at SMRT. He joined the company as Director of Human Resources in January 2013 and was appointed to his current position in April 2013.

Prior to this, Mr Koh was the Head of National Service Affairs Department in the SAF. He has 24 years

of experience in the SAF leading a diverse number of HR and Command roles. He held several key leadership appointments overseeing HR strategy development, change management and implementation, recruitment, employee engagement and resource management. He also commanded an Armoured Brigade.

Mr Koh holds a Bachelor of Business Administration (Honours) from the National University of Singapore. He also has a Masters of Science in Management with Distinction in Manpower Systems from the United States Naval Postgraduate School.

---

### CELINA ENG SOO HWI

Vice President, Internal Audit

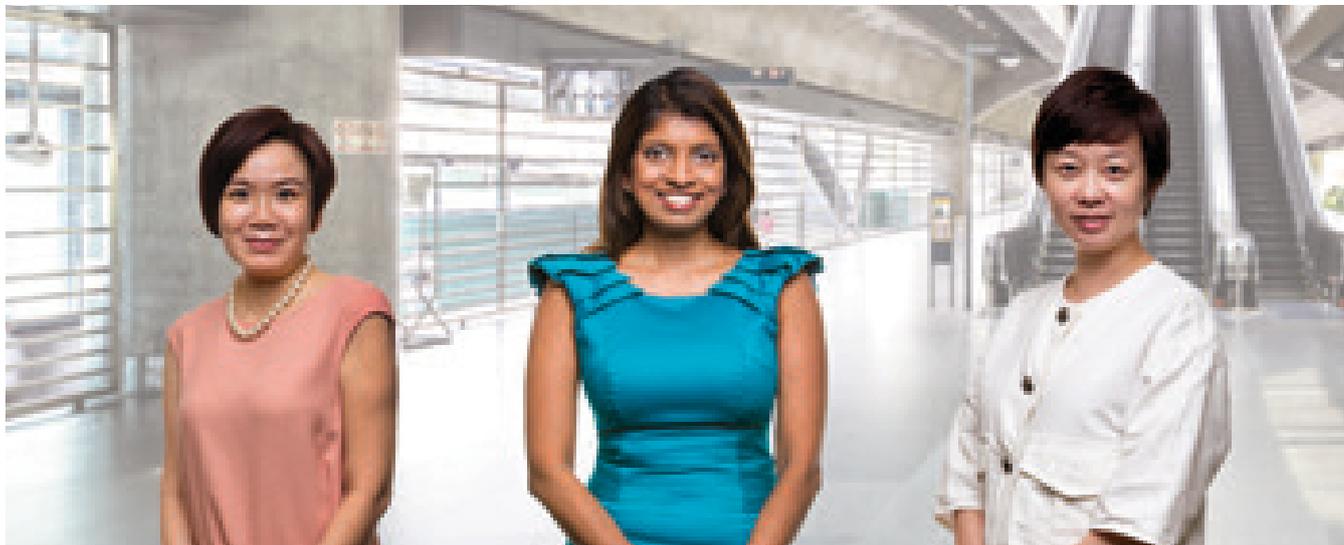
Celina Eng leads the Group's internal audit division. Ms Eng is also SMRT's Whistleblowing Investigation Officer. She joined SMRT as Deputy Director (Audit) in 2008 to oversee the Control Self Assessment (CSA) project.

Prior to this, Ms Eng was Associate Director at KPMG where she was tasked with several regional internal audit outsourcing projects, enterprise risk management and CSA projects. She also 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.

# SENIOR MANAGEMENT

## Corporate Services



From Left: Jacquelin Tay Gek Poh, Kalai Natarajan and Kang Huey Ling

### JACQUELIN TAY GEK POH

Vice President, Legal and Corporate Secretariat

Jacquelin Tay joined SMRT in January 2013 as Vice President, Legal and Corporate Secretariat. She is also a Board Member of SMRT Alpha Pte Ltd, a joint venture between SMRT Investments Pte Ltd and Alpha Plus Investments Pte Ltd.

Prior to joining SMRT, Ms Tay was the Senior Legal Director and Deputy General Counsel in SingTel where she supported various businesses and functions over a span of ten years. Her responsibilities included the oversight and management of legal support relating to info-communications, multi-media and digital life services.

She started legal practice in Shook Lin & Bok and has diverse experience in litigation, corporate and retail banking and conveyancing before moving in house at ST Kinetics Ltd where she was the Legal Manager.

Ms Tay holds a Bachelor of Law (Honours) degree from the National University of Singapore.

### KALAI NATARAJAN

Vice President, Corporate Marketing and Communications

Kalai Natarajan heads Corporate Marketing and Communications, which includes Media Relations and Passenger Service functions. She champions the SMRT brand and manages corporate reputation through media and commuter outreach as well as corporate social responsibility (CSR). She joined the company in February 2013.

Ms Natarajan was previously Head of the consumer marketing practice in Ogilvy Public Relations Worldwide where she led a multi-industry practice in Singapore and

Hong Kong, covering markets across Asia Pacific. Prior to that, she was Assistant Vice-President of Sales & Marketing for MediaCorp (Singapore) TV12 and Head of Global Media Relations for Banyan Tree Hotels and Resorts.

Ms Natarajan has more than 18 years of experience in journalism, marketing communications and public relations, with a focus in areas such as media relations, consumer insights, crisis communications, brand recovery and marketing. She holds a Bachelor of Arts from the National University of Singapore, and is a gold medalist for the Master, Mass Communications degree programme of Nanyang Technological University.

### KANG HUEY LING

Vice President, Corporate Planning

Kang Huey Ling leads the newly established Corporate Planning office, which oversees organisation design & excellence, strategy & risk management and strategic transport planning.

Before assuming her current position in February 2013, Ms Kang was Vice President of SMRT Buses. Prior to that, she was Director of Station operations in 2006, with responsibility for 64 Mass Rapid Transit and Light Rail Transit stations. Ms Kang was also part of the team that assisted in the planning and coordination of the North-East line tender in 1999, and subsequently led the marketing team for the Circle line tender in 2001.

Ms Kang first joined SMRT in 1994. She holds an Honours degree in Economics from the National University of Singapore, and a Masters of Business Administration from the National University of Singapore Business School.

# SENIOR MANAGEMENT

SMRT Investments

SMRT Engineering & International



From Left: Dawn Low Kar Mun and Goh Eng Kiat

## DAWN LOW KAR MUN

Vice President, Commercial Business

Dawn Low oversees SMRT's commercial business in the areas of properties, commercial development, media advertising, new business, marketing and partnership. She is also a Board Member of SMRT Alpha Pte Ltd, a joint venture between SMRT Investments Pte Ltd and Alpha Plus Investments Pte Ltd.

She joined the organisation in 2004, and led the branding, strategic marketing, corporate social responsibility (CSR) and environmental sustainability strategies for the company. She later joined SMRT Taxis in 2008 where she headed marketing and partnership to drive business growth.

Ms Low was previously with the Ministry of Defence and City Developments Limited. She has diverse experience in branding, marketing, CSR, international media relations, information management, public affairs and corporate communications.

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

## GOH ENG KIAT

Vice President, Business Development

Goh Eng Kiat is the Vice President of Business Development. He joined the organisation in March 2013 from MSIG (Asia) Holdings where he was an Executive Director. At MSIG, Mr Goh oversaw governance, risk management and compliance. During his tenure at MSIG, Mr Goh was seconded to China to develop non-Japanese business for the company there. Prior to his secondment, Mr Goh was responsible for Corporate Services including human resource, administration, service excellence, branding and corporate communication at MSIG (Asia). Mr Goh was previously with Aviva Asia as Human Resource Director, and has held various senior positions in Western Digital and Seagate. He also served on the Board of Sinatay China Life Insurance from 2010 to 2012.

Mr Goh holds a Bachelor of Business Studies and a Masters of Business Administration from Charles Sturt University, Australia.

# SENIOR MANAGEMENT

## Trains



From Left: Chia Chun Wah, Lui Wai Meng, Khoo Hean Siang, Vincent Tan Peng Hock and Ng Tek Poo

### **KHOO HEAN SIANG**

Executive Vice President, Trains

Khoo Hean Siang is Executive Vice President, Trains. Mr Khoo first joined SMRT in 1986 as a design engineer before rising through the ranks to the position of Senior Vice President of Engineering and Projects, a role he inhabited prior to his appointment as an Executive Vice President.

During his time at SMRT, Mr Khoo has been instrumental in laying the foundation and ensuring a smooth ramp up of operations for the Circle Line. Mr Khoo is also actively involved in SMRT's outreach activities as Chairman of the SMRT Silver Care Volunteer Committee. He was previously a senior engineer at Singapore Telecoms and was part of the pioneer team that helped introduce the first fibre optic network in Singapore.

Mr Khoo holds 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 Signalling Engineers in UK and a Member of the Professional Engineers Board, Singapore. He is also a Chartered Electrical Engineer of the Institute of Electrical Engineers (United Kingdom).

### **VINCENT TAN PENG HOCK**

Senior Vice President Corporate Services &  
Senior Vice President Trains

Vincent Tan is responsible for rail operations, customer, safety & system services, information technology and security & readiness departments as well as SMRT Institute. He first joined the Mass Rapid Transit Corporation in 1985, before it became SMRT Corporation Ltd. Prior to his current appointment, he oversaw the projects & technology as well as maintenance departments as Senior Vice President, Engineering & Projects.

Mr Tan is also the Chairperson of the SMRT Bloodmobile Drive Committee and a board member of Bus Plus Services and SMRT Light Rail.

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 in Scotland.

---

## **LUI WAI MENG**

Vice President, Rail Operations

Lui Wai Meng drives the Group's rail operations. He joined SMRT in 1995 as an engineer.

In 1998, he assumed a managerial role overhauling rolling stock. He was subsequently appointed project manager and tasked to oversee the mid-life upgrade of SMRT's first generation trains. In 2008, Mr Lui was promoted to Director of the maintenance group, 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 an Honours degree in Mechanical Engineering, and a Masters in Mechanics and Processing of Materials from the Nanyang Technological University. He was awarded the Defence Technology Undergraduate Scholarship by Singapore Aerospace.

---

## **CHIA CHUN WAH**

Vice President, Circle Line & Bukit Panjang Light Rail Transit

Chia Chun Wah leads the Circle Line and Bukit Panjang Light Rail Transit business within SMRT Trains. He is responsible for all operational, maintenance, and works with various business units to drive reliability and ridership on the lines. He re-joined SMRT in June 2012, after a two year stint at the Land Transport Authority (LTA) where he was Senior Project Manager (System Integration & Co-ordination) for the development of Downtown Line Project.

Prior to that, Mr Chia held various leadership positions including that of Deputy Director, Station Operations at SMRT. He was a key team member who contributed to the testing, commissioning and implementation of successful revenue service of the Circle Line.

Mr Chia has a Master of Science in Industrial Engineering and a Bachelors degree in Mechanical Engineering from the National University of Singapore.

---

## **NG TEK POO**

Vice President, Maintenance

Ng Tek Poo is responsible for the operational maintenance of the North-South, East-West and Circle Lines, and the Bukit Panjang Light Rail Transit. He oversees the following functional areas: rolling stock, permanent way, signalling, communication, automatic fare collection, civil and architectural, and facilities maintenance.

Mr Ng joined SMRT in November 2000 as a maintenance manager in building services. In January 2005, he was put in charge of the station operations for the East-West Line. 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 initiatives that enhanced the organisation's safety culture and processes as well as achieved ISO 14001 and OHSAS 18001 certifications. In July 2010, he was transferred to the maintenance department and was promoted to Vice President, Maintenance in March 2011. In this role, Mr Ng introduced enhancement plans and improved the reliability of the trains systems.

Mr Ng has a First-Class Honours degree in Electrical Engineering from the National University of Singapore. He also has a Master of Business Administration (MBA) from the National University of Singapore Business School and is also a trained Workplace Safety and Health professional.

# SENIOR MANAGEMENT

## Roads



From Left: Benny Lim Kian Heng and Tan Kian Heong

### **BENNY LIM KIAN HENG**

Senior Vice President, Roads

Benny Lim Kian Heng is Senior Vice President of Roads and has held this role since March 2013.

He previously served as the General Manager of the Audi and Volkswagen Centre in Qatar. Other senior management positions he has held include President of MAN Truck and Bus China and Vice President of International Sales in China Yuchai International. He has over 25 years of experience in the transport industry leading the management, sales, marketing, after sales service, business development and supply chain management in multiple markets and industries including the automotive industry.

Mr Lim holds a Bachelor in Business Administration and an MBA in International Management from the Royal Melbourne Institute of Technology, Australia.

### **TAN KIAN HEONG**

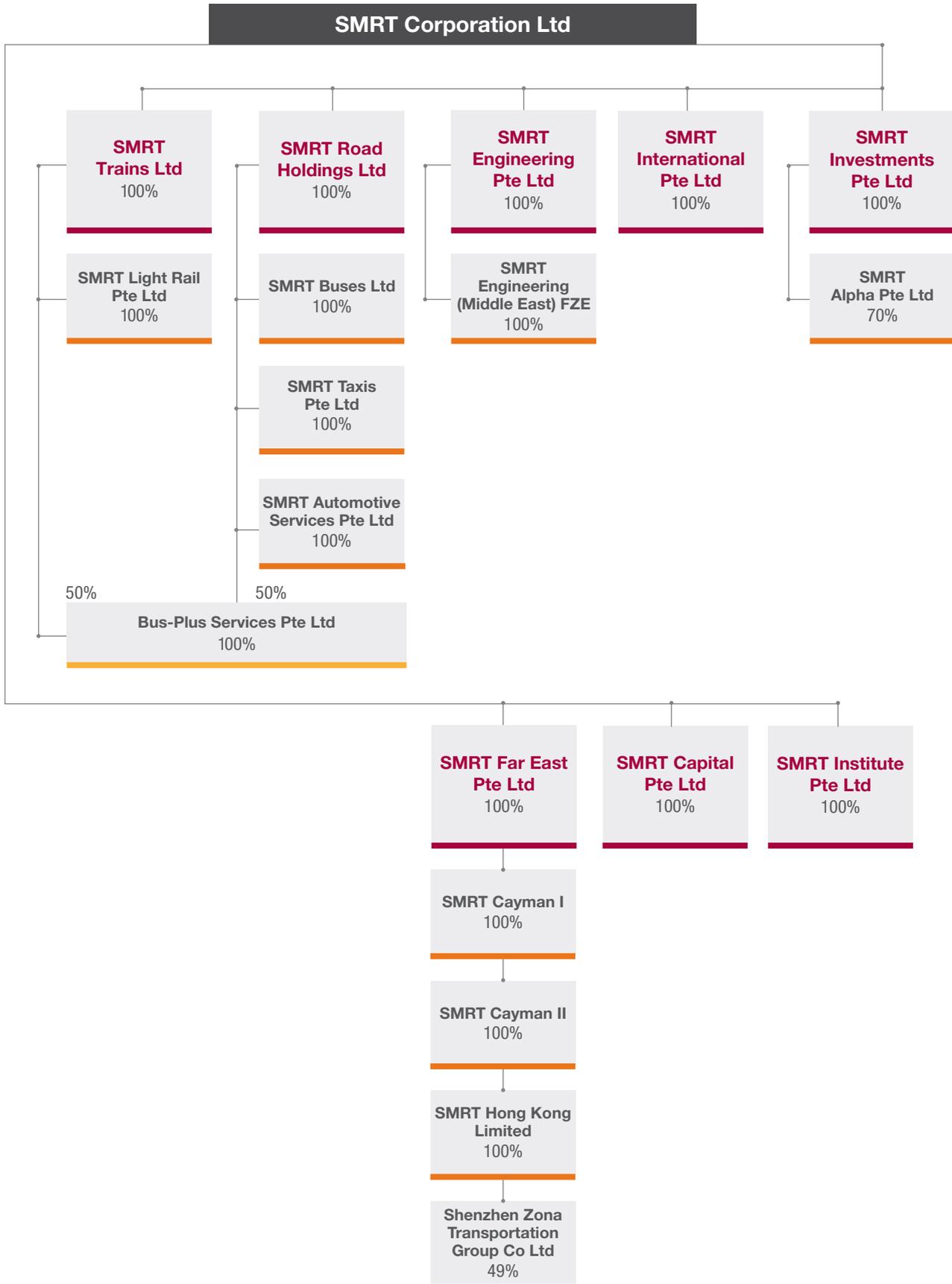
Vice President, Buses

Tan Kian Heong is Vice President of Buses. He joined SMRT in January 2013 as Director of Buses and was appointed to his current position in April 2013.

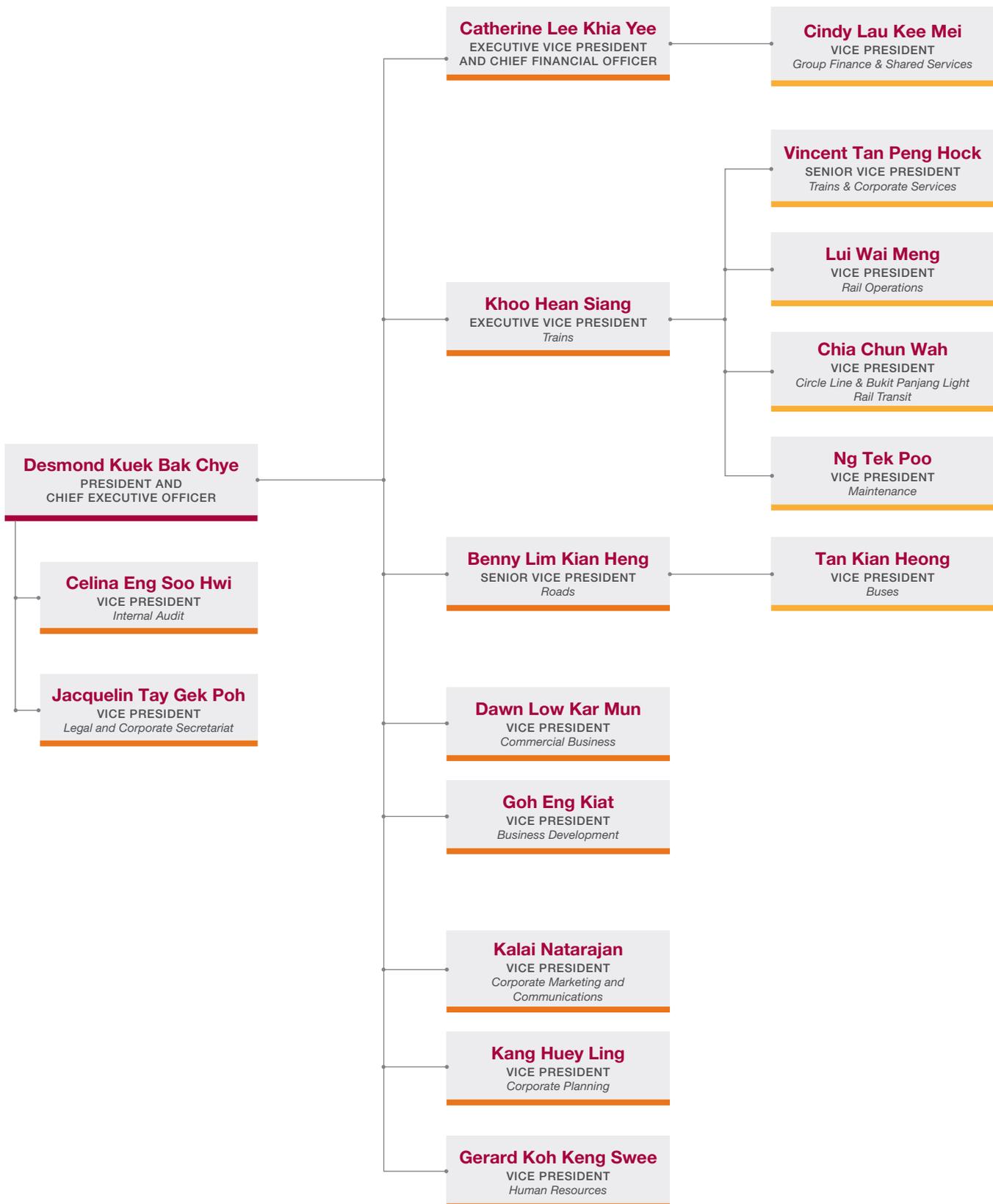
Prior to his career at SMRT, Mr Tan worked in the education sector and in the SAF. As Divisional Director at the National Institute of Education (NIE), Mr Tan oversaw the strategic planning needs of NIE and the delivery of effective and efficient corporate services to NIE's internal and external stakeholders. Mr Tan also spent over 20 years in the SAF and rose to the rank of Colonel. Having helped drive SAF's transformation efforts, Mr Tan is attuned to organisational transformation process, from change management to performance management methodologies. In addition, Mr Tan has led multi-functional teams in planning and executing large-scale national events and SAF activities.

Mr Tan holds a Bachelor of Business Administration degree from the National University of Singapore.

# GROUP STRUCTURE



# ORGANISATION STRUCTURE



---

# CORPORATE INFORMATION

---

## Registered Office

251 North Bridge Road  
Singapore 179102  
Telephone: (65) 6331 1000  
Facsimile: (65) 6334 0247  
Website: [www.smrt.com.sg](http://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*  
Desmond Kuek Bak Chye,  
*President & Chief Executive Officer*  
Patrick Ang Peng Koon  
Moliah Binte Hashim  
Lee Seow Hiang  
Paul Ma Kah Woh  
Ong Ye Kung  
Bob Tan Beng Hai  
Peter Tan Boon Heng  
Tan Ek Kia  
Yap Kim Wah

---

## Company Secretary

Jacquelin Tay Gek Poh  
(Appointed on 14 January 2013)

---

## Audit Committee

Paul Ma Kah Woh, *Chairman*  
Bob Tan Beng Hai  
Peter Tan Boon Heng  
Yap Kim Wah  
(Appointed on 15 October 2012)

---

## Remuneration Committee

Koh Yong Guan, *Chairman*  
Moliah Binte Hashim  
(Appointed on 15 October 2012)  
Lee Seow Hiang  
Tan Ek Kia  
(Appointed on 1 November 2012)

---

## Nominating Committee

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

---

## Board Risk Committee

Bob Tan Beng Hai, *Chairman*  
Peter Tan Boon Heng  
Tan Ek Kia  
Yap Kim Wah  
(Appointed on 15 October 2012)

---

## Executive Committee

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

---

## Auditors

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

Audit Partner-in-charge:  
Mr 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  
Telephone: (65) 6331 1211  
Facsimile: (65) 6334 1407  
Email: [investors\\_r@smrt.com.sg](mailto: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

**SMRT Alpha Pte Ltd**  
251 North Bridge Road  
Singapore 179102  
Telephone : (65) 6331 1387  
Facsimile : (65) 6332 1005  
www.smrt.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

---

# CORPORATE GOVERNANCE REPORT

The Board and Management of the Company 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 to reinforce our corporate governance framework and maintain its relevance.

While the revised Code of Corporate Governance 2012 ("**Code**") will take effect in respect of Annual Reports relating to financial years commencing from 1 November 2012 only, and is thus not applicable for the current financial year, the Company has taken steps to comply with some of the revised guidelines, including those relating to the proportion of independent directors on the Board and the implementation of electronic poll voting at shareholders' meetings.

The Company's 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, 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.

The Company 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 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. For example, one of the questions in the Board Evaluation Questionnaire is whether the atmosphere at Board meetings are candid, open and encourages critical thinking, challenge and debate. 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 thereat is set out on the following page.

# CORPORATE GOVERNANCE REPORT

## BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE

FROM 1 APRIL 2012 TO 31 MARCH 2013

	BOARD			BOARD COMMITTEES									
	Meetings held while a member	No. of scheduled meetings	Meetings attended	AUDIT		BOARD RISK		REMUNERATION		NOMINATING		EXCO	
Board Of Directors				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)	17	4	17					7	7	3	3	2	2
Desmond Kuek Bak Chye <sup>(a)</sup> (President & CEO)	6	2	5									0	0
Lee Seow Hiang	17	4	13					7	6	3	1		
Paul Ma Kah Woh	17	4	14	4	4					3	3	2	2
Moliah Binte Hashim <sup>(b)</sup>	6	2	6					4	3				
Ong Ye Kung	17	4	11							3	3	2	1
Bob Tan Beng Hai	17	4	16	4	4	4	4					2	2
Tan Ek Kia <sup>(c)</sup>	17	4	15			4	4	3	3			2	2
Peter Tan Boon Heng	17	4	13	4	4	4	4						
Yap Kim Wah <sup>(d)</sup>	6	2	4	2	2	2	2						
Yeo Wee Kiong <sup>(e)</sup>	11	2	6	2	2			3	2				

(a) Appointed President & CEO on 1 October 2012. Appointed EXCO Member on 1 February 2013.

(b) Appointed Board Member on 1 October 2012 and RC Member on 15 October 2012.

(c) Interim CEO from 6 January to 30 September 2012. From 1 October 2012 to 31 October 2012, he continued to perform executive functions to ensure a smooth handover of the Company's operations to the President & CEO. Appointed RC Member on 1 November 2012.

(d) Appointed Board Member on 8 October 2012 and AC Member and BRC Member on 15 October 2012.

(e) Resigned as Board Member on 10 October 2012.

The Company's Articles of Association allows Board meetings to be conducted via telephone conference, video conference or other similar means of 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.

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 to 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 FY2013 included programmes organised by the Singapore Institute of Directors. Our external auditors update the Audit Committee and the Board on new or revised financial reporting standards annually.

Management conducts a comprehensive orientation programme for newly appointed Directors. This programme includes briefings on the Group's business activities, the financial performance of the Group, and meetings with the Group's Senior Management team. Site visits to the Group's train and bus depots 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 Yap Kim Wah. All members of the AC are non-executive and independent Directors. The activities of the AC are described under Principle 12 in the subsequent paragraphs. The AC’s terms of reference are set out on page 53.

### **Board Risk Committee**

The Board Risk Committee (“**BRC**”) comprises Bob Tan Beng Hai as Chairman with Tan Ek Kia, Peter Tan Boon Heng and Yap Kim Wah as members. All members of the BRC are independent and non-executive Directors, save for Tan Ek Kia who is non-independent and non-executive. Tan Ek Kia had relinquished his executive duties with effect from 1 November 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 NC’s terms of reference are set out on page 53.

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, Moliah Binte Hashim and Tan Ek Kia. All members of the RC are independent and non-executive Directors except for Tan Ek Kia, who is non-independent and non-executive. 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 Desmond Kuek Bak Chye, Paul Ma Kah Woh, Ong Ye Kung, Bob Tan Beng Hai and Tan Ek Kia as members. As the President & CEO, Desmond Kuek Bak Chye is an executive and non-independent member of the EXCO. Tan Ek Kia is a non-executive and non-independent member of the EXCO as he was previously the Interim CEO. The other members of the EXCO are independent and non-executive. The function of the EXCO is to assist the Board in carrying out its duties. The EXCO’s terms of reference are set out on page 53.

### **Management Committee**

The Management Committee (“**MC**”) is not a Board Committee. Chaired by the President & CEO, Desmond Kuek Bak Chye, the MC comprises members of Senior Management and meets weekly 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.

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

The Directors believe in having members who can exercise judgement independently, in good faith and in the best interests of the Company. Hence, out of the eleven Directors on the Board, only the President & CEO, Desmond Kuek Bak Chye, is executive and non-independent, and Tan Ek Kia, who was previously the Interim CEO, is non-independent. The composition of SMRT's Board is set out below:-

### Composition of Board & Board Committees

Name of Director	Board Appointments	Board Committees				
	- Executive or Non-Executive Director - Independent or Non-Independent Director	Audit	Board Risk	Remuneration	Nominating	EXCO
Koh Yong Guan (Chairman)	Non-Executive / Independent	-	-	Chairman	Member	Chairman
Desmond Kuek Bak Chye (President & CEO)	Executive / Non-Independent	-	-	-	-	Member
Patrick Ang Peng Koon	Non-Executive / Independent	-	-	-	-	-
Lee Seow Hiang	Non-Executive / Independent	-	-	Member	Member	-
Moliah Binte Hashim	Non-Executive / Independent	-	-	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
Tan Ek Kia <sup>(a)</sup>	Non-Executive / Non-Independent	-	Member	Member	-	Member
Peter Tan Boon Heng	Non-Executive / Independent	Member	Member	-	-	-
Yap Kim Wah	Non-Executive / Independent	Member	Member	-	-	-

(a) Relinquished executive duties and re-designated Non-Executive Director with effect from 1 November 2012 and appointed RC member with effect from 1 November 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 55 to 61. 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 ("**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 FY2013, the NC has determined that out of the eleven Directors on the Board, only Desmond Kuek Bak Chye, who is the President & CEO, and Tan Ek Kia, who was previously the Interim CEO, are non-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 possess 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 Company. Non-executive Directors also meet regularly without the presence of Management 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 on a month-on-month and year-on-year basis. The Board is also apprised of any significant developments via additional information papers. SMS messages are sent to all Directors when critical safety and security issues arise.

### **CHAIRMAN AND PRESIDENT & CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)**

The respective roles of the Chairman and the President & CEO are kept distinct through a clear division of responsibilities in order to maintain effective oversight and for independent decision-making. Since FY2007, the Board has provided the Chairman and the President & CEO each with a Role Statement for greater transparency.

In the Role Statement for the 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 President & CEO; and
- ensuring effective communication with shareholders.

The President & 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 approved by the Board. The Role Statement for the President & CEO describes the President & 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, 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 President & 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 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 are considered. 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.

# CORPORATE GOVERNANCE REPORT

## **Independence**

- Potential candidates must be impartial, objective and be flexible and independent in their thinking.
- 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 55 to 61.

## **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 FY2013, 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**

For FY2013, the Board evaluation process was reviewed and revised. An annual meeting was held between the NC Chairman and the independent external consultant to, inter alia, fine-tune the evaluation framework so that areas of particular interest and key issues are identified. Following such meeting, the Board held a discussion with Egon Zehnder (acting as facilitator) to evaluate the Board's performance. The matters deliberated on include the Board's dynamics, its relationship with the various Board committees, the subsidiary boards and with Management; and the Group's strategic plans. The consensus reached by Directors was then further deliberated on at an off-site meeting held in January 2013.

### **(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 President & CEO. Every year, the Directors will evaluate the President & CEO and provide feedback on his performance. Clear key performance indicators are set out at the beginning of each year which are measured and assessed during his performance evaluation. The Chairman will then compile the results of the evaluation and conduct an open assessment with the President & CEO.

The NC assesses the independence of Directors in the manner set out 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 e-mails, and whether he has given sufficient time and attention in addressing matters or issues raised to the Board.

For FY2013, the NC is of the view that although some Directors hold several directorships in other companies, all Directors have contributed sufficient time and commitment to the Company.

---

#### **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 President & CEO, the Company's Senior Management, Company Secretary and Internal and External Auditors via telephone, e-mail 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. She administers, attends and prepares minutes of the Board and the Board Committees in which she acts as Secretary. The Agenda for Board and Board Committee meetings are prepared in consultation with the Chairman of the meeting and the President & 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 in January 2013.

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 affairs on a timely and on-going 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. The previous Interim CEO, Tan Ek Kia, and the President & CEO, Desmond Kuek Bak Chye, 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 the Company or any of the Company's Directors. The annual remuneration of Directors of the Company for the financial year ended 31 March 2013 is proposed as follows:

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF DIRECTORS FOR PERFORMANCE YEAR FY13

Remuneration Band & Name of Director	Directors' Fees <sup>1</sup>	Basic Salary (Including Employer's CPF)	Variable or Performance Related Income/ Bonuses (Including Employer's CPF)	Benefits	SMRT ESOP, SMRT RSP & SMRT PSP <sup>8</sup>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>\$500,000 and above</b>						
Desmond Kuek Bak Chye <sup>2</sup>	–	305	274	32	– <sup>3</sup>	611
<b>Below \$499,999</b>						
Bob Tan Beng Hai	104	–	–	–	–	104
Koh Yong Guan	200	–	–	–	–	200
Lee Seow Hiang	65	–	–	–	–	65
Moliah Binte Hashim <sup>4</sup>	28	–	–	–	–	28
Ong Ye Kung	102	–	–	–	–	102
Paul Ma Kah Woh	101	–	–	–	–	101
Peter Tan Boon Heng	116	–	–	–	–	116
Tan Ek Kia <sup>5</sup>	46	352	–	30	–	428
Yap Kim Wah <sup>6</sup>	38	–	–	–	–	38
Yeo Wee Kiong <sup>7</sup>	43	–	–	–	–	43

1 Includes Director Fees for Subsidiary Boards – SMRT Trains Ltd Board and SMRT Road Holdings Ltd Board/SMRT Buses Ltd Board.

