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MOVING

SMRT CORPORATION LTD

ANNUAL REPORT 2002

SMRT CORPORATION LTD ANNUAL REPORT 2002

DIRECTORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES

- | | | |
|--|---|---|
| <p>SINGAPORE MRT LTD
SMRT INTERNATIONAL PTE LTD
SMRT INVESTMENTS PTE LTD
RFP INVESTMENTS PTE LTD
TPG INVESTMENTS PTE LTD
251 North Bridge Rd
Singapore 179102
Telephone: 65 63311000
Facsimile: 65 6334 0247
www.smrtcorp.com</p> <p>SMRT ENGINEERING PTE LTD
300 Bishan Rd
Singapore 579828
Telephone: 65 65548000
Facsimile: 65 64537645
www.smrtcorp.com</p> <p>SINGAPORE LRT PTE LTD
1 Woodland Rd
#03-01 Ten Mile Junction
Singapore 677899
Telephone: 65 68936456
Facsimile: 65 67626732
www.slrt.com.sg</p> <p>TIBS HOLDINGS LTD
TRANS-ISLAND BUS SERVICES LTD
SINGAPORE SHUTTLE BUS (PTE) PTD
TIBS TRADING PTE LTD
TIBS INVESTMENT PTE LTD
6 Ang Mo Kio St 62
Singapore 569140
Telephone: 65 64823888
Facsimile: 65 64823842
www.tibs.com.sg</p> | <p>TIBS TAXIS PTE LTD
60 Woodlands
Industrial Park E4,
Singapore 757705
Telephone: 65 63690111
Facsimile: 65 63693639
www.tibstaxis.com.sg</p> <p>TIBS MOTORS PTE LTD
60 Woodlands
Industrial Park E4,
Singapore 757705
Telephone: 65 63654233
Facsimile: 65 63687421
www.tibs.com.sg/motors/</p> <p>TIBS LEASING PTE LTD
6 Teban Gardens Crescent
Singapore 608921
Telephone: 65 67788900
Facsimile: 65 67772555
www.tibs.com.sg/leasing/</p> <p>BUS-PLUS SERVICES PTE LTD
6 Ang Mo Kio St 62
Singapore 569140
Telephone: 65 64823888
Facsimile: 65 64823842
www.busplus.com.sg</p> <p>TRANSIT LINK PTE LTD
100 North Buona Vista Rd #02-01
Buona Vista MRT Station
Singapore 139345
Telephone: 65 67797600
Facsimile: 65 67777044
www.transitlink.com.sg</p> | <p>TRANSYS PTE LTD
2 Ang Mo Kio Street 64 #04-00
Ang Mo Kio Industrial Park 3
Singapore 569084
Telephone: 65 64810002
Facsimile: 65 64844728</p> <p>MEDIACORP PRESS LTD
24 Raffles Place
#28-01/06 Clifford Centre
Singapore 048621
Telephone: 65 62364886
Facsimile: 65 65344217</p> <p>CONVENIENCE SHOPPER PTE LTD
680 Upper Thomson Rd
Singapore 787103
Telephone: 65 64560233
Facsimile: 65 64561821
www.cheersstore.com</p> |
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- | | | |
|--|---|---|
| <p>REGISTERED OFFICE
251 North Bridge Rd
Singapore 179102
Telephone: 65 63311000
Facsimile: 65 63341407
www.smrtcorp.com</p> <p>PLACE OF INCORPORATION
Singapore</p> <p>DATE OF INCORPORATION
6 March 2000</p> <p>BOARD OF DIRECTORS
Chew Choon Seng, Chairman
Boey Tak Hap, President & CEO
Cheah Kean Huat, Director
Daniel Ee Hock Huat, Director
Koh Kheng Siong, Director
Victor Loh Kwok Hoong, Director
Lye Fei, Director
Ng Ser Miang, Director
Jimmy Phoon Siew Heng, Director
Tan Yong Soon, Director
Engelin Teh Guek Ngor, Director</p> <p>COMPANY SECRETARIES
Catherine Kuan-Lee Yee Fong, CPA
Jessica Ho Mui Kheng, CPA</p> | <p>AUDIT COMMITTEE
Daniel Ee Hock Huat, Chairman
Victor Loh Kwok Hoong
Lye Fei
Koh Kheng Siong
Engelin Teh Guek Ngor</p> <p>EXECUTIVE COMMITTEE
Chew Choon Seng, Chairman
Boey Tak Hap
Koh Kheng Siong
Ng Ser Miang
Jimmy Phoon Siew Heng</p> <p>REMUNERATION COMMITTEE
Chew Choon Seng, Chairman
Cheah Kean Huat
Koh Kheng Siong</p> <p>NOMINATING COMMITTEE
Engelin Teh Guek Ngor, Chairman
Chew Choon Seng
Jimmy Phoon Siew Heng</p> | <p>AUDITORS
KPMG
Audit Partner: Soo Nam Chow
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581</p> <p>PRINCIPAL BANKERS
The Development Bank Of Singapore Ltd
Overseas-Chinese Banking
Corporation Limited
United Overseas Bank Limited</p> <p>SHARE REGISTRAR
Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315</p> |
|--|---|---|



FINANCIAL YEAR ENDED 31 MARCH 2002

24 MAY 2002
ANNOUNCEMENT OF FY 2002 RESULTS

20 JUNE 2002
ISSUE OF ANNUAL REPORT 2002

17 JULY 2002
ANNUAL GENERAL MEETING

24 - 25 JULY 2002 (BOTH DATES INCLUSIVE)
BOOK CLOSURE DATES

5 AUGUST 2002
PROPOSED PAYMENT OF FINAL DIVIDEND

FINANCIAL YEAR ENDING 31 MARCH 2003

24 OCTOBER 2002
PROPOSED ANNOUNCEMENT OF HALF-YEAR RESULTS

11 - 12 NOVEMBER 2002 (BOTH DATES INCLUSIVE)
PROPOSED BOOK CLOSURE DATES

21 NOVEMBER 2002
PROPOSED PAYMENT OF INTERIM DIVIDEND

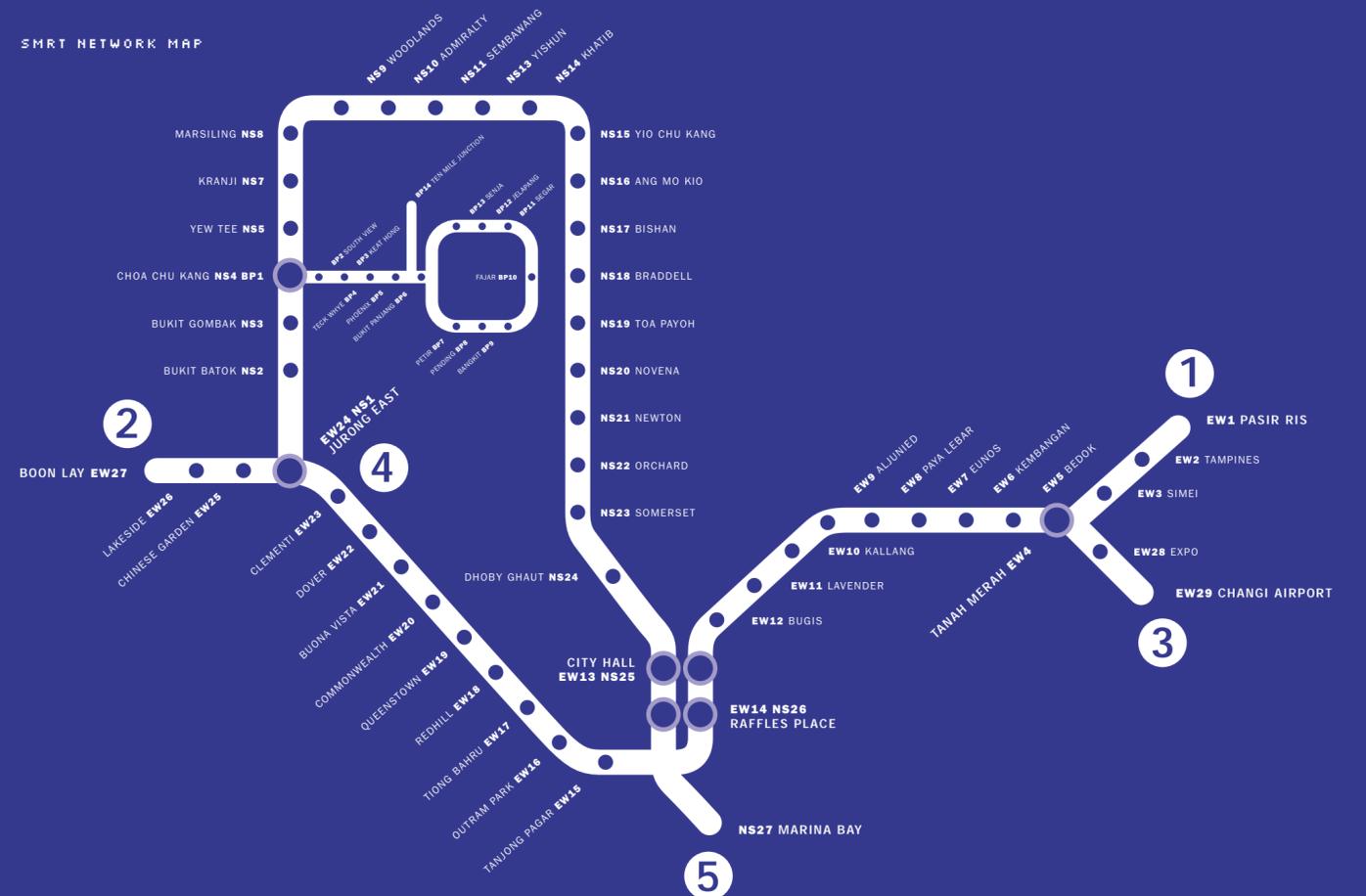
STATISTICAL HIGHLIGHTS

GROUP (\$\$ MILLION)	FY 2002	FY 2001	% CHANGE
TOTAL REVENUE	500.0	413.0	21.1
TOTAL OPERATING EXPENSES	317.3	251.6	26.1
EBITDA	196.6	173.2	13.6
EBIT	92.3	95.2	(3.0)
PROFIT AFTER TAX	56.8	102.8	(44.8)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	56.8	102.8	(44.7)
TOTAL ASSETS	1,924.9	1469.6	31.0
SHAREHOLDERS' FUNDS	387.8	381.4	1.7
VALUE ADDED	386.1	374.4	3.1
FINANCIAL RATIO (%)			
EBITDA MARGIN	39.3	41.9	(6.2)
EBIT MARGIN	18.5	23.0	(19.9)
RETURN ON EQUITY	14.8	26.8	(44.9)
RETURN ON ASSETS	3.3	5.5	(39.3)
DEBT/EQUITY RATIO (TIMES)	1.44	-	-
SHARE INFORMATION			
EARNINGS PER SHARE AFTER TAX (CENTS)	3.79	6.85	(44.7)
DIVIDEND PER SHARE (CENTS)	2.80	4.65	(39.8)
SHARE PRICE (\$\$) (31 MARCH)	0.68	0.76	(10.5)
MARKET CAPITALISATION (\$\$MILLION) (31 MARCH)	1020.0	1140.0	(10.5)
OPERATIONAL HIGHLIGHTS			
AVERAGE DAILY RIDERSHIP ('000)			
SMRT	1,067	1,062	0.6
SLRT	40.1	39.6	1.3
TIBS	797	746	6.9
FARE REVENUE PER PASSENGER (\$\$)			
SMRT	0.96	0.96	-
SLRT	0.58	0.54	7.4
TIBS	0.56	0.54	3.7

NOTES

- SMRT CORPORATION LTD'S FINANCIAL YEAR IS FROM 1 APRIL TO 31 MARCH.
- TOTAL OPERATING EXPENSES EXCLUDE DEPRECIATION AND AMORTISATION.
- EBITDA REFERS TO EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION.
- EBIT REFERS TO EARNINGS BEFORE INTEREST AND TAXATION.
- EARNINGS PER SHARE IS COMPUTED BY DIVIDING THE PROFIT AFTER TAXATION AND MINORITY INTERESTS BY THE WEIGHTED AVERAGE NUMBER OF FULLY PAID SHARES IN ISSUE.
- FARE REVENUE REFERS TO REVENUE COLLECTED FROM ALL TICKET TYPES.

SMRT NETWORK MAP

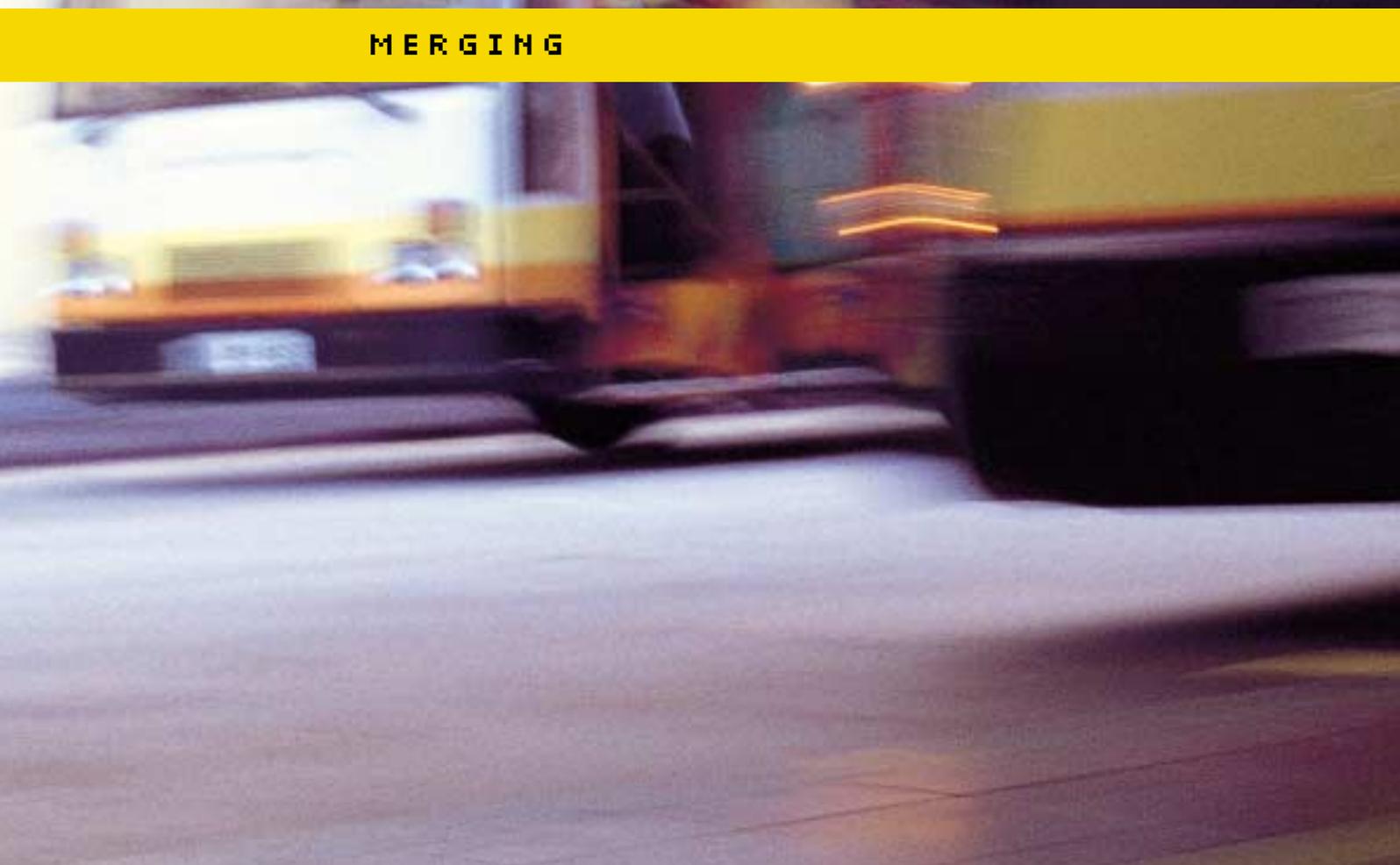


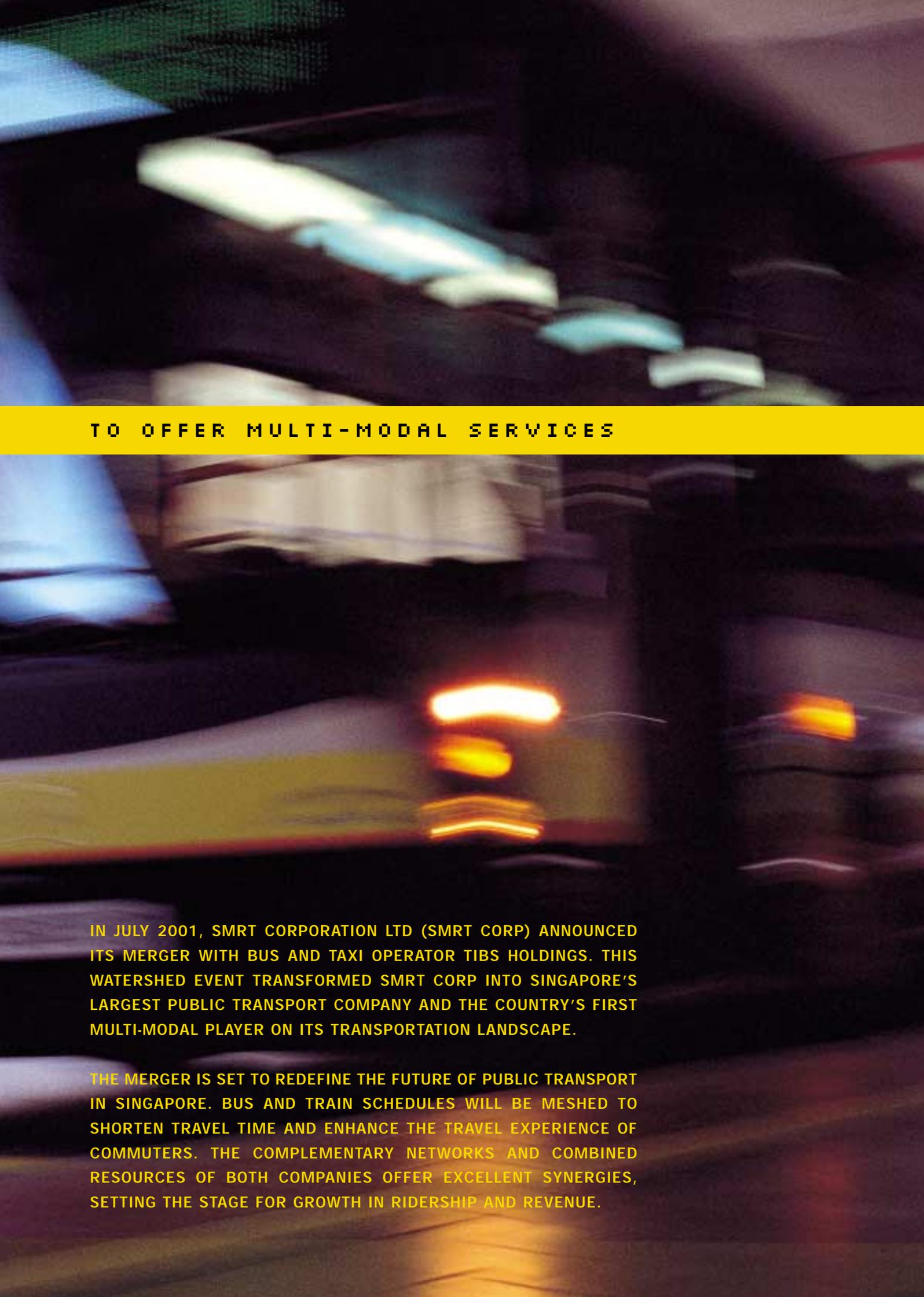


TO THE NEXT LEVEL



M E R G I N G





TO OFFER MULTI-MODAL SERVICES

IN JULY 2001, SMRT CORPORATION LTD (SMRT CORP) ANNOUNCED ITS MERGER WITH BUS AND TAXI OPERATOR TIBS HOLDINGS. THIS WATERSHED EVENT TRANSFORMED SMRT CORP INTO SINGAPORE'S LARGEST PUBLIC TRANSPORT COMPANY AND THE COUNTRY'S FIRST MULTI-MODAL PLAYER ON ITS TRANSPORTATION LANDSCAPE.

THE MERGER IS SET TO REDEFINE THE FUTURE OF PUBLIC TRANSPORT IN SINGAPORE. BUS AND TRAIN SCHEDULES WILL BE MESHED TO SHORTEN TRAVEL TIME AND ENHANCE THE TRAVEL EXPERIENCE OF COMMUTERS. THE COMPLEMENTARY NETWORKS AND COMBINED RESOURCES OF BOTH COMPANIES OFFER EXCELLENT SYNERGIES, SETTING THE STAGE FOR GROWTH IN RIDERSHIP AND REVENUE.

Changi Airport

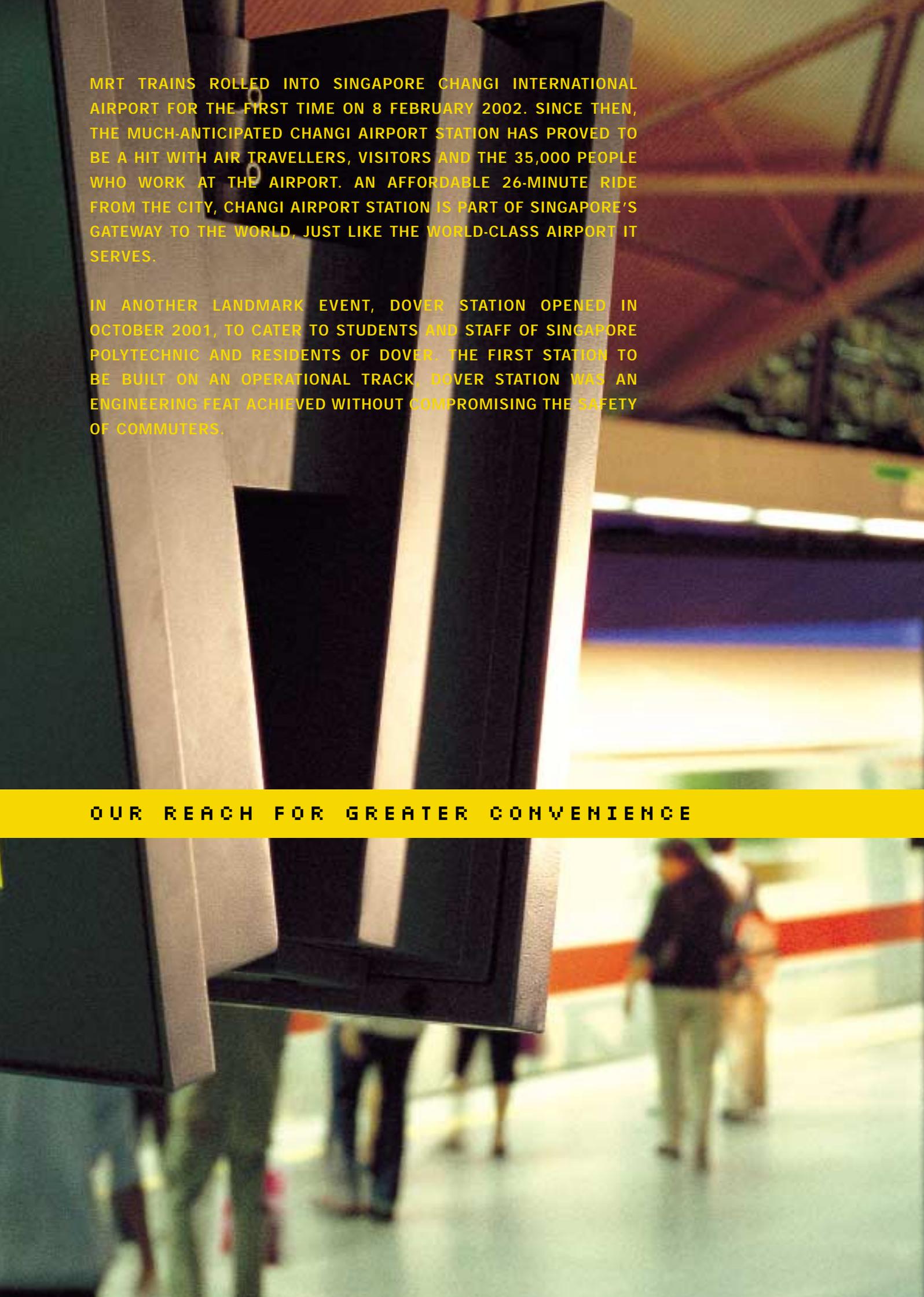
Arriving In

1 min

24 Apr

train service to ~~Expo~~ Expo 2010 Lay, Station

EXTENDING



MRT TRAINS ROLLED INTO SINGAPORE CHANGI INTERNATIONAL AIRPORT FOR THE FIRST TIME ON 8 FEBRUARY 2002. SINCE THEN, THE MUCH-ANTICIPATED CHANGI AIRPORT STATION HAS PROVED TO BE A HIT WITH AIR TRAVELLERS, VISITORS AND THE 35,000 PEOPLE WHO WORK AT THE AIRPORT. AN AFFORDABLE 26-MINUTE RIDE FROM THE CITY, CHANGI AIRPORT STATION IS PART OF SINGAPORE'S GATEWAY TO THE WORLD, JUST LIKE THE WORLD-CLASS AIRPORT IT SERVES.

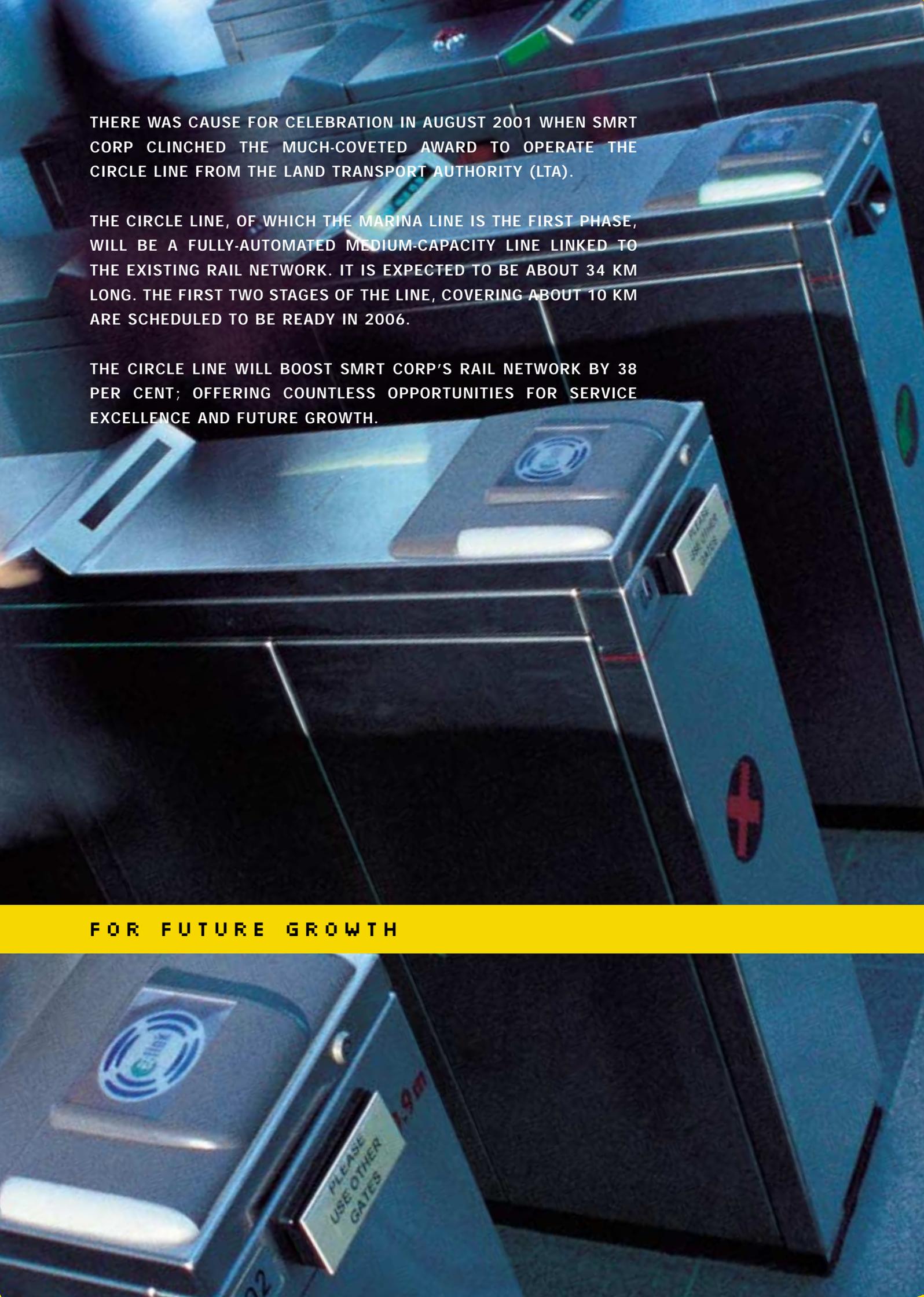
IN ANOTHER LANDMARK EVENT, DOVER STATION OPENED IN OCTOBER 2001, TO CATER TO STUDENTS AND STAFF OF SINGAPORE POLYTECHNIC AND RESIDENTS OF DOVER. THE FIRST STATION TO BE BUILT ON AN OPERATIONAL TRACK, DOVER STATION WAS AN ENGINEERING FEAT ACHIEVED WITHOUT COMPROMISING THE SAFETY OF COMMUTERS.

OUR REACH FOR GREATER CONVENIENCE



GEARING UP





THERE WAS CAUSE FOR CELEBRATION IN AUGUST 2001 WHEN SMRT CORP CLINCHED THE MUCH-COVETED AWARD TO OPERATE THE CIRCLE LINE FROM THE LAND TRANSPORT AUTHORITY (LTA).

THE CIRCLE LINE, OF WHICH THE MARINA LINE IS THE FIRST PHASE, WILL BE A FULLY-AUTOMATED MEDIUM-CAPACITY LINE LINKED TO THE EXISTING RAIL NETWORK. IT IS EXPECTED TO BE ABOUT 34 KM LONG. THE FIRST TWO STAGES OF THE LINE, COVERING ABOUT 10 KM ARE SCHEDULED TO BE READY IN 2006.

THE CIRCLE LINE WILL BOOST SMRT CORP'S RAIL NETWORK BY 38 PER CENT; OFFERING COUNTLESS OPPORTUNITIES FOR SERVICE EXCELLENCE AND FUTURE GROWTH.

FOR FUTURE GROWTH



CHAIRMAN'S MESSAGE

The year in review was indeed eventful for the Corporation. We announced the plan for a merger with TIBS Holdings (owner of the No. 2 bus operator and the No. 3 taxi operator in Singapore) in July 2001, won the award to operate the new MRT Circle Line in August 2001, became a component of the Morgan Stanley Composite Index for Singapore stocks in November 2001, and successfully issued S\$500 million worth of bonds in December 2001. In addition, two new stations were commissioned, Dover in October 2001 and Changi Airport in February 2002.

Amid all these milestone events, we were mindful of our core business of providing public transport services. This has a direct linkage to the country's economy, and our financial performance in the reporting year reflected the general slowdown of the Singapore economy. The number of passengers on the MRT system grew only 0.6 per cent over the preceding year, and actually declined in the second half of the year. Ridership on the LRT was up 1.3 per cent. In the absence of approval for any fare increase, the corresponding passenger revenue from MRT and LRT operations increased just 0.9 per cent for the year. On the other hand, costs of operating the MRT and the LRT rose 3.1 per cent, which was attributable to increases in costs related to staff and to electricity.

With the inclusion of results from the companies of TIBS Holdings for the four months from December 2001 to March 2002, the total revenue for the SMRT Group for the year came to S\$500 million, producing S\$92.3 million in profit before interest and taxation, just 3 per cent short of that in the preceding year. As highlighted previously and therefore not surprising, income from interest-bearing deposits and from investments fell sharply as they were liquidated and used to make the final payments to the Land Transport Authority for the purchase of operating assets for the MRT system. Consequently, net profit attributable to shareholders fell 44.7 per cent to S\$56.8 million.

The Board of Directors is staying true to the policy of paying approximately half of the net profit as dividends to shareholders and is proposing a final gross dividend of 1.5 cents per share. Together with the interim gross dividend of 1.3 cents per share, this will bring the total gross dividend for the year to 2.8 cents per share, close to the ordinary gross dividend of 3 cents per share for FY 2001. Net of tax, the total amount paid as dividends will be S\$32.3 million.

The MRT operations continue to be highly rated for safety and for reliability, providing efficient, comfortable and affordable transportation for over a million commuters, every day, seven days a week. At the same time, there is always room for improvement and we welcome feedback from customers to help us. We continue to inculcate in our staff the importance of the human aspects of customer service. And, as always, safety of operations, and its connotations of proper maintenance and operating procedures, is paramount.



The LRT operations improved and attained high levels of service availability for most of the year, but had its record marred by several disruptions of service in the later part. These have been thoroughly investigated, expert consultants have been appointed to provide advice, and refinements in operating procedures, maintenance and trouble shooting are being implemented. We should see improvements in reliability and in service recovery.

Following approval of a scheme of arrangement by the High Court, the merger of the Corporation with TIBS Holdings took effect on 11 December 2001, and TIBS Holdings subsequently was delisted from the Singapore Exchange. The merger brought together 2,987 staff from the companies in the TIBS Group and the 3,115 staff in the SMRT Group, for a total strength of 6,102 people who account for about half of the land transport sector in Singapore. By the same token, the combination of TIBS' 790 buses and 2,000 taxis with SMRT's 106 MRT trains and 19 LRT trains makes the Corporation the first and largest multi-modal land transport provider in the country.

However, neither being the first nor being the largest is of any importance. In fact, neither was a consideration for the merger. In truth, the focus of the merger is the melding of the road operations and the rail operations to achieve better connectivity, shorten door-to-door travelling time, and thereby enhance the appeal of the integrated system to commuters.

It was decided from the outset that there would not be any sweeping changes overnight to the way the two groups were managed. Given their complementary nature and their different requirements, redundancies arising from duplication of activities are marginal. The merger is not driven by the ability to wring out economies of scale from two disparate organisations, and involuntary retrenchments will not be necessary.

The brand identities of the companies in the TIBS Group will be retained, in recognition of the customer goodwill they have earned. Likewise, the SMRT brand will be kept. Behind the scenes, teams comprising members from both organisations have been working on the integration processes, drawing on the strengths of each side.

The successful bid to be the operator of the new Circle Line underpins the Corporation's future growth, even if the inauguration is still some years away. When completed, it will add 34 km of track to the current network length of 89 km. A team of experienced SMRT engineers has been formed to work with the Land Transport Authority on the development of the new line.

For the current financial year starting April 2002, the Corporation's business prospects hinge on the direction that the Singapore economy takes. At this point, the chances for some modest growth look good. On a positive note, the reduction in corporate tax rate to 22 per cent with effect from year of assessment 2003 will reduce the Group's deferred tax charge and liability by S\$16.1 million.

During the course of the year in review, there were two departures from and three additions to the Board of Directors. Mr Ho Tian Yee, who had served on the Board, and its predecessor board, for over six years, stepped down in September 2001, at his own request because of other demands on his time. On behalf of fellow directors, I thank Mr Ho for his valuable contributions and inputs to SMRT during his membership. At the end of December 2001, Mr Kwek Siew Jin stood down as a director, consequent to his resignation from office as President of the Corporation. On behalf of the Board, I express appreciation of and gratitude to Mr Kwek for his dedicated and capable leadership of the Corporation, and in particular for his enthusiastic and unstinting presentations of the company to potential investors in the run up to its successful listing on the Singapore Exchange. We wish both Mr Ho and Mr Kwek the best in their future endeavours.

In turn, Ms Engelin Teh Guek Ngor was appointed as an independent non-executive director in August 2001, and Mr Ng Ser Miang, formerly Managing Director of TIBS Holdings, was appointed also as an independent non-executive director in December 2001. Mr Boey Tak Hap was appointed as President & CEO of the Corporation with effect from 1 January 2002, and appointed as a director at the same time. On behalf of the Board, I welcome Ms Teh, Mr Ng and Mr Boey, and look forward to working with them in lifting the Corporation to higher achievements.

In closing, I must thank all our staff for their diligence and attention to duty, our customers for choosing to travel with SMRT, TIBS and our associate companies, and our shareholders for their trust in the Corporation.



CHEW CHOON SENG
CHAIRMAN

BOARD OF DIRECTORS

CHEW CHOON SENG

Chairman
SMRT Corporation Ltd
Senior Executive Vice President (Administration)
Singapore Airlines Limited

BOEY TAK HAP

Director & President & CEO from January 2002
SMRT Corporation Ltd

CHEAH KEAN HUAT

Vice President & General Manager
Asia Pacific Hewlett-Packard Services

DANIEL EE HOCK HUAT

Managing Director & Consultant
Meridian Capital Pte Ltd

LYE FEI

President
SembCorp Parks Management Pte Ltd and SembCorp Parks Holdings Ltd

NG SER MIANG

Director from December 2001
Chairman
Singapore Sports Council

JIMMY PHOON SIEW HENG

Managing Director, Corporate Stewardship
Temasek Holdings (Private) Limited

TAN YONG SOON

CEO & Member
Urban Redevelopment Authority

ENGELIN TEH GUEK NGOR

Director from August 2001
Managing Director
Engelin Teh Practice LLC

KOH KHENG SIONG

Controller
ExxonMobil Singapore

VICTOR LOH KWOK HOONG

President & CEO
V&L Associates Pte Ltd

HO TIAN YEE

Director until September 2001
Managing Director
Pacific Asset Management (S) Pte Ltd

KWEK SIEW JIN

Director & President until December 2001
President
Singapore Power Limited



SENIOR MANAGEMENT

BOEY TAK HAP

President & CEO
SMRT Corporation Ltd
Managing Director
Singapore MRT Ltd

FONG SECK KONG

Executive Vice President
SMRT Corporation Ltd
Deputy Managing Director
Singapore MRT Ltd

LOW AH TEE

Senior Vice President
(Corporate Services)
SMRT Corporation Ltd
General Manager
(Human Resources and
Administration)
Singapore MRT Ltd

CATHERINE KUAN-LEE

YEE FONG
Senior Vice President (Finance)
SMRT Corporation Ltd
Company Secretary
SMRT Corporation Ltd
General Manager (Finance)
Singapore MRT Ltd

RAYMOND JOHN TURNELL

Senior Vice President
(Corporate Planning &
Strategic Development)
SMRT Corporation Ltd

HARRY TAN CHUAN HUAT

Senior Director (Maintenance)
Singapore MRT Ltd

VINCENT TAN PENG HOCK

Senior Director (Traffic)
Singapore MRT Ltd

LAWRENCE LAU KAI KUM

Director (Internal Audit)
SMRT Corporation Ltd

KHOO HEAN SIANG

Director (Marina/Circle Line)
Singapore MRT Ltd

LEONG YIM SING

Director (Training & Productivity)
Singapore MRT Ltd

GOH CHEE KONG

Director
(Corporate Communications)
Singapore MRT Ltd

TAY TIEN SENG

Director (SLRT)
Singapore LRT Pte Ltd

TAN HUP FOI

Chief Executive
Trans-Island Bus Services Ltd

TEO JOO HUAK

General Manager
Trans-Island Bus Services Ltd

MORRIS PIPER

Assistant General Manager
(Traffic)
Trans-Island Bus Services Ltd
General Manager
Bus-Plus Services Pte Ltd

WONG JOO POK

General Manager
TIBS Motors Pte Ltd

OH SEONG TATT

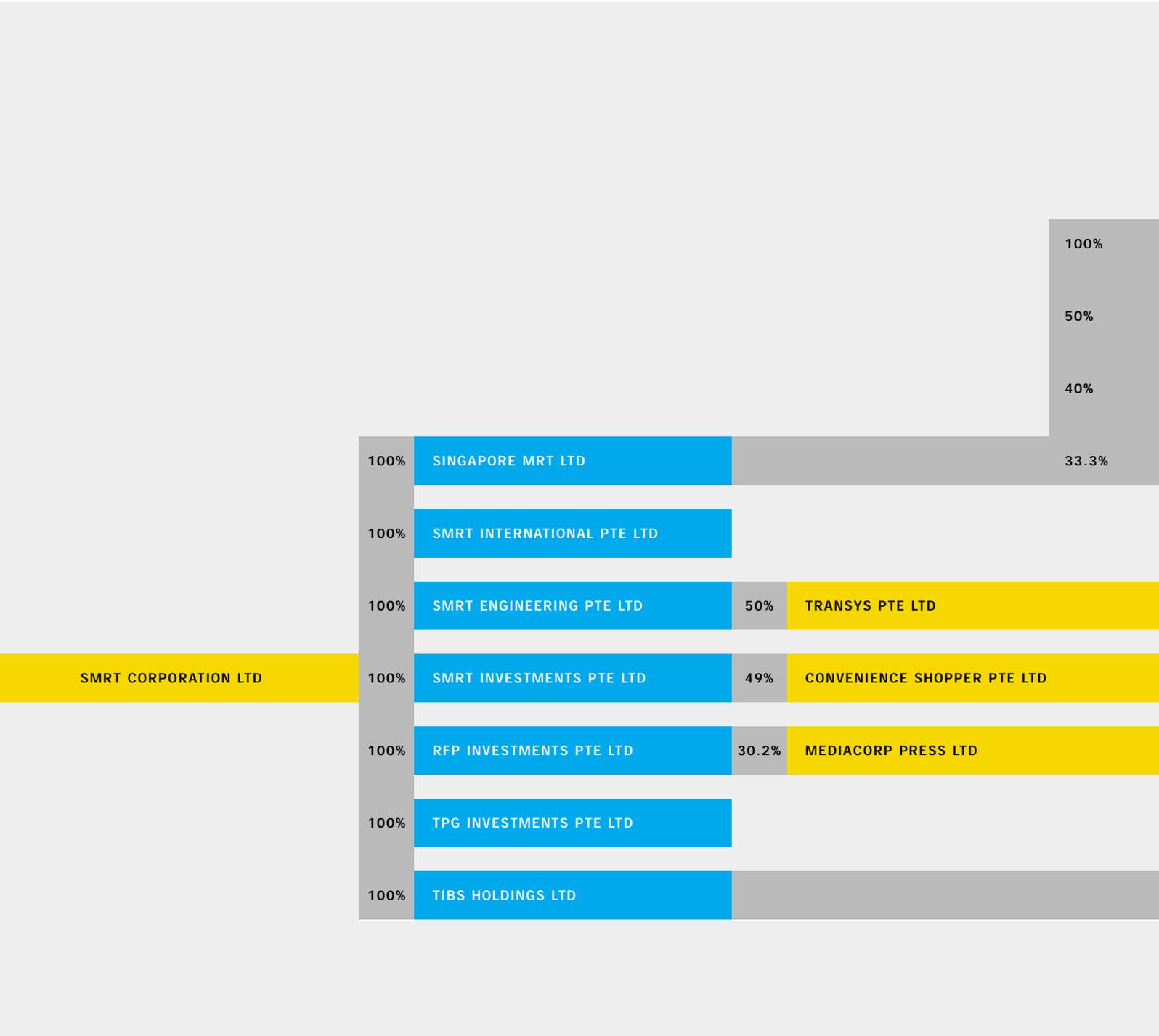
General Manager
TIBS Taxi Pte Ltd

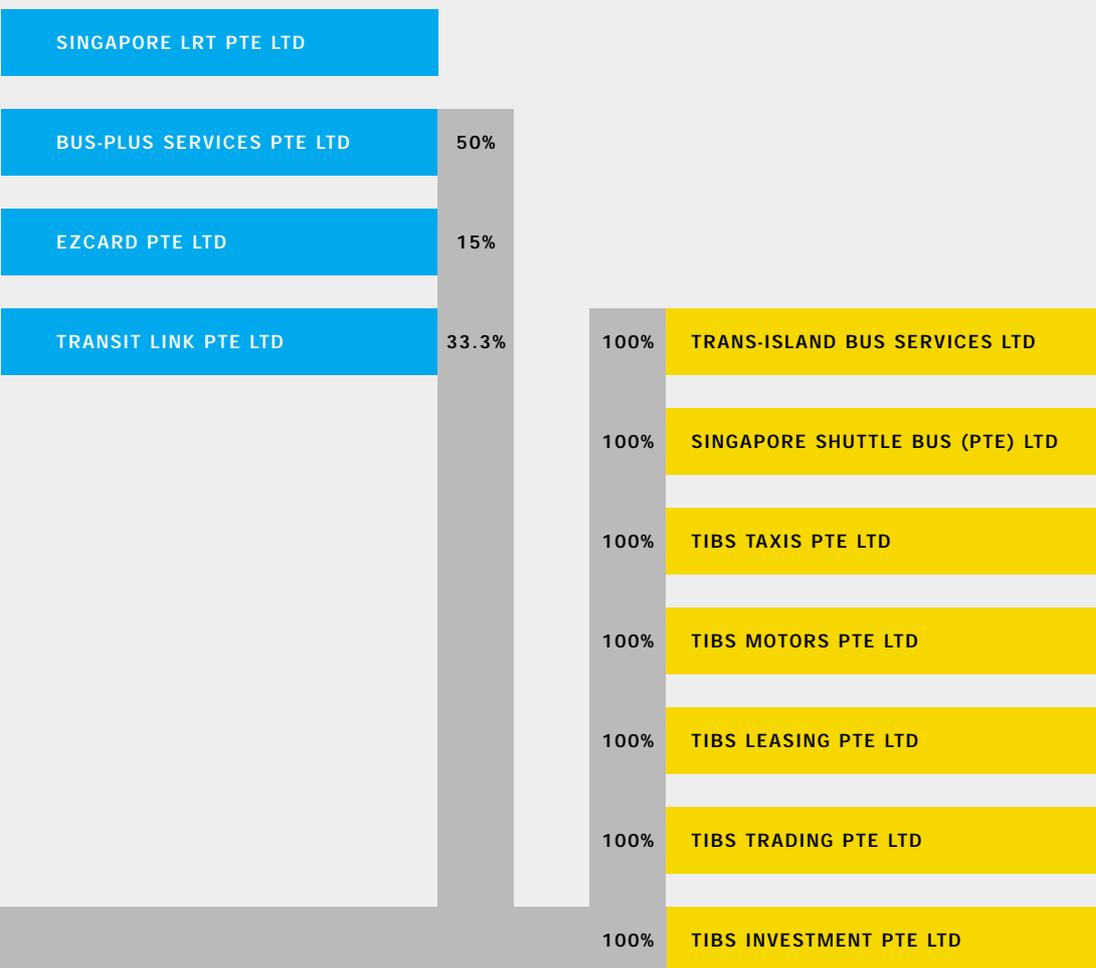
KARINE LIM

Assistant General Manager
(Human Resources)
Trans-Island Bus Services Ltd



CORPORATE STRUCTURE





Note: Dormant companies of TIBS Group are not reflected.

SIGNIFICANT EVENTS

- APRIL**
- › SMRT announces it will bid for the Circle Line, following the Land Transport Authority's announcement that tenders will be invited to operate the line for 40 years.
 - › Raffles Place is named MRT Station of the Year in the SMRT Inter-station Competition while Orchard Station wins the Most Improved Station Award. A total of 44 staff are honoured for courteous acts to passengers.
- MAY**
- › SMRT Corp releases its full year results for financial year ended 31 March 2001, posting a net profit of S\$104.6 million. The Company's continued growth in FY 2001 was boosted by strong ridership growth, fare increases and the expansion of non-fare based revenue streams.
 - › Investor Relations Magazine gives SMRT Corp an Honourable Mention for "Best Investor Relations for an IPO" in its Asia Awards 2001.
- JUNE**
- › SMRT launches trials for three types of waiting lines on station platforms. The lines are designed to help passengers board and alight from trains smoothly.
- JULY**
- › SMRT Corp and TIBS Holdings announce their merger. The merger agreement provides for SMRT Corp to pay S\$1.405 in cash for each TIBS share. The merging of the businesses of SMRT Corp and TIBS will be effected by a scheme of arrangement under Section 210 of the Companies Act, Chapter 50.
 - › SMRT launches its Employee Share Option Plan at a grant price of S\$0.816. More than 7.5 million share options are allocated to staff, out of which 96.7 per cent are accepted.
 - › SMRT Corp holds its second Annual General Meeting. The AGM marks the first gathering of SMRT Corp's shareholders since its public listing on the Singapore Exchange.
- AUGUST**
- › SMRT Corp clinches the bid to operate the Circle Line.
 - › A new signage system is launched in all MRT/LRT stations providing for:
 - One line, one colour
 - New codes for stations
 - End destination numbers
- SEPTEMBER**
- › The President's Tunnel Challenge sees 7,100 people walking through a 4.6 kilometres tunnel to raise funds for charity. The first ever tunnel walk from Expo Station to Changi Airport Station raised S\$900,000.
 - › The Securities Investors Association of Singapore Choice Awards 2001 named SMRT Corp runner-up for the Most Transparent Company Award in the Transport/Storage/Communications sector.
 - › To create a service-oriented organisation, SMRT launches a Face-to-Face programme that requires non-frontline staff to offer face-to-face service to commuters in MRT stations.
 - › SMRT receives a silver Singapore HEALTH Award.

- › Dover Station, located between Buona Vista and Clementi stations, opens for passenger service. Mr Yeo Cheow Tong, then Minister for Communications and Information Technology officiates at the official opening ceremony.
- › SMRT Corp announces its interim results recording a net profit of S\$29.4 million for the six months ended 30 September 2001. Turnover stood at S\$208.4 million. The company declared an interim dividend of 1.3 cents per share.
- › Forbes magazine puts SMRT on its list of the world's 200 best small companies. The companies are judged on profitability and sales growth.
- › Fifteen SMRT and nine SLRT staff receive the Transport Gold Award at a Transport Sector & Road Courtesy Campaign ceremony.
- › Cheers@SMRT convenience stores officially open at Ang Mo Kio, Admiralty and Tampines stations.
- › The National Council of Social Services presents the SHARE Programme Distinguished Gold Award to SMRT.

OCTOBER

- › SMRT Corp announces its inaugural bond issue to help finance its merger with TIBS Holdings and its final payment for the purchase of operating assets from the LTA. The S\$500 million bond issue is made up of equal portions of a three-year fixed rate bond and a five-year fixed rate bond.
- › SMRT Corp raises its profile among investors with its inclusion as a constituent stock in the Singapore Indices of the Morgan Stanley Composite Index.
- › SMRT Corp honours 108 employees with Excellent Service Awards in recognition of their quality service.

NOVEMBER

- › The merger of SMRT Corp and TIBS Holdings takes effect on 11 December 2001. TIBS becomes a wholly-owned subsidiary of SMRT Corp and is delisted from the Singapore Exchange the following day.
- › A fifth collective agreement with National Transport Workers Union/SMRT Branch Union is signed.

DECEMBER

- › SMRT Corp names Mr Boey Tak Hap, former President and CEO of Singapore Power Limited, as its new President and Chief Executive Officer.
- › Forty-five thousand commuters preview the new ez-link Card before its official launch.

JANUARY

- › Changi Airport Station opens, offering a direct connection between the Changi Airport MRT Extension and the East West Line. Minister for Transport, Mr Yeo Cheow Tong officiates at the station's opening ceremony.

FEBRUARY

- › SMRT Corp rolled out information on its integrated services, passing on to commuters the benefits of being a multi-modal transport operator. These new passenger information initiatives include enhanced bus stop plates, signage with first and last bus/train timing and Easy Guide Line Diagrams on selected buses.

MARCH

THE YEAR



FINANCIAL YEAR 2002 SAW THE DRAMATIC EXPANSION OF SMRT CORP'S TRANSPORT NETWORK AND BUSINESS ACTIVITIES. THE MERGER WITH TIBS EFFECTIVELY TRANSFORMED SMRT CORP INTO SINGAPORE'S FIRST AND LARGEST MULTI-MODAL TRANSPORT OPERATOR, ADDING TIBS FLEET OF 790 BUSES AND 2,000 TAXIS TO SMRT'S STABLE OF 106 MRT TRAINS AND 19 LIGHT RAIL TRAINS.

THE GROUP'S WINNING BID FOR THE CIRCLE LINE IS EXPECTED TO ADD ANOTHER 34 KILOMETRES OF TRACKS TO THE CURRENT 89 KM OF UNDERGROUND AND ELEVATED TRACKS. THESE DEVELOPMENTS PLACE SMRT CORP FIRMLY ON THE PATH OF FUTURE GROWTH. AT THE SAME TIME OUR EXPANDED NETWORK AND WIDER REACH MAKE IT IMPERATIVE TO CONSTANTLY IMPROVE, STREAMLINE, AND REVIEW OUR OPERATIONS SO AS TO OFFER A SUPERIOR TRAVEL EXPERIENCE TO ALL COMMUTERS.

IN REVIEW





As a public transport provider, SMRT is committed to delivering a safe, punctual and affordable service to commuters every day of the year. To do this, we believe that our service levels should stand up to scrutiny.

**SINGAPORE
MRT LTD (SMRT)**

In 2001, all our performance indicators continued to exceed the performance standards set by the Land Transport Authority (LTA). For punctuality, 96 per cent of train arrivals were within two minutes of schedule (against LTA's benchmark of 94 per cent) and 98.6 per cent of trains departed within two minutes of schedule (against LTA's benchmark of 96 per cent). We also surpassed LTA's standards on other performance indicators such as train availability and the reliability of escalators, ticketing machines and signalling systems.

**SURPASSING
STANDARDS**

An independent passenger survey conducted in 2001 revealed that SMRT met the expectations of 70 per cent of respondents. The survey by Precision Research Services also showed that SMRT's overall standard of service exceeded the expectations of 25 per cent of respondents.

We will continue to be focussed on the fundamentals of good service as we work to raise the standards of urban transportation in Singapore.

One major development on Singapore's urban transport landscape has been the introduction of the Contactless Smart Card (CSC) for selected preview in January 2002.

**GEARING UP
FOR THE SMART
CARD**

In tandem with the LTA and other transport operators, SMRT was busy gearing up for the launch of the CSC throughout FY 2002.

To facilitate the migration to the latest technology required by the CSC, all existing ticketing systems have been supplemented with support equipment for the new Enhanced Integrated Fare System (EIFS). The new system which includes ticketing machines, passenger service machines and station computers will run parallel to the current magnetic fare card system for at least six months before replacing it completely.

The CSC has been designed to cater to the expanding rapid transit system and public transport networks. The new system offers many benefits to commuters such as faster, more efficient boarding, automatic and accurate fare calculation and better security features.

In April 2001, SMRT increased the train stopping times during peak hours at busier stations. More train services were also added in response to heavier passenger volumes during peak hours.

**PEAK HOUR
INITIATIVES**

Train stopping times at busy stations like Orchard and Choa Chu Kang were increased by up to 14 seconds to allow passengers to board and alight from trains more comfortably. In the mornings, additional runs were introduced on southbound trains from Yishun to Marina Bay and cross-line trains from Ang Mo Kio to Pasir Ris via Jurong East.

During the evening peak hours, additional runs were introduced from Marina Bay as well as from Boon Lay to Pasir Ris stations. These changes mean that trains now run as frequently as 2.1 minutes during peak periods.

In another initiative that took effect in April 2001, the first northbound train service at Newton, Novena, Toa Payoh, Braddell and Bishan stations now departs 12 minutes earlier on weekdays. The revised departure times were introduced to enable passengers from the central area to reach their work places in the northern areas of Woodlands and Senoko before 7.00 a.m.

In the year under review, several initiatives were introduced to achieve better passenger movement through stations during peak hours.

To ensure a smoother passenger flow during the morning and evening rush hour, two L-shaped yellow lines have been introduced on platforms in busier stations, following trials of three different types of waiting lines. Commuters are encouraged to wait behind the yellow lines until alighting passengers have exited before boarding the trains.

In the same way, a 'Keep Left' trial for passengers using escalators during peak hours was conducted at Raffles Place Station. The trial was successful and the scheme has been implemented.

Another measure that was introduced to ease peak hour blues – red flashing lights installed above platform screen doors at a total cost of S\$850,000. The flashing lights indicate that train doors are closing and allow commuters to either board the train quickly or wait a few minutes for the next one.

Apart from managing passenger flow, SMRT also rolled out initiatives to help customers find their way around the MRT system and to make their time in the stations more pleasant.

**STATION
IMPROVEMENTS**

A new signage system initiated by LTA was introduced in July, assigning a single colour code to each MRT route. Supporting the colour codes, an alpha numeric system was also introduced to help commuters identify the stations.