2 Appointed as President & CEO on 1 Oct 2012. The payments reflected in this table are actual payments received from date of appointment, and included pro-rated performance related payments for the applicable period in FY2013.

3 156,000 Shares under the Restricted Share Plan and 130,000 shares under the Performance Share Plan will be granted on 1 July 2013 for the FY2013 performance. The amount of these shares that will vest in the future will be subject to the performance of the Company in FY14 and beyond.

4 Appointed as Board Member on 1 October 2012, and appointed as RC Member on 15 October 2012.

5 Relinquished role as Interim CEO on 1 October 2012, and Executive Director duties on 1 November 2012. Appointed as Remuneration Committee Member on 1 November 2012.

6 Appointed as Board Member on 8 October 2012 and member of the Audit Committee and Board Risk Committee on 15 October 2012.

7 Resigned as Board, Audit and RC Member on 10 October 2012.

8 Based on the fair values of PSP and RSP shares granted on 26 December 2012 using Monte Carlo simulation model.

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

Remuneration Band	2013	2012
\$500,000 and above	1	1
\$250,000 to \$499,999	1	–
Below \$250,000	9	10
Total	11	11

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

### REMUNERATION OF KEY EXECUTIVES

Top 5 Executives	Basic Salary	Variable or Performance Related Income/Bonuses	Benefits	SMRT PSP, SMRT RSP	Total <sup>1</sup>
<b>Band \$500,000-\$750,000</b>					
Khoo Hean Siang	45%	49%	6%	0%	100%
Catherine Lee Khia Yee	45%	33%	5%	17%	100%
Vincent Tan Peng Hock	43%	32%	6%	19%	100%
Teo Chew Hoon	62%	8%	2%	28%	100%
<b>Band \$250,000 - \$500,000</b>					
Celina Eng Soo Hwi	40%	39%	5%	16%	100%

<sup>1</sup> The total aggregate remuneration paid to the top five key management personnel is \$2.96 million.

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

In a competitive landscape for talent and an economy with low unemployment, the Group continues to require actively engaged employees with high 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 ensures that the Group's compensation strategies are market competitive. The RC recognises that the compensation strategies adopted must be flexible and adaptable in order to align with the prevailing economic environment.

In substitution of the SMRT Employee Share Option Plan (“**SMRT ESOP**”), under which the granting of options had ceased 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 the SMRT RSP and SMRT PSP are set out on pages 110 to 115.

The RC also ensures that there is a strong correlation between the payouts and the achievement and performance of individuals as well as business units in the compensation policy, so as to balance teamwork with individual accountability. Reflecting the financial performance for FY2013, the EVA Incentive Pool payouts and RSP / PSP performance-linked

vesting rates fell in tandem. For FY2013 performance, the EVA Incentive Pool paid to senior management decreased by 18% vis-à-vis that for performance year FY2012. This reflects the drop in EVA in FY2013. Likewise, for the RSPs granted in FY2012 and FY2013 and the vesting in FY2014, the performance-linked vesting rates also registered drops. For the FY2012 RSP grant, only 36% will vest, and for the FY2013 RSP grant, only 30% will vest.

### 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 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

# CORPORATE GOVERNANCE REPORT

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 and Risk Assurance (“ICRA”) Declaration for the financial year ended 31 March 2013 is set out under Risk Management and Internal Controls (Principle 11) on page 46.

## RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

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 Policies

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

### 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.

Following an independent review in 2011, 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 key internal stakeholders that include heads of business units, corporate functions and risk coordinators in the Group, and are in line with the revised Code.

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 Risk Management Committee (“RMC”), which is 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 President & 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.

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 President & 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 Audit Division plays an independent role in checking compliance and evaluating the effectiveness of the Group’s ERM process. The ICRA Declaration, as mentioned in the “Audit” section below, provides additional assurance from the business units on the adequacy of risk management systems.

The Strategy and Risk Management Office, a unit that is independent from business lines, supports the RMC, in the area of Risk Management, 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:



## 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 Chief Financial Officer ("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 quarter and the next 12 months.

Detailed disclosure and analyses of the full year financial performance of the Group are in the Annual Report. This includes 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 which the Group is exposed to comprise currency, price, credit, liquidity and interest rate risks. These key financial 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 also implements credit

control procedures for extending credit and monitoring of debt collection. The Group manages liquidity risks 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 against interest rate risks.

## Information Technology Management

Management has set the mandate that every staff is responsible for the understanding and management of IT risks in the course of their work.

### *Policy and Process Compliance*

In governing risks, Management has established and implemented a set of IT security policies and procedures in ensuring that IT controls are implemented to prevent risk occurrence. These policies are benchmarked against ISO27001.

### *Managing IT Security Vulnerabilities*

Management has put in place a suite of protections against IT Security vulnerabilities such as unauthorised hacking and cyber attack incidents. The Company is equipped with Firewall protection, Intrusion Prevention/Detection Systems, Application vulnerability scanning and anti-virus protection.

### *Managing Project Risk*

IT project risks are managed based on the established IT Project Risk Management Procedure, Vendor Management Procedure and IT risk assessment framework.

### *IT Operations Risk Assessment*

IT department conducts half yearly operational risk assessment to assess operation risks, under the Enterprise Risk Management framework.

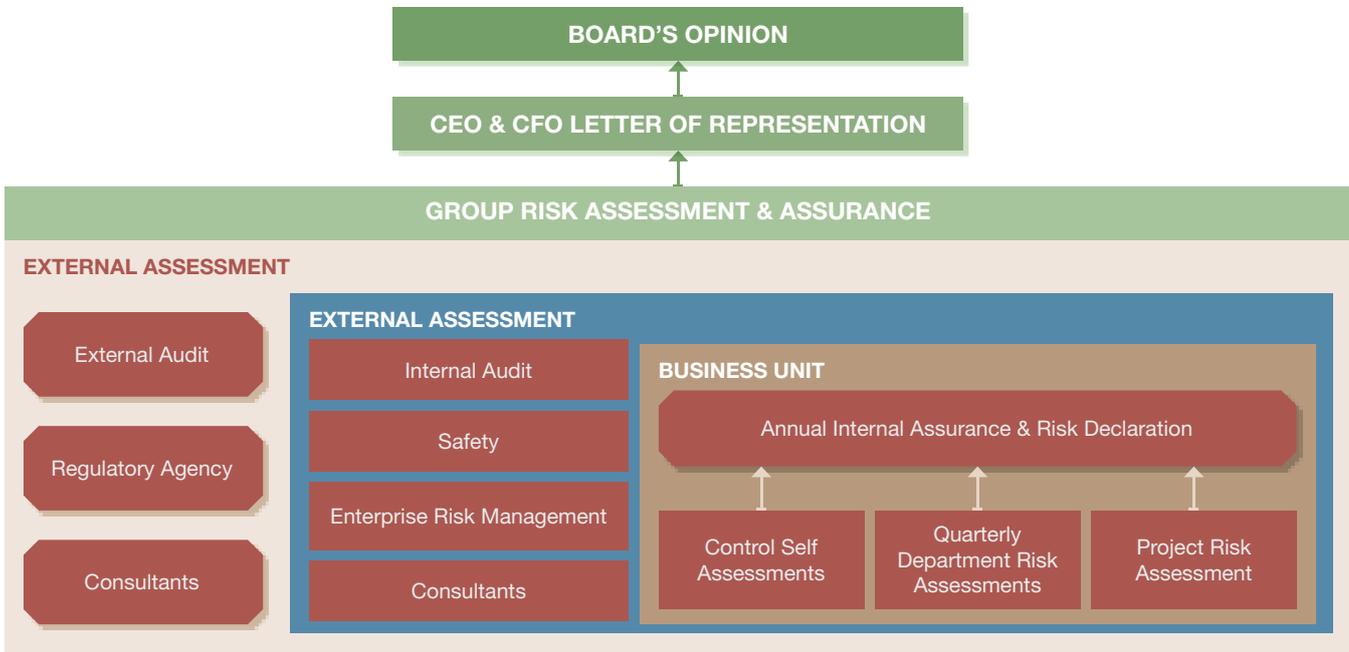
### *Risk Awareness*

Proactive actions are taken to instil risk awareness in the Company through quarterly IT security newsletters covering key topics on IT risks that are relevant to the organisation.

### *Compliance Assurance*

To provide further compliance assurance, the Audit Division conducts yearly independent reviews and audits on IT processes and systems. Potential risks are highlighted to Management for necessary actions. All major risks identified are tracked and reported to the Audit Committee.

# CORPORATE GOVERNANCE REPORT



## Audit

On an annual basis, Audit Division prepares a risk-based audit plan to review the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance, IT controls and risk management systems. IT auditors and Financial, Compliance and Operational (FCO) auditors carry out integrated audits that address the controls in both IT systems and business processes. Specifically, IT audits review IT general and application controls to provide reasonable assurance of confidentiality, integrity and availability of critical data and systems. IT audit has conducted data analytics reviews over the areas of payroll, procurement and payment to determine appropriateness of such transactions. In addition to the audits on existing critical IT systems and functions, the IT audit team also conducts pre-implementation and post-implementation audits for critical new systems. During the year, Audit Division also partnered with technical specialists from Operations to carry out audits on Safety Department and two train maintenance branches, namely Engineering Trains Branch and Permanent Way.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations will be circulated to the Chairman of the Board, the AC, the

BRC, the President & CEO, 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. Audit Division monitors and reports on the timely implementation of the action plans to the relevant Management, AC and BRC every quarter.

Audit Division also supports the BRC in carrying out audits on safety and security operations, and validating selected key risk action plans arising from the Business Units' risk assessment workshops. Audit Division reports their findings and the status of implementation of the action plans to the BRC during their quarterly meetings. In the last quarter of the current financial year, Audit Division rolled out an ICRA Declaration where all the heads of business units signed an ICRA Declaration on the adequacy of the internal controls and risk management systems in their business operations as at 31 March 2013. The President & CEO and CFO also sign the annual representation letters to give the Board, the BRC and the AC assurance on the effectiveness of the Group's internal controls and risk management systems. The diagram above depicts how Audit Division and other assurance providers support the Board, the BRC and the AC in providing their opinions on the adequacy of internal controls.

### **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; and
- Provide a tangible framework for Management to obtain assurance on the state of internal controls.

Under the CSA Programme, line management and staff conducted self-assessments on the effectiveness of their control processes during the year. The CSA Programme was rolled out to the following business units on some of their key processes:

- Taxis
- Rail Operations (Station Operations for Main Line, Circle Line and Bukit Panjang Light RailTransit)
- Engineering Trains Branch
- Auto Services (Taxi Workshop)
- Bus (Bus Plus)

In the last quarter of FY2013, these business units with the CSA programme in place have rolled out CSA to cover some of their selected key processes. The results of the CSA provided the basis for the respective business units’ year-end declarations on the adequacy of internal controls.

### **Role of Board and Board Committees**

The Board recognises the importance of a sound internal control system 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:

- (a) effectiveness and efficiency of operations,
- (b) reliability of financial reporting, and
- (c) 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 deals with complying with those laws and regulations to which an 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, reviews performed by management, various Board Committees (in particular our AC and BRC) and the Board, the Board, with the concurrence of the AC, is of the opinion that, in the absence of evidence to the contrary, the Group’s financial, operational and compliance controls, which the Group considers relevant and material to its current business scope and environment, were adequate as at 31 March 2013. The Board is satisfied that there is a framework to identify and address problems and follow up on the implementation of the action plans.

### **Whistleblowing Programme**

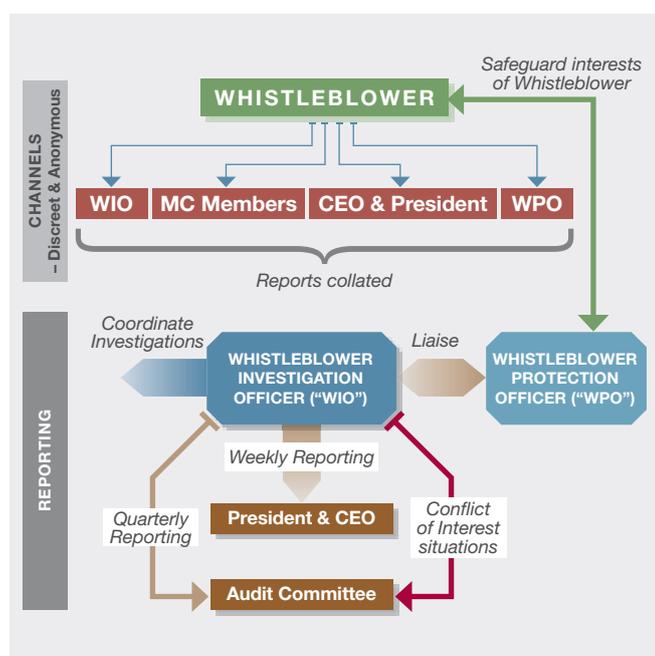
To reinforce a culture of good business ethics and governance, a Whistleblowing Programme is in place to encourage the reporting in good faith of any suspected improper conduct whilst protecting the whistleblowers from reprisals within the limits of the law. The Whistleblowing Programme, with clearly defined policy and processes, conforms to the guidelines set out in the Code and best practices. Such policy and processes are communicated via the website and through a number of other channels. The secured and protected disclosure channels that include an independent e-mail address and a direct phone hotline which are manned by the Vice President (Audit Division) allow whistleblowers to disclose their concerns in strict confidence. In addition, a whistleblower is able to disclose directly to the AC Chairman via a dedicated and secured e-mail channel if he is of the

# CORPORATE GOVERNANCE REPORT

view that the case has not been handled satisfactorily or if there is an apparent conflict of interest. All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistleblowing matters are reviewed quarterly by the President & CEO and the AC. The President & CEO provides guidance to the Whistleblowing Investigation Officer to help ensure that disclosures are managed in accordance with the Whistleblowing Policy and that prompt actions are taken in respect of disclosures requiring immediate or urgent attention.

## Overview of Whistleblowing Structure

The following is a pictorial presentation of the whistleblowing structure:



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 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 Risk Management and Internal Controls (Principle 11).

## AUDIT COMMITTEE (PRINCIPLE 12)

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 and business issues.

The AC met four times during the year under review. The President & CEO, CFO, Vice President (Audit Division) and Company Secretary are usually invited to these meetings. During the financial year, the AC also met with the external and internal auditors respectively on a one-to-one basis without the presence of Management so that the auditors can raise any issues encountered in the course of their work, directly to the AC.

## INTERNAL AUDIT (PRINCIPLE 13)

### Internal Audit Function

The 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 President & CEO. Headed by the Vice President (Audit Division), the division comprises 19 staff members from the FCO, CSA and IT teams. The 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 the Audit Division's involvement to provide assurance in specific areas of concern. The AC meets with the Vice President (Audit Division) at least once a quarter without the presence of the Management.

### Quality Assurance

The 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 Audit 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, Audit Division completes a self-assessment on the adequacy of its internal audit activities against its charter as well as AC's, BRC's and Management's expectations. To align the Company'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 Audit Division was reviewed by external Quality Assurance Reviewers in 2010 and met the IIA Standards in most key aspects.

### Recruitment and Staff Development

The Audit 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 Risk Management Auditors ("**CRMA**"), Certified Public Accountants ("**CPA**") or hold Certification in Control Self Assessment ("**CCSA**"). The certification bodies that govern these professional accreditations require their members to maintain a program of continuing education. A structured

and customised training and development roadmap is also in place to ensure that the Audit Division staff is equipped with technical knowledge and skillsets that are current, relevant and appropriate to their seniority. In addition to in-house trainings, the Audit Division staff also attends trainings 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 System Audit and Control Association ("**ISACA**") and Association of Certified Fraud Examiners ("**ACFE**").

As part of continuing efforts to innovate its practices, the Audit Division has implemented a job rotation programme since FY2011. The programme provides a platform for cross-sharing of knowledge between Operations and Audit Division, allows Audit Division staff to gain industry exposure and operational process knowledge, fosters a better working relationship between Operations and the Audit Division staff and builds the Audit Division as a training ground for future leaders.

---

## SHAREHOLDER RIGHTS (PRINCIPLE 14) COMMUNICATION WITH SHAREHOLDERS (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.

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, addresses their queries. Depending on the nature of the query, it can be escalated to the Executive Vice President & CFO, or the Company Secretary (for corporate governance matters), and even brought to the attention of the President & CEO, if necessary. Management and the Board are also kept informed on comments and views received via monthly reports.

# CORPORATE GOVERNANCE REPORT

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.

The Company's IR website (<http://www.smrt.com.sg/AboutSMRT/InvestorRelations.aspx>) is the key source of information for the investment community. Apart from financial results, it has other investor-related information, including presentations, operating matrix, annual reports and other major announcements made by the Company. Investors may send in their queries using the contact details provided in the website. The IR team is accessible throughout the year to address shareholders' queries. Relevant contact details are listed in the website and annual report.

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

## CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

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, the Company holds its AGMs at centrally located venues that are easily accessible via public transport. The Chairman, President & 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, PwC, 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 the integrity of the information and 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.

In accordance with SGX-ST's Listing Rule 1207(19), Directors and employees are advised not to deal in the Company's securities during the period commencing two weeks before the announcement of the Group's first, second and third quarter financial results, and one month before the announcement of the Group's full year financial 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, or the Companies Act.

## **BOARD COMMITTEES – TERMS OF REFERENCE**

### **AUDIT COMMITTEE**

1. To review the accounting policies of the Company to ensure that the policies are in compliance with accounting standards and in accordance with the law.
2. To review, with the internal and external auditors, their audit plans.
3. To review, with the internal and external auditors, the adequacy of the Company's internal controls, namely financial and accounting controls, operational and compliance controls, and risk management policies and systems, with the purpose of safeguarding the Company's assets and enhancing shareholder value.
4. To review, with internal and external auditors, their audit reports.
5. To review the co-operation given by the Company's officers to the internal and external auditors.
6. To review the scope and results of the internal audit procedures.
7. To review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and to submit them to the Board.
8. To nominate and review the appointment or re-appointment of the external auditors.
9. To review interested person transactions.
10. To examine all other matters that may be referred to the Audit Committee by the Board.

### **BOARD RISK COMMITTEE**

1. To review and comment on the adequacy and effectiveness of the risk management systems in identifying, measuring, monitoring and managing risks as well as the assurance provided by the President & CEO.
2. To review risk mitigation strategies with Management with regard to the major risks faced by the Group.
3. To review the risk profile and the levels of risk tolerance that the Group takes on to achieve its business objectives and strategies.
4. To report to the Board on material matters, findings and recommendations pertaining to risk management.
5. To review other risk related matters that may be referred to the BRC by the Board.

### **EXECUTIVE COMMITTEE**

1. To approve transactions within a designated financial limit in accordance to the Financial Procedures Manual.
2. To act on behalf of the Board in urgent situations, when it is not feasible to convene a meeting of the entire Board.
3. To carry out such other functions as may be delegated to it by the Board.
4. To sub-delegate any of its powers within its terms of reference as listed above, from time to time, as the EXCO may deem fit.

### **NOMINATING COMMITTEE**

1. To annually review the size, composition and core competencies of and skills required by the Board and Board Committees.
2. To identify and review all nominations of any person or member of the Company for the following positions:-
  - (a) Director (for appointment or re-appointment, election or re-election) taking into account the proposed appointee's background, experience, other board memberships and in addition, for re-nomination to evaluate their contribution and performance;
  - (b) Membership of the Remuneration Committee, the Audit Committee and other Board committees that may be established from time to time;
  - (c) The President & CEO.
3. To review and nominate directors for re-appointment at regular intervals and at least once every three years.
4. To review and determine annually, and as and when circumstances require, the "independence" of each director and to make appropriate disclosure.
5. To review directors serving multiple boards and determine if such directors are able to adequately carry out his/her duties as director.
6. To conduct an annual assessment of the effectiveness of the Board, its board committees and its individual members.
7. To set objective performance criteria for individual directors for purpose of evaluation by the Board Chairman to be conducted on an annual basis or as decided by the Board Chairman.
8. To set objective performance criteria for the President & CEO for purpose of evaluation by the full Board to be conducted on an annual basis or as decided by the Nominating Committee.
9. To formulate succession plans for Board appointments.
10. To sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

### (I) Remuneration of Non-Executive Directors, President & CEO and Senior Management

*(Note: The term "Senior Management" shall mean Vice Presidents and above)*

1. To determine and recommend to the Board the framework or broad policy for the remuneration packages (including merit increments, variable bonus, share option grants, share plan awards and other incentive plans) of the Company's:
  - Non-Executive Directors;
  - President & CEO; and
  - Senior Management.No person shall be involved in any decisions as to his own remuneration.
2. To ensure that, in determining such remuneration policy, the President & CEO and Senior Management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.
3. To review the ongoing appropriateness and relevance of the remuneration policy, giving due regard to any relevant legal requirements and the provisions and recommendations in the Code.
4. To approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
5. To review the design of all employee share option plans, employee share plans and other incentive plans for approval by the Board and shareholders. For any such plans, to determine each year whether grants/awards will be made, and if so, the overall amount of such grants/awards, the individual grants/awards to the President & CEO and Senior Management and the performance targets to be used.
6. To ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
7. To determine, within the terms of the agreed policy and in consultation with the Chairman and/or the President

& CEO as appropriate, the total individual remuneration package of Senior Management including bonuses, incentive payments and share options or other share awards.

8. To establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the committee; and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
9. To provide clear disclosure of the Company's remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report.
10. To recommend to the Board matters relating to the continuation in office of the President & CEO and Senior Management, including the suspension or termination of service as an employee of the Company subject to the provisions of the law and their service contract.

### (II) Nomination, Appointment and Promotion of Senior Management

1. To:
  - (a) identify and review all nominations and appointments of Senior Management (excluding the President & CEO); and
  - (b) promotions of Senior Management; and in this connection to recommend to the Board their key roles.
2. To formulate and review succession plans for Senior Management (including the President & CEO) and to oversee Senior Management's development of leadership and management talent with the aim of building talent and renewing strong and sound leadership to ensure the continued success of the Company.

### (III) Other Terms of Reference

1. To review the terms of reference, annually.
2. To sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Koh Yong Guan</b> 67 yrs	<ul style="list-style-type: none"> <li>- Bachelor of Applied Science, Mechanical Engineering (1<sup>st</sup> Class Hons), University of Toronto, Canada</li> <li>- Master of Applied Science, Mechanical &amp; Biomedical Engineering, University of Toronto, Canada</li> <li>- Master of Business Administration, Catholic University of Leuven, Belgium</li> </ul>	02.04.2007 12.07.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd SMRT Trains Ltd	SMRT Road Holdings Ltd SMRT Buses Ltd SMRT Light Rail Pte Ltd	
<b>Others</b> Central Provident Fund Board ( <i>Chairman</i> ) Governing Board of the Cancer Science Institute of Singapore ( <i>Chairman</i> ) Singapore Deposit Insurance Corporation ( <i>Chairman</i> )		

# CORPORATE GOVERNANCE REPORT

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Desmond Kuek Bak Chye</b> 49 yrs	<ul style="list-style-type: none"> <li>– Bachelor of Arts (Honours), Engineering Science, Oxford University</li> <li>– Master of Arts, Oxford University</li> <li>– Masters in Public Administration, Harvard University</li> </ul>	01.10.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> 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	Singapore Technologies Engineering Ltd JTC Corporation Defence Science and Technology Agency	
<b>Others</b>		
Civil Service College Board ( <i>Board Member</i> <i>Chairperson of Audit Committee</i> ) International Advisory Panel, The Lee Kuan Yew Centre for Innovative Cities ( <i>Member</i> )		

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Patrick Ang Peng Koon</b> 49 yrs	<ul style="list-style-type: none"> <li>– LLB (Hons), National University of Singapore</li> </ul>	01.04.2013
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	Insolvency Practitioners Association of Singapore Limited	
<b>Others</b>		
The Esplanade Co. Ltd Tiong Seng Holdings Limited Malacca Trust Limited Singapore Deposit Insurance Corporation Limited		

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Tan Ek Kia</b> 65 yrs	<ul style="list-style-type: none"> <li>– Bachelor of Science Mechanical Engineering, 1<sup>st</sup> Class Hons, Nottingham University, United Kingdom</li> <li>– Fellow of Institute of Engineers, Malaysia</li> <li>– Chartered Engineer, United Kingdom Engineering Council</li> </ul>	24.07.2009 16.07.2010
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<p><b>SMRT Group</b> SMRT Corporation Ltd</p> <p><b>Others</b> City Gas Pte Ltd (<i>Chairman</i>) City Spring Infrastructure Management Pte Ltd Dialog Systems (Asia) Pte Ltd Keppel Corporation Limited Keppel Offshore &amp; Marine Ltd PT Chandra Asli Petrochemical Tbk (<i>VP Commissioner</i>) Transocean Ltd Star Energy Geothermal Pte Ltd (formerly known as Star Energy Holdings Pte Ltd (<i>Chairman</i>)) Star Energy Oil &amp; Gas Pte Ltd Star Energy Group Holdings Pte Ltd (<i>Chairman</i>) KrisEnergy Ltd</p>	<p>InterGlobal Offshore Pte Ltd SMRT Light Rail Pte 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 Hong Kong Limited Shenzhen Zona Transportation Group Co Ltd</p>	

# CORPORATE GOVERNANCE REPORT

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Lee Seow Hiang</b> 43 yrs	<ul style="list-style-type: none"> <li>- Bachelor of Arts (Hons), University of Cambridge, UK</li> <li>- Master of Business Administration, Massachusetts Institute of Technology, USA</li> </ul>	19.01.2011 08.07.2011
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	Civil Service College ( <i>Member</i> ) Singapore Changi Airport Enterprise Pte Ltd ( <i>Deputy Chairman</i> )	
<b>Others</b> 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>Board Member</i> )	SMRT Trains Ltd SMRT Buses Ltd SMRT Road Holdings Ltd	

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Paul Ma Kah Woh</b> 65 yrs	<ul style="list-style-type: none"> <li>- Fellow of the Institute of Chartered Accountants in England and Wales</li> <li>- Member of the Institute of Certified Public Accountants of Singapore</li> </ul>	15.07.2005 12.07.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	Tenet Insurance Company Ltd SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd	
<b>Others</b> CapitaLand China Development Fund Pte Ltd CapitaLand China Development Fund II Limited Keppel Infrastructure Fund Management Pte Ltd Mapletree Investments Pte Ltd Mapletree Logistics Trust Management Limited National University of Singapore ( <i>Board of Trustees</i> ) Nucleus Connect Pte Ltd National Heritage Board ( <i>Board Member</i> ) Hwa Hong Corporation Limited		

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Moliah Binte Hashim</b> 55 yrs	– Bachelor of Arts and Social Science, University of Singapore	01.10.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	Nil	
<b>Others</b> Yayasan MENDAKI MENDAKI Sense Pte Ltd SENSE College Pte Ltd Media Development Authority Health Promotion Board		

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Ong Ye Kung</b> 43 yrs	– Bachelor of Science (Economics) 1 <sup>st</sup> Class Hons, University of London, London School of Economics and Political Science	01.08.2006 08.07.2011
	– Master of Business Administration, Institute of Management Development, Lausanne, Switzerland	
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	SPRING Singapore ( <i>Member</i> ) SMRT Trains Ltd	
<b>Others</b> Chinese Development Assistance Council (CDAC) ( <i>Member</i> ) Employment and Employability Institute Pte Ltd (e2i) ( <i>Chairman</i> ) Alexandra Health System (AHS) Board ( <i>Member</i> ) Alexandra Health Pte Ltd Singapore Business Advisors and Consultants Council (SBACC) Keppel Funds Investment Pte Ltd (formerly known as Kepindia Investment Pte Ltd) Ocean Mineral Singapore Pte Ltd Ocean Mineral Singapore Holding Pte Ltd Keppel Infrastructure Holdings Pte Ltd	Ngee Ann Polytechnic Council ( <i>Member</i> ) NTUC Investment Co-operative Ltd ( <i>Member</i> ) NTUC LearningHub Pte Ltd ( <i>Member</i> ) JTC Corporation ( <i>Member</i> ) Singapore Manual & Mercantile Workers' Union (SMMWU) ( <i>Executive Secretary</i> ) Young NTUC ( <i>Mentor</i> ) National Transport Workers' Union (NTWU) ( <i>Adviser</i> ) Northlight School ( <i>Member of Board of Governors</i> ) Singapore LSE Trust ( <i>Trustee</i> ) Workers' Upgrading & Employment Committee of Chinese Development Assistance Council (CDAC) ( <i>Chairman</i> ) Singapore Industrial and Services Employees' Union (SISEU) ( <i>Adviser</i> ) Malayalam Language Education Society (MLES) ( <i>Adviser</i> ) Attractions, Resorts & Entertainment Union (AREU) ( <i>Adviser</i> ) Singapore Shell Employees' Union (SSEU) ( <i>Trustee</i> )	

# CORPORATE GOVERNANCE REPORT

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Bob Tan Beng Hai</b> 61 yrs	– Fellow of the Institute of Chartered Accountants in England and Wales	01.08.2006 08.07.2011
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	ITE Holding Pte Ltd ( <i>Chairman</i> ) SMRT Trains Ltd	
<b>Others</b> Institute of Technical Education ( <i>Chairman</i> ) Jurong Engineering Limited ( <i>Chairman</i> ) NTUC Club Management Council ( <i>Council Member</i> ) Ong Teng Cheong Labour Leadership Institute ( <i>Board Member</i> ) SBF Holdings Pte Ltd Singapore Business Federation ( <i>Honorary Treasurer</i> ) SINGEX Exhibitions Pte Ltd ( <i>Chairman</i> ) SINGEX Exhibition Ventures Pte Ltd ( <i>Chairman</i> ) SINGEX Venues Pte Ltd ( <i>Chairman</i> ) Singapore Golf Association ( <i>President</i> ) Singapore LNG Corporation Pte Ltd ( <i>Chairman</i> ) Singapore National Employers Federation ( <i>Vice President</i> ) CapitaMalls Asia Limited	SMRT Buses Ltd SMRT Road Holdings Ltd Asia Pacific Breweries Limited	

## PARTICULARS OF DIRECTORS

Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Peter Tan Boon Heng</b> 64 yrs	<ul style="list-style-type: none"> <li>– Master of Business Administration, Golden Gate University, San Francisco, USA</li> <li>– Diploma in Management Studies (Distinction), University of Chicago</li> </ul>	12.02.2010 12.07.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd <b>Others</b> Innotek Limited JP Asia Capital Pte Ltd JP Asia Capital Partners Pte Ltd Exploit Technologies Pte Ltd National Research Foundation – Competitive Research Program ( <i>International Evaluation Panel Member</i> ) National University of Singapore – B. Tech Program ( <i>Advisor</i> ) SolarEdge Technologies, Inc (Israel) ( <i>Advisor</i> ) Zhenghua Secondary School ( <i>School Advisory Committee Member</i> ) Advanced Remanufacturing & Technology Centre (ARTC) ( <i>Co-Chairman</i> )	Varioptic SA GISIL Devices Pte Ltd Petitecellar Dot Com (Private) Limited Vacuumschmelze (VAC) Luxembourg S.a.r.l. SMRT Trains Ltd SMRT Road Holdings Ltd SMRT Buses Ltd Dialog Semiconductor PLC MIR Investment Management Ltd ( <i>Advisor</i> ) SPRING Policy Advisory Committee ( <i>Policy Advisory Committee Member</i> ) PolyTechnos European Growth Fund 1 ( <i>Advisor</i> )	

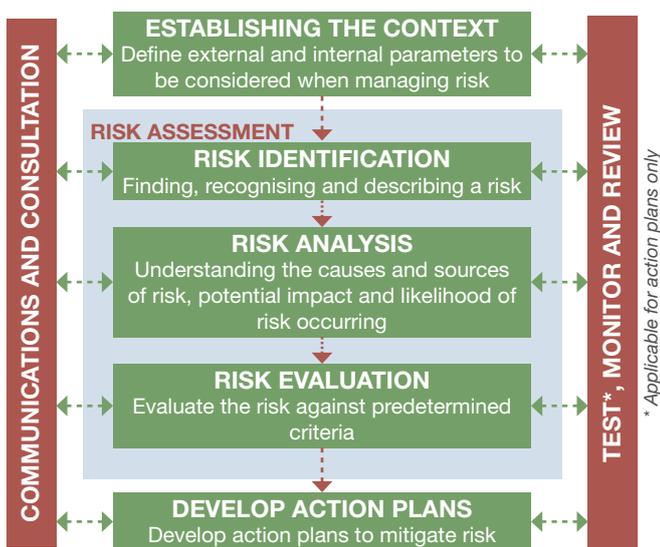
Name of Director/Age	Academic & Professional Qualifications	Directorship: Date first appointed Date last re-elected
<b>Yap Kim Wah</b> 64 yrs	<ul style="list-style-type: none"> <li>– Degree in Mechanical Engineering, (1<sup>st</sup> Class Hons), University of Singapore</li> </ul>	08.10.2012
<b>Present directorships</b> (As at 31 March 2013)	<b>Past directorships over the preceding three years</b> (from 1 April 2010 to 31 March 2013)	
<b>SMRT Group</b> SMRT Corporation Ltd	Singapore Land Authority Tradewinds Tours & Travel Private Limited ( <i>Chairman</i> ) Raffles Education Corporation Limited	

# KEY DYNAMICS & RISK MANAGEMENT

## 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 subsequent risk mitigation actions.



The Risk Management Process is an integral part of the Group's planning and decision making process 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 President & CEO and senior management team, focuses on 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 a 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 addresses 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 with Management the robustness of the risk management system and key organisational risks. The key risks are shared with the relevant Board committees and the Board.



An independent high level review of SMRT's risk management system was conducted by PricewaterhouseCoopers in FY2011. The revised ERM framework comprises three components that link risk management to our business. The Strategy and Risk Management Office, an independent unit reporting directly to the CEO, ensures the consistent implementation and continuous improvement of the Group's risk management framework.

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 our 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 culture of risk-awareness, 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.

Moving forward, the way key risks are identified and monitored would be enhanced so as to align with the updated strategic thrusts of the company. Indicators would be developed around these thrusts, and management and staff would be incentivised against the achievement of these targets. By empowering staff to proactively manage risks, the likelihood and impact of potential risks would be minimised.

---

## 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 including feasibility studies of using alternate energy resources and adopting emerging technologies, 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 will continue to improve 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 Enterprise Risk Management and Internal Audit processes.

To help the community prepare for and respond to acts of terrorism and major train service disruptions, SMRT continues to engage the public through the SMRT Community Emergency Preparedness programme. The programme, developed in consultation with the Ministry of Home Affairs and the Land Transport Authority, was officially launched on 22 December 2006. To date, more than 20,300 participants have been involved in this programme.

SMRT ensures that all staff are well-equipped to deal with security threats and service disruptions. Drills and exercises are conducted regularly at MRT stations, train and bus depots, and bus interchanges. Relevant government agencies also participate in these exercises.

SMRT works closely with Government agencies to implement security improvement initiatives which include enhanced lighting, fencing, CCTV coverage, and a Fence Intrusion Detection System.

The Group has broadened the Internal Audit (IA) processes for Security and Incident Management. Key Risk Indicator Dashboards and Quarterly Risk Updates are key elements of the new IA processes, which also include regular compliance reporting to the Land Transport Authority. The Group has initiated a fundamental shift from an Emergency Planning posture to a Operational Readiness mindset and approach, which is more anticipatory. This has led to the setting up of a Joint Operations Centre with stronger integration of the Business Units' reporting processes. Stronger emphasis will be given to analysis of trends and patterns so that early warning indicators can be better defined and preventive steps taken.

### 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. On top of the conditions stipulated in the licences, LTA also issues a set of Codes of Practice for the industry where all operators must comply. 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.

# KEY DYNAMICS & RISK MANAGEMENT

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 has 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 the roll out of the Bus Service Enhancement Programme (BSEP). From September 2012, new BSEP buses will be progressively introduced to bus services and passengers can expect more frequent, more reliable and less crowded buses with service level enhancement.

With regards to the taxi business, LTA has implemented a set of Taxi Availability (TA) indicators to measure the availability of taxis with effect Jan'13 and limiting growth to taxi industry, at a rate of 2%. We are lobbying with the drivers' association (National Taxi Association) to mitigate the measurement criteria for the TA.

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 and employee ownership. In SMRT, the President & CEO has the overall and final responsibility for safety. The Senior Vice President (SVP) of Rail Operations and Corporate Services

oversees the Safety and System Services Department and Security Operations and Readiness Department so that synergies from the integrated approach can be harnessed to enhance safety and security performance.

### Safety Culture

Built on a firm foundation of capable leadership and employee engagement, safety is embraced and practised by every employee in SMRT. To ensure continued improvements in safety competencies and to raise safety awareness, there will be continued 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 workplace safety and health, including OHSAS 18001. The SMRT SSPP provides a concrete and systematic framework 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 workplace safety and health. This ensures our operations and maintenance staff is certified as competent, to perform safety critical or safety related functions to enable a safe and reliable system.

SMRT has been rigorously audited by internal and 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 as well as BizSAFE STAR 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. SMRT has collated an information database of past investigation for overseas rail accidents, extracted from reliable sources for sharing and learning by relevant stakeholders.

### Workforce Health Risks

SMRT currently employs about 7500 staff with diversified backgrounds to meet its business needs. The Group recognises the need to keep its workforce engaged to achieve its business objectives, and continues to improve the way

it manages staff. SMRT will adopt a strategic approach in providing a pro-family environment to enable our staff to balance between their work and personal commitments. We will work closely with our staff to continually engage, enable and empower them to achieve their KPIs which is part of our Monthly Productivity and Performance Incentive Bonus (MPIB) to promote a performance driven culture. The KPI will be based on Work Ethics & Behaviour, Safety/ Customer Service, Compliance and Quality and Service. We also increased automation and mechanisation, resulting in job redesign. A Career Development Plan was also developed to allow employees to grow on the job. The desired outcome of our workforce health related initiatives is to win the Hearts, the Heads and the Hands of our staff.

### Reputational Risks

SMRT's main stakeholders include passengers, shareholders, government bodies such as the Land Transport Authority and Ministry of Transport, our employees as well as analysts and media.

The Group recognises the need to provide timely and accurate information to our stakeholders in a manner that ensures a deep and meaningful engagement. The communication will be conducted both ways as we also engage the stakeholders to obtain feedback to further improve our operational efficiencies and passenger experience.

In addition to face-to-face dialogues, SMRT has set up a variety of platforms to reach out to its stakeholders. The use of digital and social media is a relatively new yet highly effective approach. An integrated programme to reach out to passengers directly to provide useful information on a daily basis and during incidents is also being rolled out. We use our commercial advertising channels for public service and public education purposes as well. Circulars, newsletters and posters are key channels to engage non-executive staff who form 90 percent of our workforce.

Though these initiatives, the Group continues to focus on delivering high standards of service across our businesses and maintains a communications culture that is transparent, keeping all stakeholders informed of developments in the company.

### 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:

- 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;
- Intense competition in the transport sector.

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. Management of Shenzhen Zona built strong relationships with the local authorities, industry players and related associations to mitigate regulatory risks. The Group will monitor the performance of Zona closely by continuing to exercise, to the extent practicable, as a minority shareholder, its oversight through its representatives on the Board.

### 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

---

# KEY DYNAMICS & RISK MANAGEMENT

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 with reputable insurance companies. 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 its appointed insurance brokers. The risk exposure is reviewed periodically 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.

## Accounting Policies

The Group has consistently 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 financial year ended 31 March 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2012.

On 1 April 2012, the Group adopted the new or amended Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. 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 accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

---

## SENSITIVITY ANALYSIS

### Train Ridership

Every one percentage point change in annual train ridership will result in a \$6.1 million change in revenue. This assumes that the train fare structure remains at FY2013 levels.

### Bus Ridership

Every one percentage point change in annual bus ridership will result in a \$2.1 million change in revenue. This assumes that the bus fare structure remains at FY2013 levels.

### Electricity Costs

Every one percentage point change in rates of electricity, using FY2013 rates as a basis, will lead to a \$1.3 million change in operating profit per year. This assumes train electricity usage is maintained at FY2013 levels.

### Diesel Costs

Every one percentage point change in rates of diesel, using FY2013 rates as a basis, will lead to a \$0.5 million change in operating profit per year. This assumes that diesel usage is maintained at FY2013 levels.

# HUMAN RESOURCES

## PROPELLING THE HUMAN RESOURCE FUNCTION

We recently revamped the Human Resource (HR) Division to align it with our new business needs. The key functions of HR are now organised and resolved according to:

- **Strategy and Policy Formulation** to create capacity for transformation and clarity of governance.
- **Executive Agencies** to drive human capital management, recruitment and shared services for efficiency and service excellence.
- **HR Business Partnership** to foster closer engagement and support for the business.

## WORKPLACE SAFETY AND HEALTH

We continued to organise a series of competitions and educational events under the SMRT SHIELD programme, to drive the message of safe behaviour to our employees. These included three safety-related talks delivered by SMRT employees and industry specialists. Our employees also conducted visits to organisations with good safety records, to learn their best practices at their workplace.

In addition, employees were provided a quarterly WorkSAFE newsletter that is developed by the Safety Services Department, which offers safety knowledge and information by way of safety education. At the national level, our employee Darryl Teo, won the annual Workplace Safety and Health (WSH) 2012 Award. A safety warden from the Road Division, Mr Teo was recognised for his efforts in cultivating a safe and healthy workplace for the colleagues under his charge.

## FAMILY FIRST

To promote work and family life balance, we review our Human Resource (HR) policies on a regular basis. In FY2013, we reviewed our leave policies and have since introduced two days of Parent-Care Leave to give employees time off to look after their ageing parents. Fathers with newborns can now apply for Shared Parental Leave. Fathers can use this leave to share 1 week out of the 16-week maternity leave.

## OUR CORE VALUES – ‘SMRTnI’

After extensive discussions with our employees, we also reviewed our core values to embody SMRT’s shared-value system:

**S Service Excellence** – Anticipate the needs of others, acknowledge them to be as important as your own, and fulfil them in accordance with our mission.  
*Put others first.*

**M Mastery** – Upgrade your skills and expand your knowledge to excel in your role.  
*Be the best you can be!*

**R Responsibility and Respect** – Honour your commitments, embrace the differences among us, and respect the dignity of every individual.  
*Give everyone the respect they deserve.*

**T Teamwork** – Be united in our mission, combine our individual skills and talents, and strengthen our relationships.  
*Together we can do anything!*

**N Nurture** – Fostering a caring environment that empowers individuals to make meaningful contributions and motivates them to excel.  
*Lead with a heart.*

**I Integrity** – Uphold the highest professional ethics, embody our vision and mission, and lead by example.  
*Do the right thing.*

---

# HUMAN RESOURCES

---

## PROGRESSIVE STEPS TO REWARD PERFORMANCE AND ATTRACT TALENT

All Bus Captains and non-executive employees had their wages revised in November 2012 and March 2013, respectively. In FY2013, salary structures were adjusted to reward and motivate high-performing individuals and teams with appropriate incentive packages that better link pay to performance. We believe these changes will help to further our productivity and performance-based culture, and better attract and retain talent.

### Non-Executive Employees (excluding Bus Captains)

Working with National Transport Workers' Union (NTWU), the following salary review was successfully implemented:

- Non-executives received a salary adjustment of up to \$320 in their basic salary from 1 March 2013. Starting salaries were also benchmarked to the market in order to attract school leaving talents.
- The salary ranges for non-executives were revised and pegged to market rates.
- A Monthly Productivity and Performance Incentive Bonus (MPIB) component of up to \$250 per month was implemented from 1 April 2013. This bonus will be awarded based on individual and team work performance that covers work ethic and behaviour, compliance, quality of service, safety and customer service.
- Non-executives were paid a one-off Market Adjustment Component of \$1,000. This will bring their total annual compensation up to the market benchmark.

### Bus Captains

Effective from 1 April 2013, all SMRT Bus Captains who were previously on different career and remuneration schemes were moved onto a new single SMRT Bus Captain Scheme. They will share a common career progression, salary and incentive system, based on the Bus Captains' performance and productivity. This includes adhering to schedules, service and safety standards.

This Scheme also has a career progression framework with a well-defined path of advancement – allowing our Bus Captains to move up the ranks through good performance and continual training. The four ranks are: Bus Captain, Senior Bus Captain, Chief Bus Captain and Master Bus Captain. Each rank and grade is pegged to a set of roles, responsibilities and skill sets.

---

## INDUSTRIAL RELATIONS AND STAFF FEEDBACK

We value our relationships with our staff and we work closely with the Union to keep this relationship strong.

We take staff feedback seriously as they have an impact on our staff welfare and operational performance. With the support and partnership of the National Transport Workers' Union (NTWU), we have strengthened our channels of communication so that staff engagement is enhanced, with issues and concerns being highlighted directly to management for timely action.

We have also improved our grievance management framework so that such cases are addressed in a timely and fair manner. In particular, we launched a new Staff Feedback System in December 2012 which is an avenue for staff to raise their concerns. The platform enables us to identify feedback trends and monitor the results of on-going investigations. Together with regular dialogue sessions and walkabouts by the team, the framework has enabled us to better gauge employee sentiment and address expeditiously any grievances which are surfaced through these channels.

Moving forward, HR is engaging the Union to establish an industrial relations framework with a focus on enhancing productivity and having a progressive career advancement model for our staff. Through this win-win partnership, our staff will be able to benefit through enhancement of their competencies through a structured training process, which would in turn improve productivity for the Company.

## EMPLOYEE ENGAGEMENT

SMRT places a strong emphasis on employee engagement as a key strategy in meeting the range of challenges that it faces. The President & CEO engaged staff across the organisation to gather feedback on the company's operational performance and workforce health and shared his vision for the company.

Through the feedback gained from these sessions, we were able to identify and refine the values which were important to our organisation and our staff. The result was the launch of our Core Values – **S**ervice Excellence, **M**astery, **R**esponsibility and Respect, **T**eamwork, **N**urture and **I**ntegrity (SMRTnI). Our staff must manifest these values in their daily work. We anchor our HR and leadership development policies on these values.

In addition, our strategic direction, codified in the form of our five strategic thrusts, was also formulated.

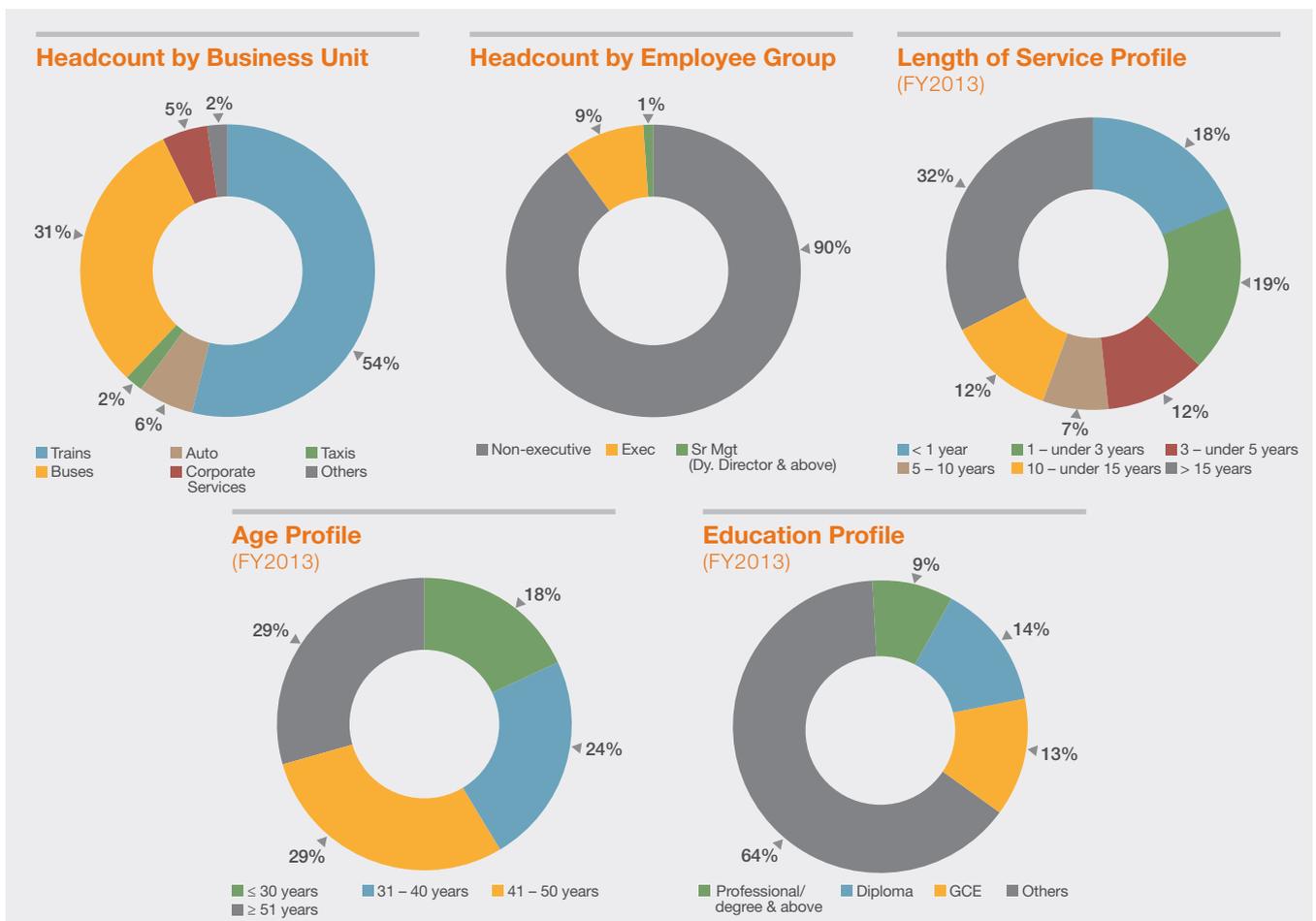
Townhall sessions, CEO dialogue sessions, tea

sessions, and quarterly cocktails are organised to ensure sustained engagement between Senior Management and staff. Through this, management is able to gather feedback and disseminate organisational changes and policies and ultimately maintain high levels of engagement and morale through this period of transformation.

Moving forward, to gather staff feedback and understand their sentiments, we will conduct regular Organisation Climate Surveys.

## ELECTRONIC INTERESTED PERSON TRANSACTION (IPT) REPORTING PORTAL

In line with the Internal Audit's recommendations, SMRT recently launched a new Electronic IPT portal in September 2012. This portal helps us make internal declarations, generate reports and monitor the status of the contracts between SMRT and various stakeholders.



# ENGENDERING GROWTH

We operate in a demanding environment that is constantly evolving. Together with our stakeholders, we work to grow the organisation in a sustainable manner.





# GROUP PERFORMANCE

## OVERVIEW

Group revenue rose 5.9% to \$1.1 billion in FY2013 on the back of higher train revenue, following the full operation of Circle Line (CCL), higher taxi and rental revenue. Total operating expenses rose 12.4% to \$1.05 billion from \$930.6 million the year before, weighed down by higher repair and maintenance (R&M), depreciation and staff costs.

PATMI declined 30.5% to \$83.3 million due to lower train profitability and higher bus losses, as fare adjustments have not kept pace with rising operating costs. There was also an impairment of interest in associate, Shenzhen ZONA Transportation Group Co., Ltd. (Shenzhen Zona), of \$17.3 million and \$2.0 million penalty relating to the December 2011 train service disruptions imposed by LTA. This was partially mitigated by an \$8.0 million insurance compensation for a rail asset.

The Group ended the year with cash and cash equivalents of \$546.3 million compared to \$195.3 million at the start of FY2013, due mainly to the S\$450 million bond issues in October 2012. The Group generated \$260.2 million of cash flow from operating activities and \$353.3 million from financing activities which were offset against \$262.5 million in investing activities.

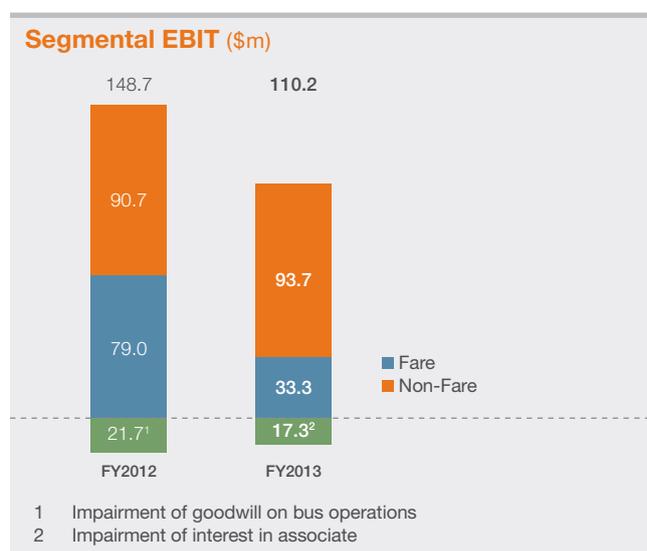
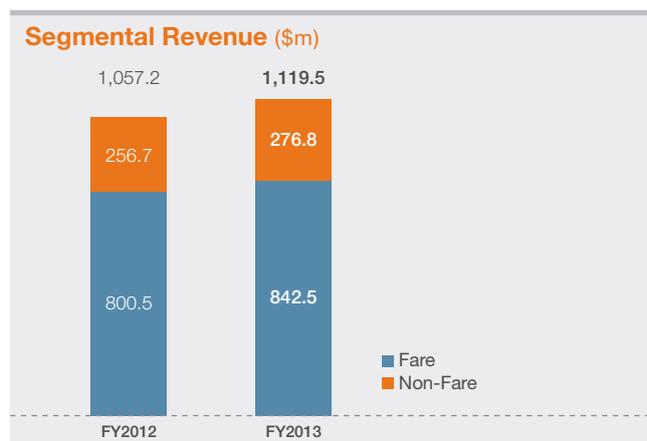
Group borrowings rose to \$609.5 million as at end March 2013 from \$150.0 million as at end March 2012, translating to a net gearing of 8%. In April 2013, the Group paid for the 17 trains accrued in trade and other payables and the operating assets taken over from LTA. Had these payments been made as at year ended 31 March 2013, the net gearing would have been 58%.

In line with lower profitability, the Board has proposed a final dividend of 1.00 cent per ordinary share. Including the interim 1.50 cents, this will bring total FY2013 dividend to 2.50 cents per share, amounting to 45.6% of FY2013 PATMI of \$83.3 million.

## SEGMENTAL PERFORMANCE

Revenue from Fare business (Train, LRT and Bus) rose 5.2% to \$842.5 million on higher train and bus ridership. Fare EBIT, however, declined 57.9% to \$33.3 million on lower train profitability and higher LRT and bus losses. Fare business contributed 75.3% of the Group's revenue (FY2012: 75.7%) and 30.2% of EBIT (FY2012: 53.2%).

Revenue from Non-Fare business (Taxi, Rental, Advertising, Engineering and Other Services) rose 7.8% to \$276.8 million on higher taxi and rental revenue, offset by lower engineering and other services revenue. Consequently, Non-Fare EBIT rose slightly by 3.4% to \$93.7 million for the year due mainly to stronger contribution from taxi and rental, while advertising and engineering and other services posted lower profit. Non-Fare business contributed 24.7% of the Group's revenue (FY2012: 24.3%) and 85.1% of EBIT (FY2012: 61.0%).



## Fare Business

Notwithstanding the rise in ridership, the Fare business experienced a sharp increase in operating costs in FY2013. Profitability of this segment was consequently impacted negatively as revenue growth was unable to keep pace with rising costs in the absence of fare adjustments.

Train revenue (NSEWL and CCL) rose 6.7% to \$607.9 million as ridership rose 5.6% to 690.9 million. Operating profit declined 28.4% to \$65.1 million as operating expenses outpaced the increase in revenue. Staff costs increased due to higher headcount and wage revision. R&M costs increased due to overhaul of ageing trains, and increased scheduled repairs and maintenance, while depreciation was higher with the addition of 17 new trains during FY2012.

LRT revenue rose 5.6% to \$10.7 million with higher ridership and average fare but losses widened to \$1.0 million from \$0.3 million the previous year with higher staff and R&M costs. Operating costs for LRT has been increasing as additional staff was recruited to enhance customer service levels and were deployed strategically to improve incident response times. R&M costs has been increasing as the ageing system requires maintenance and system enhancements.

Bus losses widened to \$30.8 million from \$11.6 million in FY2012, despite a 1.6% increase in revenue to \$223.9 million, due to higher operating expenses particularly higher staff costs arising from salary increments of bus captains, higher headcount, one-off restructuring cost of defined benefit plan, higher depreciation and R&M costs for a larger fleet.

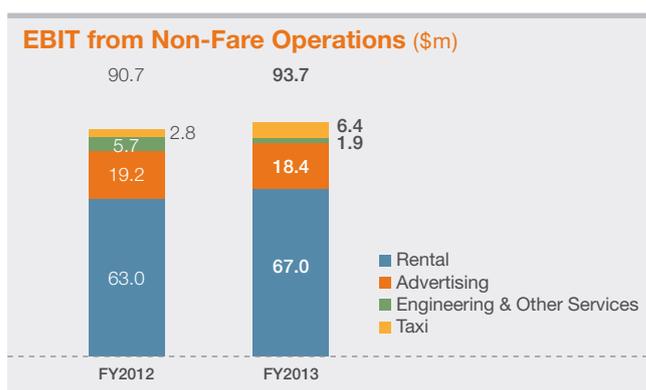
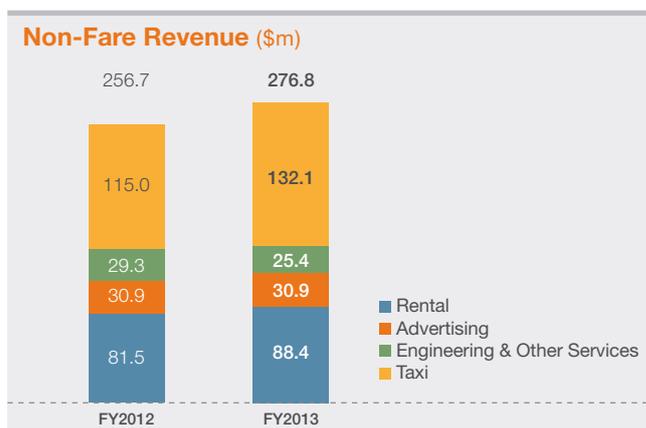
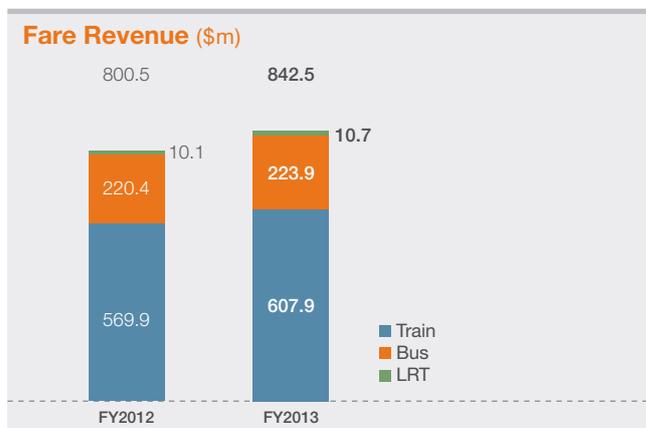
## Non-Fare Business

During the year, taxi operating profit increased to \$6.4 million from \$2.8 million the year before on the back of a 14.9% increase in revenue to \$132.1 million boosted by a newer and larger hired out fleet. The Group's holding fleet rose 8.8% to 3,358 taxis from 3,086 in FY2012.

Rental operating profit rose 6.4% to \$67.0 million as revenue rose 8.5% to \$88.4 million with a 4.2% increase in average lettable space to 34,916 sqm with new and redevelopment of commercial spaces at various stations.

Advertising revenue was flat at \$30.9 million due to more cautious advertising sentiment. Operating profit declined 4.3% to \$18.4 million as revenue remained flat and operating costs increased.

Engineering and other services reported a 13.2% decline in revenue to \$25.4 million. Operating profit declined 66.1% to \$1.9 million due to lower contribution from external fleet maintenance, lower margin for consultancy projects and higher provision for trade receivables.



# GROUP PERFORMANCE

## OPERATING EXPENSES

**Staff costs** increased by 16.2% to \$395.2 million as a result of the wage revision exercise, a one-off restructuring cost of defined benefit plan<sup>1</sup> and increased headcount mainly for Train and Bus operations. At the end of FY2013, the Group's headcount rose 8.3% to 7,482 from 6,907 the year before.

**Depreciation net amortisation** rose 16.2% to \$150.6 million taking into consideration the full impact of the 17 new trains, and a larger bus and taxi fleet.

**R&M** expenses rose 32.7% to \$112.5 million with increased scheduled repairs and maintenance and overhaul of ageing trains. It was also due to a larger bus and taxi fleet.

**Electricity and diesel costs** declined slightly to \$165.5 million from \$166.4 million. Electricity cost rose 1.7% to \$118.4 million due to CCL's full opening and increased train runs, mitigated by lower average tariff. Diesel cost declined 5.6% to \$47.1 million due to lower diesel price despite higher consumption from a larger bus fleet.

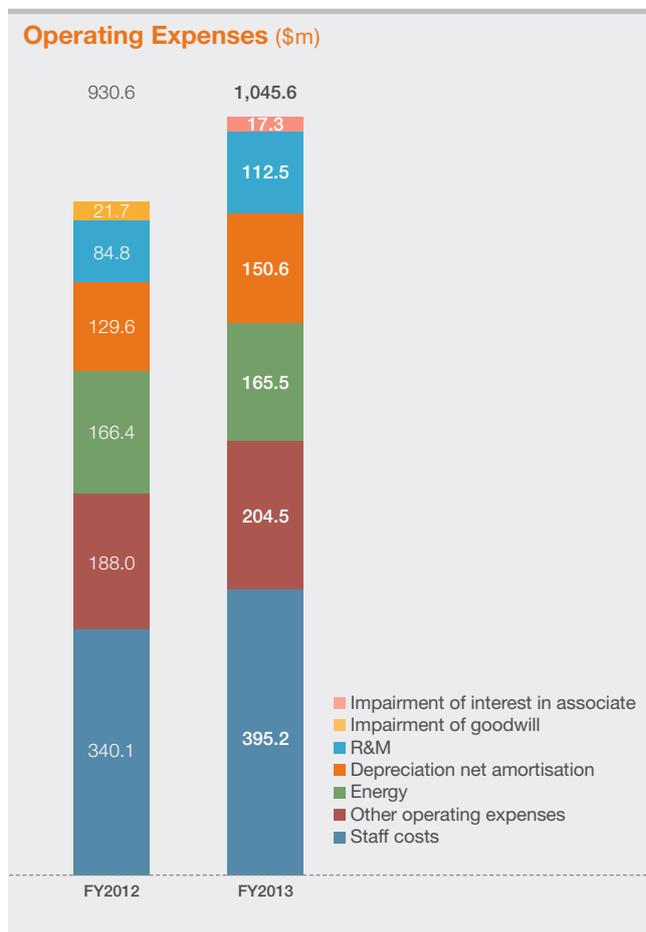
**Impairment of interest in associate**, Shenzhen Zona, amounting to \$17.3 million was made in FY2013 due to uncertainty of government subsidies for the public bus operations, competition within the transport sector and increasing business costs.

**Other operating expenses** saw an increase of 8.8% to \$204.5 million, due mainly to higher legal and professional fees and a \$2.0 million penalty imposed by LTA for the December 2011 train service disruptions, higher tax accident claims, higher insurance expenses and increase in security related expenditure.