A programme launched in 2000 to upgrade the air-conditioning in stations moved into its second phase in 2001 with the upgrading of the air conditioning systems at Toa Payoh, Somerset and Bugis stations. A similar scheme to install electric fans in public toilets in all the aboveground stations is also underway. In 2000, fans were installed in public toilets of the underground stations.

During the year, various components of the Rail Travel Information System (RATIS) were installed in all MRT stations. RATIS is a station display system designed to provide passengers with timely travel information on train arrival times, delays, disruptions and alternative routes of travel. It can also provide public service information such as announcements on MINDEF Open Mobilisation Exercises, national emergency and safety messages as well as commercial promotions.

As a follow-up to the opening of the Changi Airport Station and the progressive introduction of lifts in all MRT stations, SMRT plans to introduce wide aisle fare gates in every MRT station. This is for the convenience of less-mobile passengers and air travellers using the MRT.

Singapore Technologies Electronics Limited has been commissioned to design and develop the wide gates. All other MRT stations are expected to be fitted with wide gates by 2003.

In the year under review, SMRT raised the bar for customer service by introducing an element of warmth to its reputation for running a safe and efficient system.

In September, the company launched a programme to nurture a stronger customer service culture throughout the organisation. Under the Face-to-Face Programme (F2F), all levels of non-frontline staff are exposed to short working stints spent serving customers in train stations. The scheme aims to help staff gain a first-hand appreciation of commuters' needs.

**SERVICE WITH
A HUMAN FACE**

To drive customer service efforts throughout the organisation, a 3P Programme was introduced in April 2001, focussing on continuous improvement to Products and Procedures and encouraging Personal initiatives. Various activities were initiated: among them a suggestion scheme which yielded 210 suggestions on improvements to facilities, information and passenger services. A monthly dialogue chaired by the President updates staff on 3P activities.

Beyond the station, our focus on providing safe, efficient train services continued to drive all technical aspects of our operations.

On-going work to introduce a new radio communications system moved into its installation phase. The S\$33.7 million Dimetra Digital Trunked Radio System, will provide at least 98 per cent radio coverage along SMRT's island-wide train routes and at the three depots. The system incorporates features which enable better command from Operations Control Centre (OCC) and efficient dispatch operations for SMRT's fleet of passenger trains and maintenance vehicles.

**IMPROVING
RELIABILITY**

The United Kingdom's Halcrow Group was commissioned to carry out a detailed study of the condition of our tunnels in response to concerns raised by the LTA during tunnel inspections. The entire study was completed in October 2001 at a cost of S\$463,600.

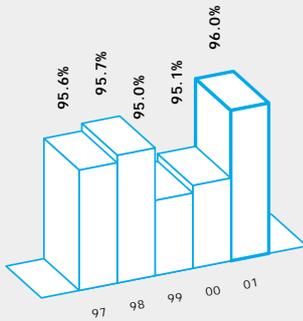
SELECTED OPERATING DATA

THE TABLE BELOW SHOWS PASSENGER GROWTH AND OTHER SELECTED OPERATING DATA OF THE MRT SYSTEM FOR THE FINANCIAL YEARS ENDED 31 MARCH 1998, 1999, 2000, 2001 AND 2002.

	YEAR ENDED 31 MARCH				
	1998	1999	2000	2001	2002
ROUTE LENGTH AT PERIOD END (KILOMETRES)	83.0	83.0	83.0	84.94	89.40
TOTAL NUMBER OF PASSENGERS (MILLIONS)	336.98	346.35	367.19	387.39	389.66
GROWTH IN PASSENGER NUMBERS (%)	5.79	2.78	6.02	5.50	0.59
CAR KILOMETRES OPERATED (MILLIONS)	73.5	73.5	74.1	75.3	81.38
GROWTH IN CAR KILOMETRES OPERATED (%)	1.52	0	0.82	1.61	8.07
AVERAGE NUMBER OF WEEKDAY PASSENGERS (THOUSANDS)	955.0	987.0	1,042.0	1,108.0	1,125.0
GROWTH IN WEEKDAY PASSENGER (%)	6.35	3.35	5.57	6.33	1.53
AGGREGATE PASSENGER DISTANCE TRAVELLED PER YEAR (MILLION KILOMETRES)	4,245.8	4,408.7	4,687.0	4,935.0	4,963
GROWTH IN PASSENGER DISTANCE (%)	5.88	3.84	6.31	5.29	0.57
AVERAGE OPERATING CAR OCCUPANCY (PERSONS)	58.0	60.0	63.0	65.5	60.98
GROWTH IN OPERATING CAR OCCUPANCY (%)	5.45	3.45	5.00	3.97	- 6.9
TOTAL EMPLOYEES AT PERIOD END (PERSONS)	2,694	2,805	2,830	2,871	2,919
GROWTH IN EMPLOYEES (%)	0.07	4.12	0.89	1.45	1.67
SELECTED OPERATING RATIOS	S\$	S\$	S\$	S\$	S\$
AMOUNTS PER PASSENGER CARRIED					
- FARE REVENUE	0.97	0.94	0.92	0.96	0.96
- RAILWAY CASH OPERATING COSTS (A)	0.60	0.56	0.55	0.58	0.59
- RAILWAY EBITDA (B)	0.45	0.46	0.44	0.46	0.45
AMOUNTS PER CAR KM OPERATED					
- FARE REVENUE	4.44	4.43	4.54	4.94	4.62
- RAILWAY CASH OPERATING COSTS (A)	2.77	2.65	2.72	3.00	2.84
- RAILWAY EBITDA (B)	2.06	2.14	2.19	2.37	2.17

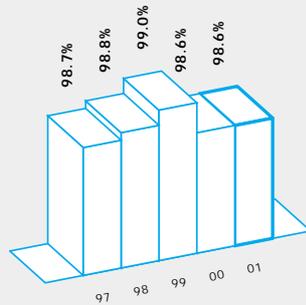
Notes:

- (A) Railway cash operating costs refer to operating costs of the MRT System excluding depreciation and amortisation.
 (B) Railway EBITDA means earnings before interest, tax, depreciation and amortisation of the MRT System excluding interest and investment income.



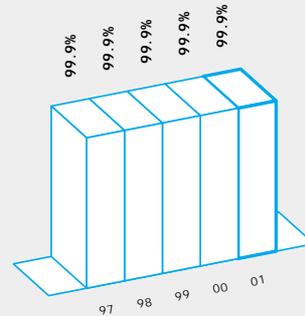
TRAIN ARRIVALS

AT LEAST 94% WITHIN 2 MINUTES OF SCHEDULE



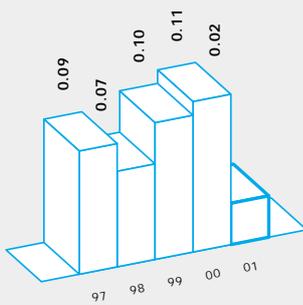
TRAIN DEPARTURES

AT LEAST 96% WITHIN 2 MINUTES OF SCHEDULE



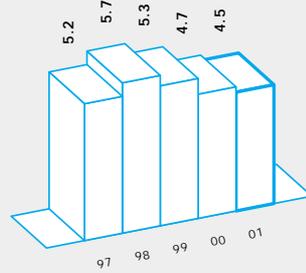
TRAIN SERVICE AVAILABILITY

AT LEAST 98%



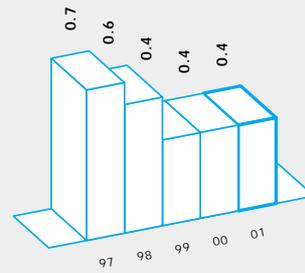
*** CUSTOMER INJURY RATE**

NOT MORE THAN 0.4 INJURIES PER 1,000,000 CUSTOMERS



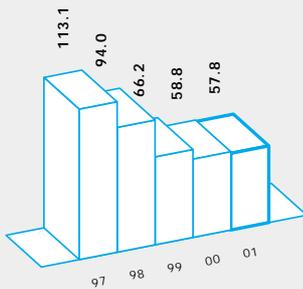
TICKET VENDING MACHINES

NO MORE THAN 6.7 FAILURES PER 100,000 USES



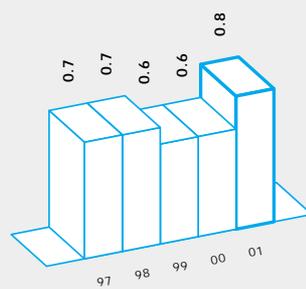
TICKET GATES

NO MORE THAN 5 FAILURES PER 100,000 USES



ESCALATORS

NO MORE THAN 200 HOURS DOWNTIME PER 100,000 HOURS OF USE



TRAIN SIGNALLING SYSTEM

NO MORE THAN 1 FAILURE PER 1500 STATION STOPS

* The above passenger cumulative injury rates (above first aid cases) are based on the new criterion adopted in 2001. Prior to 2001, passenger injuries caused by personal illness, suicide, assault and drug abuse were excluded. In the new criterion, passenger injuries caused by personal illness, suicide, assault, drug and alcohol abuse, carelessness and improper use of facilities are excluded. The injury rates from 1996 to 2000 given above, have been re-worked to reflect the new criterion.

The study revealed the causes and extent of the deterioration in tunnel linings and floating slab tracks and recommended appropriate follow-up action. In consultation with the LTA, SMRT has mapped out a short and long-term maintenance programme.

To supplement the efforts of SMRT's in-house rail change group, Australia's Barclay Mowlem Construction was contracted to carry out rail replacement work. The contract was completed in August 2001 at a project cost of S\$3.1 million and 11 km of track were replaced.

In October 2001 SMRT's Signalling Section awarded a S\$7.5 million contract to replace BR clamp locks with MJ80 point machines, which have a reduced incidence of failure.

Point machines are vital components of the railway that enable trains to switch tracks to take an alternative route. Twenty-nine critical points were fitted with MJ80 machines in 2001. Over the next two years, 73 more machines will be installed.

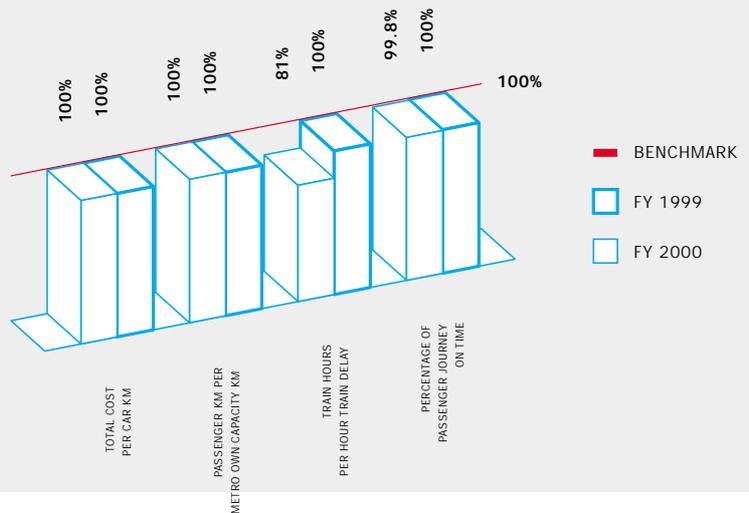
Good progress was reported for the Automatic Train Supervisory System (ATSS) upgrading project. The S\$33 million project was initiated in 1999 and since then 90 per cent of all stations have been fitted with the new ATSS computers. When completed in late 2002, the ATSS system will result in improvements that allow traffic operators and maintenance staff to respond quickly to real time changes.

**ADVERTISING &
RENTAL**

SMRT derives its commercial revenue from the leasing of space and advertising displays. The company has more than 16,000 posters and in-train advertising panels. It also derives rental revenue from more than 500 payphone booths, 200 shops and kiosks, drink dispensing machines and automated machines located at MRT stations.

**BENCHMARK
COMPARISON***

**SMRT PERFORMANCE
VS
BEST PERFORMANCE**



Advertising revenue for FY 2002 was 10 per cent down from the previous year while rental income was stable. The decline was due to reduced advertising spending following the recession and stiff competition in the marketplace.

Several initiatives were introduced to increase revenue from advertising. These include adding track-side advertising panels, converting beacon space into new advertising platforms and introducing sticker advertisements to in-train poles and in-train glass panels.

SLRT is the operator of the Bukit Panjang Light Rapid Transit System, a fully automated passenger feeder service linked to Choa Chu Kang Station.

SINGAPORE LRT
PTE LTD (SLRT)

Three disruptions were experienced on the Bukit Panjang LRT service during the year under review. SLRT has taken decisive steps to improve its service so as to avoid such disruptions in future. A hazard analysis by Semaly, a French rail consultancy, allowed the SLRT to identify possible weaknesses in design, operations and maintenance and to take the necessary remedial actions. SLRT also commissioned Bombardier Transportation to conduct an audit on the operations and maintenance of the LRT system. The audit helped pinpoint gaps in the knowledge, procedures and training of SLRT staff so that the necessary action could be taken.

OPERATIONS AND
SERVICE
IMPROVEMENTS

On its part, SLRT turned its challenges into learning experiences by improving on equipment design and modifying the central control software to create a more stable system.

Overall, service availability improved from 99.4 per cent in 2001 to 99.8 per cent in Jan 2002, exceeding the 99.7 per cent target set by the LTA. In a Customer Satisfaction Survey conducted by Forbes Research Pte Ltd, 76.2 per cent of respondents said the SLRT had met or exceeded their expectations.

* SMRT is a member of an international metro benchmarking group. The group comprises seven metros, two Asian and five European operators. SMRT has attained leading positions for asset utilisation (passenger km per capacity km), cost efficiency (total cost per car km) and service quality (percentage of passenger journeys on time).

ROAD OPERATIONS



Tibs operates a fleet of 790 buses from three depots and manages five interchanges. Together with other public transport operators, in FY 2002, Tibs introduced the Enhanced Integrated Fare System on its buses to replace the current magnetic fare ticketing system.

TRANS-ISLAND
BUS SERVICES
LTD (TIBS)

In March 2001, Tibs awarded a S\$9.5 million contract to Silicomp Asia Pte Ltd to develop the Integrated Bus Operating System (IBOS) for three years. The system, comprising on-board and control centre components, allows for better fleet management, providing useful operational information such as bus location, passenger count and route adherence status. It also allows drivers to communicate with the Control Centre.

Another initiative that the company has embarked on together with the LTA and other public transport operators is the Transit.Smart System which is designed to furnish commuters with real-time bus arrivals.

These initiatives help to realise Tibs' vision of an automated fleet management system.

In July 2001, the adult feeder fare was fully aligned with that of the minimum trunk fare. In January 2002, the company's fleet of buses was fully air-conditioned. In response to commuter demand, Tibs launched four new services during the year: Service 857 from Yishun Interchange to Marina Centre, Service 969 from Woodlands to Tampines, Service 989 from Choa Chu Kang to Changi Airport and Service 962 from Woodlands to Sembawang.

With the new services, Tibs network now stands at 46 trunk services, 19 feeder services and seven NightRider Services.

TIBS Taxis, operating a fleet of 2,000 large taxis, introduced the SMS-A-Taxi service in April 2001. This innovative service allows customers to book a TIBS taxi using a short message service sent from their mobile phones. By giving customers the option of booking a taxi anytime, anywhere while on the move, TIBS Taxis has added a whole new dimension to mobility.

TIBS TAXIS
PTE LTD

TIBS Taxis revised four components of its fare structure with effect from 1 January 2002. The move that received the warmest response from commuters was the waiver of current booking fees for trips from midnight to 6.00 am.

TIBS Taxis also introduced a S\$6.8 million Economic Hardship Package for its drivers in October 2001. Under this package, drivers enjoy rental rebates for a year and also save on operating costs when they pump at the company's diesel stations in the various depots.

**TIBS MOTORS
PTE LTD**

TIBS Motors, established in 1990 to maintain the company's internal fleet of vehicles, has grown to become a major player in the motor repair and maintenance business in Singapore. TIBS Motors currently maintains 860 buses, 2,000 taxis, 600 commercial vehicles and 1,200 motorcycles a year.

The company derives its revenues from automobile repairs and services. It is an authorised workshop for Keppel Insurance and NTUC Income to carry out accident repairs for their policyholders and is authorised to service and repair Mitsubishi trucks.

**TIBS LEASING
PTE LTD**

Focusing on the longer-term contract business, TIBS Leasing achieved a 17.5 per cent improvement in rental sales in the year under review. Its rental fleet also grew to 200 vehicles.

To command higher sales premiums in a competitive market, TIBS Leasing concentrated on higher-end cars. Cars of above 1,600cc make up 34 per cent of its fleet against the national ownership trend of 30 per cent. The company is also growing the MPV and SUV segments of the market, favoured by the younger and expatriate consumers.

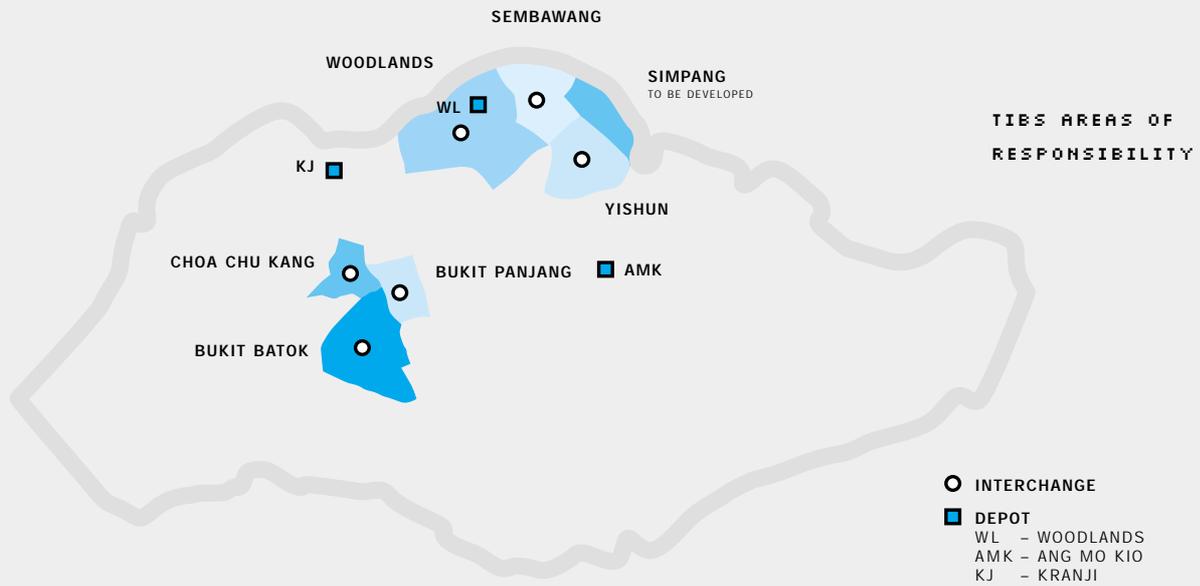
**SINGAPORE
SHUTTLE BUS
PTE LTD (SSB)**

SSB provides regular bus services from housing estates such as Bedok, St Michael, Queenstown, Bukit Merah and Sin Ming to the Central Business District and back. Currently, SSB has a fleet of 69 buses and operates five services. To enhance its services, SSB air-conditioned its entire fleet of buses making for smooth cool rides year-round.

**BUS-PLUS SERVICES
PTE LTD**

During the year, five additional 23-seater buses were acquired and retrofitted as 20-seaters. Capitalising on the customised features of these luxury buses, Bus-Plus rebranded its buses of different capacities as Classic 14's, Original 19's and Grand 20's. This move was well-received by its customers as was its vibrant, revamped website. Chartered express services, introduced in 2000, benefited most from the new website, growing by 92 per cent within the year.

Bus-Plus secured several major contracts during the year. The company was the official transport provider for ExxonMobil's Board of Directors meeting held in Singapore. Looking ahead, Bus-Plus will continue to strive to maintain and surpass the excellent customer service standard that has served it well thus far.



OTHER BUSINESSES



SMRT Engineering Pte Ltd (SMRTE) is a wholly-owned subsidiary of SMRT Corp which is engaged in specialised engineering services and other transport-related businesses. The company's services include offering turnkey solutions, operations and maintenance consultancy and the design, modernisation and upgrading of rail systems.

In FY 2002, SMRTE's projects included the Sentosa People Mover System, operations and maintenance review of the design of Kim Chuan Depot and consultancy service for the overhaul of Taipei Rapid Transit Corporation's electrical mechanical unit.

TranSys Pte Ltd, a joint venture between SMRTE and Singapore Technologies Electronics Limited, develops and markets niche rail-related products and services for the export market. Some products in place include the Intelligent Rail Information System or iRIS, Automatic Fare Collection System or AutoFare, and the Platform Screen Door or PSD system.

In June 2000, SMRT Corp entered into a joint venture with Media Corporation of Singapore and SingTel Yellow Pages to form MediaCorp Press Ltd, which publishes TODAY newspaper distributed daily at all MRT stations. Launched in November 2000, TODAY now enjoys a daily readership of 650,000.

Convenience Shopper Pte Ltd, a joint venture between SMRT Investments Pte Ltd and Cheers Holdings, oversees the management of three Cheers@SMRT convenience stores. Located at Ang Mo Kio, Tampines and Admiralty MRT stations, the stores were officially opened in October 2001. By offering commuters the option of shopping at MRT stations, these Cheers stores make travelling on the MRT more pleasant and convenient. Based on the encouraging response to Cheers@SMRT convenience stores, six more stores are slated to open at Aljunied, Chinese Garden, Kallang, Kembangan, Lakeside and Simei stations.

Transit Link Pte Ltd (TransitLink) is a service company set up by SBS Transit Ltd, SMRT and Tibs. Its role is to develop an integrated public transport system – one in which buses, the MRT and LRT combine services to provide a single planned network through fare, information and network integration. With the launch of the new ez-link Card system, TransitLink has also been appointed by the ez-link Card owner, EZ-Link Pte Ltd, as the managing agent for sale, revaluation, replacement and refund of ez-link Cards.

During the Selective Preview of the ez-link Card from 14 January to 16 February 2002, TransitLink worked with LTA, SMRT, Tibs and SBS Transit to issue ez-link Cards to some 45,000 participants from the previous pilot tests to preview the new system.

OUR ROLE AS A CORPORATE CITIZEN



With more than one million passenger trips made on its trains everyday and another 800,000 passenger trips on its buses, SMRT Corp is tuned in to the heartbeat of the community. Where help is needed, we are always ready to do our part.

As a responsible corporate citizen, we are also determined to protect and preserve the environment for future generations. Our operations are environment-friendly and we will continue to encourage good green practices among commuters and staff.

In September 2001, SMRT Corp launched the President's Tunnel Challenge. By buying a S\$30 Limited Edition MRT Ticket, members of the public got a once-in-a-lifetime chance to walk 4.6 km inside an MRT tunnel that stretched from Expo Station to the as-yet-uncompleted Changi Airport Station. More than 7,000 people rose to the occasion. Donning their runners and opening up their hearts and their wallets, they helped the event's organisers SMRT Corp, LTA and Civil Aviation Authority of Singapore raise S\$900,000 for charity.

COMMUNITY CONTRIBUTIONS

Eighty-eight per cent of all SMRT employees support the SHARE programme, helping SMRT earn the distinguished Gold Award given by the National Council of Social Service. Tibs, with a staff participation of 96 per cent, clinched the prestigious Platinum Award for its contribution to the SHARE programme while TIBS Motors secured a Gold Award and TIBS Taxis a Silver Award.

In other initiatives, SMRT Corp has helped raise funds for the Singapore Anti Narcotics Association and the Spastic Children's Donation while continuing to sponsor the Celebes Hornbills at Jurong Bird Park and five Cotton-top Tamarins at the Singapore Zoological Gardens.

SMRT Corp is happy to help give the young a headstart as they embark on their journey through life. Conceived as part of the National Education programme, SMRT's Learning Journeys Programme takes students on back-of-the-house tours of Bishan Depot, City Hall and Marina Bay stations. The programme aims to enlighten students on how the SMRT system operates.

A HEADSTART FOR CHILDREN

Since its launch, 31 schools including Jurong Point Primary and Anglo Chinese School have taken part in the programme. Some lucky students got to ride in the Train Officer's cabin while others gazed at the underside of a train at Bishan Depot. Still others experienced the thrill of using a snake-catcher to pick up fallen objects from train tracks – all under supervision, of course.

SMRT Corp's efforts to support children go beyond education. Under the Corporate Community Involvement Programme, SMRT has adopted the Student Care Service since 1999. Student Care is a voluntary welfare organisation, which supports socially and academically disadvantaged children.

CARING FOR
THE ENVIRONMENT

Reflecting the many caring hearts within its ranks, TIBS, which is now part of the SMRT Corp family, raised S\$10,000 in donations for the Genesis School for Special Education. The funds will help Genesis integrate children with learning disabilities like autism and cerebral palsy into mainstream education. Among other efforts, Tibs also provided free transport for an outing by MINDS or the Movement for the Intellectually Disabled of Singapore to Fort Canning Park.

Our train stations and trains incorporate environment-friendly features into their design and systems.

Platform screen doors in our 16 underground stations separate platform areas from tunnels and limit the volume of underground space where air-conditioning is required. As a result, the energy consumed for air-conditioning is half of what it would have been had the underground stations been designed without platform screen doors.

SMRT trains employ propulsion equipment that minimises electricity consumption. A regenerative braking system allows electricity to be returned to the system when the train brakes to a stop. The equipment also provides for trains to coast along certain stretches of the track, leading to significant savings in energy consumption.

Our trains and tracks have also been designed to minimise noise pollution. Among other things, the use of continuously-welded tracks and the positioning of traction motors and air-conditioning compressors below the floor of the trains, channels noise downwards. Corrugations on the tracks, which could raise noise levels are regularly ground down by a rail grinding vehicle. In the same way, the wheels of the trains are regularly reprofiled to keep them smooth and reduce the noise they make.

To promote environment-friendly practices among commuters, SMRT together with the Singapore Environment Council, introduced recycling bins for paper at Raffles Place, City Hall, Outram Park and Tanjong Pagar stations in December 2001. Commuters are encouraged to deposit unwanted newspapers and printed advertising materials into yellow paper bins for recycling instead of throwing them into garbage bins with other trash. If this recycling drive is successful, it may be extended to other MRT stations.



OUR PEOPLE



SMRT Corp takes pride in being a people organisation. We are equally committed to the commuters we serve every day on trains, buses and taxis as we are to our staff on whom our success is built. With the merger, The Group's staff strength stands at 6,102 comprising 3,115 from SMRT Corp and 2,987 from TIBS. Beyond mere numbers, today SMRT Corp is defined by a powerful business ethos that brings together the entrepreneurial spirit of TIBS and the loyal work ethic of SMRT.

In a world of changing fortunes and shifting allegiances, our people continue to instruct us on loyalty and service – more than 50 per cent of SMRT's workforce have been with the company for eight years. Staff attrition dropped sharply, from 7.5 per cent in 2000 to 4.4 per cent in 2001.

STAFF PROFILE

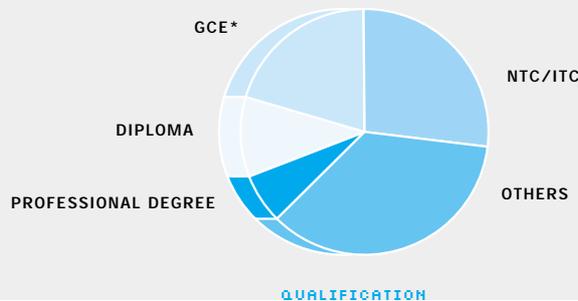
In the year under review, SMRT's staff strength registered a 4.3 per cent increase over the previous year. Most of the additional manpower was recruited to support the newly-opened stations at Dover and Changi Airport as well as the new Circle Line Division.

Manpower costs for FY 2002 increased by 27.4 per cent due to the inclusion of staff and related costs from TIBS, Bus-Plus and TransitLink. The full year impact of the restoration of CPF rates from 12 to 16 per cent and additional headcount also contributed to the increase. However, mindful of the challenges in the economy and reduced profits in the first half of the year, several cost cutting measures were introduced.

The year in review saw TIBS being awarded the People Developer Standard, in recognition of its investment in people and its commitment to systematic staff development. A total of 8,918 training places were achieved for 2001, translating into an average of 60 training hours per employee. This exceeds the People Developer Standard of 40 hours per employee.