**Finance costs** rose 14.5% to \$7.1 million due to interest cost incurred from the issuance of S\$350 million 1.2% 5-year fixed rate notes and S\$100 million 2.363% 10-year fixed rates notes in October 2012.

**Share of results of associate** in FY2013 was a loss of \$0.4 million compared to \$2.7 million profit as Shenzhen Zona's profitability was affected by rising fuel and staff costs, as well as increased competition for its long haul and bus chartering services.

The Group recorded \$36.3 million from **other operating income**, up 64.9% year-on-year due mainly to an \$8.0 million insurance compensation for a rail asset, share of the bus shelter advertising income, and BSEP grants.



1. The defined benefit plan refers to retirement benefits for non-executives from TIBS which was made defunct with the wage revision exercise to align all staff into a single wage scheme.

## QUARTERLY RESULTS

The Group recorded higher revenue in all four quarters of FY2013 compared to the corresponding quarters in FY2012. Despite higher revenue, with the exception of the first quarter, the Group recorded lower operating profits as operating costs, particularly staff, R&M and depreciation, were higher compared to FY2012. In 1Q FY2013 operating profit was higher than the same quarter in the previous year because of a one-time \$8.0 million insurance compensation for a rail asset.

The loss of \$12.0 million in 4Q FY2013 was due mainly to a one-time impairment of interest in associate, Shenzhen Zona, amounting to \$17.3 million. Excluding the impairment, the Group would have remained profitable in 4Q FY2013.

## QUARTERLY RESULTS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total (year)
	\$m	%	\$m	%	\$m	%	\$m	%	\$m
<b>REVENUE</b>									
<b>2013</b>	275.2	24.6	281.2	25.1	281.7	25.2	281.3	25.1	1,119.5
<b>2012</b>	253.1	23.9	261.1	24.7	268.2	25.4	274.8	26.0	1,057.2
<b>OPERATING PROFIT</b>									
<b>2013</b>	43.9	39.8	40.6	36.9	32.0	29.1	-6.4	-5.8	110.2
<b>2012</b>	42.4	28.5	42.1	28.3	46.4	31.2	17.8	12.0	148.7
<b>PROFIT AFTER TAX</b>									
<b>2013</b>	36.5	43.8	33.3	40.1	25.5	30.6	-12.0	-14.5	83.2
<b>2012</b>	34.8	29.1	34.1	28.4	37.0	30.9	13.9	11.6	119.9

## BALANCE SHEET

The Group's total assets increased by \$468.5 million or 26.7%, reaching \$2.2 billion as at 31 March 2013. The increase was due mainly to higher cash and cash equivalents of \$351.0 million, higher property, plant and equipment of \$89.3 million, and increase in trade and other receivables of \$21.8 million.

The increase in cash and cash equivalents was a result of the S\$450 million bond issues in October 2012. The increase in property, plant and equipment was due mainly to the addition of rail operating equipment, buses and taxis. Higher receivables from LTA for programmes such as the BSEP and asset replacement, and higher recoverable for accident claims accounted for the bulk of the increase in trade and other receivables.

Total liabilities increased by \$491.3 million or 50.9% due mainly to higher interest-bearing borrowings of \$459.5 million arising primarily from the bond issues, trade and other payables of \$31.0 million, tax liabilities of \$6.7 million, and provisions of \$4.5 million.

## Balance Sheet Highlights (as at 31 March 2013)

	\$m	Var (\$m)	
<b>Total Assets</b>	2,224.4	468.5	▲
Cash & Cash Equivalents	546.3	351.0	▲
Inventory	59.9	6.2	▲
Interest in Associate	50.6	17.3	▼
PPE	1,435.8	89.3	▲
Trade and Other Receivables	86.1	21.8	▲
<b>Total Liabilities</b>	1,455.8	491.3	▲
<b>Total Equity</b>	768.6	22.9	▼

# GROUP PERFORMANCE

Trade and other payables was higher due mainly to accruals for operating expenses and purchase of property, plant and equipment. Provisions made were mainly for tax insurance and outstanding accident cases.

Group borrowings rose to \$609.5 million as at end March 2013 compared to \$150.0 million as at the end of FY2012. This translates to a net gearing of 8% as at 31 March 2013. In April 2013, the Group paid for the 17 trains accrued in trade and other payables as well as the operating assets taken over from LTA. Had these payments been made as at year ended 31 March 2013, net gearing would have been 58%.

In FY2013, the Group issued S\$350 million 1.2% fixed rate notes due 2017 and a S\$100 million 2.363% fixed rate notes due 2022 to institutional investors. The offer was over two times subscribed. The bonds were rated 'AAA' by Standard & Poor's, which also affirmed SMRT's 'AAA' rating in September 2012 on rising likelihood of extraordinary Government support and stable outlook.

The above bond issues were under SMRT Capital Pte Ltd's \$1 billion multicurrency guaranteed medium term note (MTN) programme. To date, the Group has utilised \$600 million under this programme in line with the Group's capital management objective of maintaining an appropriate mix of debt and equity, taking into consideration the cost of capital and financial flexibility. The Directors regularly review the Group's capital structure and make adjustments according to economic conditions, business strategies and future commitments.

## CASH FLOW

The Group ended the financial year with cash and cash equivalents of \$546.3 million compared to \$195.3 million at the start of the year, attributable to the \$450 million bonds issued in October 2012.

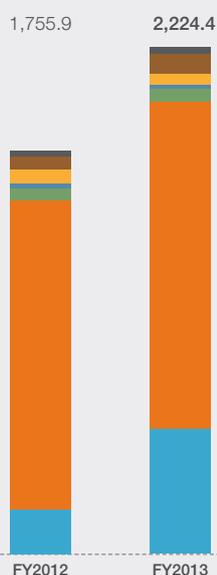
Net cash inflow from operating activities in FY2013 was lower by \$21.8 million as cash from operations declined in line with the lower profitability. This was partially offset by lower income taxes and interest paid in FY2013.

Net cash outflow from investing activities was higher due mainly to higher payment for other investments and property, plant and equipment, and absence of receipt from disposal of other investments.

The Group achieved net cash inflow from financing activities amounting to \$353.3 million compared to net cash outflow of \$228.7 million in FY2012. The cash flow mainly came from proceeds from bonds issued during the year, lower dividends paid, loan and grants received and repayment of bond in the previous year.

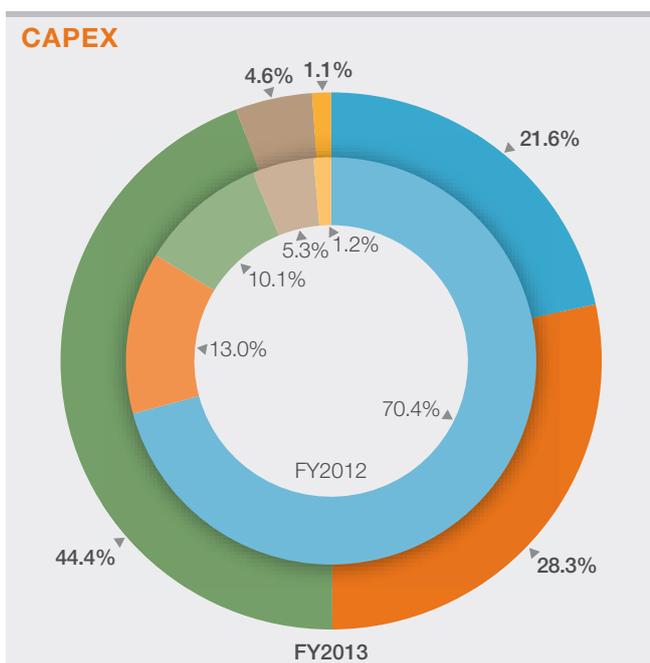
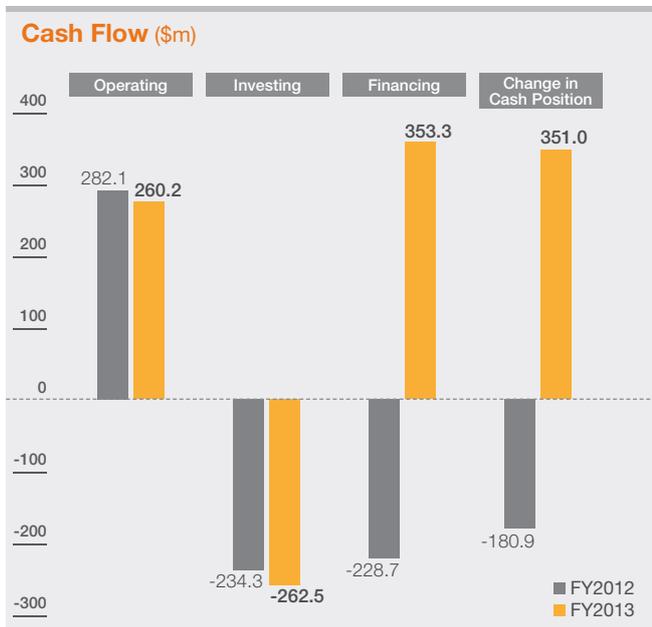
The Group incurred capital expenditure (CAPEX) of \$266.1 million in FY2013 mainly to expand the taxi and bus fleet, and the purchase of rail operating equipment. CAPEX for FY2012 was \$496.1 million which included the purchase of 17 new trains for NSEWL, amounting to \$305.9 million.

### Total Assets (\$m)



(\$m)

	FY2012	FY2013
<b>Cash and Cash Equivalents</b>	195.3	546.3
<b>Property, Plant and Equipment</b>	1,346.5	1,435.8
<b>Inventory</b>	53.7	59.9
<b>Intangible Asset</b>	13.6	13.6
<b>Interest in Associate</b>	67.9	50.6
<b>Trade and Other Receivables</b>	64.3	86.1
<b>Others</b>	14.7	32.2
	<b>1,755.9</b>	<b>2,224.4</b>



(\$m)

	FY2012	FY2013
Train	349.5	57.5
Bus	64.1	75.3
Taxi	50.2	118.0
Commercial	26.1	12.2
Others	6.2	3.0
<b>Total</b>	<b>496.1</b>	<b>266.1</b>

### FY2014 OUTLOOK

The Group's profitability will continue to be impacted by cost challenges, particularly in the fare business, as its outlook depends on ongoing government initiatives to restructure the public transport sector.

The Fare business is expected to incur higher staff costs, R&M, and depreciation, driven by higher service standards, a larger fleet and an ageing rail network. The train business will see higher costs associated with overhauling of aged trains and increased train runs.

Bus losses will continue to widen because of higher operating costs associated with higher energy and staff costs, and the need to replace and grow the fleet size to meet operational demands. The current bus business model is not sustainable and the Group may have to impair its bus assets if the situation does not improve.

The Group is in discussions with the Government on more sustainable models for both its train and bus businesses. The proposed models will have an impact on the short-term profitability and improve the long-term sustainability of the businesses.

The Group will incur higher capital expenditure in FY2014, necessary to renew and upgrade the ageing fleet and equipment. There may also be additional capital expenditure required for fleet expansion to meet LTA's requirements for peak hour travel.

For its Non-Fare business, the Group will continue to explore opportunities to expand its rental and advertising revenue streams. It will continue to carry out refurbishments to add new rental spaces and improve yield to existing shop spaces, as well as diversifying its media and advertising platforms.

The taxi business remains positive as the Group continues to upgrade and renew its fleet. It will focus on meeting the new Taxi Availability (TA) Standards, which came in effect in January 2013. However, the current cap on fleet growth by LTA and increasing operating cost may impact the profitability of the business.

# VALUE ADDED & ECONOMIC VALUE ADDED ANALYSIS

## VALUE ADDED STATEMENT

\$'000	FY2013	FY2012
Revenue	1,119,469	1,057,229
Less: Cost of bought-in goods and services	(427,608)	(397,367)
Gross Value Added	691,861	659,862
Share of results of an associate	(381)	2,716
Investment income	180	390
Interest income	2,125	1,321
Gain/(Loss) on disposal of property, plant and equipment	1,339	(365)
Impairment of goodwill	-	(21,674)
Impairment of interest in associate	(17,294)	-
	677,830	642,250

Applied as follows:

To Employees – staff costs	394,004	339,502
To Government – income and other taxes	42,981	47,088
To Providers of Capital:		
Interest on borrowings	7,065	6,169
Dividends to shareholders*	83,338	119,873
Balance reinvested in business:		
Depreciation of property, plant and equipment	161,138	141,044
Non-controlling interest's share	(138)	-
Profit for the period retained by the Group	-	-
Others	(10,558)	(11,426)
	677,830	642,250

\* Dividends paid in year 2013 is \$109,473,000 (2012: \$129,144,000), of which \$83,338,000 (2012: \$119,873,000) is paid out from current year profit and balance of \$26,135,000 (2012: \$9,271,000) from brought forward accumulated profits.

## ECONOMIC VALUE ADDED STATEMENT

\$'000	FY2013	FY2012
<b>Profit from ordinary activities before taxation</b>	<b>105,064</b>	146,922
Adjustments for:		
Interest expense	7,065	6,169
Others	17,294	21,674
<b>Adjusted profit before interest and taxation</b>	<b>129,423</b>	174,765
Economic tax	(20,833)	(27,883)
<b>Net Operating Profit After Tax (NOPAT)</b>	<b>108,590</b>	146,882
Average capital employed <sup>(Note 1)</sup>	1,113,443	929,907
Weighted average cost of capital <sup>(Note 2)</sup>	4.717%	5.883%
<b>Capital Charge (CC)</b>	<b>52,521</b>	54,706

## Economic Value Added (EVA = NOPAT - CC)

56,069 92,176

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

Major capital components	FY2013 \$'000
Debt	379,736
Equity	733,707
	1,113,443

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 5.0% (FY2012: 6.0%);
- Pre-tax risk-free rate of 1.6% (FY2012: 2.4%);
- Ungeared beta at 0.61 (FY2012: 0.61) based on peer analysis; and
- Pre-tax cost of debt at 3.7% (FY2012: 3.9%) based on pre-tax risk-free rate plus credit spread.

## PRODUCTIVITY ANALYSIS

	FY2009	FY2010	FY2011	FY2012	FY2013
Employment costs per \$ of turnover (\$)	0.32	0.33	0.32	0.32	0.35
Economic value added (\$m)	111.1	121.0	110.8	92.2	56.1
Economic value added per employee (\$)	17,851	18,188	16,874	13,345	7,494
Value added (\$m)	592.4	620.5	648.1	642.3	677.8
Value added per employee (\$)	95,150	93,299	98,718	92,985	90,595
Value added per \$ of employment cost (\$)	2.14	2.10	2.07	1.89	1.72
Value added per \$ of gross fixed assets (\$)	0.25	0.26	0.26	0.22	0.22
Value added per \$ of turnover (\$)	0.67	0.69	0.67	0.61	0.61

In FY2013, the total value added (VA) for the Group was \$677.8 million. The amount applied to employees (staff costs) was \$394.0 million, income and other taxes to the government was \$43.0 million, and interest and dividends to the providers of capital was \$90.4 million, leaving a balance of \$150.4 million reinvested in the Group.

The Economic Value Added (EVA) was lower at \$56.1 million, 39.2% lower than FY2012, due mainly 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 cost was lower due mainly to higher employment costs.



# SMRT AND OUR SHAREHOLDERS

SMRT continually strives towards a high standard of disclosure and corporate transparency with a proactive approach in communication with shareholders, analysts, and investors. We endeavour to provide clear, consistent and timely information about the company's business and outlook so as to help investors make informed investment decisions and build confidence in the company.

## PROACTIVE COMMUNICATION

Despite FY2013 being a challenging year, SMRT's Senior Management and Investor Relations (IR) team continued to actively reach out to the investment community to share the Group's business strategy, operational and financial performance.

The IR team met with over 80 institutional investors and analysts during the year. Senior management also attended two investor conferences in Singapore, hosted by UBS and Credit Suisse.

SMRT is well covered by 16 sell-side analysts, who produced over 80 reports in FY2013. Senior Management and the IR team interact regularly with analysts through meetings and teleconferences so that they have a good understanding of the company's business fundamentals and prospects. A lunch briefing was also organised in February 2013 with SMRT's new President & CEO, Mr Desmond Kuek Bak Chye, to give analysts a better understanding of his strategy and insights on the industry.

Our Annual General Meeting (AGM) is always held at a central location to reach out to our large retail investor base. Our last AGM held at Marina Mandarin Hotel was well attended by over 400 shareholders. Electronic voting was introduced last year to improve the accuracy and transparency of the results from the polling. Results were announced immediately and were also published on SGX after the AGM.

We also continued to support the Securities Investors Association (Singapore) (SIAS) investor outreach programme to reach out to our shareholders. This marks the eighth year that SMRT is supporting this programme and as part of this collaboration, SMRT is offering a free one-year SIAS associate membership to all shareholders.

SMRT reports quarterly results announcements within one month of the close of the quarter and audited full year financial statements within a month of the end of the financial year. The Group's CEO, CFO and other senior management, would host briefings for media and analysts for half and full year results, and teleconferences for the other quarterly results. Live audio webcast of the second quarter and full-year briefings are 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

SMRT's 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. We endeavour to maintain a 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.

In FY2013, the Board proposed a final dividend of 1.00 cent per share. If approved at the 14<sup>th</sup> AGM on 29 July 2013, this will bring the total dividend for FY2013 to 2.50 cents per share, or a dividend payout of 45.6% of PATMI.

The Board has made a careful assessment of our near-term capital commitments and liquidity position. We have taken the difficult decision to pare down our dividend payout this year. This is not an indication of a new benchmark for our dividends but a prudent measure to manage our resources whilst awaiting a favourable outcome in our discussions with the Government. The discussions will hopefully see a shift toward an asset-light ownership model in the near term that will present the Group with a more predictable cash flow stream.

### PATMI and Dividends (\$m)



### Earnings and Dividend Per Share (cents)



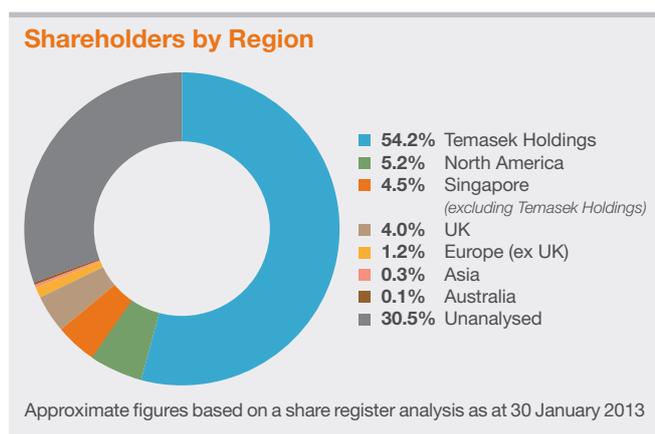


As at 31 March 2013, our market capitalisation was approximately \$2.4 billion, based on the closing price of \$1.58. The average share price for the year was \$1.67, hitting a high of \$1.82 on 20 April 2012 and a low of \$1.58 on 28 March 2013. Average monthly trading volume was 21.2 million. The following chart shows the average monthly closing share price performance and trading volume of SMRT shares in FY2013.

### DIVERSE SHAREHOLDER BASE

SMRT has 52,339 registered shareholders as at 6 June 2013. 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 January 2013. Based on the share analysis, Temasek Holdings was the largest shareholder with 54% ownership interest as at 30 January 2013. Out of the Group's free float of 46%, the report identified about 12% of our shareholding were held by



about 100 institutional investors from major global financial markets. The top three geographical regions where our investors were based are: North America, Singapore and UK.

### INVESTOR RELATIONS CALENDAR FOR FY2013

#### 1Q FY2013

- Fourth Quarter and Full Year FY2012 results briefing

#### 2Q FY2013

- 13<sup>th</sup> Annual General Meeting
- First Quarter FY2013 results briefing
- Participated in UBS ASEAN Conference 2012

#### 3Q FY2013

- S&P's affirmation of SMRT "AAA" rating on rising likelihood of extraordinary Government support and stable outlook
- Issuance of S\$350 million 1.2% Fixed Rate Notes due 2017 and S\$100 million 2.363% Fixed Rate Notes due 2022
- Second Quarter and Half Year FY2013 results briefing

#### 4Q FY2013

- Participated in Credit Suisse ASEAN Conference 2013
- Third Quarter FY2013 results briefing
- CEO luncheon with analysts

# ENHANCING OUR NETWORK

With growing demand for effective public transport solutions, we remain committed to delivering world-class transport that is safe, reliable and customer-centric.





# TRAINS

SMRT is the pioneer and dominant mass rapid transit operator in Singapore. For the past 26 years, we have provided safe and convenient transport services to millions of residents, and have contributed to the vibrancy of our urban landscape. Today, we operate the North-South and East-West Lines (NSEWL), the Circle Line (CCL) and the Bukit Panjang Light Rail Transit (BPLRT). The NSEWL and CCL cover over 128km of rail tracks across 78 MRT stations. The BPLRT spans 7.8km of rail tracks over 14 stations. Together, they serve close to 2 million commuters daily. The rail network will continue to expand in line with plans by LTA to double the length of the national rail network to 360km by 2030.

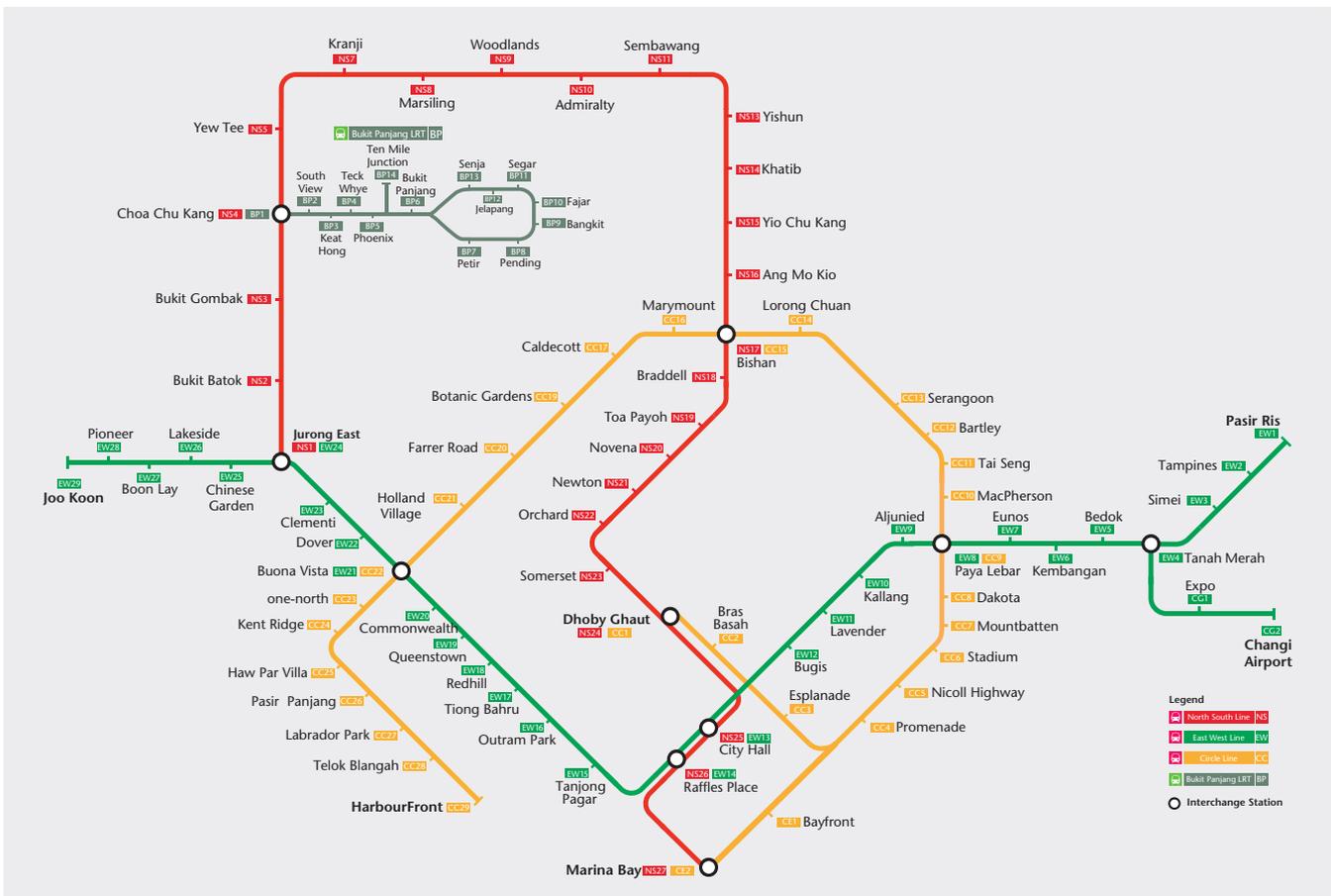
SMRT operates a fleet of 187 trains, comprising 128 six-car trains for the NSEWL, 40 three-car trains for CCL and 19 one-car trains for BPLRT. In order to stay ahead of capacity demand due to increasing ridership and commuter expectation of higher train frequency, we are adding 35 new trains which will be delivered progressively between 2014 and 2016.

Additionally by 2016, the 7.5km Tuas West extension along the East-West Line is expected to be completed. This will provide MRT connectivity to Tuas.

We are also expanding our Bishan Depot which will have three new maintenance workshop tracks by 2015, thereby increasing our maintenance and repair capacity.

## Gearing Up

We have and will continue to make progress in improving service reliability and fleet availability. Following the December 2011 train service disruptions, we have placed greater emphasis on predictive and preventive maintenance measures, such as renewing and replacing key train components and parts. As a result of upgrading systems and components, and harnessing the latest technology in train and track management, we are working towards meeting the 30% reduction in train withdrawal rate of 2.1 per 100,000km by end 2013.



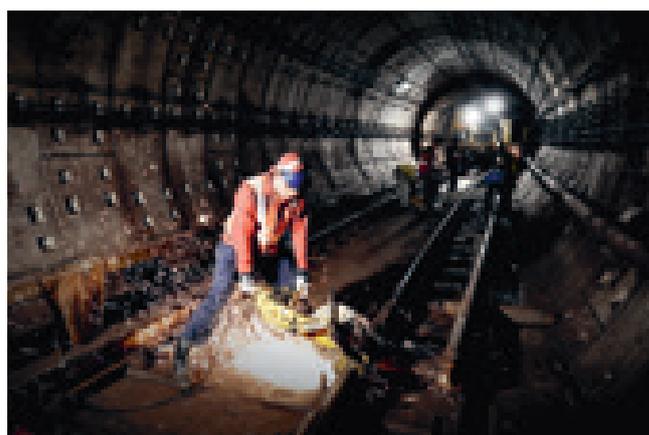
We have also begun replacing our timber sleepers. The first phase of this project commenced in November 2012 and covered stretches of the North-South Line.

SMRT is jointly reviewing with LTA, the possibility of accelerating the project so that the replacement of all 188,000 sleepers can be completed within the next three years, ahead of the original schedule of 2019. To accelerate this project, we are working out plans to partially suspend train services on a number of Sundays to extend the engineering hours.

Our on-going re-signalling project on the NSEWL is expected to be completed by 2018. The re-signalling project will enable us to improve train frequency by at least 17% and achieve 100-second intervals between train arrivals, down from 120-second intervals during peak hours.

During the financial year, we installed three new detection systems to improve surveillance and maintenance of key components in our rail network. These include the Automated Current Collector Device (CCD) Detection System which spots CCD abnormalities on our trains in real-time. We also installed the Wheel Impact Load Detection (WILD) System which monitors the condition of our train wheels. We have also retrofitted two trains with displacement sensors using Linear Variable Differential Transformer (LVDT) technology to monitor the third rail traction power system. The LVDT promptly detects and identifies the location of abnormalities to the third rail for immediate rectification so as to ensure safe and reliable train operation.

We are working with LTA to accelerate our train renewal and facility expansion programmes over the next three years. These will address the requirements of each generation of trains ranging from end-of-life extension for our first generation trains, mid-life upgrade for the second generation trains and replacement of key train components and systems such as propulsion systems, brakes and refurbishment of train interiors. We will study the application of Mobile Track Trolleys and Third Rail Cover Capping to improve the efficiency and effectiveness of maintenance of the third rail. We will continue to benchmark our performance with other world leading metro operators through our participation in the CoMET and Nova benchmarking groups. Through exchange of information on best practices, we are able to make improvements in system reliability and asset management.



We continue to employ greater proactive, predictive and preventive maintenance measures

## KEY OPERATING DATA

	FY2009	FY2010	FY2011	FY2012	FY2013
Total route length (NSEWL & CCL) (km)	92.6	98.6	109.9	128.6	128.6
Total car-kilometres operated (to nearest million)	85.2	91.9	100.2	114.4	122.2
Growth in car-kilometres operated (%)	9.2	7.9	9.1	14.1	6.8
Total ridership (to nearest million)	510.2	536.6	603.9	654.4	690.9
Growth in ridership (%)	8.7	5.2	12.6	8.3	5.6
Average weekday ridership (to nearest '000)	1,502	1,579	1,776	1,927	2,041
Growth in average weekday ridership (%)	8.8	5.1	12.5	8.5	5.9
Total passenger-kilometres (to nearest million)	6,223	6,444	7,076	7,575	7,887
Growth in passenger-kilometres (%)	8.9	3.5	9.8	7.0	4.1
Average car occupancy (passenger per car)	73.1	70.1	70.6	66.2	64.5
Growth in average car occupancy (%)	-0.3	-4.1	0.7	-6.2	-2.6

# TRAINS

## Improving Emergency Response and Preparedness

During the year, we reviewed and updated our Rail Incident Management Plan (RIMP) and associated Standard Operating Procedures (SOPs). We also established new Crisis Management and Emergency Response teams and facilities to augment our ability to better manage large-scale incidents. This is supported by information gleaned from CCTVs, Automatic Train Supervisory System, bus tracking, and media monitoring services that enable us to gain a clearer vision of activities on the ground, and thereby enhance the management team's ability to better make timely and appropriate decisions during emergencies. We have also reviewed the detrainment to track procedures.

We have simplified our chain-of-command for improved incident management as well, and increased the number of members in the Crisis Support Team from 190 to 700 staff, who are scheduled to manage crowds on site(s) during incidents. During the year, our Crisis Support Team conducted a number of internal drills and exercises to improve and enhance our readiness to manage emergencies such as train service disruptions.

A Service Management Plan that maps out various train service response scenarios and detailed actions was also developed. The plan encompasses key operational considerations such as prioritising train turnaround locations at interchange stations and stations with bus interchanges, as well as passenger communication.

Improvements to our passenger communication during emergencies have been made too. Key information and updates received from a dedicated communications team in the Operations Control Centre (OCC) is relayed through in-train and station announcements and also replicated on Twitter, Facebook and Traffic Watch. This is to ensure that our passengers, as well as the public, are kept aware of incidents as-they-happen. We also have prominent pull-down and pull-up screens, and electronic LCD displays at the stations to reflect such information on site.

We have recently upgraded the Urgent Messaging System (UMS) that the OCC uses in times of emergency, to inform all stations, crew offices and depots of critical

information. The upgraded UMS includes new operational functionalities that are compatible with other operating systems and databases.

To put our new RIMP to the test, we participated in a Tabletop Exercise on 4 April 2012 together with LTA, SBS Transit and SMRT. We also worked with LTA to carry out a ground deployment exercise on 22 November 2012. The purpose of the ground deployment exercise was to evaluate the incident management plans of the transport operators as well as LTA in the event of a train service disruption. This included the evaluation of operators' bus bridging services and dissemination of pertinent information to the public. The exercise involved about 135 representatives from SBS Transit as well as the Singapore Police Force's Public Transport Security Command (TransCom).

In order to be prepared for any future incidents, we will continue to audit and review our RIMP SOPs regularly, and engage external experts to enhance our capability and readiness to better manage large-scale incidents, as appropriate.