PEOPLE DEVELOPMENT

The Group continued to make significant investments in training in the year under review; total training expenditure stood at S\$3.6 million (excluding TIBS). SMRT staff received an average of 9.3 training man-days, against the national average of five days. To support our traineeship schemes, 1,346 staff attended in-service courses in FY 2002. We also made available to our staff 8,913 training places in external courses. SMRT Corp is working hard to achieve the Singapore Quality Award, the ultimate award for business and organisation excellence in Singapore.



* includes 'A', 'O' and 'N' levels.

EMPLOYEE
SHARE OPTIONS

SMRT Corp's Employee Share Option Plan ("SMRTC ESOP") was approved in July 2000. The scheme has multiple objectives: to foster a stronger sense of belonging to the Group, to attract, retain and motivate talent and to encourage loyalty by enabling the Corporation to recognise past contributions and services.

The first SMRTC ESOP grant exercise was carried out in July 2001. The grant price was S\$0.816 and of the 7,561,500 share options allocated to staff, 96.7 per cent or 7,309,500 options were accepted.

HARNESSING
INFORMATION
TECHNOLOGY

SMRT Corp is committed to harnessing the potential of IT to increase productivity and better equip our people to take on the challenges of the global knowledge economy.

In the year under review, we implemented the SAP R/3 software to cover Finance, Material Management and Plant Maintenance. The Finance and Material Management module of SAP went live in April 2001 while the Plant Maintenance module was implemented progressively for 10 maintenance branches from May 2001 to February 2002. To ensure that all necessary controls and checks are built into the SAP configuration, the company engaged an external auditor, Ernst & Young to conduct a pre-implementation audit of the system. As a result, the SAP was implemented with much better security controls.

To facilitate information sharing and knowledge retention, a pilot Electronic Data Management System (EDMS) was carried out for the Traffic and Engineering Divisions in mid 2001. The system was operational in November 2001.

EDMS was also implemented for the newly-created Circle Line (CCL) Division. The system, which was operational in December 2001, provides the means to share design and contractual documents within the CCL and to retain them for future reference.

The EDMS system will be extended to all support service departments in FY 2003 and to the Maintenance Division and Central Supplies Department by FY 2004.

BETTER INDUSTRIAL
RELATIONS

SMRT enjoyed another year of cordial labour and management relations. A fifth Collective Agreement with the National Transport Workers Union – SMRT Branch Union was signed on 28 December 2001. Among other things, the new agreement increases labour productivity by placing all employees on the same leave scheme. To encourage skills upgrading, examination leave has been increased from three days to five days and training costs have been augmented to 5 per cent of total payroll cost per annum against 2.5 per cent previously.

The Corporation's productivity movement is driven by a two-pronged programme: the Quality Circle (QC) movement and the Staff Suggestion Scheme. In the year under review, 75 per cent of staff participated in QC programmes, bringing us to our target of 75 per cent staff participation. The QC activities within our organisation include training courses for members and leaders of our QC teams, three intra-division QC conventions and annual SMRT in-house QC conventions.

IMPROVING
PRODUCTIVITY

Our people have been unflagging in their support for the Staff Suggestion Scheme since its launch in 1996. In FY 2002, more than 8,200 suggestions were offered, representing a 9 per cent increase over the previous year. Of this number, 3,534 were accepted for consideration. Staff received rewards of S\$2 to S\$10 for each suggestion.

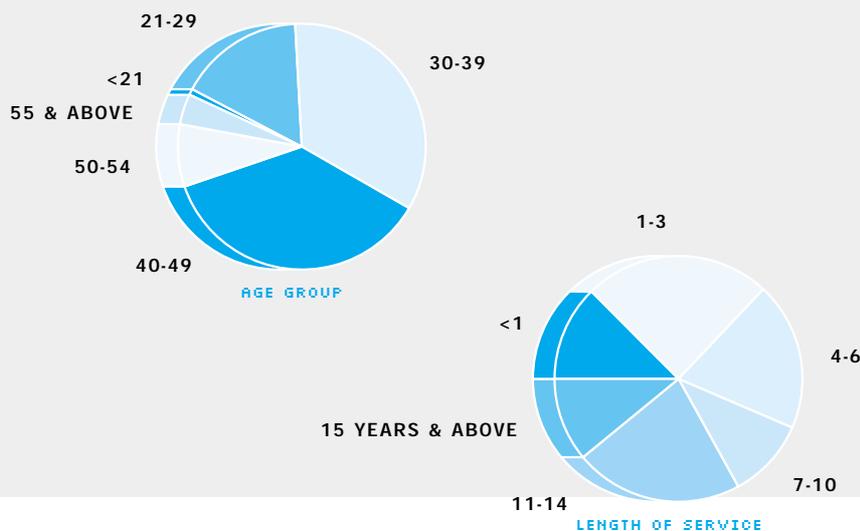
SMRT Corp maintains a Workplace Health Promotion Programme which includes regular health checks, talks and activities. In the year under review, these events included aerobics, line dancing, kick boxing and taiqi classes as well as a health screening exercise conducted by the National Kidney Foundation. We also held an ACTIVE Day in October 2001 where more than 900 SMRT employees joined in a Sports for Life walk at Bishan Stadium. The annual SMRT Games was inaugurated on the same day. Tibs received the Singapore Sports ACE Certificate of Commendation for its role in promoting sports and fitness activities to employees.

HEALTH
AT WORK

Healthy, motivated employees are a recipe for long service. In the year under review, SMRT honoured 214 long serving employees. Among them 61 were in their 15th year of service to the organisation while the rest have been part of the SMRT family for 10 years.

SERVICE
AWARDS

Forty-three staff members received Employee of the Year awards, which honours good performance and a positive work attitude.



FUTURE GROWTH



2001 proved to be a landmark year for SMRT Corp as it seized the opportunities of the day to expand its core business and unlock its potential for future growth.

SMRT Corp's merger with TIBS Holdings, announced in July and completed in December 2001, was its single largest investment in its future. The S\$198.6 million acquisition transformed SMRT Corp from a rail operator to Singapore's first multi-modal transport operator with a 55 per cent market share of the public transport sector.

MERGING
TO GROW

The complementary nature of TIBS' bus and taxi operations and SMRT's rail network allows the Group to explore business opportunities and create synergies in all facets of its operations. This will become more apparent when integration benefits are progressively rolled out.

Plans are also underway to streamline SMRT Corp's organisational structure to better reflect the Group's spread of multi-modal transport activities. SMRT Corp's operations are likely to be divided into four main business groups:

- ✦ Rail business to cover SMRT, SLRT and the Circle Line
- ✦ Road business to cover Trans-Island Bus Services, Singapore Shuttle Bus Services and Bus-Plus Services as well as TIBS Taxis and TIBS Leasing
- ✦ Engineering services business to cover the maintenance divisions currently under SMRT, TIBS Motors and SMRTE.
- ✦ Investment and growth business group to encompass new local and international businesses as well as the Group's interests in TranSys Pte Ltd, MediaCorp Press Ltd, Convenience Shopper Pte Ltd, SMRT International Pte Ltd and TIBS Investment Pte Ltd.

Each business group will be an independent Economic Value Added (EVA) centre responsible for its own profit and loss, balance sheet and operational reporting. The new structure is designed to increase the accountability of each business entity and to achieve greater efficiency in the allocation of resources.

SMRT Corp's successful bid for the operation of the Circle Line offers another strong avenue for growth in the medium term. The Circle Line will add 34 km to SMRT's existing rail network, increasing its reach by another 38 per cent. SMRT's Circle Line team is already working with the LTA to fine-tune operations and functional specifications for the Circle Line.

FUTURE
OPPORTUNITIES

With the expertise gained from the Circle Line, SMRT Corp will be well-placed to actively participate in future developments on Singapore's transport landscape.

Over the next 10 to 15 years, LTA will roll out more rail lines to fulfill the government's vision to make the rail network the backbone of the public transport system. The Government has announced plans to build three more train lines: namely the Bukit Timah Line, the Eastern Region Line and the Jurong Region Line. Its plan is to increase the rail network from 90 km today to over 150 km in 2006, and to about 240 km by 2012.

MOVING FORWARD
WITH THE SMART
CARD

The recently introduced Contactless Smart Card system was designed to cater to the expanding rapid transit system and public transport system. Designed to replace the existing magnetic fare card system, the smart card will facilitate smooth transfers between public transport modes. Fares will be automatically calculated and passengers will be able to board trains and buses more quickly.

RIDERSHIP
GROWTH

The recent opening of the Changi Airport MRT Extension, the upcoming completion of the North East Line and the construction of future Circle Line, all these infrastructure developments are part of a larger plan to encourage wider usage of high quality public transportation.

On its part, SMRT has formed a marketing working group to strengthen ridership on SMRT and TIBS services.

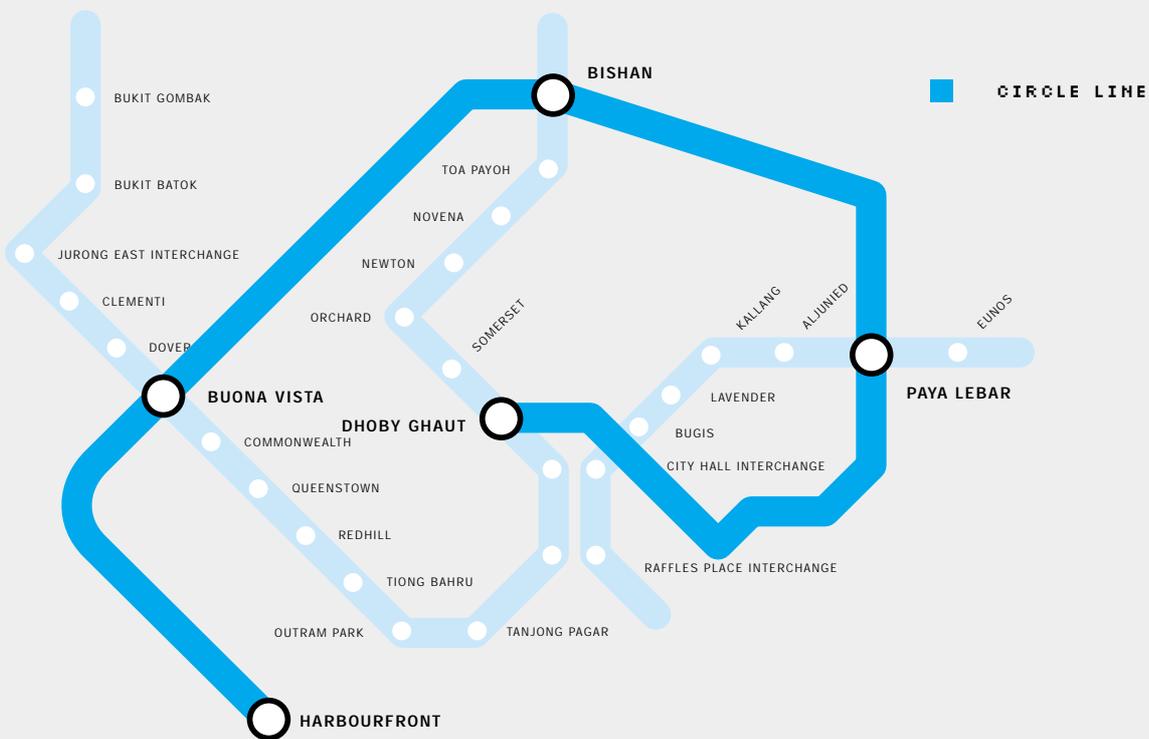
The first step towards increasing ridership has been to bring the benefits of our integrated services to commuters. The introduction of our integrated service information system in March 2002 highlights the opportunities for seamless transfers on board our trains and buses.

Tourists and foreign visitors represent another potential target market for SMRT. We hope to create greater awareness of Changi Airport Station and the high quality public transport on our trains and buses by producing promotional materials aimed at foreign visitors. These could include brochures on attractions and interesting places to visit, shop and eat along MRT routes, inserting SMRT/Tibs travel information in guidebooks and travel/tourist magazines and working with hotels and government agencies to encourage overseas visitors to travel on SMRT/Tibs.

With more than one million passenger journeys on our trains and another 800,000 on our buses everyday, we are constantly on the lookout for ways to enhance their travel experience through ancillary services. The setting up of Cheers convenience stores in Ang Mo Kio, Tampines and Admiralty stations is one such amenity that contributes to non-fare revenue for SMRT. Set up through a joint venture with Cheers Holdings, Cheers stores sell groceries and convenience foods and offer postal services. Six more Cheers stores in MRT stations will be set up in the near future.

**NEW GROWTH
JOURNEYS**

In the long term, SMRT Corp will build on its proven track record of managing and operating a comprehensive urban transport network, to offer engineering and consultancy services or to form partnerships with like-minded business entities here and abroad. These strategies should help us expand our non-fare based revenue and allow SMRT Corp to achieve broad-based growth in the future.



CORPORATE GOVERNANCE

This report describes SMRT Corp's corporate governance practices that were in place throughout the financial year. In line with the recommendations in the Code of Corporate Governance, SMRT Corp is taking steps to achieving full compliance with the Code.

GUIDANCE NOTE
(‘GN’)
ON CODE

The Board of Directors is responsible for the corporate governance of SMRT Corp and its controlled entities. The Directors of the Company have a duty to act honestly, transparently, diligently, independently and in the best interest of all shareholders, in order to enhance shareholder interest. The major processes by which the directors meet their duties are described in this Corporate Governance report.

BOARD OF DIRECTORS

The Board comprises 11 Directors. Except for the President & Chief Executive Officer, the Directors are non-executive, nine of whom are considered independent Directors. GN2.1

There is a clear division of responsibility between the non-executive Chairman and the President & Chief Executive Officer, whose posts are, and will remain separate. GN3.1

The Board met a total of 16 times during the year of which five were scheduled meetings and 11 were special meetings. To facilitate effective management, certain functions have been delegated by the Board to the various Board Committees, each of which has its own written terms of reference. The Board is assisted by an Audit Committee, an Executive Committee and a Remuneration Committee. In March 2002, the Board approved the setting up of a Nominating Committee. This committee serves to ensure a formal and transparent process for the nomination of directors to the Board. A special committee was also set up during the year to oversee the Company's debut bond issue. GN1.1

The Board comprises Directors who as a group provide core competencies such as accounting or finance, law, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. [GN2.4](#)

Key information regarding the Directors and their appointments on the various Board Committees is given at Annexes 1 & 2. [GN4.5](#)

The Board oversees the overall strategy and supervises the management and affairs of the Company and Group. Apart from its statutory duties, the Board approves the Group's strategic directions, key operational initiatives, annual budgets, major acquisitions and disposals, authority levels for expenditure, major funding and investment proposals, and reviews the financial position of the Company and the Group. [GN1.2](#)

To assist the Board in the discharge of its duties, management provides the Board with complete and detailed management accounts of the company's performance, position and prospects on a monthly basis. Directors receive Board and committee papers in advance of Board and committee meetings and have separate and independent access to the Company's senior management and Company Secretary. The Board has adopted a procedure whereby any Director may in the furtherance of his duties, take independent professional advice, if necessary, at the Company's expense. [GN6.1, 6.2, 6.3](#)
[6.4, 10.1 & 10.2](#)

Apart from an orientation training programme to familiarise newly appointed Directors with the Company's business and corporate governance practices, Directors receive further relevant training as and when necessary. [GN1.3](#)

AUDIT COMMITTEE ("AC")

Chaired by Daniel Ee Hock Huat, the AC comprises Victor Loh Kwok Hoong, Lye Fei, Koh Kheng Siong and Engelin Teh Guek Ngor, all of whom are independent. At least two members have accounting or related financial management expertise or experience. The Committee met a total of eight times during the year. The President & CEO, the Senior Vice-President (Finance), Director (Internal Audit) and the external auditors normally attend the meetings. With effect from this financial year, procedures are in place for the AC to meet separately with external auditors and the internal auditors in the absence of management. This is to provide external and internal auditors with opportunities to discuss issues encountered in the course of their work directly with the AC.

GN11.1, 11.2
11.3 & 11.5

The main terms of reference of the AC are:

- to review with the internal and external auditors the adequacy of the internal control systems
- to review the audit plans and findings of the internal and external auditors
- to review interim and full year announcements and reports that are submitted to the Board for approval
- to review interested person transactions

In accordance with the principles and best practices as set out in the Best Practices Guide issued by the SGX-ST, the AC

- has full access to and co-operation from management as well as full discretion to invite any Director or executive Director to attend its meetings
- has been given reasonable resources to enable it to complete its functions properly
- has reviewed findings and evaluation of the system of internal controls with internal and external auditors

The AC, having reviewed the volume of non-audit services to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, have recommended their re-nomination. The AC annually reviews the independence of the external auditors.

GN11.4 & 11.6

INTERNAL CONTROLS

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the company's management throughout the financial year is adequate to meet the needs of the company in its current business environment. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss.

GN12.2

During the year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management. The processes used by the AC to review the effectiveness of the system of internal control and risk management include:

GN12.1

- discussions with management on risks identified by management
- the audit processes
- the review of internal and external audit plans
- the review of significant issues arising from internal and external audits

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

OPERATING STRUCTURE

There is a clearly defined operating structure with lines of responsibility and delegated authority and adequate reporting mechanisms to senior management and the Board.

FINANCIAL REPORTING

There is a group-wide system of planning and budgeting, with the annual budget approved by the Board. There is a practice of monthly reporting of actual performance against budget and revised forecasts; and half yearly reporting in accordance with the requirements of the SGX-ST.

GN10.1

SUB-COMMITTEES OF BOARD

The Board has established several committees, each with defined terms of reference, procedures, responsibilities and powers. The minutes of the committee meetings are tabled at board meetings.

POLICIES AND PROCEDURES

Controls are detailed in formal procedures, instructions and manuals and compliance is verified by the Group's internal auditors and by external auditors and ISO 9002 auditors.

INTERNAL CONTROLS (CONT'D)

RISK IDENTIFICATION AND ASSESSMENT

Risk management practices are in place with specialised functions dealing with individual risks. During the year, a report by the key functional units on the risks, the processes for managing and mitigating them and the means of assuring that the processes are effective was considered by the AC and the Board. To provide further assurance to the AC and the Board, a Risk Management Committee ("RMC") was set up in March 2002. The RMC is chaired by the President & CEO and comprises the heads of the key functional units and the Director (Internal Audit). The RMC is to ensure a consistent and integrated risk management policy across the businesses. In addition, the RMC is to assist the AC in its annual review on the effectiveness of the risk management processes.

INTERNAL AUDIT/EXTERNAL AUDIT

Internal Audit performs continuous monitoring to ensure compliance with company policies, internal controls and procedures designed to risk manage and safeguard the business and assets of the Group. The work of internal audit is focused on areas of greatest risk to the Group as determined through the audit planning process. The formal reports resulting from such reviews are provided to the AC and the Chairman of the Board. KPMG, our external auditors, contribute a further independent perspective on certain aspects of the internal financial control system arising from their work and annually report their findings to the AC.

PROPERTY AND LIABILITY RISKS

The Group's risk exposures are consistently reviewed on an annual basis by the risk management consultants to ensure that its insurance programme continues to address the risk exposures identified and is adequate to its needs.

INVESTMENT PROJECTS

These are subject to formal authorisation procedures with designated levels of authority. Major projects are subject to Board review and approval.

INTERNAL AUDIT

The Internal Auditor's line of functional reporting is to the Chairman of the AC. Administratively, the internal auditor reports to the President & CEO. **GN13.1**

The AC is satisfied that the internal auditor meets the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. GN13.2

The AC is satisfied that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company. GN13.3

The AC reviews, on an annual basis, the adequacy of the internal audit function. GN13.4

REMUNERATION COMMITTEE

GN7.1 & 9.1

The Remuneration Committee deals with remuneration of the President & CEO and policies for senior management remuneration and development on behalf of the Board.

The committee has three members and comprises independent Directors: Chew Choon Seng (Chairman), Koh Kheng Siong and Cheah Kean Huat. The committee met three times during the year.

Its main terms of reference are:

- to evaluate the President & CEO's performance
- to set the President & CEO's goals based on strategic plans
- to administer the SMRT Corporation Employee Share Option Plan
- to develop performance evaluation criteria
- to recommend executive compensation

NOMINATING COMMITTEE

GN4.1

A Nominating Committee was formed in March 2002 and is chaired by Engelin Teh Guek Ngor. The other members are Chew Choon Seng and Jimmy Phoon Siew Heng.

The main terms of reference are:

- to review and make recommendations to the Board on all board appointments and re-appointments
- to oversee the composition of the Board and Board Committees to ensure that they meet the composition and balance required under the Code of Corporate Governance
- to ensure that the independent Directors meet the criteria set out in the SGX guidelines
- to conduct an exercise to determine the independence of each Director
- to conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board

EXECUTIVE COMMITTEE (EXCO)

The Exco, chaired by Chew Choon Seng, comprises four Board members, Koh Kheng Siong, Ng Ser Miang, Jimmy Phoon Siew Heng and Boey Tak Hap. The Exco was formed in December 2001 and met three times during the year. On behalf of the Board, it provides oversight on the management of the Group's business and affairs within the limits of authority delegated by the Board. The Exco reviews significant tenders, capital and operating budgets, treasury transactions, bank account opening arrangements, and where necessary considers and initiates proposals for restructuring, investments, acquisitions, divestments and funding.

MANAGEMENT COMMITTEE (MC)

The MC is not a Board Committee. Decisions of the Board are communicated to the MC, which comprises senior management and is chaired by the President & CEO.

Fortnightly MC meetings are held by the President & CEO with senior management, who are the Heads of Divisions in the Company, to review the status of various projects, discuss or propose strategic objectives, plans and key policies for the Company and operational matters.

COMMUNICATION WITH SHAREHOLDERS

The Board regards the Annual General Meeting as an opportunity to communicate directly with private investors and encourages participative dialogue. The Chairman, the President & CEO and the Chairmen of the Board Committees attend the Annual General Meeting and are available to answer questions from shareholders present. External auditors are also present to assist Directors in addressing relevant queries by shareholders.

GN15.1 & 15.3

The Group has an established Investor Relations unit, which manages its investor relations programme. SMRT Corp: GN14.1 & 14.2

- issues prompt and broadly disseminated news releases on significant events and initiatives
- updates regularly its corporate website at www.smrtcorp.com
- holds, at appropriate times, presentations on the Group's performance and business directions to the investment and media community
- complies with a strict internal disclosure policy to prevent selective disclosure
- produces informative collateral, including comprehensive annual reports, to provide updates of the latest developments within the Group
- disseminates comprehensive investor and media kits upon request

In May 2001, SMRT Corp received an honourable mention for Best Investor Relations for an IPO in the Investor Relations Magazine Asia Awards 2001. SMRT Corp was awarded the runners-up position for the Most Transparent Company in the Transport/Storage/Communication category by the Securities Investor Association of Singapore in September 2001.

DEALINGS IN SECURITIES

The Group has adopted an internal code in conformity with the provisions of the Best Practices Guide in the SGX Listing Manual to provide guidance to its Directors and officers in relation to the dealings in the Company's securities. A system of reporting of security dealing to the Company Secretary by Directors has been established to effectively monitor the dealings of these parties in the securities of the Company. In addition, a circular is issued before the start of each period to remind officers to refrain from dealing in the Company's shares during the month prior to the release of the half-year and year-end announcements of the Group's financial results.

PARTICULARS OF DIRECTORS

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS	
Chew Choon Seng 56 yrs	<ul style="list-style-type: none"> - Bachelor of Engineering (Mechanical) 1st Class Hons, University of Singapore - Master of Science (Operational Research & Management Studies), Imperial College, UK 	07.03.2000 18.07.2001	Senior Executive Vice President (Administration)	Singapore Airlines Limited
			Director	Singapore Airport Terminal Services Limited
			Chairman	Singapore Aircraft Leasing Enterprise Ltd
Boey Tak Hap 50 yrs	<ul style="list-style-type: none"> - Bachelor of Science (Automatic Control & Systems Engineering with Management Sciences) 1st Class Hons, University of Manchester, UK (SAF Scholar) - Diploma in Business Administration, National University of Singapore 	01.01.2002	Director	Wing Tai Holdings Ltd
			President & CEO	Singapore Power Ltd from 1994 to Dec 2001

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS
Cheah Kean Huat 49 yrs	– Bachelor of Science (Economics & Electrical Engineering), Yale University – Master of Business Administration, Stanford University	20.04.2000	Vice President & General Manager Asia Pacific Hewlett-Packard Services Member Board of Trustees, Singapore Management University Chairman Data Storage Institute (till Jul 2001) Managing Director (South Asia) Hewlett Packard Far East Pte Ltd from 1995 to 2000

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS	
Daniel Ee Hock Huat 49 yrs	<ul style="list-style-type: none"> - Bachelor of Science (Systems Engineering) 1st Class Hons, University of Bath (Colombo Plan Scholar) - Master of Science (Industrial Engineering), National University of Singapore 	17.04.2000	<ul style="list-style-type: none"> Managing Director & Consultant Director Director Director Member Chief Executive 	<ul style="list-style-type: none"> Meridian Capital Pte Ltd Surface Mount Technology (Holdings) Limited Kyosha Holdings (Singapore) Limited Gas Supply Pte Ltd Civil Aviation Authority of Singapore (since 1995) Standard Chartered Merchant Bank Asia Limited (from Apr 1996 to Sep 1999)
Koh Kheng Siang 54 yrs	<ul style="list-style-type: none"> - Bachelor of Science (Economics) Hons, University of London - Master of Business Administration (Finance), University of Chicago Graduate School of Business 	<ul style="list-style-type: none"> 07.03.2000 18.07.2001 	<ul style="list-style-type: none"> Controller 	<ul style="list-style-type: none"> ExxonMobil Singapore

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS
Victor Loh Kwok Hoong 63 yrs	– Read Law at the Inns of Court School of Law, Council of Legal Education in England – Fellow of British Institute of Management	18.04.2000	Ambassador (Non-Resident) Poland President & CEO V&L Associates Pte Ltd Director Thakral Corporation Ltd Director FHTK Holdings Ltd Director Seksun Corporation Limited Member Board of Governors, The Institute of Policy Studies (since 1995) Chairman & President Philips Group of Companies (from 1991 to 1999) Member Council of National University of Singapore (from 1994 – 2000) Member National Science and Technology Board (from 1992 – 1999)

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS	
Lye Fei 53 yrs	– Bachelor of Engineering (Mechanical Engineering) Hons, University of Singapore – Diploma in Business Administration, National University of Singapore	07.03.2000	President President Chairman Executive Chairman Chairman	SembCorp Parks Management Pte Ltd Sembcorp Parks Holdings Ltd SemHotel Management Pte Ltd Bintan Lagoon Resort Business Administration Advisory Committee of Singapore Polytechnic
		13.12.2001	Chairman Vice-President Director Director Director Chairman Managing Director	Singapore Sports Council since Oct 1991 Singapore National Olympic Council International Factors (Singapore) Ltd Transpac Industrial Holdings Limited Cam Associates Pte Ltd NTUC Choice Homes Co-operative Limited TIBS Holdings Ltd from 1991 to 2001

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS
Jimmy Phoon Siew Heng 39 yrs	– Bachelor of Economics (Hons), Monash University, Australia	01.05.2001 18.07.2001	Managing Director, Corporate Stewardship Director Singapore Airport Terminal Services Limited Director SIA Engineering Company Limited Director PowerGrid Limited Director Fullerton Global Corporation Limited Director Finlayson Alpha Director Finlayson Global Corporation Limited

PARTICULARS OF DIRECTORS (CONT'D)

NAME OF DIRECTOR /AGE	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS	
Tan Yong Soon 47 yrs	<ul style="list-style-type: none"> - Bachelor of Arts (Hons), Engineering Tripos, University of Cambridge - Master of Business Administration, National University of Singapore - Master in Public Administration, Harvard University 	<ul style="list-style-type: none"> 07.03.2000 18.07.2001 	<ul style="list-style-type: none"> CEO & Member Member Director Director Deputy Secretary (Policy) 	<ul style="list-style-type: none"> Urban Redevelopment Authority Energy Market Authority of Singapore National Healthcare Group Pte Ltd SilkAir (Singapore) Pte Ltd Ministry of Finance from 1998 till 2001
Engelin Teh Guek Ngor 47 yrs	<ul style="list-style-type: none"> - LLB (Hons), National University of Singapore - Fellowship of the Singapore Institute of Arbitrators - Senior Counsel 	<ul style="list-style-type: none"> 01.08.2001 	<ul style="list-style-type: none"> Managing Director Director 	<ul style="list-style-type: none"> Engelin Teh Practice LLC Singapore Power Limited

BOARD OF DIRECTORS & COMPOSITION OF BOARD COMMITTEES

DIRECTOR	BOARD APPOINTMENTS – EXECUTIVE OR NON-EXECUTIVE DIRECTOR – INDEPENDENT OR NON-INDEPENDENT DIRECTOR	BOARD COMMITTEES AS CHAIRMAN OR MEMBER			
		AUDIT	EXCO	NOMINATING	REMUNERATION
Chew Choon Seng	Non-Executive/Independent		Chairman	Member	Chairman
Boey Tak Hap	Executive/Non-Independent		Member		
Cheah Kean Huat	Non-Executive/Independent				Member
Daniel Ee Hock Huat	Non-Executive/Independent	Chairman			
Koh Kheng Siong	Non-Executive/Independent	Member	Member		Member
Victor Loh Kwok Hoong	Non-Executive/Independent	Member			
Lye Fei	Non-Executive/Independent	Member			
Ng Ser Miang	Non-Executive/Independent		Member		
Jimmy Phoon Siew Heng	Non-Executive/Non-Independent		Member	Member	
Tan Yong Soon	Non-Executive/Independent				
Engelin Teh Guek Ngor	Non-Executive/Independent	Member		Chairman	

FINANCIALS

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FINANCIAL REVIEW

In December 2001, the Company completed its acquisition of TIBS Holdings Ltd ("TIBS"). Accordingly, the audited accounts of the Group now include the results of TIBS for the period from December 2001 to March 2002.

Group revenue grew 21.1% to \$500.0 million. SMRT Group excluding TIBS registered a turnover of \$416.8 million, a marginal increase of 0.9%. Revenue for the first half of the financial year under review stood at \$208.4 million, an increase of 2.6% over the preceding year. Profit after taxation decreased 53.8% to \$29.4 million in the first half. Revenue for the second half increased 39% to \$291.5 million as a result of the consolidation of TIBS' results for four months. However, after-tax profits declined 30.2% to \$27.4 million due to lower interest and investment income, higher depreciation and interest expenses on the \$500 million bonds.

Excluding TIBS' four-month performance and financial impact of the acquisition (i.e. interest cost on borrowing of \$200 million and amortisation of goodwill), revenue for the second half year would be \$208.4 million, a decline of 0.7% and profit after taxation would be \$22.3 million, 43.2% lower than the second half year in FY 2001.

REVENUE

Fare revenue on the MRT system grew 0.7% to \$375.0 million. Average daily MRT ridership for FY 2002 was 1,067,600, representing an increase of 0.6% over FY 2001.

Fare revenue on the LRT system grew 9.5% to \$8.4 million. Average daily LRT ridership increased 1.3% to 40,100.

Rental and advertising revenue increased marginally on account of higher rental income and advertising revenue of \$0.8 million from TIBS. Advertising revenue on the MRT system declined \$1.3 million because of stiffer competition and reduced spending by advertisers.

Engineering and other services, excluding related contributions from TIBS, increased \$0.9 million to \$1.5 million from the leasing of fibre optics cables to telecommunication services companies.

OPERATING EXPENSES

Operating expenses increased 27.9% or \$92.1 million compared to the previous financial year. The inclusion of costs from TIBS for the first time contributed to the increase. Excluding TIBS, operating expenses (net of depreciation and asset-related grant) increased 3.1% or \$7.8 million due to the following:

STAFF AND RELATED COSTS

Staff and related costs increased 3.8% to \$149.9 million. The restoration of the employer CPF contribution rate from 12% to 16% in January 2001 increased salary costs by 2.2%. The outstanding cost increases are attributable to the additional staffing required for Changi Airport MRT Extension and Dover Station.

REPAIRS AND MAINTENANCE COSTS

Repairs and maintenance costs declined 1.5% or \$0.5 million. The reduction in repairs and maintenance costs for the rail system was attributable to the completion of several major maintenance projects last year.

ELECTRICITY COSTS

Electricity costs increased 0.5% due to the operation of the Changi Airport MRT Extension and Dover Station and increased train runs. The reduction in electricity tariffs of approximately 5.8% mitigated against these cost increases.

OTHER OPERATING EXPENSES

The increase in other operating expenses stood at 6.5% or \$2.6 million. This was attributed mainly to an increase in SMRT's share of Transit Link expenses for the first eight months (\$1.2 million), costs related to the \$500 million bond issue, the merger with TIBS and SMRT's tender for the Circle Line.

FINANCIAL REVIEW (CONT'D)

DEPRECIATION

Depreciation increased \$27.5 million to \$149.7 million. Excluding TIBS, depreciation increased 9.4% or \$11.4 million to \$133.7 million, due mainly to the full-year depreciation of 16 new trains and adjustments to the useful lives of certain assets.

AMORTISATION OF ASSET-RELATED GRANT

The increase in amortisation of asset-related grant corresponds to the increase in depreciation arising from adjustments to the useful lives of certain assets.

INTEREST AND INVESTMENT INCOME

Interest and investment income fell 94.9% from \$49.2 million to \$2.5 million in FY 2002. This was because the fourth annual instalment payment to LTA and capital expenditure reduced the Group's investment funds.

SHARE OF RESULTS OF ASSOCIATES

Losses from associates in FY 2002 amounted to \$6.3 million. Of this amount, the share of losses in MediaCorp Press accounted for \$5.6 million.

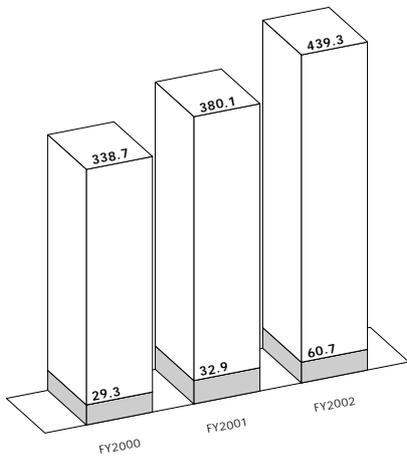
PROFIT AFTER TAXATION

The Group achieved a net profit of \$56.8 million for FY 2002, a decline of 44.7% compared to the previous year. This was due to significantly reduced interest and investment income and lower operating profit.

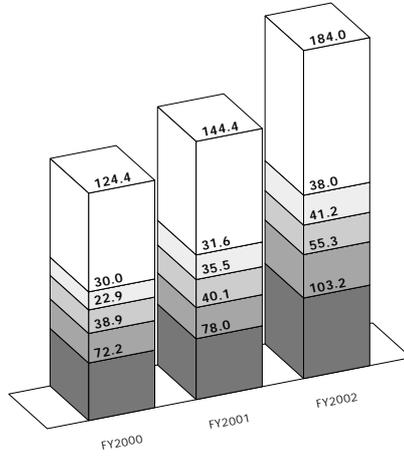
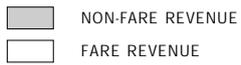
DIVIDENDS

The Board of Directors has proposed a final gross dividend of 1.5 cents per share, less tax of 22%. Combined with the interim gross dividend of 1.3 cents per share, less tax of 24.5%, the total gross dividends for the full year amount to 2.8 cents per share.

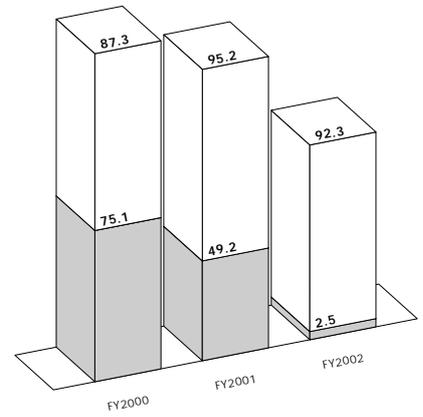
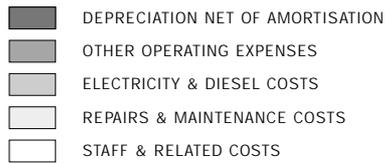
The Company intends to continue paying an ordinary dividend of approximately 50% of the consolidated net profit from operations for each financial year, subject to capital expenditure and other investment plans.



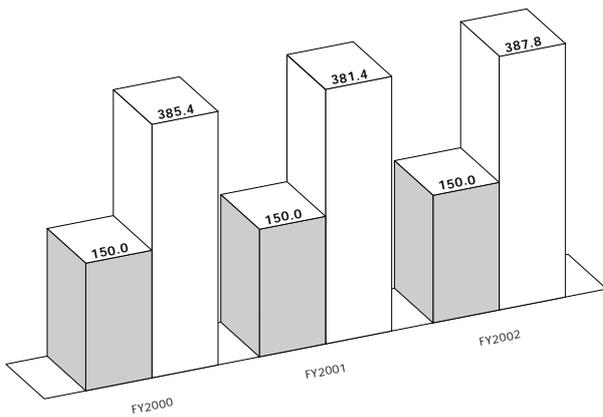
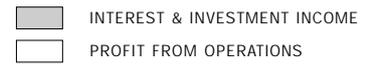
REVENUE <\$M>



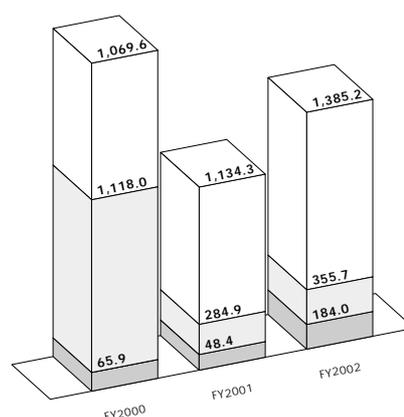
OPERATING EXPENSES <\$M>



INTEREST & INVESTMENT INCOME AND PROFIT FROM OPERATIONS <\$M>



SHARE CAPITAL AND RESERVES <\$M>



TOTAL ASSETS EMPLOYED <\$M>



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2002

On behalf of all the directors of the Company, we are pleased to submit this annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2002.

DIRECTORS

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

Chew Choon Seng	Chairman
Boey Tak Hap	(Appointed on 1 January 2002)
Lye Fei	
Koh Kheng Siong	
BG (NS) Tan Yong Soon	
Daniel Ee Hock Huat	
Victor Loh Kwok Hoong	
Cheah Kean Huat	
Jimmy Phoon Siew Heng	(Appointed on 2 May 2001)
Engelin Teh Guek Ngor	(Appointed on 1 August 2001)
Ng Ser Miang	(Appointed on 13 December 2001)

PRINCIPAL ACTIVITIES

The principal activities of the Company are those relating to investment holding and provision of engineering consultancy and other engineering services and management services to group companies.

The subsidiaries are involved in five key businesses as follows:

(I) RAIL OPERATIONS

Its principal activities are to provide transport-related business in Singapore. It operates both the Mass Rapid Transit System ("MRT") and Bukit Panjang Light Rapid Transit System ("LRT").

(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 and provision of taxi services.

(IV) RENTAL AND ADVERTISING

Its principal activities are the leasing of commercial space, kiosks and advertising panels at the MRT and LRT stations as well as advertising panels in trains, buses and taxis.

PRINCIPAL ACTIVITIES (CONT'D)

(V) ENGINEERING SERVICES AND OTHER SERVICES

The business provides consultancy, project management services, lease of fibre optic cable, rental of motor vehicles and repair and maintenance services.

Except for the acquisition of TIBS Holdings Ltd and its subsidiaries whose principal activities are those relating to the provision of bus and taxis services, there have been no significant changes in activities of the Group or of the Company during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The following acquisition of subsidiary was made during the financial year:

NAME OF SUBSIDIARY	EFFECTIVE	GROUP'S	CONSIDERATION
	EQUITY INTEREST	SHARE OF NET	
	ACQUIRED	TANGIBLE ASSETS	
	%	\$'000	\$'000
ACQUIRED BY THE COMPANY			
TIBS Holdings Ltd	100	129,477	198,637

On 9 July 2001, the Company and TIBS Holdings Ltd ("TIBS") entered into a Merger Agreement for the merger of the Company and TIBS pursuant to a scheme of arrangement under Section 210 of the Companies Act (the "Scheme"). Under the Scheme:

- 138,616,272 shares of TIBS held by shareholders as at the Relevant Date on 10 December 2001, being one business day before the Scheme effective date of 11 December 2001, were cancelled in exchange for the Scheme price of \$1.405 in cash per share paid by the Company; and
- 138,616,272 shares of TIBS, being equal in number to the cancelled shares, were issued to the Company and credited as fully paid-up.
- 3,242,011 employee shares option of TIBS were cancelled in exchange for cash for the difference between the Scheme price of \$1.405 per share and the subscription prices of the options.

The Scheme was sanctioned by the High Court of Singapore on 21 November 2001 and took effect on 11 December 2001.

Upon the effective date of the Scheme, TIBS became a wholly-owned subsidiary of the Company and its shares were withdrawn from the Official List of the Singapore Exchange Securities Trading Limited.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (CONT'D)

As a result of the acquisition, the following companies, which was previously accounted as associates of the Group, became subsidiaries:

	EFFECTIVE EQUITY INTEREST HELD	
	BEFORE THE	AFTER THE
	SCHEME	SCHEME
Bus-Plus Services Pte Ltd	50.0%	100.0%
Transit Link Pte Ltd	33.3%	66.7%
EZCard Pte Ltd	40.0%	55.0%

There were no other acquisitions and disposals of subsidiaries during the financial year.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year are as follows:

	THE GROUP	THE COMPANY
	\$'000	\$'000
Profit after taxation	56,797	44,872
Retained profits brought forward, as previously reported	188,842	86,073
Effects of adopting accounting standards:		
- SAS 10 (Proposed dividend income)	-	(38,237)
- SAS 10 (Proposed dividend payable)	35,674	35,674
- SAS 17 (Employee benefits)	(4,560)	(177)
- SAS 31 (Provisions)	13,475	-
- SAS 34 (Intangibles)	(1,996)	-
Retained profits brought forward, as restated	231,435	83,333
	288,232	128,205
Dividends:		
Final dividends paid:		
- Ordinary dividend of 15% less tax of 24.5% in respect of year 2001	(16,988)	(16,988)
- Special dividend of 16.5% less tax of 24.5% in respect of year 2001	(18,686)	(18,686)
Interim ordinary dividend of 13% less tax of 24.5% in respect of year 2002	(14,723)	(14,723)
	(50,397)	(50,397)
Retained profits carried forward	237,835	77,808

TRANSFERS TO AND FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves during the financial year. Material movements in provisions (including allowance, impairment and depreciation) are as set out in the notes to the accompanying financial statements.

ISSUE OF SHARES OR DEBENTURES

During the financial year, there were the following issues of shares:

BY THE SUBSIDIARIES

NAME OF SUBSIDIARIES	DESCRIPTION OF SHARES ISSUED	PURPOSES OF ISSUE
Singapore LRT Pte Ltd	1,500,000 ordinary shares of \$1 each fully paid at par for cash	To provide additional working capital
RFP Investments Pte Ltd	7,876,000 ordinary shares of \$1 each fully paid at par for cash	To provide additional working capital

Except for the above, there was no other issue of shares or debentures during the financial year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the "Share Options" 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.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares and debentures in the Company and in related corporations are as follows:

	HELD BY DIRECTOR		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002
	THE COMPANY			
ORDINARY SHARES OF \$0.10 EACH FULLY PAID				
Chew Choon Seng	50,000	50,000	-	-
Daniel Ee Hock Huat	50,000	50,000	5,000	5,000
Victor Loh Kwok Hoong	50,000	50,000	1,000	1,000
Cheah Kean Huat	30,000	30,000	-	-
2.87% BONDS MATURING IN 2004				
Boey Tak Hap	\$250,000	\$250,000	-	-
RELATED CORPORATIONS				
CAPITALAND LIMITED				
ORDINARY SHARES OF \$1.00 EACH FULLY PAID				
Koh Kheng Siong	25,000	25,000	-	-
BG (NS) Tan Yong Soon	-	-	2,500	2,500
Victor Loh Kwok Hoong	-	-	1,000	1,000
FINLAYSON GLOBAL CORPORATION LTD				
0% BONDS MATURING IN 2004				
Engelin Teh Guek Ngor	\$10,000	\$10,000	-	-
RAFFLES HOLDINGS LIMITED				
ORDINARY SHARES OF \$0.50 EACH FULLY PAID				
Chew Choon Seng	12,000	12,000	-	-
Lye Fei	3,000	3,000	-	-

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	HELD BY DIRECTOR		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002
	SEMBICORP INDUSTRIES LTD			
ORDINARY SHARES OF \$0.25 EACH FULLY PAID				
Koh Kheng Siong	20,000	20,000	-	-
Daniel Ee Hock Huat	3,709	3,709	-	-
Ng Ser Miang	50,000	25,000	-	-
OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.25 EACH				
	EXERCISE			
	PRICE	EXERCISE PERIOD		
Lye Fei	\$2.26	20/5/2001 to 19/5/2009	100,000	100,000
	\$1.99	27/6/2001 to 26/6/2010	140,000	140,000
	\$1.55	20/4/2002 to 19/4/2011	-	250,000
CONDITIONAL AWARD OF PERFORMANCE SHARES TO BE DELIVERED AFTER 2003				
Lye Fei			-	Up to 100,000 (Note 1)

Note 1: The actual number delivered will depend on the achievement of set targets over a 3 year period from 2001 to 2003. Achievement of targets below 80% level will mean no performance shares will be delivered, while achievement up to 200% will mean up to twice the number of conditional performance shares awarded could be delivered.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	HELD BY DIRECTOR				OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1/4/2001 OR DATE OF APPOINTMENT		AS AT 31/3/2002		AS AT 1/4/2001 OR DATE OF APPOINTMENT	
					AS AT 31/3/2002	
SEMBCORP LOGISTICS LTD						
ORDINARY SHARES OF \$0.25* EACH FULLY PAID						
Koh Kheng Siong	24,000*	24,000	-	-	-	-
OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.25* EACH						
	EXERCISE PRICE	EXERCISE PERIOD				
Lye Fei	\$2.5038*	29/6/2000 to 28/6/2010	40,000*	40,000	-	-
	\$1.8375*	16/5/2002 to 15/5/2011	120,000*	120,000	-	-
* The number of shares and the share price have been adjusted for the effect of 1 for 4 share split during the financial year.						
SIA ENGINEERING COMPANY LIMITED						
ORDINARY SHARES OF \$0.10 EACH FULLY PAID						
Chew Choon Seng	20,000	20,000	-	-	-	-
Koh Kheng Siong	2,000	2,000	-	-	-	-
Lye Fei	-	-	1,000	1,000	-	-
SINGAPORE AIRLINES LIMITED						
ORDINARY SHARES OF \$0.50 EACH FULLY PAID						
Chew Choon Seng	214,000	214,000	-	-	-	-
Koh Kheng Siong	15,000	15,000	-	-	-	-
Daniel Ee Hock Huat	2,000	-	-	-	-	-
Engelin Teh Guek Ngor	5,000	5,000	-	-	-	-

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	HELD BY DIRECTOR				OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1/4/2001 OR DATE OF APPOINTMENT		AS AT 31/3/2002		AS AT 1/4/2001 OR DATE OF APPOINTMENT	
					AS AT 31/3/2002	
SINGAPORE AIRLINES LIMITED (CONT'D)						
OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.50 EACH						
	EXERCISE					
	PRICE	EXERCISE PERIOD				
Chew Choon Seng	\$15.34*	28/3/2000 to 27/3/2010	60,000	60,000	-	-
	\$16.65*	3/7/2000 to 2/7/2010	90,000	90,000	-	-
	\$11.96*	2/7/2001 to 1/7/2011	-	152,000	-	-
* Prices adjusted for capital reduction.						
SINGAPORE AIRPORT TERMINAL SERVICES LIMITED						
ORDINARY SHARES OF \$0.10 EACH FULLY PAID						
Chew Choon Seng			10,000	10,000	-	-
Lye Fei			2,000	2,000	1,000	1,000
SINGAPORE FOOD INDUSTRIES LIMITED						
ORDINARY SHARES OF \$0.05 EACH FULLY PAID						
Lye Fei			18,000	18,000	2,000	2,000
Daniel Ee Hock Huat			50,000	60,000	-	-
SINGAPORE TECHNOLOGIES ENGINEERING LTD						
ORDINARY SHARES OF \$0.10 EACH FULLY PAID						
Koh Kheng Siong			34,361	34,361	-	-
Victor Loh Kwok Hoong			-	-	2,000	2,000

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	HELD BY DIRECTOR		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002	AS AT 1/4/2001 OR DATE OF APPOINTMENT	AS AT 31/3/2002
SINGAPORE TELECOMMUNICATIONS LIMITED				
ORDINARY SHARES OF \$0.15 EACH FULLY PAID				
Chew Choon Seng	11,820	11,820	-	-
Boey Tak Hap	1,820	1,820	1,690	1,690
Lye Fei	-	-	200	200
BG (NS) Tan Yong Soon	1,820	1,820	1,690	1,690
Koh Kheng Siong	11,820	11,820	3,230	3,230
Daniel Ee Hock Huat	1,950	1,950	1,690	1,690
Victor Loh Kwok Hoong	1,690	1,690	7,690	7,690
Jimmy Phoon Siew Heng	1,750	1,750	2,690	2,690
Engelin Teh Guek Ngor	1,490	1,490	-	-
Ng Ser Miang	51,620	101,620	1,440	1,440
ST ASSEMBLY TEST SERVICES LTD				
ORDINARY SHARES OF \$0.25 EACH FULLY PAID				
Koh Kheng Siong	1,000	1,000	-	-
Engelin Teh Guek Ngor	1,000	1,000	-	-
THE ASCOTT GROUP LIMITED				
ORDINARY SHARES OF \$0.20 EACH FULLY PAID				
Engelin Teh Guek Ngor	10,000	10,000	-	-
VERTEX VENTURE HOLDINGS LTD				
ORDINARY SHARES OF \$0.20 EACH FULLY PAID				
Daniel Ee Hock Huat	-	7,120	-	-

As at 21 April 2002 (being 21 days after the end of the financial year), the interests of directors who held office at the end of the financial year in shares in the Company and related corporations remained unchanged.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures 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.

DIVIDENDS

Since the end of the last financial year, the Company paid a final net ordinary dividend of \$16,987,500 and a net special dividend of \$18,686,250 in respect of the previous financial year as proposed in the directors' report for that year. During the financial year, the Company declared an interim net ordinary dividend of \$14,722,500. The directors now recommend the payment of a final net ordinary dividend of \$17,550,000 in respect of the financial year under review.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year:

- (i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
- (ii) no contingent liability of the Group or of the Company has arisen.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group or of the Company misleading.

UNUSUAL ITEMS

Except for the effect of changes in accounting policies as disclosed in Note 31 to the accompanying financial statements, in the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' INTERESTS IN CONTRACTS

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE OPTIONS

The SMRTC Corporation Employee Share Option Plan ("SMRTC ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRTC ESOP was administered by the Remuneration Committee, comprising Mr Chew Choon Seng, Chairman of the Committee, Mr Cheah Kean Huat and Mr Koh Kheng Siong.

The SMRTC 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.

SHARE OPTIONS (CONT'D)

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 SMRTC ESOP as it thinks fit.

The salient features of the SMRTC ESOP are as follows:

(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 SMRTC ESOP.

(II) MAXIMUM ALLOWABLE ALLOTMENT

The aggregate number of shares issued under the SMRTC ESOP ("ESOP Shares") shall not exceed fifteen percent of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares 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 for the five consecutive market days immediately preceding the Grant Date.

(IV) OPTION PERIOD

The Option for Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year).

The Option for Employee Scheme may be exercised during the period commencing after the second anniversary of the Grant Date but before the tenth anniversary of the Grant Date. The right of the participants to exercise their Options is in all cases subject to such vesting schedule (if any) stipulated by the Committee and any other conditions which may be imposed by the Committee from time to time in its absolute discretion.

DIRECTORS' REPORT (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

SHARE OPTIONS (CONT'D)

At the end of the financial year, details of the options granted under the SMRTC ESOP on the unissued ordinary shares of \$0.10 each of the Company are as follows:

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE	OPTIONS OUTSTANDING		OPTIONS GRANTED	OPTIONS EXERCISED	OPTIONS CANCELLED/ LAPSED	OPTIONS OUTSTANDING		NUMBER OF OPTION HOLDERS AT 31/3/2002	EXERCISE PERIOD
		AT 1/4/2001	AT 31/3/2002				AT 31/3/2002			
16/7/2001	\$0.816	-	7,309,500	-	-	-	7,309,500	2,494	16/7/2003 to 15/7/2011	

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.

AUDIT COMMITTEE

The Audit Committee (the "Committee") comprises five non-executive directors. The Committee's members are as follows:

Daniel Ee Hock Huat (Chairman)
Lye Fei
Koh Kheng Siong
Victor Loh Kwok Hoong
Engelin Teh Guek Ngor

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 business risks and the reliability of management reporting;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Singapore Exchange Listing Manual;
- the appropriateness of interim and full year announcements and reports;
- the effectiveness and efficiency of internal and external audits; and
- interested person transactions.

AUDIT COMMITTEE (CONT'D)

Specific functions of the Committee include reviewing the scope of work of the internal and external auditors and the assistance given by the Group's officers to the auditors, and receiving and considering the reports of the internal and the external auditors and their evaluation of the system of internal controls. The Committee also recommends the appointment of the external auditors.

In addition, the Committee has, in accordance with Chapter 9A of the Singapore Exchange 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.

The Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

Our auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



CHEW CHOON SENG
DIRECTOR



BOEY TAK HAP
DIRECTOR

SINGAPORE
24 MAY 2002

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2002

We, CHEW CHOON SENG and BOEY TAK HAP, being directors of SMRT CORPORATION LTD, do hereby state that in our opinion:

- (a) the financial statements set out on pages 86 to 149 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 2002 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; 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 authorised these financial statements for issue on the date of this statement.

On behalf of the Board of Directors



CHEW CHOON SENG
DIRECTOR



BOEY TAK HAP
DIRECTOR

SINGAPORE
24 MAY 2002

**REPORT OF THE AUDITORS TO THE
MEMBERS OF SMRT CORPORATION LTD**

We have audited the financial statements of SMRT Corporation Ltd and consolidated financial statements of the Group for the year ended 31 March 2002 as set out on pages 86 to 149. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

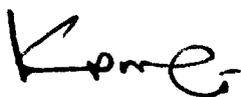
We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 31 March 2002 and of the results and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under Section 207 (3) of the Act.