## MOVING PEOPLE

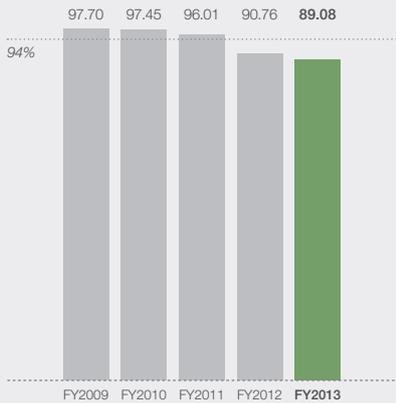
Throughout the year, train services were increased during festive celebrations and other special events to cater for a greater number of commuters. We extended our train service hours on the eve of all public holidays, as well as on National Day, Hari Raya Puasa, Hari Raya Haji and Deepavali. Likewise, we added nearly 560 train trips on NSEWL and CCL to accommodate higher commuter numbers for the 2012 Formula One Singapore Grand Prix.

In August 2012, we also increased our 'Early Travel' discount for adults and senior citizens who exit at selected stations within the city area before 7.45am on weekdays (excluding public holidays) to 50 cents. The scheme was aimed at encouraging commuters to alter their travel patterns, and reduce the morning peak-hour crowd.

## NSEWL PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

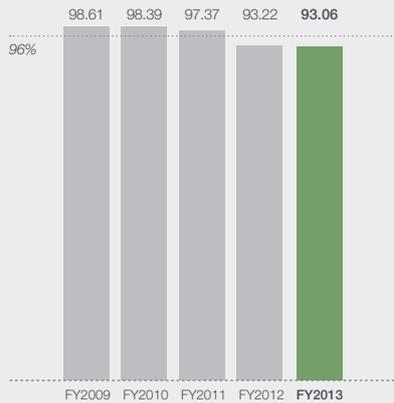
### Train Arrivals (%)

at least 94% within 2 minutes of schedule weekly



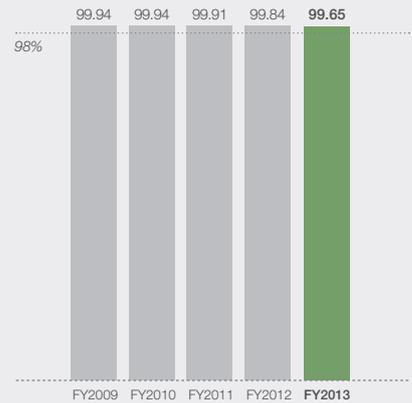
### Train Departures (%)

at least 96% within 2 minutes of schedule weekly



### Train Availability (%)

at least 98% of scheduled train-km weekly



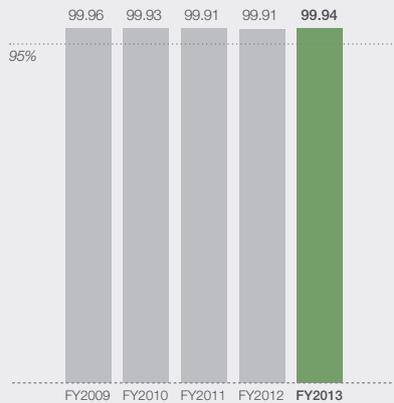
### General Ticketing Machine Availability (%)

at least 95% weekly



### Passenger Service Machine Availability (%)

at least 95% weekly



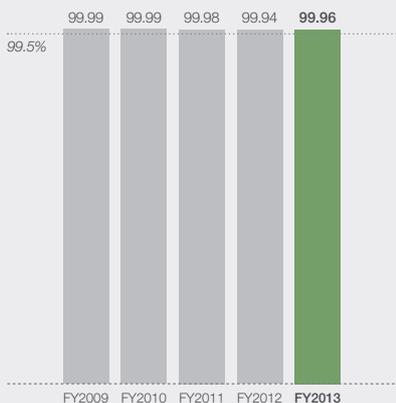
### Automatic Fare Gate Availability (%)

at least 95% weekly



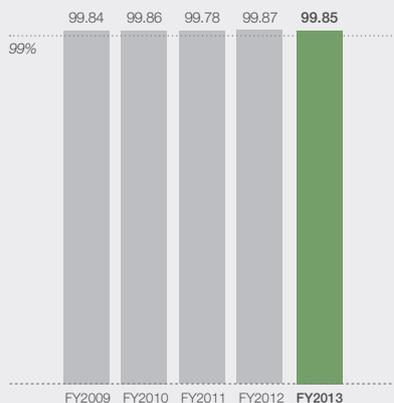
### Escalator Availability (%)

at least 99.5% monthly



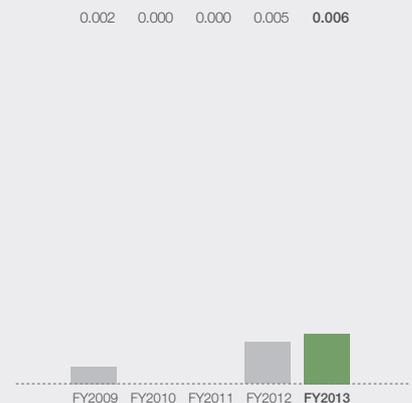
### Lift Availability (%)

at least 99% monthly



### Passenger Injury Rate

no more than 0.4 injuries per million passenger trips cumulative per month



Note: Performance of train arrivals and departures for NSEWL have been affected by on-going track and trackside equipment renewal projects which have resulted in Speed Restrictions as a safety precaution.

# TRAINS

## CCL 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



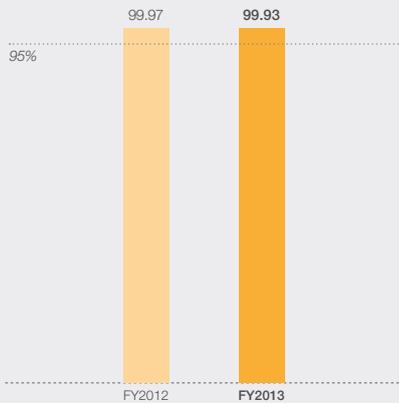
### Train Availability (%)

at least 98% of scheduled train-km weekly



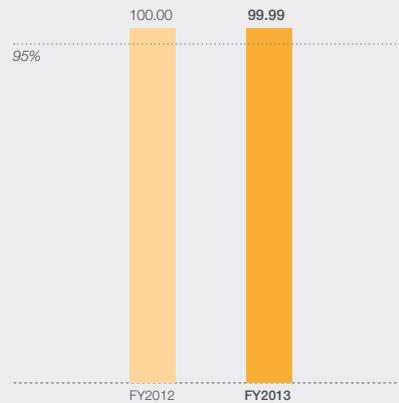
### General Ticketing Machine Availability (%)

at least 95% weekly



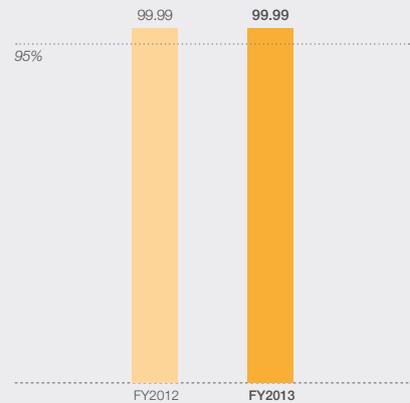
### Passenger Service Machine Availability (%)

at least 95% weekly



### Automatic Fare Gate Availability (%)

at least 95% weekly



### Escalator Availability (%)

at least 99.5% monthly



### Lift Availability (%)

at least 99% monthly



### Passenger Injury Rate

no more than 0.4 injuries per million passenger trips cumulative per month



## BPLRT PERFORMANCE AGAINST LTA OPERATING PERFORMANCE STANDARDS (OPS)

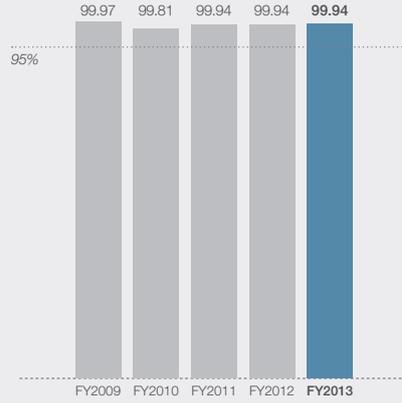
### System Service Availability (%)

at least 99.5% monthly



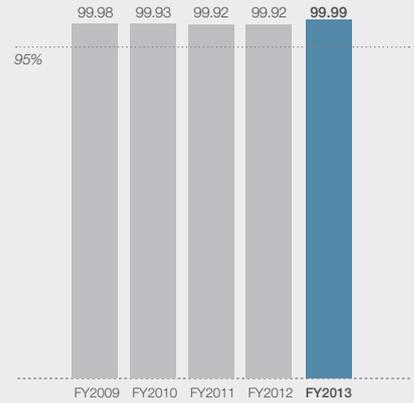
### General Ticketing Machine Availability (%)

at least 95% monthly



### Automatic Fare Gate Availability (%)

at least 95% monthly



### Lift Availability (%)

at least 98% monthly



### Passenger Injury Rate

no more than 0.4 injuries per million passenger trips cumulative per month

0.000 0.000 0.000 0.000 0.000

FY2009 FY2010 FY2011 FY2012 FY2013

## SINGAPORE PUBLIC TRANSPORT AFFORDABILITY INDEX

### Monthly Public Transport Expenditure as a percentage of Household Income



Based on the percentage of household income spent on public transport by a characteristic family, public transport fares continued to remain affordable.

Source: Public Transport Council Annual Report 2011/2012

# ROADS

## BUSES

### Fleet Upgrade, Renewal and Expansion

In the past year, we continued to upgrade, renew and expand our fleet of buses in order to increase capacity and frequency on existing routes, as well as operate new services.

We refurbished our Mercedes articulated buses by adding brighter lights and re-upholstering seats. Energy efficient air-con units were also installed.

We have also added 189 MAN A22 buses to our current fleet, which now stands at 1,140 buses.

The MAN A22 buses that have been added to our fleet are wheelchair accessible and equipped with improved safety features such as additional grab poles, which are placed where face-to-face forward facing seats are located, making it especially friendly for the disabled and elderly. Pre-recorded announcements also enable better passenger communication on these buses.

In the last year, we introduced Wheelchair Accessible Buses (WAB), such as the new MAN A22 bus types, on 14 more service routes. This brings the total number of WAB services to 27.

In order to accommodate our expanding fleet, the Woodlands Bus Park, located next to our Woodlands Depot, began operations in February 2013.

### Increasing Capacity

In collaboration with LTA, we have been steadily increasing bus capacity and service levels through the Bus Service Enhancement Programme (BSEP) which began in the third quarter of 2012.

Under BSEP, additional buses are being introduced on existing routes. For commuters, this will mean shorter waiting times and more convenience. They can also expect greater connectivity with the introduction of new bus services. We are working closely with LTA to accelerate the programme and complete the majority of service improvements by 2014, instead of 2016.

As of March 2013, we have added three new bus services under BSEP. These are bus service 860 and express trunk services 850E and 982E. Bus service 860 connects Yishun residents to Khatib MRT station, while express trunk services 850E and 982E connect residents from Yishun and Choa Chu Kang respectively, to the Central Business District during peak hours.

Bus services are reviewed every quarter and we have been injecting more buses to improve frequencies on existing routes. Following recent reviews, we added 244 more weekly trips during peak hours on 28 bus services.



We have added 189 new buses to our fleet, which now stands at 1,140 buses

## Performance, Productivity and Career Progression

As of 1 April 2013, all SMRT Bus Captains who were previously on different career and remuneration schemes were placed on a new single SMRT Bus Captain Scheme. All of our Bus Captains will now be plugged into a common career progression, salary and incentive system. The new scheme, which entails a career progression framework with a well-defined path of advancement, will enable Bus Captains to be recognised and move up the ranks based on their performance and productivity.

## Service Excellence

In line with the organisation's mission towards building a world-class transport service, our Bus Captains are required to attend the Provide Go-the-Extra Mile Service (PGEMS) customer service workshop. PGEMS is specially designed to equip service staff with essential skills and techniques that will enable them to make an exceptional difference to their customers.

Our Bus Captains are also trained in defensive driving techniques in order to anticipate dangerous situations on the road, and to drive safely. This enhances our Bus Captains' own safety on the roads, as well as the safety of our passengers travelling with us.

In an effort to improve customer experience as well as operational efficiency, we are looking to implement a Telematics Solution towards Saving Fuel and Safety Driving (TSSFD). The TSSFD will help to improve the driving behaviour of our Bus Captains, which will mean a more comfortable and safe travelling passenger experience on our buses, and at the same time improve the fuel efficiency of our fleet.

## Our Service Ambassadors

Our Service Ambassadors provide essential help to commuters who require any kind of assistance. They inform, guide, redirect and even help them board and alight from buses, and therefore enhance the travel experience.

In the week that the Bukit Panjang Interchange was first shut in December 2012, to make way for an integrated transport hub that will be ready in 2015, 20 SMRT Service Ambassadors set out between 5:30 am to 11:30 pm to inform and redirect commuters looking for transport services at the interchange. The presence and assistance of these service ambassadors was a comfort to commuters.

## International Benchmarks

Since 2009, we have been consistently ranked in the top tier of members by the International Bus Benchmarking Group (IBBG) in terms of operational and manpower efficiency. Operational efficiency is defined as bus-kilometre per operating cost and manpower efficiency is defined as passenger-kilometre per total staff and contractor hours.

SMRT BUSES	No. of Services
Trunks	48
Feeder / Intra-Town	20
Premium	10
Special	3
Express	9
NightRider	7
<b>Total</b>	<b>97</b>

## Key Operating Data

	FY2009	FY2010	FY2011	FY2012	FY2013
Route Length (km)	2,598.1	2,712.8	2,821.7	2,843.1	2,971.7
Total ridership (millions)	288.0	290.8	311.2	326.4	335.4
Growth in ridership (%)	3.9	0.7	7.0	4.9	2.8
Bus-km operated (millions)	76.7	78.1	79.5	79.1	82.1
Growth in bus-km operated (%)	0.6	1.8	1.9	-0.5	3.8
Aggregate passenger-trip distance travelled per year (million km)	1,745.2	1,759.7	1,824.8	1,895.1	1,937.6
Growth in passenger-trip distance (%)	4.2	0.8	3.7	3.9	2.2
Load Factor (%)	24.3	24.3	25	26.0	26.3

# ROADS

## Looking Ahead

We will keep on rolling out new initiatives that will improve the passenger experience on our buses.

We will continue to upgrade our Mercedes articulated buses, and anticipate the completion of this exercise by 2015. With the upgrade, passengers can expect refreshed bus interiors and a more comfortable ride.

We will be adding new buses in the coming year, and will purchase more buses in the next year, for fleet renewal and expansion as well as to support BSEP. We are presently reviewing our fleet strategy with a view to purchasing more high capacity buses to match increasing demand. In line with the expanding fleet, we are looking to develop two more bus depots.

We are also working closely with LTA on an integrated system that can help to improve the command and control of the bus fleet, in order to improve operational performance.

In this spirit, we are supportive of a new Quality Incentive Framework that aims to make bus services more reliable and ensure more regular bus waiting times for passengers, and which will be put on trial at the end of 2013. The Government has also announced in 2013, that it was looking into opening up competition for bus routes over the next two years.

We welcome the introduction of contestability in the bus industry in Singapore, and are embarking on plans to support and gear up for more opportunities within the new framework.

## BUS-PLUS

Established in 1994, Bus-Plus is the pioneer peak hour scheduled transport service provider. Today, we offer premium, regulated as well as charter bus services to passengers and customers island-wide. Our premium bus services provide direct connections between residential areas and the Central Business District (CBD) during the morning and evening peak hours on weekdays. Our regulated bus services connect passengers in specific residential estates to other public transport modes, for example Service 825 which connects residents in Lentor estate to Yio Chu Kang MRT station. We also offer charter services to organisations that require specific transportation services, whether on a long-term or ad-hoc basis.

## TAXIS

### Fleet Upgrade Renewal and Expansion

In January 2013, we began a mid-life upgrading programme for nearly 400 taxis in our fleet, which included the Chrysler 300C, SsangYong Rodius and Hyundai Azera taxis. This upgrading programme improved the serviceability of the taxis and enhanced the cabin ambience for passengers.

We also acquired and deployed close to 2,000 new Chevrolet Epica taxis as part of our continuous fleet renewal plan. The renewal exercise was accelerated during the early part of the year in anticipation of an increasing Certificate of Entitlement (COE) premium environment. This move helped save more than \$4 million in capital expenditure.

With a younger fleet of taxis, we are able to attain higher profitability and vehicle utilisation. In the course of the year, our fleet size also increased by close to 10%, and we expect to continue to roll out new taxis in the coming year.

We are also in the midst of rolling out a new fleet of 30 wheelchair accessible taxis for the less mobile. With the help of a grant from the Ministry of Social & Family Development, we began rolling out 15 new wheelchair-accessible London Taxis.

When LTA introduced new Taxi Availability (TA) standards in 2012 aimed at providing commuters with better taxi services in Singapore, we were tasked to meet the specific targets including minimum daily mileage per taxi and a minimum percentage of taxis on the roads during peak hours. The standards came into effect in January 2013, and we have been surpassing them since March 2013.

Additionally, the fleet growth rate of taxis will be restricted to 2% for 2013, after which this will be subject to the performance standards of the TA indicators. We will further improve our recruitment of relief drivers as one strategy to pursue in order to meet the TA standards.

### Safety First

To make our roads safer, we have rolled out a number of initiatives aimed at promoting safer driving behaviour by our taxi partners. Firstly, we have equipped taxis with a front-facing video recorder. These recorders will help prevent fraudulent accident claims while reminding drivers to keep a safe following distance.

We have equipped three quarters of our fleet with airbags for our taxi partners' safety. All new taxi partners joining our organisation have to attend training courses where they will learn how to make full use of daily operating hours to reduce driving fatigue as well as plan to achieve their target income. For drivers with accident records, we enrolled them in two different driving courses to arm them with the necessary skills needed for safer driving. This year, we even held a Road Safety Campaign where passengers could rate our drivers' safe driving habits. The ten highest-rated drivers received a \$100 diesel voucher each.

### Improving our services

Improving our taxi service remains a key focus for us. This year, we saw a 45 percent increase in taxi bookings compared to FY2012 and we attribute this to the greater availability of our improved taxi-booking channels which leverage modern technology.

We launched Book a Taxi application (app) for Android and Blackberry platforms in April 2012, to supplement the iPhone app that had been previously introduced. With the app, the amount of time taken to book a taxi is shortened and our customers may book a taxi from any of these three smartphone platforms. We have recorded close to 300,000 app downloads to date.

We also launched a new feedback channel whereby customers may share their feedback directly and immediately with us, just by scanning a Quick Response (QR) code carried by stickers placed within our taxis. We also created decals which are placed within the taxi, to remind our customers to not leave their belongings behind after they alight the taxi, in effort to reduce the number of Lost & Found items we receive.

In April 2012 we also merged our Taxi Management Information System (TMIS), which has helped in the

management of our fleet of taxis and drivers, with a Taxi Fleet Tracking and Dispatching System (TFTDS) to create one integrated taxi management system.

Now, all the data from customer bookings, call takings to fleet assignments and payments are handled in one seamless process. This revamped system makes it easier for us to plan and manage our fleet of taxis, while boosting overall staff productivity.

### Award Winning Service

Our taxi hirers won several awards for their outstanding service this year. At the Excellent Service Awards 2012, 652 of our taxi partners were recognised for service excellence while 29 SMRT taxi partners were recognised for their outstanding service to customers for the National Courtesy Award-Transport Gold.

SMRT Taxi partner Eric Yeong won the award in the Most Service-oriented Individual (Public Transport) category at the Land Transport Excellence Awards 2012. This is the first time a taxi category has been included and we are proud that our driver is the first to be presented with this award.

In the latest Mystery Customer Audit conducted by the Land Transport Authority, we were ranked first in 4 out of 6 categories. Our drivers fared particularly well in areas of customer service and providing a good taxi ride experience.

In the Public Opinion Survey, SMRT was also rated highly in all 5 categories, which include best service, cleanest & well maintained taxis, best phone booking, most comfortable service and best overall service. We will continue to improve on these good ratings and provide excellent customer experience across all our touch-points.

Table : LTA Taxi Availability Standards with effect from January 2013

Indicator	2013 Target	2014 Target	2015 Target
Taxi with minimum daily mileage of 250km (%)	70%	80%	85%
Hourly Monitoring of % of Taxis on the road during Peak Hours*			
6am-7am and 11pm-12mn	65%	75%	80%
7am-11am and 5pm-11pm	70%	80%	85%

\*Morning Peak Hours applies from Mondays to Fridays (excluding PH)  
Evening Peak Hours applies from Monday to Sunday (including PH)

# ROADS

## Looking Ahead

In January 2013, the Land Transport Authority introduced a Carbon Emissions-based Vehicle Scheme (CEVS). Through this scheme, vehicles that are Euro V-compliant or run on clean energy will receive a rebate of up to \$30,000. We will tap into CEVS to acquire more taxis that run on clean or alternate energy. We expect operating costs for taxis to rise in the coming year. One reason is due to the higher COE prices. Secondly, with more Euro V-compliant or clean-energy taxis in our fleet, this will lead to higher maintenance costs.

We also expect the growth of our fleet to be curbed in the coming year. This is due to the recent regulation that limits taxi expansion to 2% per annum.

Regardless, we shall still continue to progressively replace the taxis within our fleet that reach end-of-life.

The replacement of ageing taxis augurs well for both our passengers and us, since new taxis are equipped with auto-transmission gearboxes which support a smoother ride, and also encourage higher vehicle utilisation, thereby contributing to the meeting of TA standards set by LTA.

## Engaging Our Taxi Partners

To improve the quantity and quality of engagement with our taxi partners, we have increased the frequency of monthly dialogue sessions. We now hold them twice monthly in order to reach out to more taxi partners to understand their operational issues, and provide them with timely solutions.

We have also increased the number of activities with drivers, with the aim of enhancing our rapport and strengthening our relationships with them. These include badminton games, watching movies together or even trying to find the tastiest durians in town.

We also have an annual Bursary Programme which aims to provide financial assistance to our taxi partners by making a contribution to support their children's educational cost. In December 2012, we gave out \$9,000 worth of bursary awards to 30 drivers, with each driver receiving \$300. This was the second consecutive year which we have presented out the award to our drivers. As part of our ongoing initiatives to help needy taxi partners, SMRT Taxis started a book drive in 2012 to collect used school textbooks and storybooks for Primary & Secondary students. With the help of our staff and taxi partners, we have collected more than 200 books and distributed them to more than 50 students.



We are able to achieve performance that surpass the Taxi Availability Standards

---

## AUTOMOTIVE SERVICES

### Safety and Reliability

We adhere to stringent maintenance procedures and make sure our maintenance regimes are carried out properly so that our vehicles are safe and reliable, and our passengers enjoy a comfortable journey when travelling in our vehicles.

In the last year, we undertook the refurbishment of the air-conditioning units, replacement of floorboards in our buses and also the replacement of concertina bellows in our Mercedes articulated buses to further improve the reliability and safety of these vehicles.

We have carried out upgrading works to the fleet of MBO405 buses in order to extend their statutory life to 19 years. Life extension upgrades consist of replacement of engines, transmissions, air-conditioning systems, passenger seats, interior room lights, floorboards and electronic destination systems. These upgrades enhance the comfort, safety and reliability of our buses.

All these works were completed in the last year.

We also carried out a taxi interior refurbishment exercise in January 2013, so as to provide our taxi passengers with a more comfortable journey in our taxis. We have also started installing front-facing video recorders in our taxis. These video recorders will help prevent fraudulent accident claims, and at the same time be a constant reminder to our taxi partners to maintain a safe distance from other vehicles on the road.

Aside from repair and maintenance services, SMRT Automotive Services assisted SMRT Buses and SMRT Taxis by providing technical support during the purchase and delivery process of new buses in the last year.

### Quality & Excellence

We champion innovation and are open to new ideas that may enhance the safety and reliability of our fleets. For this reason, we conduct regular product training sessions for our staff to keep up with new technologies used in our buses and taxis. Regular training ensures that our staff is equipped with sufficient product and technical knowledge to consistently deliver high levels of quality service.

Aside from product training, SMRT's Automotive Services division is an Institute of Technical Education-approved training centre that offers National Institute of Technical Education Certificate (Ni-TEC) courses for our employees, in-house.

We have also strengthened our Quality & Systems department within the unit. This department focuses on day-to-day quality assurance in the maintenance of buses and taxis, especially in terms of minimising service breakdowns and looks after process improvements within the unit in

order to improve overall quality.

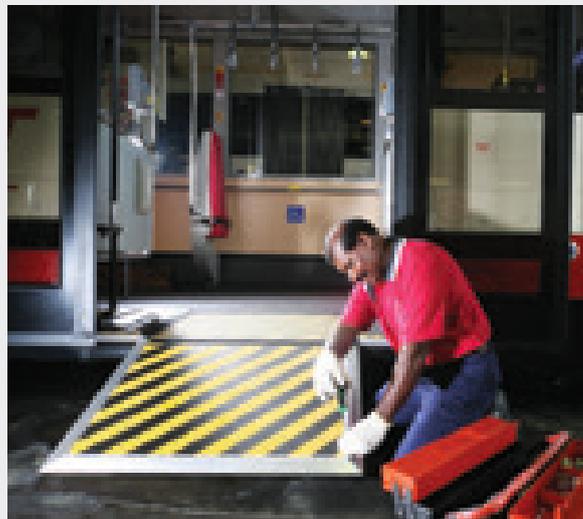
### Looking Ahead

In tandem with the Company's plans to renew and expand its bus and taxi fleets, we intend to continue carrying out improvement works on our vehicles even as new vehicle units are introduced to our fleets.

Improvement works that we shall be carrying out next year include the replacement of air-conditioning systems, concertina bellows on the Mercedes articulated buses, as well replacement of the electronic destination signs to Light Emitting Diode (LED) ones on our buses.

We will be refurbishing some of our older fleet to extend their statutory life from 17 to 19 years, and are working closely with LTA to have a fleet wide replacement of New On-Board Equipment (NOBE) on SMRT's buses.

Our taxis will likewise be refurbished as and when required.



---

## SMRT AUTOMOTIVE SERVICES

SMRT's Automotive Services is a one-stop repair and maintenance provider for the entire fleet of SMRT buses and taxis, as well as for external clients. We look after 1,140 buses and 3,400 taxis at our premises in Ang Mo Kio, Kranji and Woodlands. Our services include repair and maintenance, vehicle refurbishment, vehicle grooming, component overhaul, vehicle recovery and commissioning of new vehicles. Part of our services includes the facilitation of motor insurance claims, from undertaking accident recoveries to defending claims.

# SMRT INVESTMENTS

SMRT Commercial is committed to enhance commuters' travel experience with us through provision of lifestyle convenience and services in our network. Our transit management strategy leverages our strengths in transport, retail and advertising, to offer added value and vibrancy to commuters' daily lives.

## PROPERTIES

Over the years, we have offered a good tenant mix of lifestyle convenience through our extensive network. These include dining, shopping, medical, healthcare and banking services.

We have more than 700 retail units covering over 35,000 sqm in all our stations and interchanges. During the year, we achieved 98.6% occupancy.

In September 2012, the first blood donation centre managed by Health Science Authority (HSA) in partnership with Singapore Red Cross (SRC), opened at Dhoby Xchange. Bloodbank@Dhoby Ghaut is located in the heart of Orchard Road, this satellite centre serves as a base for HSA and SRC to intensify their youth outreach.

We plan and upgrade facilities in our developments to enhance commuters' convenience. With Circle Line Marina Bay and Bayfront Stations up and running, we have added more shops to our network. In addition, we have also completed the construction of 25 shops at Woodlands Xchange. There will be 50 shop units when fully completed, enhancing commuters' travel experience.

In 2012, shopping with SMRT was more rewarding and enjoyable as SMRT Properties launched several promotions, activities and partnerships.

Under the Shop & Dine @ SMRT ambit, we collaborated with Nickelodeon and Club Med to drive shopper traffic to our shops, as well as to offer well-loved promotions, discounts and activities to the community. Customers were treated with more shopping choices at festive fairs such as the Mid-Autumn Fair and Chinese New Year Fair at Raffles Xchange.

We also continued to grow our strategic partnership with Citibank to offer value propositions to our customers during the year. Citibank SMRT Platinum Visa cardholders enjoyed deals from SMRT tenants, and offers from VivoCity, Shop N Save and Harvey Norman, on top of the travel rebates programme that gives free SMRT rides.

As part of SMRT's commitment to promote green practices amongst our business partners, we will be launching Project: Eco Shop in collaboration with the Singapore Environment Council in FY2014. Project: Eco Shop is a certification programme aimed at guiding and encouraging retailers to fit out their shops in an

environmentally-sustainable manner, as well as to adopt eco-friendly habits and implement green practices in their daily operations. SMRT will be taking the lead to roll out this project for Woodlands Xchange tenants to be the first to be certified with the Eco Shop label in Singapore. In addition to influencing our tenants, we will also be introducing green features to Woodlands MRT Station, and we aim to attain the BCA Green Mark in FY2014.

## MEDIA

We continued to establish our position as a partner-of-choice for innovative digital Out-of-Home (OOH) solutions for local and international clients, providing a dynamic suite of advertising platforms to create experiential and effective campaigns to engage their target audience.

Through digital lifestyle initiatives and innovative offerings, we provided commuters with convenience and a pleasurable travel experience. Commuters were able to download lifestyle tips on their smartphones from digital screens and posters as well as enjoy instant promotions and discounts. They were also able to make purchases on the spot.

In addition to integrating digital and mobile technology with traditional OOH platforms, we also increased the number of digital screens in our network to 500. This provides more choices to advertisers.

In 2012, we continued growing iMobSMRT Shop&Pay on-the-go across multiple platforms in our network, creating more branding and sales channels for our advertisers. Consumers can purchase instant deals and offers on beauty & healthcare, electronics, entertainment and food & beverage. We had leading online shopping stores such as Zalora and LoveBonito on board for the first time. With more platforms in our network, advertisers can explore a myriad of channels to reach and engage their audience.

During the year, we continued to work with advertisers, corporate and civic organisations to mount experiential and integrated campaigns island-wide for extensive reach and brand connection. These include Ikea's textile campaign, which transformed our train cabins into mobile living rooms, and the National Parks Board's Gardens by the Bay launch campaign that created signatures of the garden on our multi-modal OOH platforms.

Royce' Chocolates executed their first integrated digital OOH campaign across multi-engagement touch points that leveraged OOH, digital and social media platforms. A key highlight of the year was our partnership with the National Day Parade (NDP) committee to execute a motion-censor

interactive NDP fireworks programme at Orchard station. National Day value deals were available on the Shop&Pay on-the-go mobile wall in celebration of Singapore's birthday.

We continued to support advertising industry initiatives that promote creativity, industry learning and local talents. For the seventh consecutive year, we sponsored the Institute of Advertising Singapore's (IAS) Hall of Fame – Creative Director Of The Year (CD) Award. In 2012, we also sponsored for the first time the Digital Creative Director of the Year (DCD) Award. We were the exclusive sponsor of Marketing Magazine's Overall Agency of the Year Award for the second year and supported the Singapore Media Awards.



### LIFESTYLE INTERACTIVE SPACE

In 2011, SMRT Media launched Singapore's first digital lifestyle space in a public transport network. Powered by new media and mobile technologies such as Near Field Communication and Quick Response Code, consumers can enjoy deals, offers and promotions.

Incorporating payment technologies, we transformed spaces into instant branding and sales channels where customers can shop&pay on-the-go with their smartphones.

For advertisers and retailers, this digital OOH space enables greater engagement between consumers and brands. It also enables instant sales and immediate returns.

Committed to developing and nurturing young talents for the industry, we partnered IAS and Singapore Polytechnic to organise an integrated media communication forum and workshop for tertiary students. In support of the arts and to promote a vibrant design culture in Singapore, we sponsored the Design Society's inaugural Festival of Design as the exclusive outdoor partner.

For the second consecutive year, we were a major sponsor for the Festival of Media Asia (FOMA) which brings together influential marketers, media owners and agencies.