KPMG
CERTIFIED PUBLIC ACCOUNTANTS

SINGAPORE
24 MAY 2002

BALANCE SHEETS

AS AT 31 MARCH 2002

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
			(RESTATED)		(RESTATED)
NON-CURRENT ASSETS					
Property, plant and equipment	4	1,385,158	1,134,250	249	319
Interests in subsidiaries	5	-	-	357,133	152,695
Interests in associates	6	3,783	4,404	-	-
Finance lease receivables due after 12 months	7	573	-	-	-
Financial assets	8	8,534	-	-	-
Intangible asset	9	68,007	-	-	-
CURRENT ASSETS					
Inventories	10	42,249	21,601	-	-
Trade and other receivables	11	69,391	22,389	375,644	75,121
Financial assets	8	9,163	41,617	-	-
Fixed deposits with banks and financial institutions		305,198	239,664	-	6,000
Cash at banks and in hand		32,803	3,634	818	439
		458,804	328,905	376,462	81,560
CURRENT LIABILITIES					
Trade and other payables	14	177,839	87,222	5,883	1,064
Amount due to LTA due within one year	17	254,611	274,146	-	-
Current portion of interest-bearing loans and borrowings	18	96,647	-	-	-
Employee benefits	19	5,611	4,560	153	177
Provisions	20	8,684	-	-	-
Provision for taxation		4,009	2,024	-	-
		547,401	367,952	6,036	1,241
NET CURRENT (LIABILITIES)/ASSETS		(88,597)	(39,047)	370,426	80,319
BALANCE CARRIED FORWARD		1,377,458	1,099,607	727,808	233,333

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

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BALANCE SHEETS (CONT'D)

AS AT 31 MARCH 2002

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
			(RESTATED)		(RESTATED)
BALANCE BROUGHT FORWARD		1,377,458	1,099,607	727,808	233,333
NON-CURRENT LIABILITIES					
Amount due to LTA due after one year	17	-	(252,915)	-	-
Interest-bearing loans and borrowings	18	(512,519)	-	(500,000)	-
Employee benefits	19	(5,196)	-	-	-
Deferred taxation	21	(156,752)	(114,000)	-	-
Fuel equalisation account	22	(17,961)	(8,688)	-	-
		(692,428)	(375,603)	(500,000)	-
MINORITY INTERESTS		(1,318)	-	-	-
		683,712	724,004	227,808	233,333
SHARE CAPITAL	23	150,000	150,000	150,000	150,000
RESERVES	24	237,835	231,435	77,808	83,333
SHARE CAPITAL AND RESERVES		387,835	381,435	227,808	233,333
DEFERRED GRANT	25	295,877	342,569	-	-
		683,712	724,004	227,808	233,333

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

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
			(RESTATED)		(RESTATED)
Revenue	26	499,953	412,974	82,109	129,699
Other operating income	27(A)	13,992	11,764	5	-
Staff and related costs	27(B)	(183,981)	(144,392)	(7,131)	(3,489)
Depreciation of property, plant and equipment	4	(149,732)	(122,217)	(89)	(39)
Amortisation of asset-related grant	25	46,564	44,236	-	-
Repairs and maintenance costs		(37,964)	(31,609)	(31)	(13)
Electricity and diesel costs		(41,212)	(35,495)	-	-
Other operating expenses	27(C)	(55,297)	(40,087)	(8,344)	(4,864)
Profit from operations		92,323	95,174	66,519	121,294
Finance costs	27(D)	(6,280)	-	(4,301)	-
Interest and investment income	27(E)	2,508	49,184	796	11
Share of results of associates		(6,282)	(3,450)	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION	27	82,269	140,908	63,014	121,305
Taxation	28	(25,490)	(38,111)	(18,142)	(21,140)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION		56,779	102,797	44,872	100,165
Minority interest		18	-	-	-
NET PROFIT FOR THE YEAR		56,797	102,797	44,872	100,165
BASIC EARNINGS PER SHARE (IN CENTS)		3.79	6.85		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	SHARE CAPITAL \$'000	RETAINED PROFITS \$'000	TOTAL \$'000
THE GROUP				
At 1 April 2000, as previously reported		150,000	136,638	286,638
Effects of adopting:				
– SAS 10 (proposed dividend payable)	31(B)	–	90,000	90,000
– SAS 17 (employee benefits)	31(B)	–	(3,979)	(3,979)
– SAS 31 (provisions)	31(B)	–	16,000	16,000
– SAS 34 (intangibles)	31(B)	–	(3,258)	(3,258)
At 1 April 2000, as restated		150,000	235,401	385,401
Profit for the year		–	102,797	102,797
Dividends	32	–	(106,763)	(106,763)
At 31 March 2001, as restated		150,000	231,435	381,435
At 1 April 2001, as previously reported		150,000	188,842	338,842
Effects of adopting:				
– SAS 10 (proposed dividend payable)	31(B)	–	35,674	35,674
– SAS 17 (employee benefits)	31(B)	–	(4,560)	(4,560)
– SAS 31 (provisions)	31(B)	–	13,475	13,475
– SAS 34 (intangibles)	31(B)	–	(1,996)	(1,996)
At 1 April 2001, as restated		150,000	231,435	381,435
Profit for the year		–	56,797	56,797
Dividends	32	–	(50,397)	(50,397)
At 31 March 2002		150,000	237,835	387,835

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	SHARE CAPITAL \$'000	RETAINED PROFITS \$'000	TOTAL \$'000
THE COMPANY				
At 1 April 2000, as previously reported		150,000	89,931	239,931
Effects of adopting:				
- SAS 10 (proposed dividend income)	31(B)	-	(90,000)	(90,000)
- SAS 10 (proposed dividend payable)	31(B)	-	90,000	90,000
At 1 April 2000, as restated		150,000	89,931	239,931
Profit for the year		-	100,165	100,165
Dividends	32	-	(106,763)	(106,763)
At 31 March 2001, as restated		150,000	83,333	233,333
At 1 April 2001, as previously reported		150,000	86,073	236,073
Effects of adopting:				
- SAS 10 (proposed dividend income)	31(B)	-	(38,237)	(38,237)
- SAS 10 (proposed dividend payable)	31(B)	-	35,674	35,674
- SAS 17 (employee benefits)	31(B)	-	(177)	(177)
At 1 April 2001, as restated		150,000	83,333	233,333
Profit for the year		-	44,872	44,872
Dividends	32	-	(50,397)	(50,397)
At 31 March 2002		150,000	77,808	227,808

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	2002 \$'000	2001 \$'000
			(RESTATED)
OPERATING ACTIVITIES			
Profit before taxation		82,269	140,908
Adjustments for items not involving outlay of funds:			
Accretion of discounts net of amortisation of premiums on investments		-	(199)
Allowance for inventory obsolescence		1,024	705
Amortisation of asset-related grant		(46,564)	(44,236)
Amortisation of goodwill		1,153	-
(Decreased)/Increased in employee benefits		(489)	581
Depreciation of property, plant and equipment		149,732	122,217
Dividend income		(8)	(730)
Grant released		(128)	-
Interest expense		6,280	-
Interest income		(1,823)	(13,767)
Profit from disposals of:			
- investments and bonds		(674)	(34,488)
- property, plant and equipment		(223)	(930)
Property, plant and equipment written off		568	910
Provisions made during the year		85	-
Share of results of associates		6,282	3,450
Operating profit before working capital changes		197,484	174,421
Changes in working capital:			
Inventories		(14,085)	193
Finance lease receivables		823	-
Trade and other receivables		2,386	10,460
Amounts due from associates and related companies		3,547	(943)
Trade balance due to LTA		(994)	522
Trade and other payables		(33,903)	(27,810)
		155,258	156,843
Income tax paid		(97)	(12,362)
Dividends paid		(50,397)	(586,763)
Interest paid		(1,980)	-
Cash flows from/(used in) operating activities		102,784	(442,282)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	2002 \$'000	2001 \$'000
			(RESTATED)
INVESTING ACTIVITIES			
Investments in associates		(8,219)	(5,125)
Dividends received		8	838
Interest received		3,408	22,340
Purchases of investments		-	(132,052)
Purchases of property, plant and equipment		(57,900)	(188,668)
Proceeds from disposals of investments		41,754	467,278
Proceeds from disposals of property, plant and equipment		3,073	1,028
Acquisition of subsidiaries, net of cash acquired		(193,960)	-
Cash flows (used in)/from investing activities		(211,836)	165,639
FINANCING ACTIVITIES			
Decrease in non-trade balance due to LTA		(271,456)	(256,694)
Proceeds from unsecured bonds		500,000	-
Repayment of bank loans		(50,365)	-
Cash flows from/(used in) financing activities		178,179	(256,694)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		69,127	(533,337)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		243,298	776,635
Adjustment due to business combination		25,576	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	338,001	243,298

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

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2002

The attributable net assets of subsidiaries acquired during the year are as follows:

	2002 \$'000
Acquisition:	
Property, plant and equipment	343,490
Investments	9,487
Other non-current assets	1,006
Current assets	40,578
Current liabilities	(144,732)
Non-current liabilities	(120,352)
Goodwill	69,160
Purchase consideration	198,637
Less:	
Net cash at bank of subsidiaries acquired	(4,677)
Cash outflow on acquisition	193,960

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 24 May 2002.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates.

1. DOMICILE AND ACTIVITIES

SMRT Corporation Ltd is a company incorporated in the Republic of Singapore with its registered office at 251 North Bridge Road, Singapore 179102.

The principal activities of the Company are those relating to investment holding and provision of engineering consultancy and other engineering services and management services to group companies. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

2. LICENCE AND OPERATING AGREEMENTS

(A) SINGAPORE MRT LTD ("SMRT")

A Licence and Operating Agreement ("the LOA") with Land Transport Authority ("LTA") under which SMRT is licensed to operate the existing MRT system in Singapore came into effect on 1 April 1998. The LOA sets out the terms and conditions under which the licence is granted and include the following:

- (i) The licence is for a period of 30 years commencing 1 April 1998 at an annual licence fee calculated at 0.5 per cent of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the LOA, and at 1% from 1 April 2003 onwards, and such percentage would be reviewed every 5 years. SMRT may request LTA to extend the licence or subsequent licence for a period of 30 years subject to any other terms and conditions as LTA may impose.
- (ii) SMRT 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 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, SMRT is required to surrender all parts of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LOA terms by SMRT, SMRT is required upon cancellation to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

2. LICENCE AND OPERATING AGREEMENTS (CONT'D)

(B) SINGAPORE LRT PTE LTD ("SLRT")

A Licence and Operating Agreement ("the LRT LOA") with LTA under which SLRT 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 per cent of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates, such percentage would be reviewed every 5 years by LTA. SLRT may request LTA to extend the licence for a period of 30 years and LTA may renew the licence for a period of 30 years or such other period and upon such other terms and conditions as LTA may impose.
- (ii) SLRT 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 SLRT.
- (iii) Prior to SLRT's purchase of the operating assets, SLRT 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 SLRT, there is no requirement to maintain the reserve fund account. However, SLRT 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, platform 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. SLRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. SLRT 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 SLRT purchasing the operating assets of the LRT System, SLRT 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 SLRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. SLRT 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 SLRT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

2. LICENCE AND OPERATING AGREEMENTS (CONT'D)

(B) SINGAPORE LRT PTE LTD ("SLRT") (CONT'D)

- (vi) If the licence is cancelled after SLRT purchased the operating assets, SLRT 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 SLRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by SLRT, SLRT is required to refund to LTA the total amount or such portion thereof as LTA may determine of the replacement grants received by SLRT upon cancellation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

(B) BASIS OF PREPARATION

The financial statements, expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared in accordance with the historical cost convention.

In 2002, the Group and the Company changed their accounting policies as a result of adopting ten new or revised accounting standards which have become effective for the financial statements for 2002. The benchmark treatment given in SAS 8 (revised 2000) – *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies* of applying the changes retrospectively by adjusting the opening balance of the accumulated profits of the prior and current period has been adopted, unless such treatment is prohibited or modified by the specific transitional provisions set out in the respective standards being adopted. Details of the effects of adopting the standards are given in Note 31.

(C) BASIS OF CONSOLIDATION

(I) SUBSIDIARIES

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(C) BASIS OF CONSOLIDATION (CONT'D)

(I) SUBSIDIARIES (CONT'D)

In respect of acquisition of subsidiaries accounted for by the use of the purchase method of accounting, the difference between cost of acquisition and fair value of the Group's share of the identifiable net assets acquired is accounted for as goodwill in accordance with Note 3(H).

Merger and acquisition of subsidiaries which meet the criteria set out in Section 69B of the Act and in Statement of Accounting Standard No. 22, "Business Combinations", are accounted for under the pooling of interests method in the preparation of the consolidated financial statements.

(II) ASSOCIATES

An associate is a company in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations or made payments on behalf to satisfy obligations of the associates that the Group has guaranteed or otherwise committed.

(III) TRANSACTIONS ELIMINATED ON CONSOLIDATION

All significant intercompany transactions balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with an associate are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(IV) DISPOSALS

On disposal of a subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement in Group reserves is included in the calculation of the profit or loss on disposal.

(V) ACCOUNTING POLICIES OF SUBSIDIARIES

Where necessary, accounting policies for subsidiaries have been adjusted on consolidation to be consistent with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(D) SUBSIDIARIES

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

(E) ASSOCIATES

In the Company's balance sheet, investments in associates are stated at cost less impairment losses.

The results of the associates are included in the Company's profit and loss account to the extent of dividends received and receivable, provided the Company's right to receive the dividend is established before the balance sheet date.

(F) FOREIGN CURRENCIES

(I) TRANSLATION OF FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at the exchange rates approximate to those ruling at the balance sheet date. Foreign currency assets and liabilities hedged by forward contracts are translated into Singapore dollars at the contracted forward exchange rates. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(II) FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The Group's foreign operations are not considered an integral part of the Company's operation. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity.

(G) PROPERTY, PLANT AND EQUIPMENT

(I) OWNED ASSETS

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(G) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(II) SUBSEQUENT EXPENDITURE

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(III) 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 profit and loss account on the date of retirement or disposal.

(IV) DEPRECIATION

Depreciation is provided on a straight-line basis so as to write off the cost of the property, plant and equipment and major components that are accounted for separately over their estimated useful lives as follows:

Leasehold land and properties	-	lease period ranging from 2 to 30 years
Furniture and fittings, office equipment and computers	-	3 to 10 years
Motor vehicles	-	5 to 6 years
Rolling stock	-	15 to 30 years
Power supply equipment	-	20 to 25 years
Signalling, communication and automatic fare collection systems	-	3 to 30 years
Buses and coaches	-	10 to 12 years
Taxis and vehicles for rental	-	6.67 to 10 years
Plant and machinery	-	3 to 5 years
Yacht	-	10 years
Other operation equipment	-	15 to 30 years

No depreciation is provided on unregistered buses.

No depreciation is made on assets under construction until such assets are completed and put into operational use.

Property, plant and equipment costing less than \$1,000 per item are written off as and when they are purchased.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(H) INTANGIBLE ASSETS

(I) GOODWILL

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 20 years.

(II) NEGATIVE GOODWILL

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

In respect of associates, the carrying amount of negative goodwill is included in the carrying amount of the investment in associates. The carrying amount of other negative goodwill is deducted from the carrying amount of intangible assets.

(III) SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(I) FINANCIAL ASSETS

Equity securities and other investments held for the long-term are stated at cost less allowance for diminution in value which, in the opinion of the directors, is other than temporary.

Equity securities held for the short term are stated at cost less allowance for diminution in value to reflect the net carrying value at the lower of cost and market value, determined on an individual investment basis. Cost is determined on the weighted average method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) FINANCIAL ASSETS (CONT'D)

Profits or losses on disposal of financial assets are determined as the difference between the net disposal proceeds and the carrying amount of the financial assets and are accounted for in the profit and loss account as they arise.

(J) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward foreign exchange contracts to partially hedge its exposure to foreign exchange risks arising from operational activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Forward foreign exchange contracts are accounted for on an equivalent basis to the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or positions.

(K) INVENTORIES

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.

(L) FINANCE LEASE, TRADE AND OTHER RECEIVABLES

Finance lease, trade and other receivables are stated at their cost less allowance for doubtful receivables.

(M) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(N) IMPAIRMENT

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(I) CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount is the greater of the assets' net selling price and value in use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(II) REVERSAL OF IMPAIRMENT LOSS

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the profit and loss account.

(O) TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

(P) INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing borrowings are recognised at cost.

(Q) EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

(II) DEFINED BENEFIT PLANS

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield of the quoted Singapore Government bonds at balance sheet date. The calculation is performed using the projected unit credit method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(O) EMPLOYEE BENEFITS (CONT'D)

(II) DEFINED BENEFIT PLANS (CONT'D)

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the profit and loss account 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 profit and loss account.

In calculating the Group's obligation in respect of a plan, any actuarial gain or loss is recognised in the profit and loss account in the period that the gain or loss arises.

(III) SHORT-TERM COMPENSATED ABSENCES

Provision is made when services are rendered by employees that increase their entitlement to future compensated absences.

(IV) EQUITY AND EQUITY RELATED COMPENSATED BENEFITS

The SMRTC Employee Share Option Plan ("SMRTC ESOP") allows the Group's employees to acquire shares of the Group companies. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(R) PROVISIONS

A provision is recognised in the balance sheet when the Group 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.

(S) INCOME TAX

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary difference is not provided for in respect of the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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 substantially enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(S) INCOME TAX (CONT'D)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

(T) FUEL EQUALISATION ACCOUNT ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") as part of the mechanism for regulating public transport fares. The FEA is computed based on the reference electricity tariff and diesel price for the year as determined by the PTC.

In the year where the actual electricity tariff and diesel price is below the reference electricity tariff and diesel price for that year, a fuel equalisation account is set up as a charge to the profit and loss account for that year. In the year where the actual electricity tariff and diesel price is above the reference electricity tariff and diesel price for that year, the fuel equalisation account previously set up is released to that year's profit and loss account. The amount that can be released to the profit and loss account is limited to the maintenance of a minimum balance (or such other amount as may be approved by PTC) in the FEA equivalent to one year's fuel consumption calculated based on the reference electricity tariff and diesel price.

All transfers to and from the FEA must be approved by the PTC. The PTC may also direct such transfers that it considers necessary and has the obligation to ensure that the benefits relating to the balance in the FEA will be passed back to the commuting public.

(U) DIVIDENDS

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(V) GRANTS

Assets related grants are deferred and allocated to the profit and loss account over the years in which the related property, plant and equipment are depreciated.

(W) REVENUE RECOGNITION

(I) PASSENGER REVENUE

Passenger revenue from MRT, LRT, bus and taxi is recognised at the end of the ride.

(II) RENTAL INCOME

Rental income receivable under operating leases is recognised in the profit and loss account on a straight-line basis over the term of the leases.

Rental income from charter of buses is recognised upon completion of charter hire services to customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(W) REVENUE RECOGNITION (CONT'D)

(III) ADVERTISING INCOME

Advertising income is recognised when the advertisements are displayed.

(IV) SERVICE FEE INCOME

Service fee income is recognised upon completion of services rendered to customers. The stage of completion is measured by reference to the progress claims made over the contract sum.

(V) SALES OF MOTOR VEHICLES

Revenue from sales of motor vehicles under finance leases is recognised upon completion of the finance lease agreements.

(VI) INTEREST INCOME

Interest income from finance leases is recognised on a reducing balance basis over the period of the finance leases.

Other interest income is recognised on an accrual basis.

(VII) DIVIDEND INCOME

Dividend income from subsidiaries and associates is recognised in the profit and loss account when the right to receive payment is established. Dividend income from quoted investments is recognised in the profit and loss account at gross on a receipt basis.

(VIII) SALES OF INVESTMENT

Gain or loss on sale of quoted investments is recognised upon the execution of sales contract with counter-parties. Proceeds are determined on quoted bid price net of brokerages.

(X) OPERATING LEASES

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the respective leases.

(Y) FINANCE COSTS

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred.

(Z) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

4. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD LAND AND PROPERTIES	FURNITURE AND FITTINGS, OFFICE EQUIPMENT AND COMPUTERS	MOTOR VEHICLES	ROLLING STOCK	POWER SUPPLY EQUIPMENT	SIGNALLING, COMMUNICATION AND AUTOMATIC FARE COLLECTION SYSTEMS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
THE GROUP						
COST						
At beginning of the year	6,735	14,637	2,573	843,363	137,939	184,070
Additions on acquisition of subsidiaries	61,100	19,284	2,672	-	-	-
Adjustments arising from business combination	2,499	9,898	329	-	-	272
Additions	593	2,208	5	-	93	584
Disposals/write off	(160)	(2,269)	(796)	(26)	-	(8,163)
Transfers/reclassifications	1,042	3,018	-	(26,419)	-	9,116
At end of the year	71,809	46,776	4,783	816,918	138,032	185,879
DEPRECIATION						
At beginning of the year	1,846	5,951	1,611	182,984	24,959	64,976
Additions on acquisition of subsidiaries	15,531	9,301	1,334	-	-	-
Adjustments arising from business combination	2,256	9,398	104	-	-	257
Depreciation charge for the year	1,215	3,207	472	71,415	8,275	22,852
Disposals/write off	(56)	(2,144)	(264)	(23)	-	(8,021)
Transfers/reclassifications	(697)	-	-	(34,756)	-	-
At end of the year	20,095	25,713	3,257	219,620	33,234	80,064
Depreciation charge for 2001	226	1,894	378	64,813	8,268	19,637
CARRYING AMOUNT						
31 March 2002	51,714	21,063	1,526	597,298	104,798	105,815
31 March 2001	4,889	8,686	962	660,379	112,980	119,094

BUSES AND COACHES	TAXIS AND VEHICLES FOR RENTAL	PLANT AND MACHINERY	YACHT	OTHER OPERATION EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	-	-	-	253,094	57,036	1,499,447
265,673	178,968	26,963	1,161	-	-	555,821
2,831	-	14,537	-	-	-	30,366
1,142	6,651	976	-	2,651	42,997	57,900
(2,891)	(6,800)	(1,743)	-	(2,817)	-	(25,665)
-	-	-	-	12,476	(34,686)	(35,453)
266,755	178,819	40,733	1,161	265,404	65,347	2,082,416
-	-	-	-	82,870	-	365,197
103,495	66,649	15,009	1,012	-	-	212,331
1,860	-	13,823	-	-	-	27,698
6,255	5,744	2,019	39	28,239	-	149,732
(2,692)	(6,348)	(1,697)	-	(1,002)	-	(22,247)
-	-	-	-	-	-	(35,453)
108,918	66,045	29,154	1,051	110,107	-	697,258
-	-	-	-	27,001	-	122,217
157,837	112,774	11,579	110	155,297	65,347	1,385,158
-	-	-	-	170,224	57,036	1,134,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FURNITURE AND FITTINGS, OFFICE EQUIPMENT AND COMPUTERS \$'000	OTHER OPERATION EQUIPMENT \$'000	TOTAL \$'000
THE COMPANY			
COST			
At beginning of the year	316	42	358
Additions	28	-	28
Disposals	(15)	-	(15)
At end of the year	329	42	371
DEPRECIATION			
At beginning of the year	38	1	39
Depreciation charge for the year	86	3	89
Disposals	(6)	-	(6)
At end of the year	118	4	122
Depreciation charge for 2001	38	1	39
CARRYING AMOUNT			
31 March 2002	211	38	249
31 March 2001	278	41	319

5. INTERESTS IN SUBSIDIARIES - THE COMPANY

	NOTE	2002 \$'000	2001 \$'000
Unquoted equity shares, at cost		362,808	156,295
Less:			
Impairment losses			
At beginning of the year		(3,600)	-
Recognised during the year	27(C)	(5,400)	(3,600)
At end of the year		(9,000)	(3,600)
Loan to a subsidiary		3,325	-
		357,133	152,695

The long-term loan to a subsidiary is unsecured, interest-free and not repayable within the next 12 months.

5. INTERESTS IN SUBSIDIARIES – THE COMPANY (CONT'D)

Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ BUSINESS	EQUITY INTEREST HELD		COST OF INVESTMENT	
			2002	2001	2002	2001
			%	%	\$'000	\$'000
Singapore MRT Ltd and its subsidiary:	Operation of Mass Rapid Transit System under licence from LTA	Singapore	100	100	150,000	150,000
Singapore LRT Pte Ltd	Operation of Bukit Panjang Light Rapid Transit System under licence from LTA	Singapore	100	100	-	-
SMRT Engineering Pte Ltd	Provision of engineering consultancy and project management services	Singapore	100	100	1,495	1,495
SMRT International Pte Ltd	Leasing of fibre optic cable, train operations, provision of consultancy services and investment holding	Singapore	100	100	200	200
SMRT Investments Pte Ltd	Investment holding	Singapore	100	100	1,000	1,000
RFP Investments Pte Ltd	Investment holding	Singapore	100	100	11,476	3,600
TPG Investments Pte Ltd	Dormant	Singapore	100	100	*	*
BALANCE CARRIED FORWARD					164,171	156,295

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

5. INTERESTS IN SUBSIDIARIES – THE COMPANY (CONT'D)

Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ BUSINESS	EQUITY INTEREST HELD		COST OF INVESTMENT		
			2002	2001	2002	2001	
			%	%	\$'000	\$'000	
BALANCE BROUGHT FORWARD					164,171	156,295	
TIBS Holdings Ltd and its subsidiaries:	Investment holding and provision of management services	Singapore	100	–	198,637	–	
Trans-Island Bus Services Ltd	Bus operator	Singapore	100	–	–	–	
Singapore Shuttle Bus (Pte.) Ltd	Bus operator	Singapore	100	–	–	–	
TIBS Taxis Pte Ltd	Taxi operator	Singapore	100	–	–	–	
TIBS Motors Pte Ltd	Retailing, distribution and repair services for motor vehicles	Singapore	100	–	–	–	
TIBS China Auto-motive Industries Investment Pte Ltd	Investment holding, currently dormant	Singapore	100	–	–	–	
TIBS China Motor Investment Pte Ltd	Investment holding	Singapore	100	–	–	–	
TIBS Leasing Pte Ltd	Car rental and leasing	Singapore	100	–	–	–	
TIBS Investment Pte Ltd and its subsidiaries:	Investment dealer	Singapore	100	–	–	–	
BALANCE CARRIED FORWARD					362,808	156,295	

5. INTERESTS IN SUBSIDIARIES – THE COMPANY (CONT'D)

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ BUSINESS	EQUITY INTEREST HELD		COST OF INVESTMENT		
			2002	2001	2002	2001	
			%	%	\$'000	\$'000	
BALANCE BROUGHT FORWARD					362,808	156,295	
TIBS Capital Pte Ltd	Consultancy and investment services, currently dormant	Singapore	100	–	–	–	
Seven Seas Marina Pte Ltd and its subsidiary:	Marina operations	Singapore	100	–	–	–	
Hollycourt Limited#	Investment holding	British Virgin Islands	100	–	–	–	
TIBS (Hong Kong) Investments Limited and its subsidiary:@	Investment dealer	Hong Kong	100	–	–	–	
Fin Holdings Limited@	Investment holding	Republic of Ireland	100	–	–	–	
TIBS Trading Pte Ltd and its subsidiary:	Trading and service company	Singapore	100	–	–	–	
Tonfat Limited+	Trading company, currently dormant	Hong Kong	100	–	–	–	
Bus-Plus Services Pte Ltd	Provision of public transport and other related services	Singapore	100^	–	–	–	
BALANCE CARRIED FORWARD					362,808	156,295	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

5. INTERESTS IN SUBSIDIARIES – THE COMPANY (CONT'D)

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION/ BUSINESS	EQUITY INTEREST HELD		COST OF INVESTMENT	
			2002 %	2001 %	2002 \$'000	2001 \$'000
BALANCE BROUGHT FORWARD					362,808	156,295
Transit Link Pte Ltd+ ©	Provision of services connected with the carriage of goods and passengers in public conveyances	Singapore	66.67 [®]	–	–	–
EZCard Pte Ltd+ ©	Provision of multipurpose stored value smart card services in Singapore and to develop, arrange and promote the use of multipurpose stored value smart card business in Singapore	Singapore	55 ^Ø	–	–	–
					362,808	156,295

* Amount less than \$1,000.

@ Audited by member firms of KPMG International.

+ Audited by other firms of Certified Public Accountants.

Not required to be audited by law of country of incorporation.

^ Effective interest held by the Group is 100% (2001: 50%).

® Effective interest held by the Group is 66.67% (2001: 33.3%).

Ø Effective interest held by the Group is 55% (2001: 40%).

© These companies became subsidiaries during the year and have yet to change their financial year end to be co-terminous with that of the Group. The audited financial statements as at 31 December 2001 and the 3 months unaudited results based on the management accounts, have been used for consolidation purposes.

6. INTERESTS IN ASSOCIATES - THE GROUP

	2002	2001
	\$'000	\$'000
Unquoted equity shares, at cost	13,343	6,475
Long-term loan to an associate	-	2,905
	13,343	9,380
Share of post-acquisition results	(9,560)	(4,976)
	3,783	4,404

The long-term loan to an associate was unsecured, interest-free and not repayable within the next 12 months.

During the year, the loan was reclassified to loan to subsidiary as the associate became a subsidiary of the Group.

Details of the associates are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD	
			2002	2001
			%	%
HELD BY SINGAPORE MRT LTD				
Transit Link Pte Ltd	Provision of services connected with the carriage of goods and passengers in public conveyances	Singapore	*	33.3
Bus-Plus Services Pte Ltd	Provision of public transport and other related services	Singapore	*	50.0
EZCard Pte Ltd	Provision of multipurpose stored value smart card services in Singapore and to develop, arrange and promote the use of multipurpose stored value smart card business in Singapore	Singapore	*	40.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

6. INTERESTS IN ASSOCIATES – THE GROUP (CONT'D)

NAME OF COMPANY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD	
			2002	2001
			%	%
HELD BY SMRT ENGINEERING PTE LTD				
TranSys Pte Ltd**	Design, manufacture, promotion, distribution and sale of railway related parts and services	Singapore	50.0	50.0
HELD BY RFP INVESTMENTS PTE LTD				
MediaCorp Press Ltd**	Printing, publishing and distribution of an English language newspaper "TODAY"	Singapore	30.2	30.2
HELD BY SMRT INVESTMENTS PTE LTD				
Convenience Shopper Pte Ltd	Operation of convenience stores	Singapore	49.0	–

* During the year, these corporations became subsidiaries.

** These are related corporations by virtue of Section 6 of the Companies Act, Chapter 50.

7. FINANCE LEASE RECEIVABLES – THE GROUP

Finance lease receivables comprise:

NOTE	MINIMUM LEASE PAYMENT	UNGUARANTEED RESIDUAL VALUE	GROSS RECEIVABLE	UNEARNED FINANCE LEASE INTEREST	ALLOWANCE FOR DOUBTFUL RECEIVABLES	NET RECEIVABLE	
							\$'000
2002							
Receivable:							
Within 1 year	11	334	1,199	1,533	(80)	(10)	1,443
Within 2 to 5 years		168	451	619	(46)	–	573
		502	1,650	2,152	(126)	(10)	2,016

7. FINANCE LEASE RECEIVABLES – THE GROUP (CONT'D)

The movement in allowance for doubtful receivables is as follows:

	NOTE	2002 \$'000	2001 \$'000
Movement arising from acquisition of subsidiaries		7	–
Allowance made during the year	27(C)	12	–
Allowance used during the year		(9)	–
At 31 March		10	–

8. FINANCIAL ASSETS – THE GROUP

(A) LONG-TERM INVESTMENTS

	NOTE	2002 \$'000	2001 \$'000
Quoted investments, at cost:			
Equity securities		4,019	–
Unquoted investments, at cost:			
Equity securities		2,966	–
Other unquoted investments		4,439	–
		7,405	–
		11,424	–
Less:			
Impairment losses			
Movement arising from acquisition of subsidiaries		3,111	–
Allowance used during the year		(221)	–
At 31 March		2,890	–
Net carrying value		8,534	–
Market value of quoted equity investments	36(F)	3,195	–

(B) SHORT-TERM INVESTMENTS

Quoted investments, at cost:			
Equity securities		10,972	17
Other quoted investments		72	–
		11,044	17
Unquoted investments, at cost:			
Bonds/FRNs/Loan stocks		–	41,000
Preference shares		400	600
		400	41,600
		11,444	41,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

8. FINANCIAL ASSETS - THE GROUP (CONT'D)

	NOTE	2002 \$'000	2001 \$'000
(B) SHORT-TERM INVESTMENTS (CONT'D)			
Less:			
Impairment losses			
At 1 April		-	2,000
Movement arising from acquisition of subsidiaries		2,615	-
Allowance used during the year		(334)	(2,000)
At 31 March		2,281	-
Net carrying value		9,163	41,617
Market values:			
Quoted equity investments		8,483	17
Other quoted investments		5	-
	36(F)	8,488	17

9. INTANGIBLE ASSET - THE GROUP

	NOTE	GOODWILL \$'000
COST		
Acquisitions through business combinations		69,160
Balance at 31 March 2002		69,160
AMORTISATION		
Amortisation charge for the year	27(C)	1,153
Balance at 31 March 2002		1,153
CARRYING AMOUNT		
At 31 March 2002		68,007

The goodwill on acquisitions through business combinations is determined based on the fair value of the identifiable assets and liabilities acquired, except for property, plant and equipment, which is based on book value and is subject to adjustment to fair value upon completion of professional valuation.

10. INVENTORIES - THE GROUP

	NOTE	2002 \$'000	2001 \$'000
Motor vehicles held for sale		1,650	-
Spare parts, diesel, tyres and consumable stores		44,515	23,778
		46,165	23,778
Less:			
Allowance for obsolete inventories:			
At 1 April		2,177	1,472
Movement arising from acquisition of subsidiaries		715	-
Allowance made during the year	27(C)	1,024	705
At 31 March		3,916	2,177
		42,249	21,601

11. TRADE AND OTHER RECEIVABLES

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade receivables	12	23,386	2,380	-	-
Other receivables, deposits and prepayments	13	44,150	16,050	8,190	5,806
Amounts due from:					
- subsidiaries (non-trade)		-	-	367,450	69,305
- associates					
- trade		-	3,934	-	-
- non-trade		412	25	4	10
Finance lease receivables due within 12 months	7	1,443	-	-	-
		69,391	22,389	375,644	75,121

Included in the amounts due from subsidiaries is an unsecured amount of \$52,010,000 (2001: Nil) which bears interest at a rate of 2.87% (2001: Nil) per annum. The remaining balances are unsecured, interest-free and no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

12. TRADE RECEIVABLES - THE GROUP

	NOTE	2002 \$'000	2001 \$'000
Trade receivables		24,185	2,380
Less:			
Allowance for doubtful receivables:			
Movement arising from acquisition of subsidiaries		1,065	-
Allowance made during the year	27(C)	22	-
Allowance reversed during the year	27(C)	(288)	-
At 31 March		799	-
		23,386	2,380

Included in trade receivables of the Group is an amount due from related companies of \$NIL (2001: \$65,559).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Deposits	1,431	161	27	27
Prepayments	9,182	496	19	17
Recoverable expenses	10,834	-	-	-
Staff loans and advances	3,860	5,732	224	24
Interest receivable	104	1,680	86	1
Tax recoverable	7,703	5,737	7,703	5,737
Certificates of entitlement	524	-	-	-
Recoverable in respect of accident claims	3,871	-	-	-
Accrued income	4,464	-	-	-
Other receivables	2,177	2,244	131	-
	44,150	16,050	8,190	5,806

Tax recoverable relates to tax paid to the Comptroller of Income Tax for Section 44 franking of interim dividend payments during the year. The tax paid is available for set-off against future tax liability of the Company.

14. TRADE AND OTHER PAYABLES

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade payables and accruals	15	94,694	46,304	5,872	1,039
Other payables and refundable deposits	16	83,145	40,918	11	25
		177,839	87,222	5,883	1,064

15. TRADE PAYABLES AND ACCRUALS - THE GROUP

Included in trade payables and accruals of the Group is an amount of \$82,639 (2001: \$19,936) due to related companies.

16. OTHER PAYABLES AND REFUNDABLE DEPOSITS

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Customers deposits	5,389	-	-	-
Unearned revenue received	346	-	-	-
Unused portion of farecards	46,866	19,102	-	-
Farecard refundable deposits	16,731	7,051	-	-
Rental deposits	3,865	3,585	-	-
Other payables	9,948	11,180	11	25
	83,145	40,918	11	25

17. AMOUNT DUE TO LTA - THE GROUP

	2002 \$'000	2001 \$'000
Comprising:		
- Trade	1,917	2,911
- Non-trade	252,694	524,150
	254,611	527,061
Payable:		
- Within one year	254,611	274,146
- After one year	-	252,915
	254,611	527,061

The non-trade balances relate mainly to the amounts payable to LTA in lieu of SMRT's obligations to surrender and restore the MRT system under the Licence and Operating Contract which expired on 31 March 1998 and the net purchase consideration for the purchase of the operating assets of the MRT system excluding infrastructure. The amounts are unsecured, interest-free and repayable in 5 equal annual instalments from the financial year ended 31 March 1999.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

18. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and currency risks, refer to Note 36.

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
NON-CURRENT LIABILITIES				
Unsecured bank loans	12,519	–	–	–
Unsecured quoted bonds	500,000	–	500,000	–
	512,519	–	500,000	–
CURRENT LIABILITIES				
Unsecured loan from a minority shareholder of a subsidiary	450	–	–	–
Unsecured short-term bank loans	6,000	–	–	–
Current portion of:				
Unsecured bank loans	10,197	–	–	–
Unsecured quoted bonds	80,000	–	–	–
	96,647	–	–	–

TERMS AND DEBT REPAYMENT SCHEDULE

	TOTAL	AFTER 1 YEAR		AFTER 5 YEARS
		WITHIN 1 YEAR	BUT WITHIN 5 YEARS	
	\$'000	\$'000	\$'000	\$'000
THE GROUP				
Unsecured loan from a minority shareholder of a subsidiary:				
S\$ variable at 5.83% to 5.88% (2001: Nil)	450	450	–	–
Unsecured short-term loans:				
S\$ fixed rate at various rates between 1.54% to 1.63% (2001: Nil)	6,000	6,000	–	–
Unsecured long-term loans:				
S\$ fixed rate at various rates between 4.55% to 5.95% (2001: Nil)	13,725	9,225	4,500	–
S\$ variable at 1.8% to 5.25% (2001: Nil)	8,991	972	8,019	–
Unsecured quoted bonds:				
S\$ fixed at 5.05% due 2003	80,000	80,000	–	–
S\$ fixed at 2.87% due 2004	250,000	–	250,000	–
S\$ fixed at 3.41% due 2006	250,000	–	250,000	–
	609,166	96,647	512,519	–

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

TERMS AND DEBT REPAYMENT SCHEDULE (CONT'D)

The bonds were issued in bearer form with interest coupons attached and in denomination of \$250,000 each. Interests are payable semi-annually in arrears. The bonds are listed on the Singapore Exchange Securities Trading Limited.

The bonds constitute direct, unconditional and unsecured obligations of the Company ranking pari passu as a single class without any preference or priority among themselves and ranking pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law or the Trust Deed) of the Company from time to time outstanding.

Unless previously redeemed or purchased and cancelled, the bonds due 2003, 2004 and 2006 shall be redeemed in whole at par on 24 March 2003, 21 December 2004 and 21 December 2006 respectively.

19. EMPLOYEE BENEFITS

	THE GROUP		THE COMPANY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Liability for defined benefit plan	5,218	–	–	–
Liability for short-term accumulating compensated absences	5,589	4,560	153	177
	10,807	4,560	153	177
Current	5,611	4,560	153	177
Non-current	5,196	–	–	–
	10,807	4,560	153	177

(A) LIABILITY FOR DEFINED BENEFIT OBLIGATIONS

The Group pays retirement benefits to certain employees who have completed at least five years of service upon their retirement at the statutory retirement age of sixty-two years or above.

MOVEMENTS IN THE NET LIABILITY RECOGNISED IN THE BALANCE SHEET

	NOTE	THE GROUP	
		2002 \$'000	2001 \$'000
Addition arising from acquisition of subsidiaries		5,399	–
Expenses reversed during the year	27(B)	(162)	–
Payments made		(19)	–
Balance at end of the year		5,218	–
EXPENSES RECOGNISED IN THE PROFIT AND LOSS ACCOUNTS			
Current service costs		123	–
Interest on obligations		34	–
Actuarial (gain)/loss		(319)	–
Balance at end of the year		(162)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

19. EMPLOYEE BENEFITS (CONT'D)

PRINCIPAL ACTUARIAL ASSUMPTIONS

Principal actuarial assumptions used in calculating the Group's liability for defined benefit obligations include estimated future salary increases and 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.

The amount of future benefit is calculated based on 10% of the employee's last drawn monthly basic salary multiplied by each completed year of service over the number of years of service to sixty-two years. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

(B) 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	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year, as previously reported		-	-	-	-
Effects of adopting SAS 17	31(B)	4,560	3,979	177	-
Balance at beginning of the year, restated		4,560	3,979	177	-
Addition arising from acquisition of subsidiaries		1,003	-	-	-
Adjustments arising from business combination		353	-	-	-
Expenses (reversed)/recognised during the year	27(B)	(327)	581	(24)	177
Balance at end of the year		5,589	4,560	153	177

(C) EQUITY COMPENSATION BENEFITS

The SMRTC Employee Share Option Plan ("SMRTC ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRTC ESOP is administered by the Remuneration Committee, comprising Mr Chew Choon Seng, Chairman of the Committee, Mr Cheah Kean Huat and Mr Koh Kheng Siong.

The SMRTC ESOP comprises two distinct schemes:

- (i) Management Scheme – designed for management staff in the positions of Deputy Director and above.
- (ii) Employee Scheme – designed for all other employees of the Group.

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 SMRTC ESOP as it thinks fit.

19. EMPLOYEE BENEFITS (CONT'D)

(C) EQUITY COMPENSATION BENEFITS (CONT'D)

The salient features of the SMRTC ESOP are as follows:

(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 SMRTC ESOP.

(II) MAXIMUM ALLOWABLE ALLOTMENT

The aggregate number of shares issued under the SMRTC ESOP ("ESOP Shares") shall not exceed 15 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 for five consecutive market days immediately preceding the Grant Date.

(IV) OPTION PERIOD

The Option for Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year).

The Option for 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 SMRTC ESOP on the unissued ordinary shares of \$0.10 each of the Company are as follows:

DATE OF GRANT OF OPTIONS	EXERCISE PRICE PER SHARE	OPTIONS	OPTIONS GRANTED	OPTIONS	NUMBER OF OPTION HOLDERS AT 31/3/2002	EXERCISE PERIOD
		OUTSTANDING AT 1/4/2001		OUTSTANDING AT 31/3/2002		
16/7/2001	\$0.816	-	7,309,500	7,309,500	2,494	16/7/2003 to 15/7/2011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

20. PROVISIONS – THE GROUP

		ACCIDENT CLAIMS	WARRANTIES	TOTAL
	NOTE	\$'000	\$'000	\$'000
At 1 April 2001		–	–	–
Movement arising from acquisition of subsidiaries		8,539	16	8,555
Addition arising from business combination		44	–	44
Provisions made during the year	27(C)	79	6	85
At 31 March 2002		8,662	22	8,684

ACCIDENT CLAIMS

The provision for accident claims relates mainly to provision for accidents that occurred during the year. The provision is based on estimates made by a qualified surveyor. The Group expects to incur the liability over the next 12 months.

WARRANTIES

The provision for warranties relates mainly to motor vehicles sold during the year. The provision is based on estimates made from historical warranty data associated with similar motor vehicles. The Group expects to incur the liability over the next 12 months.

21. DEFERRED TAXATION – THE GROUP

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

	LIABILITY/ (ASSET) AT 1/4/2001	ADDITION ARISING FROM ACQUISITION OF SUBSIDIARIES	ADJUSTMENTS ARISING FROM BUSINESS COMBINATION	RECOGNISED IN INCOME	LIABILITY/ (ASSET) AT 31/3/2002
	\$'000	\$'000	\$'000	\$'000	\$'000
Excess of net book value over tax written value of property, plant and equipment	145,606	24,916	536	9,784	180,842
Interest receivable and discounts on investments	504	–	–	63	567
Unabsorbed wear and tear allowances	(29,069)	(6,861)	(52)	16,334	(19,648)
Other timing differences	(3,041)	(1,813)	(72)	(83)	(5,009)
	114,000	16,242	412	26,098	156,752

22. FUEL EQUALISATION ACCOUNT – THE GROUP

	2002	2001
	\$'000	\$'000
At 1 April	8,688	8,688
Movement arising from acquisition of subsidiaries	9,273	–
At 31 March	17,961	8,688

23. SHARE CAPITAL – THE COMPANY

	2002		2001	
	NO. OF SHARES		NO. OF SHARES	
	('000)	\$'000	('000)	\$'000
AUTHORISED:				
Ordinary shares of \$0.10 each	5,000,000	500,000	5,000,000	500,000
ISSUED AND FULLY PAID:				
Ordinary shares of \$0.10 each	1,500,000	150,000	1,500,000	150,000

24. RESERVES

Accumulated profits of the Group as at the balance sheet date are set out below:

	2002	2001
	\$'000	\$'000
Retained in:		
The Company	77,808	83,333
Consolidation adjustments	(23,172)	3,302
	54,636	86,635
Subsidiaries	191,606	149,776
Associates	(9,560)	(4,976)
Goodwill on acquisition amortised	1,153	–
	237,835	231,435

25. DEFERRED GRANT – THE GROUP

		2002	2001
	NOTE	\$'000	\$'000
Grant received		480,000	480,000
Accumulated amortisation			
At 1 April		(137,431)	(93,195)
Amortisation during the year		(46,564)	(44,236)
Released on assets written off	27(A)	(128)	–
At 31 March		(184,123)	(137,431)
		295,877	342,569

This relates to an asset-related grant of \$480,000,000 received by SMRT from LTA to defray part of the purchase cost of the operating assets of the MRT system.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

26. REVENUE

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Passenger revenue	439,295	380,115	-	-
Rental income	43,552	18,991	-	-
Advertising income	13,075	13,310	-	-
Engineering services	2,268	558	-	-
Sale of motor vehicles	1,127	-	-	-
Dividend income from subsidiary	-	-	78,177	127,903
Engineering and management service fees from subsidiaries	-	-	3,932	1,796
Finance lease interest	54	-	-	-
Others	582	-	-	-
	499,953	412,974	82,109	129,699

27. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation includes the following:

	NOTE	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000
(A) OTHER OPERATING INCOME					
Commission and distribution fee		948	414	-	-
Exchange gain		383	368	-	-
Gain on disposal of property, plant and equipment		223	930	-	-
Unutilised tickets		7,388	8,066	-	-
Maintenance income		1,144	1,045	-	-
Miscellaneous rental revenue		869	846	-	-
Other operating income		796	95	5	-
Grant released	25	128	-	-	-
Operating expense charged to other transport operators		2,113	-	-	-
		13,992	11,764	5	-

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27. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(B) STAFF AND RELATED COSTS					
Wages and salaries		157,084	124,773	5,871	2,818
Contributions to defined contribution plans		23,132	15,601	705	208
Decrease in liability for defined benefit plans	19(A)	(162)	-	-	-
Increase/(decrease) in liability for short-term accumulating compensated absences	19(B)	(327)	581	(24)	177
Other staff-related expenses and benefits-in-kind		4,254	3,437	579	286
		183,981	144,392	7,131	3,489

Included in staff and related costs are directors' remuneration as follows:

Directors of the Company					
- fees		223	219	173	162
- remuneration		592	441	567	190
Other directors					
- remuneration		90	-	-	-
		905	660	740	352
Number of employees		6,102	2,987	68	73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

27. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(C) OTHER OPERATING EXPENSES					
After charging/(crediting):					
Allowance made for:					
- doubtful finance lease receivables	7	12	-	-	-
- obsolete inventories	10	1,024	705	-	-
- doubtful trade receivables	12	22	-	-	-
Allowance reversed for					
doubtful trade receivables	12	(288)	-	-	-
Amortisation of goodwill	9	1,153	-	-	-
Audit fee paid to:					
- auditors of the Company					
- current year		180	98	25	15
- under/(over)		(5)	-	(2)	-
provision in respect of prior year					
- other auditors		13	-	-	-
Non-audit fees paid to:					
- auditors of the Company		97	-	62	-
- other auditors		200	-	-	-
Bad debts written off (trade)		15	-	-	-
Impairment losses on					
investments in a subsidiary	5	-	-	5,400	3,600
Licence fees paid to LTA		1,916	1,900	-	-
Loss on disposals of					
unquoted investments		3	-	-	-
Operating lease expenses		2,206	1,172	502	280
Preliminary expenses written off		7	15	-	-
Property, plant and					
equipment written off		568	910	-	-
Provisions made during the year	20	85	-	-	-

27. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(D) FINANCE COSTS					
Interest paid and payable on:					
- unsecured quoted bonds		5,640	-	4,301	-
- bank loans		632	-	-	-
- others		8	-	-	-
		6,280	-	4,301	-
(E) INTEREST AND INVESTMENT INCOME					
Accretion of discount, net of amortisation of premium on investments					
		-	199	-	-
Dividends received from quoted equity investments					
		8	730	-	-
Interest income from:					
- bank deposits		1,137	4,221	664	1
- loan to subsidiary		-	-	121	-
- negotiable certificates of deposits		-	16	-	-
- Singapore Government securities, bonds, FRNs and loan stocks		331	9,220	-	-
- others		355	310	11	10
Gain on disposal of:					
- quoted equity investments		677	33,954	-	-
- unquoted non-equity investments		-	534	-	-
		2,508	49,184	796	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

28. TAXATION

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Based on results for the year:				
Current taxation	333	–	18,142	21,140
Deferred taxation	26,098	38,054	–	–
	26,431	38,054	18,142	21,140
Share of associates' taxation	89	51	–	–
	26,520	38,105	18,142	21,140
Under/(over) provision in respect of prior year:				
Current taxation	(19)	8,769	–	–
Deferred taxation	–	(8,763)	–	–
	(19)	6	–	–
Recovery of previous year tax expense	(1,011)	–	–	–
	25,490	38,111	18,142	21,140

RECONCILIATION OF EFFECTIVE TAX RATE

	2002		2001	
	%	\$'000	%	\$'000
THE GROUP				
Profit before tax		82,269		140,908
Income tax using the domestic corporation tax rate	24.5	20,156	24.5	34,522
Non-deductible expenses, net	4.5	3,720	0.8	1,202
Recovery of tax	(1.2)	(1,011)	–	–
Others	3.2	2,625	1.7	2,387
	31.0	25,490	27.0	38,111

28. TAXATION (CONT'D)

	2002		2001	
	%	\$'000	%	\$'000
THE COMPANY				
Profit before tax		63,014		121,305
Income tax using the domestic corporation tax rate	24.5	15,438	24.5	29,720
Tax exempt revenue	-	-	(9.1)	(11,025)
Change in tax rate	-	-	0.5	604
Non-deductible expenses, net	4.3	2,678	0.8	972
Others	0.0	26	0.7	869
	28.8	18,142	17.4	21,140

As at 31 March 2002, the Group had estimated unutilised tax losses and unabsorbed wear and tear allowances amounting to approximately \$8,846,000 (2001: \$1,097,000) and \$80,160,000 (2001: \$118,650,000) respectively available for set-off against future taxable income subject to agreement with the Inland Revenue Authority of Singapore and compliance with the provision of Section 37 and 23 of the Income Tax Act, Chapter 134. The potential deferred tax benefits arising from the unutilised tax losses have not been accounted for in the financial statements of the Group in accordance with its accounting policy. The unabsorbed wear and tear allowances have been set-off against other timing differences in arriving at the amount of provision for deferred tax liabilities as at balance sheet date.

On 3 May 2002, the Minister for Finance announced in his Budget speech that the corporate income tax rate is to be reduced from 24.5% to 22% for the year of assessment 2003. The tax charges for the Company and the Singapore subsidiaries within the Group for the period ended 31 March 2002 have been computed at the rate of 24.5%, being the corporate tax rate effective as at that date. Had the latest corporate tax rate of 22% been used, the current tax charge for the Group and the Company would be reduced by \$34,000 and \$1,851,000 respectively. On a similar basis, the deferred tax charge and liability for the Group would be reduced by \$16,064,000 (Nil for the Company).

29. EARNINGS PER SHARE

Basic earnings per share is calculated based on the Group's net profit attributable to shareholders of \$56,797,000 (2001: \$102,797,000) divided by the number of ordinary shares in issue of 1,500,000,000 (2001: 1,500,000,000).

There is no diluted earnings per share as the Company does not have any outstanding share options that are dilutive in nature as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

30. CASH AND CASH EQUIVALENTS - THE GROUP

	2002	2001
	\$'000	\$'000
Fixed deposits with banks and financial institutions	305,198	239,664
Cash at banks and in hand	32,803	3,634
	338,001	243,298

31. CHANGES IN ACCOUNTING POLICIES

(A) ADOPTION OF NEW/REVISED ACCOUNTING STANDARDS AND THEIR EFFECTS

In 2002, the Group and the Company adopted ten new/revised standards in the manner elaborated below:

SAS 10 (REVISED 2000) - EVENTS AFTER THE BALANCE SHEET DATE

The adoption of SAS 10 resulted in the Group and the Company reversing the liability for proposed final dividends. The new accounting policy is to recognise proposed final dividends only after they have been formally declared payable by shareholders (refer to Note 32). The change has been applied retrospectively by adjusting the opening balances of accumulated profits at 1 April 2000 and 2001; comparatives have been restated.

SAS 17 (2000) - EMPLOYEE BENEFITS

The adoption of SAS 17 resulted in the Group and the Company:

- (i) making provisions for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. These obligations are provided when the employees render services that increase their entitlement to annual leave (refer to Note 19).
- (ii) using the projected credit unit method to calculate the net obligation in respect of retirement benefits payable to certain employees when these employees retire on attaining the statutory retirement age of 62 years or above and on completion of at least five years of service.

The new accounting policies has been applied retrospectively by adjusting the opening balances of accumulated profits at 1 April 2000 and 2001; comparatives have been restated.

31. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(A) ADOPTION OF NEW/REVISED ACCOUNTING STANDARDS AND THEIR EFFECTS (CONT'D)

SAS 22 (REVISED 2000) – BUSINESS COMBINATIONS

On adoption of SAS 22, the Group changed its accounting policy on the treatment of goodwill and negative goodwill arising on acquisition of businesses (refer to Note 3). The Group has adopted the transitional provision of not restating the goodwill (negative goodwill) that had previously been written off against revenue reserves, with the view of including the attributable goodwill (negative goodwill) in the determination of profit or loss when the businesses are disposed of or discontinued. The result of adopting this choice of transitional provision is that the adoption of SAS 22 has no effect on the comparatives or the opening balances of accumulated profits.

SAS 31 (2000) – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The adoption of SAS 31 resulted in the Group and the Company reversing the provisions that do not meet the recognition criteria given in the standard. The reversal has been accounted for by adjusting the opening balance of accumulated profits at 1 April 2000 and 2001; comparatives have been restated.

SAS 34 (2000) – INTANGIBLE ASSETS

The adoption of SAS 34 resulted in pre-operating expenses being charged to the profit and loss account as and when incurred. The new accounting policy has been applied retrospectively, with the opening accumulated profits and the comparative information adjusted for the amount relating to prior years.

OTHER STANDARDS

The adoption of SAS 8 (revised 2000) – *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*, SAS 12 (2001) – *Income Taxes*, SAS 32 (2000) – *Financial Instruments: Disclosure and Presentation*, SAS 35 (2000) – *Discontinuing Operations* and SAS 36 (2000) – *Impairment of Assets*, has not given rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

31. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(B) EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The changes in accounting policies, to the extent that they are applied retrospectively, have the following impact (net of tax):

	NOTE	THE GROUP		THE COMPANY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
EFFECT OF CHANGES IN ACCOUNTING POLICIES ON ACCUMULATED PROFITS:					
Opening accumulated profits, as previously reported		188,842	136,638	86,073	89,931
SAS 10 (proposed dividend income)		-	-	(38,237)	(90,000)
SAS 10 (proposed dividend payable)	32	35,674	90,000	35,674	90,000
SAS 17 (employee benefits)		(4,560)	(3,979)	(177)	-
SAS 31 (provisions)		13,475	16,000	-	-
SAS 34 (intangibles)		(1,996)	(3,258)	-	-
Opening accumulated profits, as restated		231,435	235,401	83,333	89,931
EFFECT OF CHANGES IN ACCOUNTING POLICIES ON NET PROFIT FOR THE YEAR:					
Net profit before changes in accounting policies		56,470	104,641	44,848	48,579
SAS 10 (proposed dividend income)		-	-	-	51,763
SAS 17 (employee benefits)		327	(581)	24	(177)
SAS 31 (provisions)		-	(2,525)	-	-
SAS 34 (intangibles)		-	1,262	-	-
Net profit for the year		56,797	102,797	44,872	100,165

32. DIVIDENDS

	NOTE	THE GROUP AND THE COMPANY	
		2002	2001
		\$'000	\$'000
As previously reported:			
- Final dividend proposed of 15% less tax of 24.5%		-	16,988
- Special dividend proposed of 16.5% less tax of 24.5%		-	18,686
		-	35,674
Effect of adopting SAS 10:			
- Reversal of:			
- final dividend proposed of 15% less tax of 24.5%	31	-	(16,988)
- special dividend proposed of 16.5% less tax of 24.5%	31	-	(18,686)
- Final special dividend paid of 60% less tax of 25.5% in respect of year 2000		-	90,000
- Final dividend paid of 15% less tax of 24.5% in respect of year 2001		16,988	-
- Special dividend paid of 16.5% less tax of 24.5% in respect of year 2001		18,686	-
- Interim dividend paid of 13% (2001: 15%) less tax of 24.5% (2001: 24.5%) in respect of year 2002 (2001)		14,723	16,763
		50,397	106,763

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for.

	2002	2001
	\$'000	\$'000
Final dividend proposed of 15% (2001: 15%) less tax of 22% (2001: 24.5%)	17,550	16,988
Special dividend proposed of Nil% (2001: 16.5%) less tax of 22% (2001: 24.5%)	-	18,686
	17,550	35,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

33. HOLDING COMPANY

The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS - THE GROUP

IDENTITY OF RELATED PARTIES

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, the Group had the following related party transactions on terms agreed between the parties:

	2002	2001
	\$'000	\$'000
Rental income received/receivable	1,998	3,691
Maintenance income received/receivable	475	-
Commission and distribution fee received/receivable	1,299	-
Purchases of goods and services	16,255	448

35. COMMITMENTS - THE GROUP

The Group had the following commitments as at the balance sheet date:

	2002	2001
	\$'000	\$'000
(A) FORWARD FOREIGN EXCHANGE CONTRACTS	2,379	-
(B) CAPITAL EXPENDITURE COMMITMENTS		
(i) Contracted but not provided for purchase of property, plant and equipment	52,647	61,871
(ii) Approved but not contracted for purchase of property, plant and equipment	-	8,520

The Group 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 SLRT (See Note 2(B)(II)).