During the year, SMRT Investments also supported the community with media spaces as well as event spaces for national, community and environmental causes. To name a few, we sponsored the National Day Parade 2012, President's Challenge, Standard Chartered Run and the Singapore Red Cross to promote World First Aid Day, as well as the Singapore Environment Council.

## NEW DEVELOPMENTS

### Sports Hub

SMRT Alpha Pte Ltd, a joint venture between subsidiaries of SMRT and NTUC Fairprice, won a bid to lease and operate more than 41,000 sqm of retail space at the new Singapore Sports Hub for 12 years. The joint venture leverages the expertise, knowledge and proven track record of these two iconic Singaporean organisations in the promotion of Singapore as a sporting and lifestyle hub.

Scheduled to open in 2014, the Singapore Sports Hub will be Singapore's premier sporting, entertainment and lifestyle hub. Located on a 35 hectare site in Kallang, it will boast a unique cluster development of integrated world-class land and water sport facilities, leisure and entertainment venues, the brand new National Stadium and unique shopping and dining offerings at the Sports Hub Retail Mall.

The Sports Hub Retail Mall and waterfront area will feature a variety of indoor and alfresco food and beverage outlets. For shoppers, it will offer international and local brands ranging from fashion, entertainment, beauty, to banking. Tenants will also include a Fairprice Xtra hypermarket at the mall, offering affordable daily essentials and groceries, as well as sportswear and sporting equipment.

Leveraging SMRT's extensive transport network and retail management expertise, we are uniquely positioned to provide transport synergies and enhance the vibrancy of the Singapore Sports Hub.

# SMRT INVESTMENTS

With the Circle Line Stadium Station at the doorstep of the Singapore Sports Hub, and the East-West Line's Kallang Station as well as the Circle Line's Dakota and Mountbatten Stations a stone's throw away, the public can enjoy convenient, quick and easy travel to this highly iconic venue.

## LOOKING AHEAD

As SMRT Commercial is a key contributor to the Group's non-fare revenue and profits, we will continue to refine and sharpen our business strategies to drive revenue. Additionally, we will explore more partnership and growth opportunities adjacent to our network where we can leverage transport synergies, and strengths in retail and advertising.

We will continue to see growth in rental revenue through refurbishment and development of commercial spaces.

In the coming year, the upgrading of works at Woodlands MRT station will be completed. We will commence the upgrading of Ang Mo Kio Station.

We will create more digital advertising platforms in our network, introduce digital elements and new media formats that will complement our assets and enhance advertisers' Return On Investments (ROI).



We won the bid to lease and operate the new Singapore Sports Hub Retail Mall for 12 years

# SMRT ENGINEERING AND INTERNATIONAL

Building on the Company's experience in multi-modal transport solutions, as well as operations and maintenance (O&M), SMRT Engineering (SMRTE) and SMRT International (SMRTI) continued to expand SMRT's business locally and internationally in the last year.

We secured several engineering and operations contracts in Singapore and abroad, and extended our geographic footprint to Mauritius in addition to successful pursuits in China, India and the Middle East.

## DEVELOPING THE LOCAL MARKET

We inked a contract with LTA to design, supply and install Automatic Fare Collection (AFC) gates for the Tuas West Extension project on the East-West Line, in 2012. The multi-year contract includes the testing and commissioning of AFC gates for upgraded stations, as well as backend work on the Supervisory Control System and Integrated Operations Command Centre on the East-West Line.

SMRTE is also a Facility Based Operator (FBO) licensed by the Infocomm Development Authority of Singapore (IDA) to lease fibre optic cables to industry stakeholders.

## GROWING OUR INTERNATIONAL PRESENCE

In 2012, we won the contract to provide technical advisory services for the development of a Light Rail Transit (LRT) system in the Republic of Mauritius. As our first project outside of Asia Pacific and the Middle East where we have existing clients, the work we are to undertake with the Republic of Mauritius will reaffirm our transport engineering prowess on a global scale. The contract also enables us to flex our muscles in LRT systems operations and act as a springboard for future public-private partnerships.

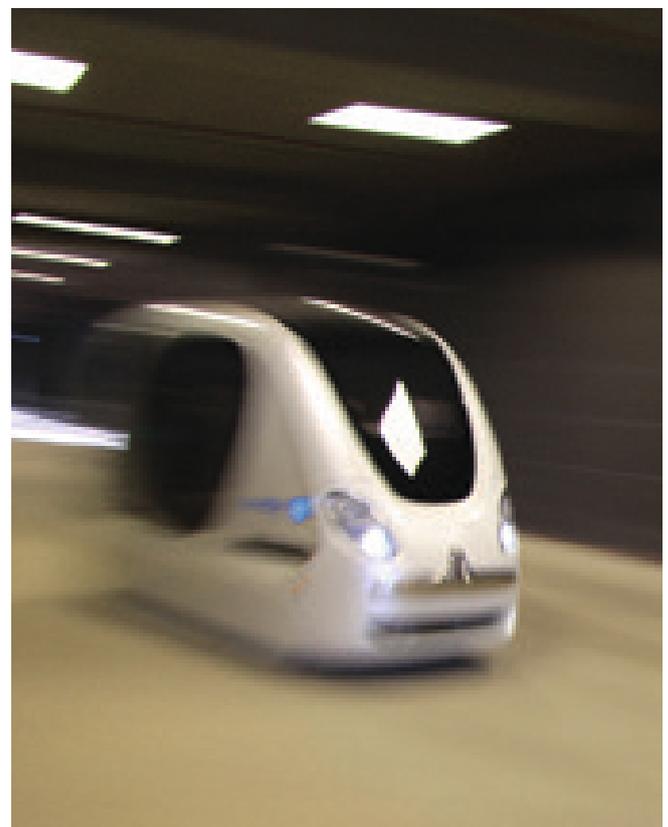
In China, we secured a three-year contract by Dalian Metro Co. Ltd to provide consultancy services while they prepare for O&M during the construction stage of their rail system, as well as manage operations during the initial stages of service.

In addition to this, we are also in discussion with a number of other potential business partners including metro companies, on metro O&M opportunities as well as non-fare revenue business including transit retail, in different parts of China.

We were signed on by the Mumbai Metropolitan Region Development Authority as the consultant to carry out the safety review of the Mumbai Monorail system, in India. Our growing track record and experience in this niche sector will better position our quest for more opportunities, whether in O&M or consultancy on monorail systems, throughout the region.

We reaffirmed our presence in the Middle East by renewing our contract with Masdar City for another three years, to operate the Personal Rapid Transit (PRT) system. The PRT system provides passengers with an on-demand transport service featuring individual, driverless and autonomous electric pod cars. Masdar City itself is one-of-a-kind as the world's first carbon neutral, zero-waste to landfill city powered entirely by alternative energy sources.

Looking ahead, we shall continue to build on our expertise in multi-modal transport solutions as well as O&M to reinforce the sustainability of our business.



SMRT International will be operating the PRT in Masdar City for another three years

# ENGAGING HEARTS AND MINDS

The heart of our business lies in service to the community. We constantly strive to enhance the holistic travel experience for our passengers, and make a difference to the lives of the people in our community.





# SERVING OUR COMMUNITY

## CUSTOMER SERVICE EXCELLENCE

We know and understand that providing exemplary customer service is a crucial part of our business and we are taking steps to inculcate a strong service mind-set among our staff. For greater service orientation, we are focused on providing additional training for our staff and recognising staff who demonstrate exceptional customer service.

### Training

All our staff will undergo customer service training by NTUC Learning Hub and Disney Institute. Through this training programme, we aim to inculcate a stronger service culture within our organisation as well as provide staff with relevant training and skills. This is among the certified Workforce Skills Qualifications programmes that we have identified for our staff.

### Recognition

Programmes have been developed to identify staff who provide exemplary service experience to our commuters.

In March 2013, we introduced the Put our Customer First campaign. With this campaign, we started the Five Daily Deeds programme, which runs every quarter and encourages frontline staff from SMRT Trains and Buses to exhibit customer centric behaviour and embody our Core Values.

Staff who provide exceptional service, and supervisors who encourage their teams to embrace customer service will be recognised at the CEO Service Excellence Awards.

## CHANNELS OF COMMUNICATION AND INFORMATION

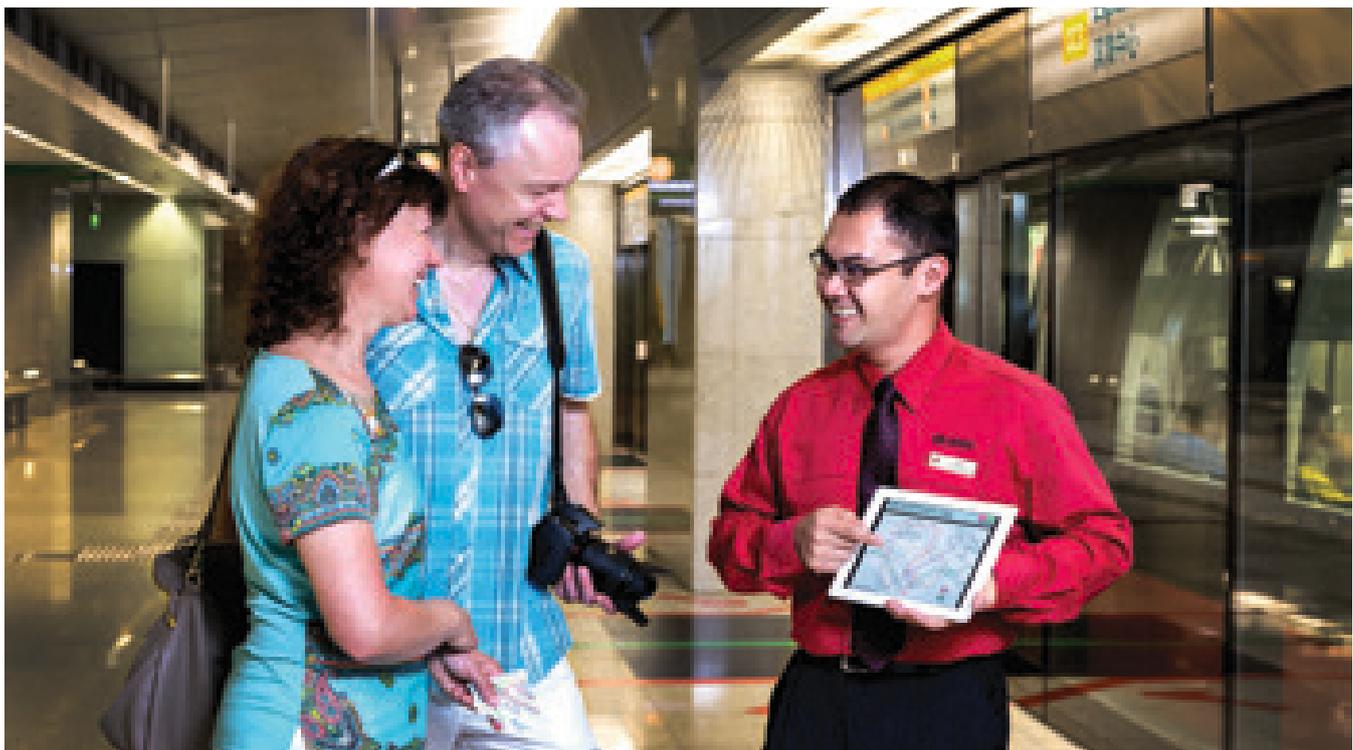
Throughout the course of the year, we have placed greater emphasis on improving channels of communication, to allow greater transparency and engagement with commuters.

### Social Media

SMRT informs and engages the public through social media channels.

Since we launched our official Twitter account, @SMRT\_Singapore in December 2011, we now have over 40,000 followers who stay informed of service and maintenance updates in our network. The channel allows us to share real-time information with the public.

In April 2013, SMRT also launched an official Facebook page which aims to communicate directly with the public, be part of online conversations, and address questions and concerns that may arise in the online space about our operations.



Providing exemplary customer service to our passengers

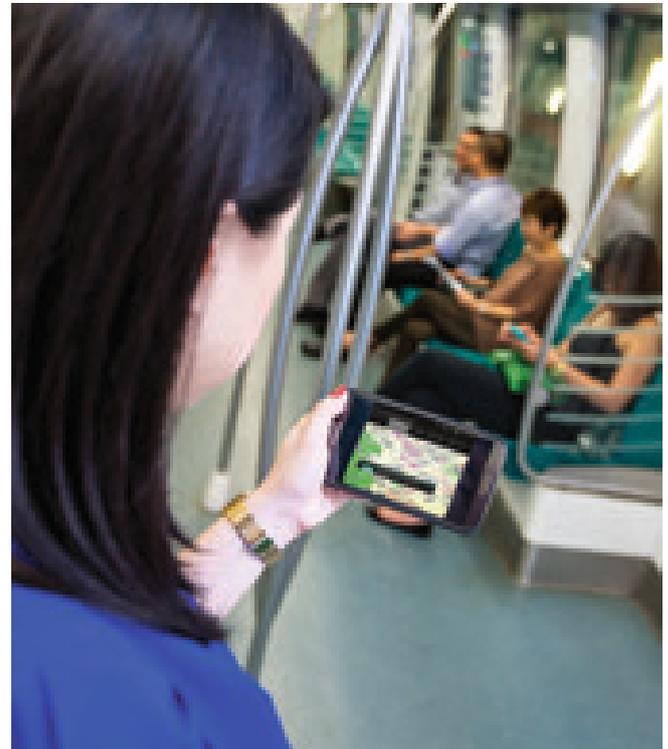
### SMRTConnect (Android-Version)

Since introducing SMRTConnect for iPhones in 2012, we launched the Android-version of SMRTConnect in January 2013. Available from the Google PlayStore, this app provides commuters with real-time information on our buses and trains.

### Wheelchair Accessibility

As part of our commitment to provide transport services to the less mobile in Singapore, we introduced 14 more service routes featuring Wheelchair Accessible Buses (WAB) in the last financial year. With the additional service routes, SMRT now provides WAB services on 27 service routes.

With the help of a grant from the Ministry of Social & Family Development, we also introduced 30 wheelchair accessible taxis for the less mobile. Since March 2013, we have progressively rolled out the new wheelchair-accessible London Taxis. In order to facilitate booking the wheelchair accessible taxis, a dedicated telephone hotline was also set up.



SMRT launched the Android-version of SMRTConnect in January 2013

## GIVING BACK TO SOCIETY

At SMRT, we make a difference to the community through a wide range of philanthropic efforts including corporate sponsorship and volunteerism, as well as the promotion of commuter courtesy and graciousness. To ensure our philanthropic efforts do indeed serve those who will benefit from our help most, we are reviewing our funding guidelines to sharpen the focus of our corporate giving.

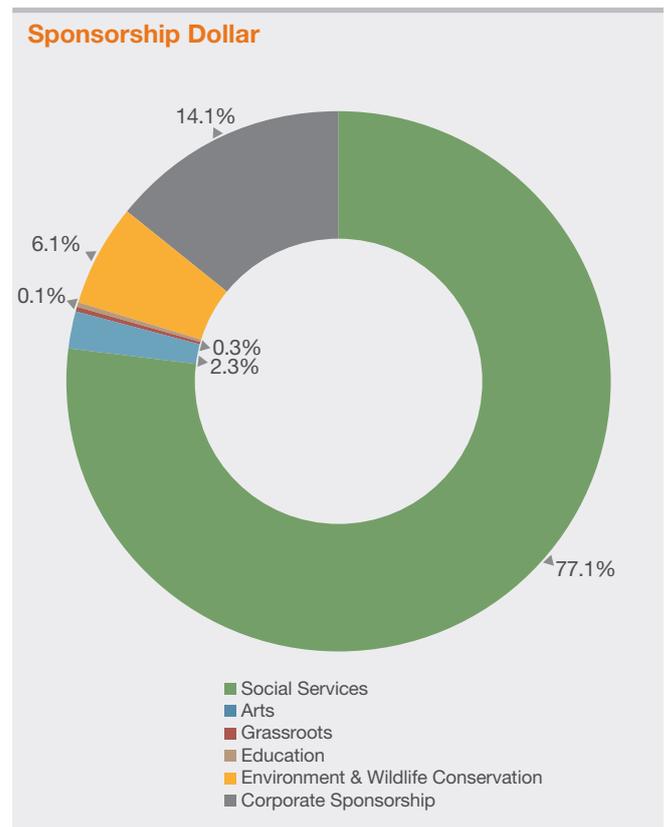
### Our Corporate Volunteers

As part of our Corporate Volunteer Programme, our employees serve the community in a variety of ways.

In collaboration with the Red Cross, our employee led SMRT Bloodmobile Drive Committee organised three blood donation drives at Raffles Place MRT Station and collected 523 units of blood.

Under the SMRT Family Service Volunteer Committee, our employees gave food rations to low-income families under the care of Ang Mo Kio Family Service Centres (AMKFSC), TRANS Family Service Centre (Bedok) and Fei Yue Family Service Centre.

We also organised a year-end party for 150 elderly folk from AMKFSC at the SMRT Club House. The SMRT Silver Care Volunteer Committee also reached out to the residents of Geylang East Home for the Aged (GEHA) and Asian Women's Welfare Association (AWWA) Community Home for Senior Citizens, organising monthly Sunday Dinners for



# CORPORATE SOCIAL RESPONSIBILITY

residents, as well as maintenance and improvement works at their homes.

In December 2012, we initiated a fundraising drive for low-income families, supported by AWWA.

During the year, SMRT donated over \$1 million to various causes, including more than \$700,000 to social service programmes. These programmes centre on providing critical care services and assistance to elderly and needy individuals who require point-to-point transport mainly for medical appointments.

We have also sponsored media space within the SMRT network to non-profit organisations, so as to help them increase public awareness of their causes.

## Contributing to the Arts

SMRT has always been a supporter of the arts. This year, we reaffirmed this commitment by continuing to organise Tales on SMRT Trains in September 2012. During the event, storytellers on board SMRT trains enthralled 300 children and their parents with their stories.

We also supported the Life Art Society through a cash donation, and helped publicise its 40<sup>th</sup> Anniversary Chinese Painting and Calligraphy Exhibition through our media space sponsorship.

We continued our support of Esplanade's A Date with Friends programme that saw a weekend of evergreen music dedicated to senior citizens.

## Partnering the Community

SMRT also took steps to engage the community to promote gracious commuter etiquette by giving young students a glimpse into how our operations are run, and partnering student-run initiatives that are aligned with this objective.

In FY2013, SMRT hosted hundreds of students and pre-school children at train stations and depots where they learnt more about our MRT systems and maintenance regime.

Our partnership with schools to promote gracious commuter behaviour included collaboration with Stand Up for Singapore – a notable initiative where youths showed their appreciation to bus drivers working on a selected public holiday, by giving cards with handwritten messages of thanks to them.



Children enjoying Tales on SMRT Trains

## GOING GREEN

SMRT is constantly exploring and adopting eco-practices and technologies that will reduce our organisation's ecological and carbon footprint, and plays an active role in raising environmental awareness among members of our community.

We rolled out several initiatives to improve our existing operations, in order to make them more environmentally friendly. In the stations, we installed 187 new Titan fare gates that are 7% more energy efficient than the current gates. Existing fare gates at NSEWL stations will also be replaced with Titan fare gates. We are also running a trial of LED cabin lighting in a Kawasaki-Nippon Sharyo (KNS) train.

We also installed Variable Speed Drives (VSD) in our water pumps at Bugis, Marina Bay, Somerset, Newton, and Braddell stations. This allows the chilled water pump to run at various speeds depending on the load conditions, and reduces power consumption of the pumps by up to 50%.

We fine-tuned the engines on 90 existing buses and improved fuel efficiency by 3.9%. We also added 189 Euro V-compliant MAN A22 buses to our fleet.

In partnership with the Singapore Environment Council, we will launch Project: Eco Shop – a nationwide certification programme to guide and encourage retailers to fit out their shops in an environmentally sustainable manner, as well as adopt eco-friendly habits and implement green practices in their daily operations. SMRT also aims to achieve the BCA Green Mark for Woodlands station in FY2014.

### Raising Environmental Awareness

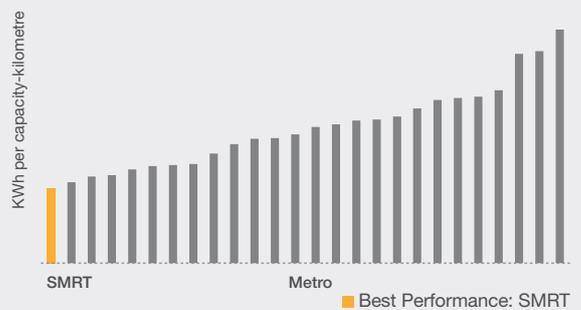
Aside from our operations, SMRT regularly participates in community events and works with various government and private organisations to promote a greater sense of environmental awareness in our community. We promoted public transport as part of a greener lifestyle at National Environment Agency's Clean and Green Singapore 2013 Launch Carnival and National Climate Change Strategy's Roving Roadshow.

Since 2009, we have been supporting World Wide Fund for Nature (WWF). In FY2013, we continued our support with sponsorship of media space in SMRT's network to generate awareness of their environmental sustainability campaigns.

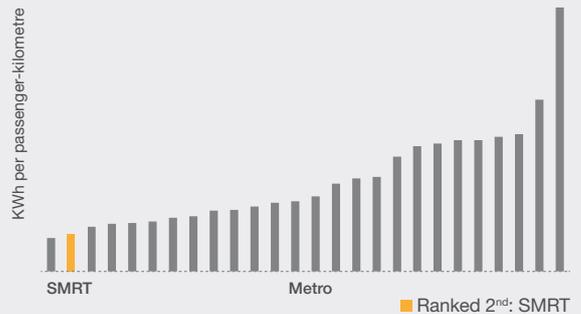
In July 2012, we partnered South East Community Development Council (CDC) to provide funds for ground-up initiatives promoting environment conservation. Titled "Go Green Seed Fund @ South East", SMRT sponsored \$15,000 and this donation was matched dollar-for-dollar by South East CDC. By the end of March 2013, the Fund successfully supported 13 projects.

We also continued our support of the South West – SMRT ECo Fund, partnering South West CDC for a second consecutive year.

### Traction Energy per Capacity-Kilometre



### Traction Energy per Passenger-Kilometre



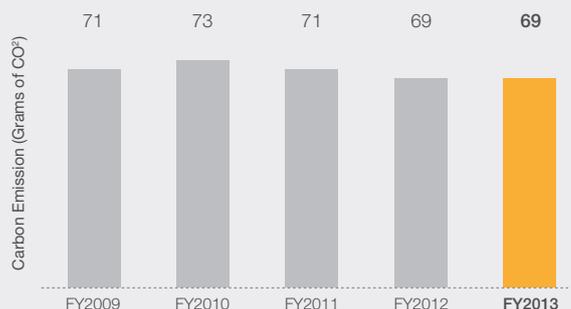
### SMRT Train's Carbon Footprint

(grams of CO<sub>2</sub>/pax-km)



### SMRT Buses Carbon Footprint

(grams of CO<sub>2</sub>/pax-km)



---

# FINANCIAL REPORT

## FINANCIAL CONTENTS

107	Directors' Report
118	Statement by Directors
119	Independent Auditor's Report
121	Balance Sheets
122	Consolidated Income Statement
123	Consolidated Statement of Comprehensive Income
124	Consolidated Statement of Changes in Equity
125	Statement of Changes in Equity
126	Consolidated Statement of Cash Flows
128	Notes to the Financial Statements

# DIRECTORS' REPORT

Year ended 31 March 2013

We are pleased to submit this report to the members of the Company together with the audited financial statements of SMRT Corporation Limited ("the Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2013 and the balance sheet and statement of changes in equity of the Company as at 31 March 2013.

## Directors

The directors of the Company in office at the date of this report are as follows:

Koh Yong Guan	Chairman
Desmond Kuek Bak Chye	Executive Director & CEO (appointed 1 October 2012)
Bob Tan Beng Hai	
Lee Seow Hiang	
Moliah Binte Hashim	(appointed 1 October 2012)
Ong Ye Kung	
Patrick Ang Peng Koon	(appointed 1 April 2013)
Paul Ma Kah Woh	
Peter Tan Boon Heng	
Tan Ek Kia	
Yap Kim Wah	(appointed 8 October 2012)

## 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
<b>Koh Yong Guan</b>		
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

# DIRECTORS' REPORT

Year ended 31 March 2013

## 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
<b>Koh Yong Guan (cont'd)</b>		
Singapore Technologies Engineering Ltd – ordinary shares	23,108	23,108
SP AusNet – stapled securities	96,000	96,000
<b>Desmond Kuek Bak Chye</b>		
Singapore Telecommunications Limited – ordinary shares	2,230	2,230
<b>Paul Ma Kah Woh</b>		
Mapletree Greater China Commercial Trust Management Ltd – units in Mapletree Greater China Commercial Trust	–	540,000
Mapletree Industrial Trust Management Ltd – units in Mapletree Industrial Trust	289,440	294,333
Mapletree Logistics Trust Management Ltd – units in Mapletree Logistics Trust	740,000	762,711
Mapletree Commercial Trust Management Ltd – units in Mapletree Commercial Trust	340,000	340,000
Singapore Telecommunications Limited – ordinary shares	380	380
StarHub Ltd – ordinary shares	78,580	78,580
<b>Ong Ye Kung</b>		
SMRT Corporation Ltd – ordinary shares	10,000	10,000
Singapore Telecommunications Limited – ordinary shares	45,460	45,460
Singapore Airlines Limited – ordinary shares	10,000	10,000
Neptune Orient Lines Limited – ordinary shares	20,000	20,000

---

# DIRECTORS' REPORT

Year ended 31 March 2013

## 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
<b>Tan Ek Kia</b> Mapletree Greater China Commercial Trust Management Ltd – units in Mapletree Greater China Commercial Trust	–	10,000
<b>Peter Tan Boon Heng</b> Singapore Airlines Limited – ordinary shares	37,400	–
<b>Yap Kim Wah</b> Singapore Airlines Limited – ordinary shares	189,211	119,211

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 above-mentioned interests in the Company or in related corporations between the end of the financial year and 21 April 2013.

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.

---

# DIRECTORS' REPORT

Year ended 31 March 2013

## 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, Mr Tan Ek Kia and Madam Moliah Binte Hashim.

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.

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.

# DIRECTORS' REPORT

Year ended 31 March 2013

## Share Options and Share Plans (cont'd)

### SMRT ESOP (cont'd)

#### (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 cumulatively 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.

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 at 1 April 2012	Options exercised	Options forfeited/ expired	Options outstanding at 31 March 2013	Number of option holders at 31 March 2013	Exercise period
22/7/2002	\$0.676	337,600	(115,900)	(221,700)	–	–	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	392,500	(67,350)	(3,000)	322,150	257	22/7/2004 to 21/7/2013
		<u>730,100</u>	<u>(183,250)</u>	<u>(224,700)</u>	<u>322,150</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 2013, 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.

---

# DIRECTORS' REPORT

Year ended 31 March 2013

## Share Options and Share Plans (cont'd)

### SMRT ESOP (cont'd)

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.

### 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.

---

# DIRECTORS' REPORT

Year ended 31 March 2013

## Share Options and Share Plans (cont'd)

### SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

#### (ii) Awards (cont'd)

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.

#### (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.

# DIRECTORS' REPORT

Year ended 31 March 2013

## Share Options and Share Plans (cont'd)

### SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

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
<b>Plan description</b>	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 one-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
<b>Date of grant</b>	26 December 2012	26 December 2012
<b>Performance period</b>	1 April 2012 to 31 March 2015	1 April 2012 to 31 March 2013
<b>Vesting condition</b>	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
<b>Payout</b>	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.

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 2012	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2013 or as at date of resignation
<b>SMRT PSP</b>						
<b>28 August 2009</b>						
– For senior management	24,000	–	(24,000)	–	–	–
– For executive director (Saw Phaik Hwa) *	100,000	–	(100,000)	–	–	–
<b>23 August 2010</b>						
– For senior management	36,000	–	–	–	–	36,000
– For executive director (Saw Phaik Hwa) *	100,000	–	(100,000)	–	–	–
<b>30 March 2012</b>						
– For senior management	246,000	–	–	–	–	246,000
<b>26 December 2012</b>						
– For senior management	–	310,000	–	–	–	310,000
<b>Total</b>	<b>506,000</b>	<b>310,000</b>	<b>(224,000)</b>	<b>–</b>	<b>–</b>	<b>592,000</b>

# DIRECTORS' REPORT

Year ended 31 March 2013

## Share Options and Share Plans (cont'd)

### SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

Grant date	Balance as at 1 April 2012	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2013 or as at date of resignation
<b>SMRT RSP</b>						
<b>9 February 2009</b>						
- For senior management	117,900	-	-	(117,900)	-	-
- For executive director (Saw Phaik Hwa) *	31,100	-	-	(31,100)	-	-
<b>28 August 2009</b>						
- For senior management	356,800	-	(27,800)	(184,200)	-	144,800
- For executive director (Saw Phaik Hwa) *	76,700	-	(38,400)	(38,300)	-	-
<b>23 August 2010</b>						
- For senior management	702,000	-	(93,200)	(231,200)	(42,200)	335,400
- For executive director (Saw Phaik Hwa) *	100,000	-	(100,000)	-	-	-
<b>30 March 2012</b>						
- For senior management	965,500	-	(113,000)	-	-	852,500
<b>26 December 2012</b>						
- For senior management	-	1,311,000	(154,000)	-	-	1,157,000
<b>Total</b>	<b>2,350,000</b>	<b>1,311,000</b>	<b>(526,400)</b>	<b>(602,700)</b>	<b>(42,200)</b>	<b>2,489,700</b>

\* Ms Saw Phaik Hwa resigned as director on 6 January 2012

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 2013 were 592,000 and 2,489,700 (2012: 506,000 and 2,350,000) 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 879,000 and 2,911,800 (2012: 694,000 and 2,721,300) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

---

# DIRECTORS' REPORT

Year ended 31 March 2013

## 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  
Yap Kim Wah

The Committee carried out its function in accordance with Section 201B(5) of the Act, the SGX-ST Listing Manual ("Listing Manual") and the Code of Corporate Governance 2012.

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 to review management's responses to recommendations made by the internal and external auditors. The Committee also recommends the appointment of the external auditors.

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 four times during the financial year.

The Committee has met with the internal auditors and the external auditors separately without the presence of management during the financial 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 financial year ended 31 March 2013.

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.

---

# DIRECTORS' REPORT

Year ended 31 March 2013

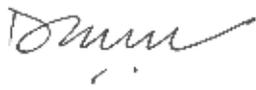
## Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



**Koh Yong Guan**  
*Director*



**Desmond Kuek Bak Chye**  
*Director*

29 April 2013

---

# STATEMENT BY DIRECTORS

Year ended 31 March 2013

In our opinion:

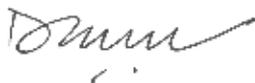
- (a) the financial statements set out on pages 121 to 197 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Group and of the changes in equity of the Company for the financial year then ended; 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*



**Desmond Kuek Bak Chye**  
*Director*

29 April 2013

---

# INDEPENDENT AUDITOR'S REPORT

Year ended 31 March 2013

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 121 to 197, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2013, 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.

## 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 2013, 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.

---

# INDEPENDENT AUDITOR'S REPORT

Year ended 31 March 2013

## 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, 29 April 2013

# BALANCE SHEETS

As at 31 March 2013

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	1,435,797	1,346,497	9,555	9,139
Intangible asset	5	13,614	13,614	–	–
Investments in subsidiaries	6	–	–	344,169	368,573
Interest in associate	7	50,554	67,887	–	–
Other investments	8	32,171	14,632	–	–
		1,532,136	1,442,630	353,724	377,712
<b>Current assets</b>					
Inventories	9	59,901	53,680	–	–
Trade and other receivables	10	86,074	64,256	64,459	92,017
Tax recoverable		–	36	–	–
Fixed deposits with banks and financial institutions		213,782	157,687	–	–
Cash at banks and in hand		332,512	37,643	4,967	6,416
		692,269	313,302	69,426	98,433
<b>Total assets</b>		2,224,405	1,755,932	423,150	476,145
<b>Equity attributable to equity holders of SMRT</b>					
Share capital	11	167,496	166,462	167,496	166,462
Reserves	12	946	(755)	2,560	2,316
Accumulated profits		599,806	625,706	235,207	291,488
		768,248	791,413	405,263	460,266
<b>Non-controlling interest</b>		312	–	–	–
<b>Total equity</b>		768,560	791,413	405,263	460,266
<b>Non-current liabilities</b>					
Interest-bearing borrowings	14	607,125	150,000	–	–
Provisions	15	55	2,977	–	–
Deferred tax liabilities	16	142,867	124,208	1,377	1,337
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	52,489	62,758	87	57
		822,848	360,255	1,464	1,394
<b>Current liabilities</b>					
Interest-bearing borrowings	14	2,347	–	–	–
Trade and other payables	19	577,138	546,156	15,536	14,218
Provisions	15	45,321	37,911	261	216
Current tax payable		8,191	20,197	626	51
		632,997	604,264	16,423	14,485
<b>Total liabilities</b>		1,455,845	964,519	17,887	15,879
<b>Total equity and liabilities</b>		2,224,405	1,755,932	423,150	476,145

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Note	2013 \$'000	2012 \$'000
Revenue	20	1,119,469	1,057,229
Other operating income	21(a)	36,305	22,023
Staff costs	21(b)	(395,161)	(340,141)
Depreciation of property, plant and equipment	4	(161,138)	(141,044)
Amortisation of asset-related grants	18	10,558	11,426
Repairs and maintenance costs		(112,537)	(84,788)
Electricity and diesel costs		(165,485)	(166,366)
Impairment of goodwill	5	–	(21,674)
Impairment of interest in associate	7	(17,294)	–
Other operating expenses	21(c)	(204,512)	(188,001)
Finance costs	21(d)	(7,065)	(6,169)
Interest and investment income	21(e)	2,305	1,711
Share of results of associate (net of tax)		(381)	2,716
<b>Profit before income tax</b>	21	105,064	146,922
Income tax expense	22	(21,864)	(27,049)
<b>Profit after income tax</b>		83,200	119,873
<b>Attributable to:</b>			
Equity holders of SMRT		83,338	119,873
Non-controlling interest		(138)	–
		83,200	119,873
<b>Earnings per share attributable to equity holders of SMRT (in cents)</b>			
Basic	23	5.5	7.9
Diluted	23	5.5	7.9

The accompanying notes form an integral part of these financial statements.

---

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013 \$'000	2012 \$'000
<b>Profit for the year</b>	83,200	119,873
<b>Other comprehensive income/(loss)</b>		
Change in fair value of available-for-sale financial assets, net of tax	979	(876)
Effective portion of change in fair value of cash flow hedge, net of tax	2,960	830
Change in fair value of cash flow hedge transferred to the income statement, net of tax	(2,772)	(642)
Currency translation differences arising from consolidation	290	1,231
<b>Other comprehensive income for the year, net of tax</b>	1,457	543
<b>Total comprehensive income for the year</b>	84,657	120,416

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

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	Non-controlling interest \$'000	Total equity \$'000
At 1 April 2012	166,462	(3,168)	568	(471)	2,316	625,706	791,413	–	791,413
Profit for the year	–	–	–	–	–	83,338	83,338	(138)	83,200
Other comprehensive income	–	290	979	188	–	–	1,457	–	1,457
<b>Transactions with owners, recorded directly in equity:</b>									
Issue of shares under SMRT ESOP	121	–	–	–	–	–	121	–	121
Issue of performance shares	913	–	–	–	(913)	–	–	–	–
Value of employee services received for share-based payment	–	–	–	–	1,157	–	1,157	–	1,157
Capital contribution from Non-controlling interest	–	–	–	–	–	–	–	450	450
Final dividend paid of 5.70 cents per share in respect of year 2012	–	–	–	–	–	(86,659)	(86,659)	–	(86,659)
Interim dividend paid of 1.50 cents per share in respect of year 2013	–	–	–	–	–	(22,814)	(22,814)	–	(22,814)
Proceeds from unclaimed dividends	–	–	–	–	–	235	235	–	235
Total transactions with owners	1,034	–	–	–	244	(109,238)	(107,960)	450	(107,510)
At 31 March 2013	167,496	(2,878)	1,547	(283)	2,560	599,806	768,248	312	768,560
At 1 April 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096	–	799,096
Profit for the year	–	–	–	–	–	119,873	119,873	–	119,873
Other comprehensive income/(loss)	–	1,231	(876)	188	–	–	543	–	543
<b>Transactions with owners, recorded directly in equity:</b>									
Issue of shares under SMRT ESOP	406	–	–	–	–	–	406	–	406
Issue of performance shares	1,245	–	–	–	(1,245)	–	–	–	–
Value of employee services received for share-based payment	–	–	–	–	639	–	639	–	639
Final dividend paid of 6.75 cents per share in respect of year 2011	–	–	–	–	–	(102,541)	(102,541)	–	(102,541)
Interim dividend paid of 1.75 cents per share in respect of year 2012	–	–	–	–	–	(26,603)	(26,603)	–	(26,603)
Total transactions with owners	1,651	–	–	–	(606)	(129,144)	(128,099)	–	(128,099)
At 31 March 2012	166,462	(3,168)	568	(471)	2,316	625,706	791,413	–	791,413

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2012	166,462	2,316	291,488	460,266
Profit for the year	–	–	53,112	53,112
<b>Transactions with owners, recorded directly in equity:</b>				
Issue of shares under SMRT ESOP	121	–	–	121
Issue of performance shares	913	(913)	–	–
Value of employee services received for share-based payment	–	1,157	–	1,157
Final dividend paid of 5.70 cents per share in respect of year 2012	–	–	(86,659)	(86,659)
Interim dividend paid of 1.50 cents per share in respect of year 2013	–	–	(22,814)	(22,814)
Proceeds from unclaimed dividends	–	–	80	80
Total transactions with owners	1,034	244	(109,393)	(108,115)
At 31 March 2013	167,496	2,560	235,207	405,263
At 1 April 2011	164,811	2,922	274,849	442,582
Profit for the year	–	–	145,783	145,783
<b>Transactions with owners, recorded directly in equity:</b>				
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 2013

	2013 \$'000	2012 \$'000
<b>Operating activities</b>		
Profit before income tax	105,064	146,922
<i>Adjustments for:</i>		
– Amortisation of asset-related grants	(10,558)	(11,426)
– Depreciation of property, plant and equipment	161,138	141,044
– Dividend income	(180)	(155)
– Grant released upon disposal/write-off of property, plant and equipment	(48)	(723)
– Impairment of goodwill	–	21,674
– Impairment of interest in associate	17,294	–
– Interest expense	7,065	6,169
– Interest income	(2,125)	(1,321)
– (Gain)/Loss on disposal of:		
– property, plant and equipment	(1,339)	365
– other investments	–	(235)
– Property, plant and equipment written off	2,351	3,869
– Provisions made during the year	20,650	17,762
– Share-based payment expenses	1,157	639
– Share of results of associate	381	(2,716)
– Bus Service Enhancement Programme Grant	(2,888)	–
	297,962	321,868
<i>Changes in working capital:</i>		
– Inventories	(6,221)	(83)
– Trade and other receivables	(2,708)	10,033
– Trade and other payables	(9,946)	575
Cash generated from operations	279,087	332,393
Income taxes paid, net	(15,213)	(43,425)
Interest paid	(3,647)	(6,900)
<b>Cash flows from operating activities</b>	260,227	282,068

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	2013 \$'000	2012 \$'000
<b>Investing activities</b>		
Dividends received	180	155
Interest received	2,174	1,567
Purchase of property, plant and equipment	(250,588)	(234,575)
Purchase of other investments	(16,530)	(7,238)
Proceeds from disposal of:		
– property, plant and equipment	2,278	311
– other investments	–	5,519
<b>Cash flows from investing activities</b>	<b>(262,486)</b>	<b>(234,261)</b>
<b>Financing activities</b>		
Grant received	2,220	83
Proceeds from issue of shares under share option plan	121	406
Capital contribution from Non-controlling interest	450	–
Proceeds from issuance of unsecured quoted notes	450,000	–
Repayment of financial liabilities	–	(100,000)
Proceeds from borrowings	9,724	–
Proceeds from unclaimed dividends	235	–
Dividends paid	(109,473)	(129,144)
<b>Cash flows from financing activities</b>	<b>353,277</b>	<b>(228,655)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>351,018</b>	<b>(180,848)</b>
Cash and cash equivalents at beginning of the year	195,330	376,218
Effect of exchange rate fluctuations on cash held	(54)	(40)
<b>Cash and cash equivalents at end of the year</b>	<b>546,294</b>	<b>195,330</b>
<b>Cash and cash equivalents at end of the year comprise:</b>		
Fixed deposits with banks and financial institutions	213,782	157,687
Cash at banks and in hand	332,512	37,643
	<b>546,294</b>	<b>195,330</b>

The accompanying notes form an integral part of these financial statements.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2013.

## 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 sales 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

Its principal activities are to provide consultancy, project management services, leasing of fibre optic cables and repair & maintenance services.

### (vii) Investment holding and support services

Its principal activities are to provide management and other support services to Group companies and investment holding.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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 2013

## 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 2013

## 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 2013

## 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 2012, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. 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 of the Group and the Company or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.3 Basis of consolidation

#### *Business combination*

Business combinations are accounted for under the acquisition method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed and fair value of any contingent consideration arrangement 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.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "impairment" for the subsequent accounting policy on goodwill.

#### *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.

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 of accounting less impairment losses, if any, 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. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. 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 unsecured receivables, 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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.3 Basis of consolidation (cont'd)

#### *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.

#### *Transactions with non-controlling interest*

Non-controlling interest represent the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

#### *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.

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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.4 Foreign currencies (cont'd)

#### *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 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 and the cost of the item can be measured reliably. 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 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.5 Property, plant and equipment (cont'd)

#### *Depreciation*

Depreciation is calculated on a straight-line basis so as to allocate the depreciable amounts 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 40 years
Furniture, 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	–	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 method, estimated useful lives and residual values of property, plant and equipment 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 arising from business combination on or after 1 April 2010 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 prior to 1 April 2010 and associates represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill is measured at cost less accumulated 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 2013

## 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 2013

## 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 2013

## 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.

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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.12 Impairment (cont'd)

#### *Impairment of financial assets (cont'd)*

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.

#### *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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 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.

### 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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.16 Provisions (cont'd)

#### *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 2013

## 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*

Asset-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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 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.

#### *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 when services are rendered.

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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 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.

### 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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 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.

### 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 benefits 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.

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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 3 Summary of Significant Accounting Policies (cont'd)

### 3.26 Employee benefits (cont'd)

#### *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 2013

## 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
<b>Cost</b>					
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
At 1 April 2012	262,203	76,346	6,046	1,226,887	144,674
Additions	521	2,985	1,257	1,735	139
Disposals/Write-offs	–	(468)	(283)	(5)	(1,147)
Transfers/Reclassifications	6,573	4,799	–	356	2,567
At 31 March 2013	269,297	83,662	7,020	1,228,973	146,233
<b>Accumulated depreciation and impairment losses</b>					
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
At 1 April 2012	55,795	43,093	3,595	670,866	112,330
Depreciation charge for the year	12,369	8,553	988	50,430	7,452
Disposals/Write-offs	–	(466)	(283)	(5)	(1,030)
At 31 March 2013	68,164	51,180	4,300	721,291	118,752
<b>Carrying amount</b>					
At 31 March 2012	206,408	33,253	2,451	556,021	32,344
At 31 March 2013	201,133	32,482	2,720	507,682	27,481

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

Signalling, communication and automatic fare collection systems \$'000	Buses \$'000	Taxis \$'000	Plant and machinery \$'000	Other operating equipment \$'000	Assets under construction \$'000	Total \$'000
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
284,740	281,264	234,743	24,212	349,770	88,685	2,979,570
4,068	4,012	53,581	714	4,393	192,696	266,101
(8,128)	(13,081)	(67,850)	(243)	(7,681)	–	(98,886)
7,456	56,454	64,551	3,148	12,585	(158,489)	–
288,136	328,649	285,025	27,831	359,067	122,892	3,146,785
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
203,784	153,514	114,116	22,884	253,096	–	1,633,073
13,704	24,797	29,059	1,168	12,618	–	161,138
(7,175)	(13,007)	(53,370)	(242)	(7,645)	–	(83,223)
210,313	165,304	89,805	23,810	258,069	–	1,710,988
80,956	127,750	120,627	1,328	96,674	88,685	1,346,497
77,823	163,345	195,220	4,021	100,998	122,892	1,435,797

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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
<b>Cost</b>							
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
At 1 April 2012	17,482	1,321	129	7	101	1,178	20,218
Additions	1,331	1,156	–	12	23	932	3,454
Disposals/Write-offs	(27)	–	–	–	–	–	(27)
Transfers/Reclassifications	404	–	–	–	–	(404)	–
At 31 March 2013	19,190	2,477	129	19	124	1,706	23,645
<b>Accumulated depreciation and impairment losses</b>							
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
At 1 April 2012	9,862	1,058	110	7	42	–	11,079
Depreciation charge for the year	2,594	418	8	5	13	–	3,038
Disposals/Write-offs	(27)	–	–	–	–	–	(27)
At 31 March 2013	12,429	1,476	118	12	55	–	14,090
<b>Carrying amount</b>							
At 31 March 2012	7,620	263	19	–	59	1,178	9,139
At 31 March 2013	6,761	1,001	11	7	69	1,706	9,555

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 5 Intangible Asset

Group	Goodwill	
	2013 \$'000	2012 \$'000
<b>Cost</b>		
At 1 April and 31 March	63,373	63,373
<b>Impairment losses</b>		
At 1 April	49,759	28,085
Impairment loss	–	21,674
At 31 March	49,759	49,759
<b>Carrying amount</b>		
At 1 April	13,614	35,288
At 31 March	13,614	13,614

### Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	2013 \$'000	2012 \$'000
Taxi operations	13,614	13,614

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 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 are:

- The size of the taxi fleet (2012: taxi and bus fleets) approximate those existing at date of review.
- Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- Operating expenses are based on historical trends, taking into account expected inflation.
- The pre-tax Weighted Average Cost of Capital ("WACC") of the Group is 5.84% (2012: 6.32%) per annum.
- For the previous financial year, fare adjustments were based on fare formula set by the Public Transport Council. Ridership projection was based on analysis of historical growth as well as consideration for anticipated economic and physical developments and changes that may affect the transport sector.
- For the previous financial year, diesel prices were based on average forecast prices from market sources.

The Taxi business is very sensitive to changes in the cost of Certificates of Entitlement ("COE") prices for the taxi vehicles. If the cost of COE continues to increase, resulting in a 1% drop in the forecast cash flows, the recoverable amount will be reduced to a level comparable with its carrying value. If Management's estimated pre-tax WACC applied to the discounted cash flows as at 31 March 2013 is increased by 1%, the recoverable amount will be reduced to a level comparable with its carrying value.

In the previous financial year, Management believed that any reasonable change to the key assumptions above on which the recoverable amounts were based, would not cause the carrying amounts to exceed the recoverable amounts for the taxi operations.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 5 Intangible Asset (cont'd)

In the previous financial 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 were not fully offset by incremental bus revenue from fare adjustments.

## 6 Investments in Subsidiaries

	Company	
	2013 \$'000	2012 \$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(74,163)	(49,759)
	344,169	368,573

During the year, the Company recognised an impairment loss of \$24,404,000 for the investment in subsidiaries due mainly to cumulative losses incurred by SMRT Buses Ltd.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2013 %	2012 %
<sup>1</sup> SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
<sup>1</sup> SMRT Light Rail Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Engineering Pte Ltd. and its subsidiary:	Singapore	100	100
<sup>2</sup> SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
<sup>1</sup> SMRT International Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Investments Pte Ltd and its subsidiary:	Singapore	100	100
<sup>1</sup> SMRT Alpha Pte Ltd	Singapore	70	–
<sup>1</sup> SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
<sup>1</sup> SMRT Buses Ltd.	Singapore	100	100
<sup>1</sup> SMRT Taxis Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Automotive Services Pte. Ltd.	Singapore	100	100
<sup>1</sup> Bus-Plus Services Pte Ltd	Singapore	100	100
<sup>1</sup> SMRT Capital Pte. Ltd.	Singapore	100	100
<sup>1</sup> SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
<sup>4</sup> SMRT Cayman I	Cayman Islands	100	100
<sup>4</sup> SMRT Cayman II	Cayman Islands	100	100
<sup>3</sup> SMRT Hong Kong Limited	Hong Kong	100	100
<sup>1</sup> SMRT Institute Pte Ltd	Singapore	100	100

<sup>1</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>2</sup> Audited by PricewaterhouseCoopers United Arab Emirates

<sup>3</sup> Audited by PricewaterhouseCoopers LLP, Hong Kong

<sup>4</sup> Not required to be audited in its country of incorporation

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 7 Interest in Associate

	Group	
	2013 \$'000	2012 \$'000
Interest in associate	67,848	67,887
Impairment loss	(17,294)	–
	50,554	67,887

During the year, the Group recognised an impairment loss on goodwill included in interest in associate of \$17,294,000 due to uncertainty of government subsidies for the public bus operations, competition within the transport sector and increasing business costs.

Details of the associate are as follows:

Name of associate	Place of incorporation and business	Effective equity interest held by the Group	
		2013 %	2012 %
<b>Held by SMRT Hong Kong Limited</b>			
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:

	2013 \$'000	2012 \$'000
<b>Assets and liabilities</b>		
Total assets	222,089	227,813
Total liabilities	118,741	122,128
<b>Results</b>		
Revenue	58,439	60,392
Profit after taxation	(777)	5,543

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 2013

## 8 Other Investments

	Group	
	2013 \$'000	2012 \$'000
<b>Non-current</b>		
Quoted available-for-sale equity security	5,257	4,278
Quoted held-to-maturity debt securities	26,914	10,354
	32,171	14,632

Held-to-maturity debt securities bear interest at rates ranging from 2.81% to 5.45% (2012: 2.81% to 5.45%) per annum and will mature in 1.92 years to 9.45 years (2012: 2.9 years to 7.0 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	
	2013 \$'000	2012 \$'000
Spare parts, diesel, tyres and consumable stores	78,252	70,190
Allowance for obsolete inventories	(18,351)	(16,510)
	59,901	53,680

## 10 Trade and Other Receivables

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables	10(a)	32,929	33,395	–	–
Other receivables, deposits and prepayments	10(b)	53,145	30,861	3,886	3,118
Amounts due from subsidiaries	10(c)	–	–	60,573	88,899
		86,074	64,256	64,459	92,017

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 10(a) Trade Receivables

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	37,945	37,750
Allowance for doubtful receivables (note 27)	(5,016)	(4,355)
	<b>32,929</b>	<b>33,395</b>

Trade receivables of the Group include \$1,300,000 (2012: \$2,564,000) due from subsidiaries and/or associates of the ultimate holding company and there is no allowance for doubtful debts arising from the outstanding balances.

## 10(b) Other Receivables, Deposits and Prepayments

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deposits	1,341	561	366	145
Prepayments	8,181	9,635	1,475	1,222
Staff loans and advances	525	452	430	383
Interest receivable	139	218	–	–
Recoverable in respect of accident claims	13,872	8,553	–	–
Advances to suppliers	7,692	5,540	266	227
Other receivables	21,395	5,902	1,349	1,141
	<b>53,145</b>	<b>30,861</b>	<b>3,886</b>	<b>3,118</b>

## 10(c) Amounts Due from Subsidiaries

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Current account (trade)	13,944	25,603
Interest-bearing loans	46,629	63,296
	<b>60,573</b>	<b>88,899</b>

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.18% (2012: 0.17%) 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 2013

## 11 Share Capital

	Group and Company			
	2013		2012	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Fully-paid ordinary shares, with no par value</b>				
At 1 April	1,520,186	166,462	1,518,820	164,811
Issue of shares under SMRT ESOP	183	121	530	406
Issue of performance shares under SMRT RSP & SMRT PSP	603	913	836	1,245
At 31 March	1,520,972	167,496	1,520,186	166,462

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, 115,900 and 67,350 (2012: 372,000, 83,300 and 75,000) new fully-paid ordinary shares were issued during the financial year for cash at \$0.676 and \$0.623 (2012: \$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 maintain a capital base and commensurate with the Group's scale of operations to sustain future development of the business and to provide adequate returns to shareholders.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interest. 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 financial year.

Certain subsidiaries of the Group are subject to obligations and capital expenditure requirements imposed under the License and Operating Agreement in note 2. The Company undertakes periodic discussions with the regulator to enable such requirements be fulfilled in meeting its capital management objectives.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 12 Reserves

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Fair value reserve	1,547	568	–	–
Hedge reserve	(283)	(471)	–	–
Share-based payment reserve	2,560	2,316	2,560	2,316
Foreign currency translation reserve	(2,878)	(3,168)	–	–
	946	(755)	2,560	2,316

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, Mr Tan Ek Kia and Madam Moliyah Binte Hashim.

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 2013

## 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 cumulatively 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 2013

## 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 2012	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2013	Proceeds on exercise of options during the year credited to share capital \$'000	Weighted average share price at exercise date of options	Exercise period
22/7/2002	\$0.676	337,600	(115,900)	(221,700)	–	79	\$1.666	22/7/2003 to 21/7/2012
22/7/2003	\$0.623	392,500	(67,350)	(3,000)	322,150	42	\$1.497	22/7/2004 to 21/7/2013
		730,100	(183,250)	(224,700)	322,150	121		

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 2013

## 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 2013

## 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
<b>Plan description</b>	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 one-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
<b>Date of grant</b>	26 December 2012	26 December 2012
<b>Performance period</b>	1 April 2012 to 31 March 2015	1 April 2012 to 31 March 2013
<b>Vesting condition</b>	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
<b>Payout</b>	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 2013

## 13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

	2013		2012	
	SMRT PSP	SMRT RSP	SMRT PSP	SMRT RSP
<b>Historical volatility</b>				
SMRT	13.62%	13.62%	13.46%	13.46%
Straits Times Index	16.16%		21.20%	
<b>Risk-free interest rates</b>				
Yield of Singapore Government Securities on Date of Grant				
Term	0.26%	0.25% – 0.26%	0.22%	0.15% – 0.32%
	2.5 years	0.5 to 2.5 years	2.3 years	1.3 to 3.3 years
<b>SMRT expected dividend yield</b>	— Management's forecast —		— Management's forecast —	
<b>Share price at grant date</b>	\$1.69	\$1.69	\$1.74	\$1.74

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 2012	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2013 or as at date of resignation
<b>28 August 2009</b>						
– For senior management	24,000	–	(24,000)	–	–	–
– For executive director (Saw Phaik Hwa) *	100,000	–	(100,000)	–	–	–
<b>23 August 2010</b>						
– For senior management	36,000	–	–	–	–	36,000
– For executive director (Saw Phaik Hwa) *	100,000	–	(100,000)	–	–	–
<b>30 March 2012</b>						
– For senior management	246,000	–	–	–	–	246,000
<b>26 December 2012</b>						
– For senior management	–	310,000	–	–	–	310,000
	506,000	310,000	(224,000)	–	–	592,000

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 13 Equity Compensation Benefits (cont'd)

SMRT RSP and SMRT PSP (collectively "the Plans") (cont'd)

SMRT PSP

Grant date	Balance as at 1 April 2011	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
<b>9 February 2009</b>						
– For senior management	114,500	–	(93,500)	(18,100)	(2,900)	–
– For executive director (Saw Phaik Hwa) *	85,000	–	–	(73,100)	(11,900)	–
<b>28 August 2009</b>						
– For senior management	134,000	–	(110,000)	–	–	24,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
<b>23 August 2010</b>						
– For senior management	156,000	–	(120,000)	–	–	36,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
<b>30 March 2012</b>						
– 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 26 December 2012 pursuant to SMRT PSP was \$0.495.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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 2012	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2013 or as at date of resignation
<b>9 February 2009</b>						
– For senior management	117,900	–	–	(117,900)	–	–
– For executive director (Saw Phaik Hwa) *	31,100	–	–	(31,100)	–	–
<b>28 August 2009</b>						
– For senior management	356,800	–	(27,800)	(184,200)	–	144,800
– For executive director (Saw Phaik Hwa) *	76,700	–	(38,400)	(38,300)	–	–
<b>23 August 2010</b>						
– For senior management	702,000	–	(93,200)	(231,200)	(42,200)	335,400
– For executive director (Saw Phaik Hwa) *	100,000	–	(100,000)	–	–	–
<b>30 March 2012</b>						
– For senior management	965,500	–	(113,000)	–	–	852,500
<b>26 December 2012</b>						
– For senior management	–	1,311,000	(154,000)	–	–	1,157,000
	2,350,000	1,311,000	(526,400)	(602,700)	(42,200)	2,489,700

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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 the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
<b>12 November 2007</b>						
– For senior management	190,800	–	(42,500)	(148,300)	–	–
– For executive director (Saw Phaik Hwa) *	34,000	–	–	(34,000)	–	–
<b>9 February 2009</b>						
– For senior management	391,900	–	(99,100)	(174,900)	–	117,900
– For executive director (Saw Phaik Hwa) *	62,300	–	–	(31,200)	–	31,100
<b>28 August 2009</b>						
– 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
<b>23 August 2010</b>						
– For senior management	934,000	–	(232,000)	–	–	702,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
<b>30 March 2012</b>						
– 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 26 December 2012 pursuant to SMRT RSP range from \$1.513 to \$1.630.

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 2013 were 592,000 and 2,489,700 (2012: 506,000 and 2,350,000) 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 879,000 and 2,911,800 (2012: 694,000 and 2,721,300) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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	
	2013	2012
	\$'000	\$'000
Expenses		
(i) Performance share plan under SMRT PSP	(121)	(50)
(ii) Performance-based restricted shares under SMRT RSP	1,278	689
	1,157	639

## 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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>				
Unsecured quoted fixed rate notes	600,000	150,000	-	-
Secured loan from third party	7,125	-	-	-
	607,125	150,000	-	-
<b>Current liabilities</b>				
Secured loan from third party	540	-	-	-
Unsecured loan from non-controlling shareholder of subsidiary	1,807	-	-	-
	2,347	-	-	-
<b>Total</b>	<b>609,472</b>	<b>150,000</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 14 Interest-Bearing Borrowings (cont'd)

### Terms and debt repayment schedule

	Interest rate	Year of maturity	Note	Carrying amount	
				2013 \$'000	2012 \$'000
<b>Group</b>					
Unsecured loan from non-controlling shareholder of subsidiary	4.00%	Repayable on demand		1,807	–
Unsecured quoted fixed rate notes	2.42%	2014	(b)(i)	150,000	150,000
Unsecured quoted fixed rate notes	1.20%	2017	(b)(ii)	350,000	–
Unsecured quoted fixed rate notes	2.36%	2022	(b)(iii)	100,000	–
Secured loan from third party	6.00%	2031	(c)	7,665	–
				609,472	150,000

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.

Details of notes outstanding at the balance sheet date are as follows:

- (i) 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.
- (ii) The S\$350 million 5-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2017. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (iii) The S\$100 million 10-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2022. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (c) The loan from third party extended to a subsidiary is secured on a fixed charge over the buses and associated accessories acquired under the Bus Service Enhancement Programme (“BSEP”). The repayment of loan is funded to the extent of the BSEP grant made available to the subsidiary. At balance sheet date, the carrying amount of buses and associated accessories pledged amounted to \$14,372,000 (2012: \$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 14 Interest-Bearing Borrowings (cont'd)

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 guarantees amounted to \$651,914,000 (2012: \$160,900,000). The period in which the financial guarantees expire is as follows:

	Company	
	2013 \$'000	2012 \$'000
Less than 1 year	10,193	3,630
Between 1 and 5 years	532,263	157,270
More than 5 years	109,458	–
	651,914	160,900

## 15 Provisions

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Liability for defined benefit plan	15(a)	55	3,034	–	–
Liability for short-term accumulating compensated absences	15(b)	1,497	1,284	261	216
Provision for accident claims	15(c)	43,824	36,570	–	–
		45,376	40,888	261	216
Current		45,321	37,911	261	216
Non-current		55	2,977	–	–
		45,376	40,888	261	216

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 15 Provisions (cont'd)

### (a) Liability for defined benefit plan (cont'd)

#### *Movements in the net liability recognised in the balance sheet*

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At 1 April		3,034	3,312	–	30
Expense recognised/(reversed) during the year	21(b)	699	(184)	137	(30)
Payments made		(3,678)	(94)	(137)	–
At 31 March		55	3,034	–	–

#### *Recognised in the income statement*

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current service costs	230	205	137	(30)
Interest on obligations	77	65	–	–
Actuarial loss/(gain)	392	(454)	–	–
	699	(184)	137	(30)

#### *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	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At 1 April		1,284	1,434	216	255
Provision made/(reversed) during the year	21(b)	213	(150)	45	(39)
At 31 March		1,497	1,284	261	216

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 15 Provisions (cont'd)

### (c) Provision for accident claims

Provision for accident 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	
	2013 \$'000	2012 \$'000
At 1 April	36,570	26,949
Provision made during the year	35,169	27,821
Provision reversed during the year	(419)	(1,041)
Provision used during the year	(27,496)	(17,159)
At 31 March	43,824	36,570

## 16 Deferred Tax

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

Group	At 1/4/2011 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2012 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2013 \$'000
	Excess of net book value over tax written down value of property, plant and equipment	129,230	7,838	–	137,068	19,633	–
Unutilised tax losses	(90)	90	–	–	–	–	–
Other temporary differences	(10,898)	(2,001)	39	(12,860)	(1,013)	39	(13,834)
	118,242	5,927	39	124,208	18,620	39	142,867
<b>Company</b>							
Excess of net book value over tax written down value of property, plant and equipment	769	604	–	1,373	47	–	1,420
Other temporary differences	(48)	12	–	(36)	(7)	–	(43)
	721	616	–	1,337	40	–	1,377

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 17 Fuel Equalisation Account (“FEA”)

	Group	
	2013	2012
	\$'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

		Group		Company	
	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Grants received		480,920	480,583	150	98
Accumulated amortisation:					
At 1 April		(417,825)	(405,676)	(41)	(21)
Amortisation during the year		(10,558)	(11,426)	(22)	(20)
Released on assets disposed/written-off	21(a)	(48)	(723)	–	–
At 31 March		(428,431)	(417,825)	(63)	(41)
		52,489	62,758	87	57

Included in grants received is \$480,000,000 (2012: \$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

		Group		Company	
	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Trade payables and accrued operating expenses	19(a)	174,964	155,389	12,978	11,419
Other payables and refundable deposits	19(b)	402,174	390,767	2,416	2,615
Amounts due to subsidiaries	19(c)	–	–	142	184
		577,138	546,156	15,536	14,218

Outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include \$1,032,000 (2012: \$13,813,000) due to subsidiaries and/or associates of the ultimate holding company.

Trade payables and accrued operating expenses of the Company include \$68,000 (2012: \$25,000) due to subsidiaries and/or associates of the ultimate holding company.

Trade payables and accrued operating expenses are unsecured, interest-free and repayable on demand.