35. COMMITMENTS – THE GROUP (CONT'D)

	2002	2001
	\$'000	\$'000
(C) OPERATING LEASE COMMITMENTS UNDER NON-CANCELLABLE LEASES WITH TERMS EXCEEDING 1 YEAR:		
(i) Payable within 1 year	3,468	1,578
(ii) Payable within 2 to 5 years	5,637	2,894
(iii) Payable after 5 years	6,434	–

The Group and the Company lease terminals, office facilities and apartment under operating leases. The leases typically run for an initial period of 3 years to 30 years, with an option to renew the lease after that date. None of the leases include contingent rentals.

36. FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. The Group's risk management policies and guidelines are summarised below.

The Group's accounting policies in relation to derivative financial instruments are set out in Note 3(J).

(B) CREDIT RISK

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Where appropriate, the Group obtains collateral from customers.

Investments and transactions involving forward foreign contracts are allowed only with counterparties that are prime financial institutions. As such, management does not expect any counterparty to fail to meet their obligations.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(C) INTEREST RATE RISK

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's investment portfolio and debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

36. FINANCIAL INSTRUMENTS (CONT'D)

(D) EFFECTIVE INTEREST RATES AND REPRICING ANALYSIS

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

2002						
NOTE	EFFECTIVE INTEREST RATE %	TOTAL \$'000	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	AFTER 5 YEARS \$'000	
THE GROUP						
FINANCIAL ASSETS						
Unquoted short-term investments:						
Bonds/FRNs/Loan stocks	8	-	-	-	-	-
Finance lease receivables	7	6.8%	2,152	1,533	619	-
Fixed deposits with banks and financial institutions	30	0.77%	305,198	305,198	-	-
			307,350	306,731	619	-
FINANCIAL LIABILITIES						
Unsecured loan from a minority shareholder of a subsidiary	18	5.83%	(450)	(450)	-	-
Unsecured fixed rate short-term loans	18	1.61%	(6,000)	(6,000)	-	-
Unsecured long-term loans:						
- fixed rates	18	4.8%	(13,725)	(9,225)	(4,500)	-
- variable rates	18	1.8%	(8,991)	(972)	(8,019)	-
Unsecured quoted bonds						
- Due 2003	18	5.05%	(80,000)	(80,000)	-	-
- Due 2004	18	2.87%	(250,000)	-	(250,000)	-
- Due 2006	18	3.41%	(250,000)	-	(250,000)	-
			(609,166)	(96,647)	(512,519)	-
Total			(301,816)	210,084	(511,900)	-

2001

EFFECTIVE INTEREST RATE	TOTAL	WITHIN 1 YEAR	1 TO 5 YEARS	AFTER 5 YEARS
%	\$'000	\$'000	\$'000	\$'000

3.8%	41,000	41,000	-	-
-	-	-	-	-

2.35%	239,664	239,664	-	-
	280,664	280,664	-	-

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

	280,664	280,664	-	-
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2001

EFFECTIVE INTEREST RATE %	TOTAL \$'000	WITHIN 1 YEAR \$'000	1 TO 5 YEARS \$'000	AFTER 5 YEARS \$'000
2%	6,000	6,000	-	-
-	-	-	-	-
	6,000	6,000	-	-
-	-	-	-	-
-	-	-	-	-
	6,000	6,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

36. FINANCIAL INSTRUMENTS (CONT'D)

(E) FOREIGN CURRENCY RISK

The Group incurs foreign currency risk on purchases and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily US dollars and EURO.

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 at maturity at market rates.

In respect of other monetary assets and liabilities held in currencies other than the Singapore dollars, 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.

(F) FAIR VALUES

(I) RECOGNISED FINANCIAL INSTRUMENTS

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2002 are represented in the following table:

	NOTE	2002 CARRYING AMOUNT \$'000	2002 FAIR VALUE \$'000	2001 CARRYING AMOUNT \$'000	2001 FAIR VALUE \$'000
THE GROUP					
FINANCIAL ASSETS					
Finance Lease receivables	7	2,016	1,950	-	-
Quoted investments					
- long-term	8	3,128	3,195	-	-
- short-term	8	8,763	8,488	17	17
		13,907	13,633	17	17
FINANCIAL LIABILITIES					
Unsecured variable rate term loans	18	(9,441)	(9,441)	-	-
Unsecured fixed rate term loans	18	(19,725)	(19,475)	-	-
Unsecured quoted bonds	18	(580,000)	(584,044)	-	-
		(609,166)	(612,960)	-	-
Total		(595,259)	(599,327)	17	17
Unrecognised loss			(4,068)		-
THE COMPANY					
FINANCIAL LIABILITIES					
Unsecured quoted bonds	18	(500,000)	(501,394)	-	-
Unrecognised loss			(1,394)		-

(I) RECOGNISED FINANCIAL INSTRUMENTS (CONT'D)

The fair values of quoted investments, unquoted club membership and quoted bonds are the market value which are equivalent to the quoted bid price/transfer price at the balance sheet date. The fair values of unsecured long-term fixed rate term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

It is not practicable to estimate the fair values of the Group's long-term and short-term unquoted investments because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

In addition to the above, financial assets also comprise trade and other receivables, cash and cash equivalents. Financial liabilities also include trade and other payables and other interest bearing loans and borrowings. The carrying values of these 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.

(II) UNRECOGNISED FINANCIAL INSTRUMENTS

The valuation of financial instruments not recognised in the balance sheet reflects amounts which the Group expects to pay or receive to terminate the contracts or replace the contracts at their current market rates at the balance sheet date.

The notional amount and net fair value of financial instruments not recognised in the balance sheet as at balance sheet date are:

	2002 NOTIONAL AMOUNT \$'000	2002 FAIR VALUE \$'000	2001 NOTIONAL AMOUNT \$'000	2001 FAIR VALUE \$'000
THE GROUP				
Forward foreign exchange contracts	2,379	69	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

37. STATUTORY INFORMATION REQUIRED BY PARAGRAPH 7 OF THE NINTH SCHEDULE, COMPANIES ACT, CHAPTER 50

	2002		2001	
	LIABILITIES PAYABLE	DEBTS RECEIVABLE	LIABILITIES PAYABLE	DEBTS RECEIVABLE
	\$'000	\$'000	\$'000	\$'000
THE GROUP				
Within 2 years	547,401	69,391	620,867	22,389
After 2 years but within 5 years	692,428	573	122,688	2,905
	1,239,829	69,964	743,555	25,294
THE COMPANY				
Within 2 years	6,036	375,644	1,241	75,121
After 2 years but within 5 years	500,000	3,325	-	-
	506,036	378,969	1,241	75,121

38. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments that are mainly operated in Singapore. The primary format, business segment, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

The Group's activities comprises the following main business segments:

Rail operations:	Provision of MRT and LRT services.
Bus operations:	Provision of bus services and charter hire services.
Taxi operations:	Rental of taxis and provision of taxi services.
Rental and advertising:	Leasing of commercial space, kiosks and advertising panels at the MRT and LRT stations as well as in train, buses and taxis.
Engineering services:	Provision of consultancy, project management services, lease of fibre optic cable, rental of motor vehicles and repair and maintenance services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

38. SEGMENT REPORTING (CONT'D)

	RAIL		
	MRT	LRT	BUS
	OPERATIONS	OPERATIONS	OPERATIONS
	\$'000	\$'000	\$'000
RESULTS			
2002			
Revenue	375,016	8,444	57,056
Operating expenses	(224,794)	(10,244)	(42,505)
Depreciation and amortisation	(86,500)	(61)	(8,280)
Operating results	63,722	(1,861)	6,271
Unallocated expenses			
Amortisation of goodwill			
Share of results of associated companies			
Interest and investment income			
Finance costs			
Profit before taxation			
2001			
Revenue	372,405	7,710	-
Operating expenses	(222,340)	(8,235)	-
Depreciation and amortisation	(77,632)	(53)	-
Operating results	72,433	(578)	-
Unallocated expenses			
Share of results of associated companies			
Interest and investment income			
Profit before taxation			
ASSETS AND LIABILITIES			
AS AT 31 MARCH 2002			
Operating assets	1,014,311	3,121	225,347
Assets under construction	64,887	-	-
Unallocated assets			
Goodwill on consolidation			
Investments and cash equivalents			
Total assets			

TAXI OPERATIONS	RENTAL AND ADVERTISING	ENGINEERING AND OTHER SERVICES	ELIMINATION	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000
20,178	32,707	6,552	-	499,953
(10,343)	(6,322)	(2,796)	-	(297,004)
(6,582)	(299)	(1,446)	-	(103,168)
3,253	26,086	2,310	-	99,781
				(6,305)
				(1,153)
				(6,282)
				2,508
				(6,280)
				82,269
-	32,301	558	-	412,974
-	(7,000)	(636)	-	(238,211)
-	(257)	(39)	-	(77,981)
-	25,044	(117)	-	96,782
				(1,608)
				(3,450)
				49,184
				140,908
109,763	5,734	65,907	-	1,424,183
-	460	-	-	65,347
				1,489,530
				11,624
				68,007
				355,698
				1,924,859

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

38. SEGMENT REPORTING (CONT'D)

	RAIL		
	MRT	LRT	BUS
	OPERATIONS	OPERATIONS	OPERATIONS
	\$'000	\$'000	\$'000
ASSETS AND LIABILITIES (CONT'D)			
AS AT 31 MARCH 2002			
Segment liabilities	458,835	1,266	67,217
Unsecured bonds			
Unallocated liabilities			
Total liabilities			
AS AT 31 MARCH 2001			
Operating assets	1,105,079	2,106	-
Assets under construction	57,036	-	-
Unallocated assets			
Investments and cash equivalents			
Total assets			
Segment liabilities	(739,971)	(1,250)	-
Unallocated liabilities			
Total liabilities			
OTHER INFORMATION			
2002			
Capital expenditure	46,003	120	2,081
Non-cash expenses other than depreciation and amortisation	1,224	20	(221)
2001			
Capital expenditure	188,361	96	-
Non-cash expenses other than depreciation and amortisation	1,610	-	-

39. COMPARATIVE FIGURES

Comparatives in the financial statements have been changed from the previous year due to the adoption of the new and revised accounting standards stated in Note 31.

TAXI OPERATIONS	RENTAL AND ADVERTISING	ENGINEERING AND OTHER SERVICES	ELIMINATION	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000
25,095	136	95,627	-	648,176
				580,000
				11,653
				1,239,829
-	4,870	728	-	1,112,783
-	-	-	-	57,036
				1,169,819
				12,825
				284,915
				1,467,559
-	(53)	(384)	-	(741,658)
				(1,897)
				(743,555)
6,635	1,514	1,547	-	57,900
61	-	(24)	-	1,060
-	87	-	-	188,544
-	-	-	-	1,610

ADDITIONAL INFORMATION

Required by the Singapore Exchange Securities Trading Limited
for the year ended 31 March 2002

(A) DIRECTORS' REMUNERATION

Number of directors of the Company in each remuneration bands:

	2002	2001
Remuneration Bands		
\$500,000 and above	-	-
\$250,000 to \$499,999	1	1
Below \$250,000	11	8
Total	12	9

(B) INTERESTED PERSON TRANSACTIONS

Pursuant to Chapter 9A of the Singapore Exchange 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 purchase or sales of assets, undertakings or businesses. In addition, a joint venture mandate was also obtained for the Group to enter into or to participate in joint ventures within the principal activities of the Group with interested person in the normal course of businesses.

The transactions conducted pursuant to the general and joint venture mandates for the year ended 31 March 2002 were as follows:

- (i) Purchases of goods and services from related corporations amounting to \$46,924,646.
- (ii) Renewal of tenancy agreements with related corporations amounting to \$1,050,300.
- (iii) Service fees from related corporations amounting to \$1,116,803.

SHAREHOLDERS' INFORMATION

AS AT 24 MAY 2002

Authorised share capital: \$500,000,000

Issued and fully paid capital: \$150,000,003

Class of shares: ordinary shares of \$0.10 each

Voting rights: one vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF		NO. OF SHARES	%
	SHAREHOLDERS	%		
1 – 1,000	27,080	47.20	27,078,280	1.81
1,001 – 10,000	26,825	46.76	102,372,000	6.82
10,001 – 1,000,000	3,447	6.01	139,827,005	9.32
1,000,001 and above	20	0.03	1,230,722,745	82.05
Total	57,372	100.00	1,500,000,030	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Temasek Holdings (Private) Ltd	934,400,030	62.29
2	Raffles Nominees Pte Ltd	67,317,681	4.49
3	DBS Nominees Pte Ltd	64,317,694	4.29
4	HSBC (Singapore) Nominees Pte Ltd	52,815,920	3.52
5	United Overseas Bank Nominees Pte Ltd	31,675,000	2.11
6	NTUC Income Insurance Co-operative Limited	28,150,000	1.88
7	Citibank Nominees Singapore Pte Ltd	17,294,000	1.15
8	TIBS Investment Pte Ltd	9,000,000	0.60
9	Oversea-Chinese Bank Nominees Pte Ltd	8,110,000	0.54
10	Overseas Union Bank Nominees Pte Ltd	2,768,000	0.18
11	Phillip Securities Pte Ltd	2,096,420	0.14
12	Choo Si Sen	2,000,000	0.13
13	OCBC Securities Private Ltd	2,000,000	0.13
14	The Asia Life Assurance Society Ltd - Singapore Life Fund	1,769,000	0.12
15	Ko Teck Siang	1,300,000	0.09
16	Meadowspring Pte Ltd	1,300,000	0.09
17	DB Nominees (S) Pte Ltd	1,187,000	0.08
18	Bank of East Asia Nominees Pte Ltd	1,128,000	0.08
19	UOB Kay Hian Pte Ltd	1,076,000	0.07
20	Leong Khuen Nyeon	1,018,000	0.07
Total		1,230,722,745	82.05

SHAREHOLDERS' INFORMATION (CONT'D)

AS AT 24 MAY 2002

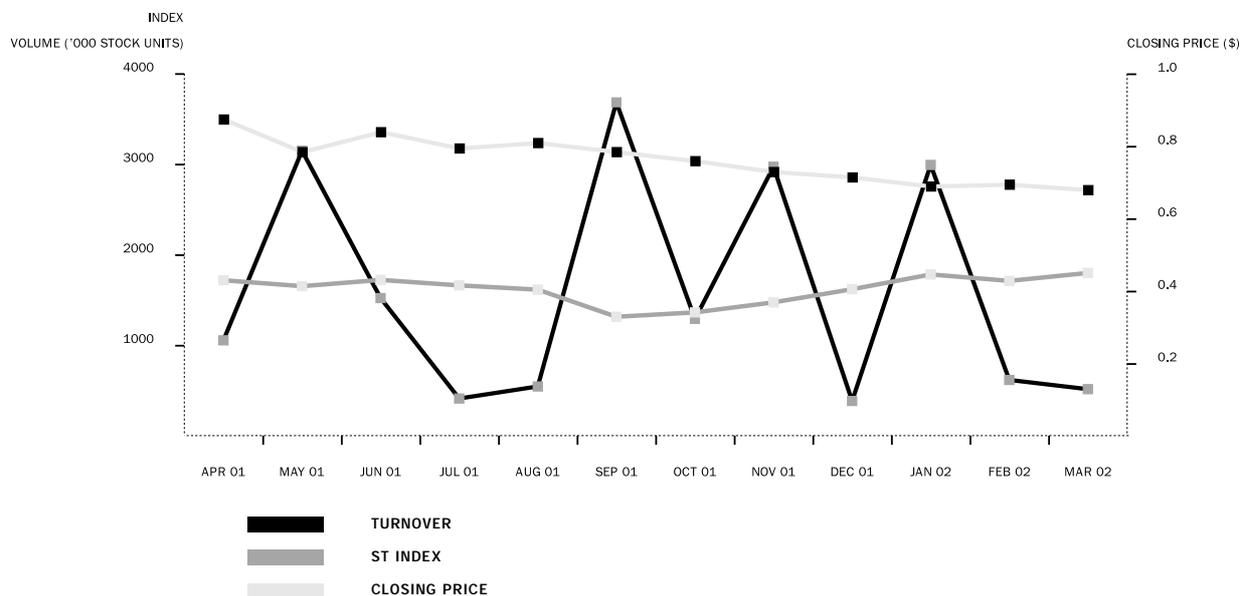
SHAREHOLDERS LOCATION DISTRIBUTION AS AT 24 MAY 2002

LOCATION	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
Singapore	56,850	99.09	1,491,183,030	99.41
Malaysia	366	0.64	6,858,000	0.46
Hong Kong	36	0.06	472,000	0.03
United States	14	0.02	130,000	0.01
United Kingdom	4	0.01	9,000	0.00
Australia/New Zealand	32	0.06	393,000	0.03
Others	70	0.12	955,000	0.06
Total	57,372	100.00	1,500,000,030	100.00

SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%
Temasek Holdings (Private) Limited	943,400,030*	62.89

* Includes shares in which the substantial shareholder is deemed to have an interest.

SHARE PRICES AND TURNOVER



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HALF YEARLY RESULTS OF THE GROUP

		FIRST HALF	SECOND HALF	TOTAL
TOTAL REVENUE				
FY 2002	(\$ million)	208.4	291.6	500.0
	(%)	41.7	58.3	100.0
FY 2001	(\$ million)	203.2	209.8	413.0
	(%)	49.2	50.8	100.0
TOTAL OPERATING EXPENSES				
FY 2002	(\$ million)	126.8	190.5	317.3
	(%)	40.0	60.0	100.0
FY 2001	(\$ million)	118.6	133.0	251.6
	(%)	47.1	52.9	100.0
EBITDA*				
FY 2002	(\$ million)	85.7	110.9	196.6
	(%)	43.6	56.4	100.0
FY 2001	(\$ million)	87.7	85.5	173.2
	(%)	50.6	49.4	100.0
EBIT**				
FY 2002	(\$ million)	44.2	48.1	92.3
	(%)	47.9	52.1	100.0
FY 2001	(\$ million)	50.2	45.0	95.2
	(%)	52.7	47.3	100.0
PROFIT AFTER TAX				
FY 2002	(\$ million)	29.4	27.4	56.8
	(%)	51.8	48.2	100.0
FY 2001	(\$ million)	63.5	39.3	102.8
	(%)	61.8	38.2	100.0
EARNINGS PER SHARE				
FY 2002	(cents)	1.96	1.83	3.79
	(%)	51.7	48.3	100.0
FY 2001	(cents)	4.24	2.61	6.85
	(%)	61.9	38.1	100.0

* EBITDA refers to earning before interest, taxation, depreciation and amortisation.

** EBIT refers to earnings before interest and taxation.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 MARCH

	2002 TOTAL \$'000	2001 TOTAL \$'000
Sales – third parties	499,953	412,974
Less:		
Cost of bought-in goods and services	110,684	85,624
Gross value added	389,269	327,350
Share of after tax profits less losses of associated companies	(6,282)	(3,450)
Investment income	685	35,218
Interest income	1,823	13,966
Exchange gain	383	368
Profit on sale of property, plant and equipment	223	930
	386,101	374,382
Applied as follows:		
To Employees – salaries and other staff cost	183,981	144,392
To Government – income, payroll and other taxes	35,893	49,212
To Providers of Capital:		
Interest on borrowings	6,272	0
Dividends to shareholders	50,397	106,763
Others	8	0
Balance reinvested in business:-		
Depreciation	149,732	122,217
Minority's share of subsidiary companies' profits less losses for the period	(18)	0
Profit for the period retained by the Group	6,400	(3,966)
Others	(46,564)	(44,236)
	109,550	74,015
	386,101	374,382

NOTICE OF ANNUAL GENERAL MEETING

SMRT CORPORATION LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

TO ALL SHAREHOLDERS

Notice is hereby given that the Third Annual General Meeting of the Company will be held at Empress Ballroom, 2nd Level, Carlton Hotel, 76 Bras Basah Road Singapore 189558, on Wednesday, 17 July 2002 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 March 2002 and the Auditors' Report thereon.
2. To declare a Final Dividend of 1.5 cents per share, less income tax at 22 per cent for the year ended 31 March 2002.
3. To approve Directors' Fees of \$173,000 (FY 2001: \$162,000).
4. To re-elect the following Directors who are retiring in accordance with Article 94 of the Company's Articles of Association:
 - a. Mr Daniel Ee Hock Huat; and
 - b. Mr Victor Loh Kwok Hoong

[Note: (i) Mr Daniel Ee Hock Huat is considered an independent director and if re-elected will be appointed as Chairman of the Company's Audit Committee.

(ii) Mr Victor Loh Kwok Hoong is considered an independent director and if re-elected will be appointed to the Company's Audit Committee.]

To re-elect the following Directors who are retiring in accordance with Article 100 of the Company's Articles of Association:

- c. Ms Engelin Teh Guek Ngor; and
- c. Mr Ng Ser Miang

[Note: Ms Engelin Teh Guek Ngor is considered an independent director and if re-elected will be appointed to the Company's Audit Committee.]

To note that the following directors are retiring in accordance with Article 94 of the Company's Articles of Association:

- e. Mr Lye Fei; and
 - f. BG (NS) Tan Yong Soon
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS:

SPECIAL RESOLUTION

6. To amend the Articles of Association of the Company by altering Articles 87(B), 90 and 94 in the manner as set out in the Annexure 1 to this Notice of Annual General Meeting dated 20 June 2002.

ORDINARY RESOLUTIONS

7. To consider, and if thought fit, to pass, with or without modifications, the following resolutions:
 - 7.1 "That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to issue shares in the Company (whether by way of rights, bonus or otherwise) 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 **PROVIDED THAT** the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares that may be issued other than on a *pro-rata* basis to shareholders does not exceed 20 per cent of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

SMRT CORPORATION LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

ORDINARY RESOLUTIONS (CONT'D)

- 7.2 "That authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the SMRT Corporation Employee Share Option Plan ("SMRTC ESOP") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRTC ESOP **PROVIDED ALWAYS THAT** the aggregate number of shares to be issued pursuant to the SMRTC ESOP shall not exceed 15 per cent of the issued share capital of the Company from time to time."
- 7.3 "That for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited:
- 7.3.1 approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out on pages 97 and 98 of the Company's Prospectus dated 17 July 2000 (the "Prospectus") with the Interested Persons described in the Prospectus, provided that such transactions are made at arm's length basis and on normal commercial terms (the "General Mandate"); and
- 7.3.2 such approval shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company."
- 7.4 "That for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited:
- 7.4.1 approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into and/or participate in joint ventures and similar forms of mutual collaboration or participation (such as joint investments, co-operation arrangements and shareholders' agreement) (collectively, "joint ventures") with the Interested Persons described in the Prospectus, provided that such joint ventures are made at arm's length basis and on normal commercial terms and in accordance with the guidelines of the Company for such transactions (the "JV Mandate"); and
- 7.4.2 such approval shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company."

ANY OTHER BUSINESS

8. To transact any other business.

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 24 July 2002 to 25 July 2002 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Third Annual General Meeting, will be paid on 5 August 2002 to members on the Register as at 23 July 2002. 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 dividend entitlements to holders of shares in accordance with its practice.

Duly completed transfers received by the Share Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 up to 5 p.m. on 23 July 2002 will be registered to determine shareholders' entitlements to the final dividend.

By order of the Board

Catherine Kuan-Lee Yee Fong
Jessica Ho Mui Kheng
Company Secretaries

20 June 2002
Singapore

156.

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NOTICE OF ANNUAL GENERAL MEETING

SMRT CORPORATION LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

EXPLANATORY NOTES ON ORDINARY BUSINESS TO BE TRANSACTED:

Resolution 3 Directors will be paid a basic fee and will get additional allowances for their services in other Board Committees. The schedule of fees is the same as for the preceding year. Two additional non-executive directors were appointed and the Executive Committee was formed during the course of the year.

The proposed schedule of fees (per annum) is set out below

BOARD OF DIRECTORS

Chairman's Allowance \$12,000

Basic Fee \$12,000

AUDIT COMMITTEE/EXECUTIVE COMMITTEE

Chairman's Allowance \$10,000

Member's Allowance \$ 5,000

REMUNERATION COMMITTEE

Chairman's Allowance \$ 6,000

Member's Allowance \$ 3,000

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

- i Resolution 6 is to subject all directors to retirement by rotation irrespective of whether they are the Managing Director or President. This will allow shareholders to have the ability to vote on the re-election of all directors, including the Managing Director and President, irrespective of any service agreements with Company.
- ii Resolution 7.1 is to allow the Directors to issue shares in the capital of the Company provided that the aggregate number of shares to be issued does not exceed 50 per cent of the Company's issued share capital, with an aggregate sub-limit of 20 per cent of the Company's issued share capital for issue of shares not made on a *pro-rata* basis to shareholders.
- iii Resolution 7.2 is to authorise the Directors to offer and grant options in accordance with the SMRT Corporation Employee Share Option Plan ("SMRTC ESOP") which was approved at the Extraordinary General Meeting of the Company on 15 July 2000 and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the SMRTC ESOP.
- iv Resolutions 7.3 & 7.4 is to renew the General Mandate and JV Mandate to allow the Company, its subsidiaries and target associated companies or any of them to enter into any of the mandated transactions with parties who are considered "Interested Persons" (as defined in Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited).

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the Meeting.

**PROPOSED AMENDMENTS TO THE ARTICLES
OF ASSOCIATION OF THE COMPANY**

The text of the relevant Article, as modified and with modifications highlighted in bold, is set out in the proposed amendment below. Sections which have been deleted without substitution are italicised in the existing Article below:

EXISTING ARTICLE 87(B)

The appointment of any Director to the office of Chairman or Deputy Chairman *or Managing Director or Joint/Deputy/Assistant Managing Director or President or Joint/Deputy/Assistant President* shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

PROPOSED AMENDMENT TO ARTICLE 87(B)

The appointment of any Director to the office of Chairman or Deputy Chairman shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. **The appointment of any Director to the office of Managing Director or Joint/Deputy/Assistant Managing Director or President or Joint/Deputy/Assistant President shall not automatically determine by reason only of him ceasing to be a Director.**

EXISTING ARTICLE 90

A Managing Director or the President shall *not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors but he shall*, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company *and if he ceases to hold the office of Director from any cause he shall ipso facto and immediately cease to be a Managing Director or President (as the case may be).*

PROPOSED AMENDMENT TO ARTICLE 90

A Managing Director or the President shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company.

EXISTING ARTICLE 94

At each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, *Provided that no Director holding office as Managing or Joint Managing Director or President or Joint President shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire.*

PROPOSED AMENDMENT TO ARTICLE 94

At each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

**PROXY FORM
ANNUAL GENERAL MEETING**

SMRT CORPORATION LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

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.

I/We _____ NRIC/Passport No. _____ of _____ being a member/members of SMRT Corporation Ltd 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 Third Annual General Meeting of the Company, to be held on Wednesday, 17 July 2002 at 11.00 a.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		<i>Indicate your vote For or Against with a tick</i>	
NO.	ORDINARY BUSINESS	FOR	AGAINST
1)	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2)	Declaration of Final Dividend		
3)	Approval of Directors' Fees		
4)	a) Re-election of Mr Daniel Ee Hock Huat as Director		
	b) Re-election of Mr Victor Loh Kwok Hoong as Director		
	c) Re-election of Ms Engelin Teh Guek Ngor as Director		
	d) Re-election of Mr Ng Ser Miang as Director		
5)	Re-appointment of KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
6)	Approval of the proposed amendments to the Articles Of Association of the Company		
7.1)	Authorising Directors to issue and allot shares pursuant to general mandate from members under Section 161 of the Companies Act, Chapter 50		
7.2)	Authorising Directors to offer and grant options and issue shares pursuant to the SMRT Corporation Employee Share Option Plan		
7.3)	Renewal of the General Mandate for Interested Person Transactions		
7.4)	Renewal of the JV Mandate for Interested Person Transactions		
8)	ANY OTHER BUSINESS		

Dated this _____ day of _____ 2002

Total Number of Shares Held: _____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting 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 resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.*
5. *The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 251 North Bridge Road, Singapore 179102, at least 48 hours before the time appointed for the 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 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.*