## 19(b) Other Payables and Refundable Deposits

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Unearned revenue	1,691	2,190	–	–
Rental deposits	28,291	27,037	–	–
Other deposits	5,801	5,939	82	111
Interest payable	4,941	1,750	–	–
Purchase of property, plant and equipment	351,330	344,764	1,282	905
Retention monies	5,371	5,371	–	–
Other payables	4,749	3,716	1,052	1,599
	402,174	390,767	2,416	2,615

## 19(c) Amounts Due to Subsidiaries

	Company	
	2013 \$'000	2012 \$'000
Current account (non-trade)	142	184

The balances are unsecured, interest-free and are repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 20 Revenue

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Passenger revenue	842,469	800,466
Taxi rental	109,569	91,461
Rental revenue	88,393	81,486
Advertising revenue	30,907	30,936
Sales of goods	22,546	23,526
Engineering and others	25,585	29,354
	1,119,469	1,057,229

## 21 Profit before Income Tax

The following items have been included in arriving at profit before income tax:

		<b>Group</b>	
		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Other operating income</b>			
Unutilised tickets and farecards		9,565	9,437
Maintenance income		4,067	6,811
Grant released upon disposal/write-off of property, plant and equipment	18	48	723
Foreign exchange gain		–	89
Insurance compensation on rail asset		8,000	–
Gain on disposal of property, plant and equipment		1,339	–
Others		13,286	4,963
		36,305	22,023

Included in others above is grant of \$2,888,000 (2012: \$Nil) received from the Land Transport Authority of Singapore ("LTA") to defray the cost of purchasing and running additional buses under the Bus Service Enhancement Programme.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 21 Profit before Income Tax (cont'd)

		Group	
	Note	2013 \$'000	2012 \$'000
<b>(b) Staff costs</b>			
Wages and salaries		330,869	289,241
Defined contribution plans		41,755	35,279
Special employment credit		(2,990)	–
Defined benefit plan	15(a)	699	(184)
Short-term accumulating compensated absences	15(b)	213	(150)
Value of employee services received for share-based payment		1,157	639
Other staff-related expenses and benefits-in-kind		23,458	15,316
		395,161	340,141

Included in staff costs is compensation to key management personnel of the Group as follows:

Directors of the Company:

– fees	707	775
– remuneration	993	1,955

Senior management personnel of the Group:

– short-term employee benefits	5,671	6,073
– defined contribution plans	214	157
– share-based payments	880	727
	8,465	9,687

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 21 Profit before Income Tax (cont'd)

	Group	
	2013	2012
	\$'000	\$'000
<b>(c) Other operating expenses</b>		
Audit fees paid to:		
– auditors of the Company	315	306
– other auditors	21	22
Non-audit fees paid to auditors of the Company	199	370
Cost of inventories sold	20,077	21,042
Loss on disposal of property, plant and equipment	–	365
Licence fees paid to LTA	4,857	5,049
Operating lease expenses	3,634	4,847
Property, plant and equipment written off	2,351	3,869
<b>(d) Finance costs</b>		
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	6,838	5,942
	7,065	6,169
<b>(e) Interest and investment income</b>		
Dividends received from available-for-sale equity security	180	155
Interest income from:		
– bank deposits and balances	1,442	998
– available-for-sale debt security	–	132
– held-to-maturity debt securities	683	191
Gain on disposal of available-for-sale debt security	–	235
	2,305	1,711

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 22 Income Tax Expense

	Group	
	2013	2012
	\$'000	\$'000
<b>Current tax expense</b>		
Current year	3,147	19,012
Underprovision in respect of prior years	97	2,110
	3,244	21,122
<b>Deferred tax expense</b>		
Movements in temporary differences	17,395	6,687
Under/(Over) provision in respect of prior years	1,225	(760)
	18,620	5,927
Income tax expense	21,864	27,049

	Group	
	2013	2012
	\$'000	\$'000
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	105,064	146,922
Less: Share of result of associate (net of tax)	381	(2,716)
	105,445	144,206
Tax calculated using Singapore tax rate of 17% (2012: 17%)	17,926	24,515
Expenses not deductible for tax purposes	5,829	6,445
Income not subject to tax	(2,029)	(2,470)
Underprovision in respect of prior years	1,322	1,350
Tax incentives	(1,302)	(2,770)
Others	118	(21)
	21,864	27,049

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 22 Income Tax Expense (cont'd)

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	<b>Group</b>					
	2013			2012		
	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	290	–	290	1,231	–	1,231
Fair value adjustments on available-for-sale financial assets	979	–	979	(876)	–	(876)
Fair value adjustments on cash flow hedge	227	(39)	188	227	(39)	188
Other comprehensive income	1,496	(39)	1,457	582	(39)	543

Deferred tax balances have not been recognised for the following temporary differences:

	<b>Group</b>	
	2013 \$'000	2012 \$'000
Shortfall of net book value over tax written down value of property, plant and equipment	(987)	(465)
Deductible temporary differences	3,296	2,870
Unutilised tax losses	1,812	1,216
	4,121	3,621

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 23 Earnings Per Share

Basic earnings per share is based on:

	Group	
	2013 \$'000	2012 \$'000
Net profit attributable to ordinary shareholders	83,338	119,873

	Group	
	2013 No. of shares '000	2012 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,520,186	1,518,820
– shares issued under share option scheme	143	427
– shares issued under share plan	249	325
Weighted average number of ordinary shares in issue	1,520,578	1,519,572

Diluted earnings per share is based on:

	Group	
	2013 \$'000	2012 \$'000
Net profit attributable to ordinary shareholders	83,338	119,873

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	
	2013 No. of shares '000	2012 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,520,578	1,519,572
– unissued shares under SMRT ESOP	322	731
– contingently issuable shares under SMRT PSP and SMRT RSP	2,001	1,651
Number of shares that would have been issued at fair value	(120)	(261)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,522,781	1,521,693

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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 24 Operating Segments (cont'd)

	← Rail →		Bus operations \$'000	Taxi operations \$'000
	MRT \$'000	LRT \$'000		
<b>(a) Revenue and expenses</b>				
<b>2013</b>				
Revenue				
– external customers	607,864	10,660	223,947	132,113
– inter-segment	–	–	363	–
Operating expenses (net of other income)	(467,212)	(11,618)	(227,667)	(95,112)
Depreciation and amortisation	(75,532)	(89)	(27,420)	(30,563)
Segment operating results	65,120	(1,047)	(30,777)	6,438
Impairment of investment in associate				
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit after taxation				
Non-controlling interest				
Profit for the year attributable to equity holders of SMRT				
<b>2012</b>				
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				

\* This relates to the impairment of goodwill on bus operations.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	← Reconciliation →		
				Sub-total \$'000	Elimination \$'000	Total \$'000
88,393	30,907	25,389	196	1,119,469	-	1,119,469
-	43	573	55,340	56,319	(56,319)	-
(10,774)	(10,330)	(23,955)	(51,041)	(897,709)	56,319	(841,390)
(10,604)	(2,265)	(66)	(3,016)	(149,555)	(1,025)	(150,580)
67,015	18,355	1,941	1,479	128,524	(1,025)	127,499
						(17,294)
						(7,065)
						2,125
						180
						(381)
						(21,864)
						83,200
						138
						83,338
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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 24 Operating Segments (cont'd)

	← Rail →		Bus operations \$'000	Taxi operations \$'000
	MRT \$'000	LRT \$'000		
<b>(b) Assets and liabilities</b>				
<b>2013</b>				
Operating assets	1,129,355	3,304	227,694	230,751
Assets under construction	60,391	875	33,285	2,250
Segment assets	1,189,746	4,179	260,979	233,001
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Total assets				
Segment liabilities	780,650	19,976	227,908	214,495
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
<b>2012</b>				
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				
<b>(c) Other segment information</b>				
<b>2013</b>				
Capital expenditure	57,490	1,058	75,329	118,014
Non-cash expenses other than depreciation, impairment losses and amortisation	1,493	424	6,549	15,324
<b>2012</b>				
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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

Rental \$'000	Advertising \$'000	Engineering and other services \$'000	Investment holding and support services \$'000	Reconciliation		
				Sub-total \$'000	Elimination \$'000	Total \$'000
199,929	26,082	18,724	159,641	1,995,480	(536,600)	1,458,880
21,678	2,637	41	1,735	122,892	-	122,892
221,607	28,719	18,765	161,376	2,118,372	(536,600)	1,581,772
						13,614
						50,554
						578,465
						2,224,405
32,867	5,643	7,286	67,878	1,356,703	(661,388)	695,315
						8,191
						609,472
						142,867
						1,455,845
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
10,765	1,461	7	3,387	267,511	(1,410)	266,101
20	3	922	1,321	26,056	(791)	25,265
23,351	2,726	254	5,578	496,108	-	496,108
(12)	-	(44)	577	43,735	(168)	43,567

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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 \$'000	Others \$'000	Consolidated total \$'000
<b>2013</b>			
Revenue	1,119,469	–	1,119,469
Non-current assets *	1,449,411	49,843	1,499,254
<b>2012</b>			
Revenue	1,056,565	664	1,057,229
Non-current assets *	1,360,111	67,887	1,427,998

\* 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:

	Group	
	2013 \$'000	2012 \$'000
<b>Other related parties</b>		
Maintenance income received/receivable	2,272	1,809
Charter hire income received/receivable	162	76
Service income received/receivable	20	1,100
Sales of other goods and services	2,906	8,666
Purchases of goods and services	77,698	116,268

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 26 Commitments

The Group had the following commitments as at the balance sheet date:

	Group	
	2013 \$'000	2012 \$'000
<b>(a) Capital expenditure commitments:</b>		
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	395,623	175,537
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	512,272	687,236

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to \$26,367,000 (2012: \$29,663,000) 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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Within 1 year	5,084	4,392	3,450	3,114
After 1 year but within 5 years	65,516	2,098	4,800	734
After 5 years	131,592	93	–	–
	202,192	6,583	8,250	3,848

The Group leases depot spaces, commercial 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 lease receivable:

	Group	
	2013 \$'000	2012 \$'000
Within 1 year	74,720	75,277
After 1 year but within 5 years	63,493	78,577
After 5 years	3,950	3,720
	142,163	157,574

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to \$5,121,000 (2012: \$1,773,000).

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management

### Overview

The Group's activities are exposed to various financial risks namely credit risk, liquidity risk, market risk, foreign currency risk and interest rate risk. The Group seeks to manage its financial risk to minimize the potential adverse effects of these risks on the financial performance of the Group. It is the Group's policy not to engage in foreign exchange and/or derivatives speculation.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. 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.

Except for the intra-group financial guarantees as disclosed in note 14, 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 2013, only 4.7% (2012: 4.9%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 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:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Taxi operations	1,813	1,614
Bus operations	5,708	4,841
Rail operations	7,848	9,643
Advertising business	7,358	7,422
Rental of premises	1,412	2,698
Others	8,790	7,177
	32,929	33,395

The Group has a large and diversified customer base. As at 31 March 2013, there was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$8,303,000 (2012: \$9,842,000) that is due from Transit Link Pte Ltd, which is a subsidiary of Land Transport Authority.

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 receivables are trade debtors with the following aging analysis as of the balance sheet date:

<b>Group</b>	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2013</b>	<b>losses</b>	<b>2012</b>	<b>losses</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not past due	19,511	3	17,116	–
Past due 1 - 30 days	6,724	4	7,327	497
Past due 31 - 120 days	6,409	429	7,624	366
Past due more than 120 days	5,301	4,580	5,683	3,492
	37,945	5,016	37,750	4,355

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### Credit risk (cont'd)

#### *Impairment losses for receivables (cont'd)*

The changes in impairment loss in respect of trade receivables during the financial year are as follows:

	Group	
	2013	2012
	\$'000	\$'000
At 1 April	4,355	3,969
Impairment loss recognised	1,230	1,039
Write-off against debtors	(569)	(640)
Translation during the year	–	(13)
At 31 March	5,016	4,355

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 financial year.

#### *Financial guarantees*

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 guarantees are eliminated in preparing the consolidated financial statements.

#### **Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and sufficient credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows from time to time.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### Liquidity risk (cont'd)

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 the next 1 to 5 years \$'000	More than 6 years \$'000
<b>2013</b>					
<b>Non-derivative financial liabilities</b>					
Unsecured quoted fixed rate notes due 2014 <sup>^</sup>	150,000	157,260	3,630	153,630	–
Unsecured quoted fixed rate notes due 2017 <sup>^</sup>	350,000	371,012	4,200	366,812	–
Unsecured quoted fixed rate notes due 2022 <sup>^</sup>	100,000	123,642	2,363	11,821	109,458
Unsecured loan from non-controlling shareholder of subsidiary	1,807	1,880	1,880	–	–
Secured loan from third party	7,665	11,314	985	4,292	6,037
Trade and other payables <sup>*</sup>	570,506	570,506	570,506	–	–
	1,179,978	1,235,614	583,564	536,555	115,495
<b>2012</b>					
<b>Non-derivative financial liabilities</b>					
Unsecured quoted fixed rate notes due 2014 <sup>^</sup>	150,000	160,900	3,630	157,270	–
Trade and other payables <sup>*</sup>	542,216	542,216	542,216	–	–
	692,216	703,116	545,846	157,270	–
<b>Company</b>					
<b>2013</b>					
<b>Non-derivative financial liabilities</b>					
Amounts due to subsidiaries	142	142	142	–	–
Trade and other payables <sup>*</sup>	15,394	15,394	15,394	–	–
	15,536	15,536	15,536	–	–
<b>2012</b>					
<b>Non-derivative financial liabilities</b>					
Amounts due to subsidiaries	184	184	184	–	–
Trade and other payables <sup>*</sup>	14,034	14,034	14,034	–	–
	14,218	14,218	14,218	–	–

<sup>\*</sup> Excludes unearned revenue and interest payable

<sup>^</sup> Includes interest payable

Information relating to financial guarantees issued by the Company is set out in note 14.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### 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.

### 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 2013, the currencies giving rise to this risk were primarily the United States dollar (USD), Euro dollar (EURO), British Pound (GBP) and Japanese Yen (JPY).

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 2013 and 31 March 2012.

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:

	2013				2012			
	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000

### Group

Trade and other payables	(6,279)	(2,583)	(203)	(843)	(6,774)	(1,830)	(318)	(263)
--------------------------	---------	---------	-------	-------	---------	---------	-------	-------

The Company does not have any significant foreign currency exposure as at 31 March 2013 or as at 31 March 2012.

### Sensitivity analysis

A 10% (2012: 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	
	2013 \$'000	2012 \$'000
USD	628	677
EUR	258	183
GBP	20	32
JPY	84	29
Net Impact	990	921

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### Foreign currency risk (cont'd)

#### *Sensitivity analysis (cont'd)*

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.

### 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	
	2013 %	2012 %
<b>Financial assets</b>		
Fixed deposits with banks and financial institutions	0.35	0.35
Held-to-maturity debt securities	3.53	4.18
<b>Financial liabilities</b>		
Unsecured quoted fixed rate notes due 2014	2.57	2.57
Unsecured quoted fixed rate notes due 2017	1.20	–
Unsecured quoted fixed rate notes due 2022	2.36	–
Unsecured loan from non-controlling shareholder of subsidiary	4.00	–
Secured loan from third party	6.00	–
<b>Company</b>		
<b>Financial assets</b>		
Amounts due from subsidiaries	0.18	0.17

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### Interest rate risk (cont'd)

#### *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:

<b>Group</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Fixed deposits with banks and financial institutions	213,782	157,687
<b>Company</b>		
<b>Financial assets</b>		
Amounts due from subsidiaries	46,629	63,296

For these variable-rate financial assets and liabilities, an increase in 100 basis points (2012: 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.

	<b>Group</b>	<b>Company</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2013</b>		
Variable rate instruments	2,138	466
<b>2012</b>		
Variable rate instruments	1,577	633

A 100 basis points (2012: 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 securities 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 \$525,000 (2012: \$428,000).

The Company has no equity investments apart from its investments in subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### 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 2013 are represented in the following table:

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Group</b>					
<b>Financial assets</b>					
Held-to-maturity debt securities	8	26,914	26,963	10,354	10,526
Unrecognised gain			49		172
<b>Financial liabilities</b>					
Unsecured quoted fixed rate notes	14	600,000	609,911	150,000	156,036
Secured loan from third party		7,125	8,989	–	–
		607,125	618,900	150,000	156,036
Unrecognised loss			(11,775)		(6,036)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

The fair value of secured loan from third party is determined by discounting the relevant cash flows using market interest rate 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### 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).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2013</b>				
Quoted available-for-sale equity security	5,257	–	–	5,257
<b>2012</b>				
Quoted available-for-sale equity security	4,278	–	–	4,278

The Company did not have any financial instrument carried at fair value as at 31 March 2013 or as at 31 March 2012.

### Financial instruments by category

	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000
<b>Group</b>				
<b>2013</b>				
Other investments	–	26,914	5,257	–
Trade and other receivables *	70,201	–	–	–
Financial liabilities	–	–	–	(609,472)
Trade and other payables ^	–	–	–	(575,447)
	70,201	26,914	5,257	(1,184,919)
<b>2012</b>				
Other investments	–	10,354	4,278	–
Trade and other receivables *	49,081	–	–	–
Financial liabilities	–	–	–	(150,000)
Trade and other payables ^	–	–	–	(543,966)
	49,081	10,354	4,278	(693,966)

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 27 Financial Risk Management (cont'd)

### Financial instruments by category (cont'd)

	Loans and receivables \$'000	Held-to- maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000
<b>Company</b>				
<b>2013</b>				
Trade and other receivables *	62,718	–	–	–
Trade and other payables ^	–	–	–	(15,536)
	62,718	–	–	(15,536)
<b>2012</b>				
Trade and other receivables *	90,568	–	–	–
Trade and other payables ^	–	–	–	(14,218)
	90,568	–	–	(14,218)

\* Excludes prepayments and advances to suppliers

^ Excludes unearned revenue

## 28 Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 1.00 cent (2012: 5.70 cents) per share, amounting to a net dividend of \$15,209,723 (2012: \$86,650,625). 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 2014.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 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 2013 or later periods and which the Group has not early adopted are:

- Amendment to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods commencing on or after 1 July 2012)
- Amendment to FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2013)
- FRS 19 (revised) – Employee Benefits (effective for annual periods commencing on or after 1 January 2013)
- Amendment to FRS 32 – Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- Amendment to FRS 32 Financial Instruments: Presentation (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised) – Separate Financial Statements (effective for annual periods commencing on or after 1 January 2014)
- FRS 28 (revised) – Investments in Associates and Joint Ventures (effective for annual periods commencing on or after 1 January 2014)
- FRS 110 – Consolidated Financial Statements (effective for annual periods commencing on or after 1 January 2014)
- FRS 111 – Joint Arrangements (effective for annual periods commencing on or after 1 January 2014)
- FRS 112 – Disclosure of Interests in Other Entities (effective for annual periods commencing on or after 1 January 2014)
- 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.

## 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.

---

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

## 30 Accounting Estimates and Judgements (cont'd)

### 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.

## 31 Event occurring after balance sheet date

On 1 April 2013, the Group purchased from the Land Transport Authority of Singapore ("LTA") the operating assets for and associated with the Changi Airport Extension and Dover MRT station at carrying value of approximately \$93,000,000.

# 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	8.55
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	2.67
60 Woodlands Industrial Park E	A bus depot comprising garaging with 3 storey workshop facilities and 2-storey ancillary office.	Leasehold	14.32
209 Kranji Road	A single-storey bus depot with office-cum-canteen, workshop, washing shed and other ancillary facilities.	Leasehold	1.75

## 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
<b>Sale of Goods and Services</b>		
Certis CISCO Aviation Security Pte Ltd <sup>(1)</sup>	905	—
MediaCorp Pte Ltd	594	—
PSA Marine Pte Ltd	155	—
Singapore Telecommunications Ltd <sup>(3)</sup>	1,778	—
Singapore Technologies Kinetics Ltd <sup>(2)</sup>	472	—
Singapore Technologies Electronics Ltd <sup>(2)</sup>	156	—
ST Synthesis Pte Ltd <sup>(2)</sup>	160	—
SIA Engineering Company Limited	376	—
Starhub Ltd	3,340	—
<b>Purchases of Goods and Services</b>		
Certis CISCO Security Pte Ltd <sup>(1)</sup>	36,808	—
Singapore Technologies Electronics Ltd <sup>(2)</sup>	1,054	—
Singapore Technologies Kinetics Ltd <sup>(2)</sup>	66,332	—
Singapore Telecommunications Ltd <sup>(3)</sup>	1,435	—
NCS Communications Engineering Pte Ltd <sup>(3)</sup>	2,720	—
Singapore Test Services Pte Ltd <sup>(2)</sup>	137	—
Power Automation Pte Ltd	8,163	—

<sup>(1)</sup> Part of Certis CISCO Security Group

<sup>(2)</sup> Part of Singapore Technologies Engineering Group

<sup>(3)</sup> Part of SingTel Group

# STATISTICS OF SHAREHOLDINGS

As at 6 June 2013

## Share Capital

Number of shares issued	:	1,520,981,846
Issued and fully paid capital	:	S\$167,501,544.548
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	114	0.22	47,681	0.00
1,000 – 10,000	45,361	86.67	144,392,785	9.49
10,001 – 1,000,000	6,834	13.05	283,721,521	18.66
1,000,001 and above	30	0.06	1,092,819,859	71.85
<b>Total</b>	<b>52,339</b>	<b>100.00</b>	<b>1,520,981,846</b>	<b>100.00</b>

## Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Temasek Holdings (Pte) Ltd	824,400,030	54.20
2	DBSN Services Pte Ltd	63,387,782	4.17
3	DBS Nominees Pte Ltd	44,755,267	2.94
4	Citibank Nominees Singapore Pte Ltd	43,800,764	2.88
5	HSBC (Singapore) Nominees Pte Ltd	29,232,959	1.92
6	United Overseas Bank Nominees Pte Ltd	17,049,323	1.12
7	Raffles Nominees (Pte) Ltd	10,522,765	0.69
8	OCBC Nominees Singapore Pte Ltd	7,943,326	0.52
9	HL Bank Nominees (S) Pte Ltd	5,259,000	0.35
10	BNP Paribas Nominees Singapore Pte Ltd	5,245,120	0.34
11	Bank of Singapore Nominees Pte Ltd	5,137,000	0.34
12	Quah Wee Lai	3,600,000	0.24
13	CIMB Securities (Singapore) Pte. Ltd.	3,173,199	0.21
14	DBS Vickers Securities (S) Pte Ltd	3,118,438	0.21
15	Tan Nak Yong	2,500,000	0.16
16	Phillip Securities Pte Ltd	2,421,600	0.16
17	Yim Chee Chong	2,300,000	0.15
18	Tan Chong & Sons Motor Company (Singapore) Private Limited	2,000,000	0.13
19	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,966,000	0.13
20	UOB Kay Hian Pte Ltd	1,929,000	0.13
	<b>Total</b>	<b>1,079,741,573</b>	<b>70.99</b>

---

# STATISTICS OF SHAREHOLDINGS

As at 6 June 2013

## SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Temasek Holdings (Private) Limited	824,400,030	54.20	807,195	0.05

Note: Temasek Holdings (Private) Limited is deemed to be interested in the 807,195 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 6 June 2013, approximately 45.72% 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 Fourteenth Annual General Meeting of the Company will be held at NTUC Centre, No. 1 Marina Boulevard, NTUC Auditorium, Level 7, Singapore 018989, on Monday, 29 July 2013 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 2013 together with the Auditors' Report thereon.
2. To declare a Final (tax exempt one-tier) Dividend of 1 cent per share in the Company (each a "**Share**") for the financial year ended 31 March 2013.
3. To approve the sum of \$706,937 as Directors' Fees for the financial year ended 31 March 2013 (FY 2012: \$728,397).
4. To re-elect the following Directors who are retiring pursuant to Article 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - (i) Mr Lee Seow Hiang;
  - (ii) Mr Ong Ye Kung;
  - (iii) Mr Bob Tan Beng Hai; and
  - (iv) Mr Tan Ek Kia.
5. To re-elect the following Directors who are retiring pursuant to Article 100 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - (i) Mr Patrick Ang Peng Koon;
  - (ii) Mdm Moliyah Binte Hashim;
  - (iii) Mr Yap Kim Wah; and
  - (iv) Mr Desmond Kuek Bak Chye.
6. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

## AS SPECIAL BUSINESS:

7. To consider, and if thought fit, to pass, with or without any modification, the following resolutions as Ordinary Resolutions:
  - 7.1 That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), authority be and is hereby given to the Directors to:
    - (a) (i) issue 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) securities, options, warrants, debentures or other instruments convertible into Shares,

---

# NOTICE OF ANNUAL GENERAL MEETING

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,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares, if any), (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 shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed five per cent (5%) 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 (the "SGX-ST") from time to time) 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, if any) shall be based on the total number of issued Shares (excluding treasury shares, if any) at the time this Resolution is passed, after adjusting for:
  - (i) any new Shares arising from the conversion or exercise of any 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 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; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2 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 fully paid 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 new Shares to be issued under the SMRT ESOP, when aggregated with existing Shares delivered and/or to be delivered pursuant to the SMRT RSP and SMRT PSP, 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 new 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 two per cent (2%) of the total number of issued Shares (excluding treasury shares) from time to time.

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (“Chapter 9”), for the Company, its subsidiaries and associated companies that are entities at risk as defined under Chapter 9, to enter into any of the transactions falling within the types of interested person transactions described in Appendix A to this Notice of Annual General Meeting (“Appendix A”), with any person who falls within the classes of interested persons described in Appendix A, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and in accordance with the review procedures for interested person transactions as set out in Appendix A (the “IPT Mandate”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the date that the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier; and
- (c) the Directors be and are hereby authorised to complete and do all such acts and things (including, without limitation, 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 IPT Mandate and/or this Resolution.

9. 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, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors 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 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 as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

---

# NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (“Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate (as more particularly set out in Appendix B) may be exercised by the Directors 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 purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) market days (a “market day” being a day on which the SGX-ST is open for trading in securities) on which transactions in the Shares were recorded immediately preceding the date of Share purchase or acquisition by the Company (for an On-Market Purchase) or, as the case may be, the date of the making of the offer (for an Off-Market Purchase), deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate actions occurring after the relevant five (5) day period;

“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;

“Maximum Price” in relation to a Share to be purchased or acquired, means the maximum purchase price (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 per cent. of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120 per cent. of the Average Closing Price of the Shares; and

“Prescribed Limit” means the number of issued Shares representing 5% of the total number of Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

---

# NOTICE OF ANNUAL GENERAL MEETING

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

10. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

That the Articles of Association of the Company be amended in the manner and to the extent as set out in Appendix C to this Notice of Annual General Meeting.

## ANY OTHER BUSINESS

11. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board  
Jacquelin Tay Gek Poh  
Company Secretary

Singapore  
5 July 2013

## 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 1 August 2013 to 2 August 2013 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Fourteenth Annual General Meeting, will be paid on 14 August 2013 to members on the Register as at 31 July 2013. 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 31 July 2013 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 Directors' fee structure proposed for FY13 remains unchanged from FY12. The Directors' fee structure (per annum) is 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 Lee Seow Hiang will, upon re-election as a Director of the Company, continue to serve as Member of the Remuneration Committee and the Nominating Committee. Mr Lee Seow Hiang is an independent director.

Resolution 4(ii)                      Mr Ong Ye Kung will, upon re-election as a Director of the Company, continue to serve as Chairman of the Nominating Committee and Member of the Executive Committee. Mr Ong Ye Kung is an independent director.

Resolution 4(iii)                      Mr Bob Tan Beng Hai will, upon re-election as a Director of the Company, continue to serve as Chairman of the Board Risk Committee, and Member of the Audit Committee and the Executive Committee. Mr Bob Tan Beng Hai is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 4(iv)                      Mr Tan Ek Kia will, upon re-election as a Director of the Company, continue to serve as Member of the Remuneration Committee, the Board Risk Committee and the Executive Committee. Mr Tan Ek Kia is a non-independent director.

Resolution 5(i)                      Mr Patrick Ang Peng Koon is an independent director.

Resolution 5(ii)                      Mdm Moliah Binte Hashim will, upon re-election as a Director of the Company, continue to serve as Member of the Remuneration Committee. Mdm Moliah Binte Hashim is an independent director.

Resolution 5(iii)                      Mr Yap Kim Wah will, upon re-election as a Director of the Company, continue to serve as a Member of the Audit Committee and the Board Risk Committee. Mr Yap Kim Wah is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

---

# NOTICE OF ANNUAL GENERAL MEETING

Resolution 5(iv) Mr Desmond Kuek Bak Chye will, upon re-election as a Director of the Company, continue to serve as Member of the Executive Committee. Mr Desmond Kuek Bak Chye is the President and CEO of the Company and hence is a non-independent director.

## **Explanatory notes on Special Business to be transacted:**

Resolution 7.1 Is to empower the Directors, from the date of the passing of Resolution 7.1 to the date of the next Annual General Meeting, 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), with a sub-limit of five per cent (5%) of the total number of issued Shares (excluding treasury shares) for issues other than on a pro-rata basis to existing shareholders of the Company. The sub-limit of five per cent (5%) for *non-pro rata* issues is lower than the twenty per cent (20%) sub-limit allowed under the Listing Manual of the SGX-ST. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that Resolution 7.1 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or the vesting of Share awards which are outstanding or subsisting at the time that Resolution 7.1 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares.

Resolution 7.2 Is to empower the Directors from the date of this Annual General Meeting of the Company until 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 to (a) grant awards under the SMRT RSP and/or the SMRT PSP, and (b) allot and issue Shares under the SMRT ESOP and/or pursuant to the vesting of awards under the SMRT RSP and/or the SMRT PSP, provided that:

- (i) the aggregate number of new Shares to be issued under the SMRT ESOP, when aggregated with existing Shares delivered and/or to be delivered pursuant to the SMRT RSP and SMRT PSP, shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares, if any) from time to time; and
- (ii) the aggregate number of new 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 two per cent (2%) of the total number of issued Shares (excluding treasury shares) from time to time.

Resolution 8 Is to authorise the Interested Person Transactions as described in Appendix A to this Notice of Annual General Meeting and recurring in the year, and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier.

---

# NOTICE OF ANNUAL GENERAL MEETING

Resolution 9 Is to empower the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate five per cent. (5%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares) in the capital of the Company from the date of the Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, whether by way of market purchase(s) or off-market purchase(s), as more particularly set out in Appendix B to this Notice of Annual General Meeting.

The Company intends to use its internal sources of funds and/or external borrowings to finance the purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire the Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. Please see Appendix B to this Notice of Annual General Meeting for an illustration of the financial effects of an assumed purchase or acquisition of the Shares by the Company, based on the audited financial statements of the Company for the financial year ended 31 March 2013 and on certain assumptions, as more particularly set out in Appendix B.

Resolution 10 Is to propose amendments to the Articles of Association of the Company in the manner and to the extent as set out in Appendix C to this 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 (2) 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'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 appointed for the Fourteenth Annual General Meeting.

# PROXY FORM

## ANNUAL GENERAL MEETING

### SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No: 200001855H)

**Important:**

1. 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.
2. 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.
3. 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).
4. 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 Fourteenth Annual General Meeting of the Company, to be held at NTUC Centre, No. 1 Marina Boulevard, NTUC Auditorium, Level 7, Singapore 018989, on Monday, 29 July 2013 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.

Resolutions		Indicate your vote For or Against with a tick	
No.	Ordinary Business	For	Against
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 Lee Seow Hiang as Director		
4(ii)	Re-election of Mr Ong Ye Kung as Director		
4(iii)	Re-election of Mr Bob Tan Beng Hai as Director		
4(iv)	Re-election of Mr Tan Ek Kia as Director		
5(i)	Re-election of Mr Patrick Ang Peng Koon as Director		
5(ii)	Re-election of Mdm Moliyah Binte Hashim as Director		
5(iii)	Re-election of Mr Yap Kim Wah as Director		
5(iv)	Re-election of Mr Desmond Kuek Bak Chye as Director		
6	Appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
<b>Special Business</b>			
7.1)	Authority for Directors to issue shares		
7.2)	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		
8	Renewal of the General Mandate for Interested Person Transactions		
9	Renewal of the Share Purchase Mandate		
10	Amendments to the Articles of Association of the Company		
11	Any Other Business		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

2nd fold here

**NOTES TO PROXY FORM:**

1. A member entitled to attend and vote at the Fourteenth 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'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 appointed for the Fourteenth 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 Fourteenth 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 Fourteenth Annual General Meeting.
9. To our CDP registered shareholders: Help SMRT reduce our carbon footprint and costs by registering for electronic delivery of shareholder materials. Enroll now at [www.sgx.com/eproxy](http://www.sgx.com/eproxy).

3rd fold here



 SMRT takes corporate citizenship seriously and we endeavour to do our part to protect the environment. 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. PRINTER: This report is printed by an FSC™ certified printer. PRINTING: This report does not have lamination and UV finishing.



**SMRT Corporation Ltd**

Company Registration No.: 200001855H

251 North Bridge Road

Singapore 179102

Tel: +65 6331 1000

Fax: +65 6334 0247

[www.smrt.com.sg](http://www.smrt.com.sg)