SMRT CAPITAL PTE. LTD.

(Company Registration No. 200816704H)

(Incorporated in the Republic of Singapore on 22 August 2008)

S$1,000,000,000
Multicurrency Guaranteed Medium Term Note Programme

Unconditionally and irrevocably guaranteed by

SMRT CORPORATION LTD

(Company Registration No. 200001855H)

(Incorporated in the Republic of Singapore on 6 March 2000)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by SMRT Capital Pte. Ltd. (the "**Issuer**") pursuant to the S$1,000,000,000 Multicurrency Guaranteed Medium Term Note Programme (the "**MTN Programme**") may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by SMRT Corporation Ltd (the "**Guarantor**"). The Guarantor has been assigned a corporate credit rating of AAA by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**"). The Notes of each Tranche (as defined herein) or Series (as defined herein) issued under the MTN Programme may be rated or unrated. Where the Notes of a Tranche or a Series are rated, such rating will not necessarily be the same as the rating assigned to the Guarantor. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the quotation for any Notes which are agreed at or prior to the time of issue thereof to be so listed on the Official List of the SGX-ST. In addition, at the relevant time of issue of the Notes which are agreed at or prior to the time of issue to be listed on the Official List of the SGX-ST, a separate application will be made to the SGX-ST for the permission to deal in and quotation of such Notes on the Official List of the SGX-ST. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for permission to deal in and quotation of the Notes of any Series (as defined herein) will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, and admission to the Official List of, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries (if any), their respective associated companies (if any), the MTN Programme and/or the Notes. Unlisted Notes may also be issued under the MTN Programme. The relevant Pricing Supplement (as defined below) in respect of any Series will specify whether or not such Notes will be listed, and if so, which exchange(s) the Notes are to be listed.

Potential Investors should pay attention to the risk factors and investment considerations set out in the section "Investment Considerations".

Arranger

HSBC

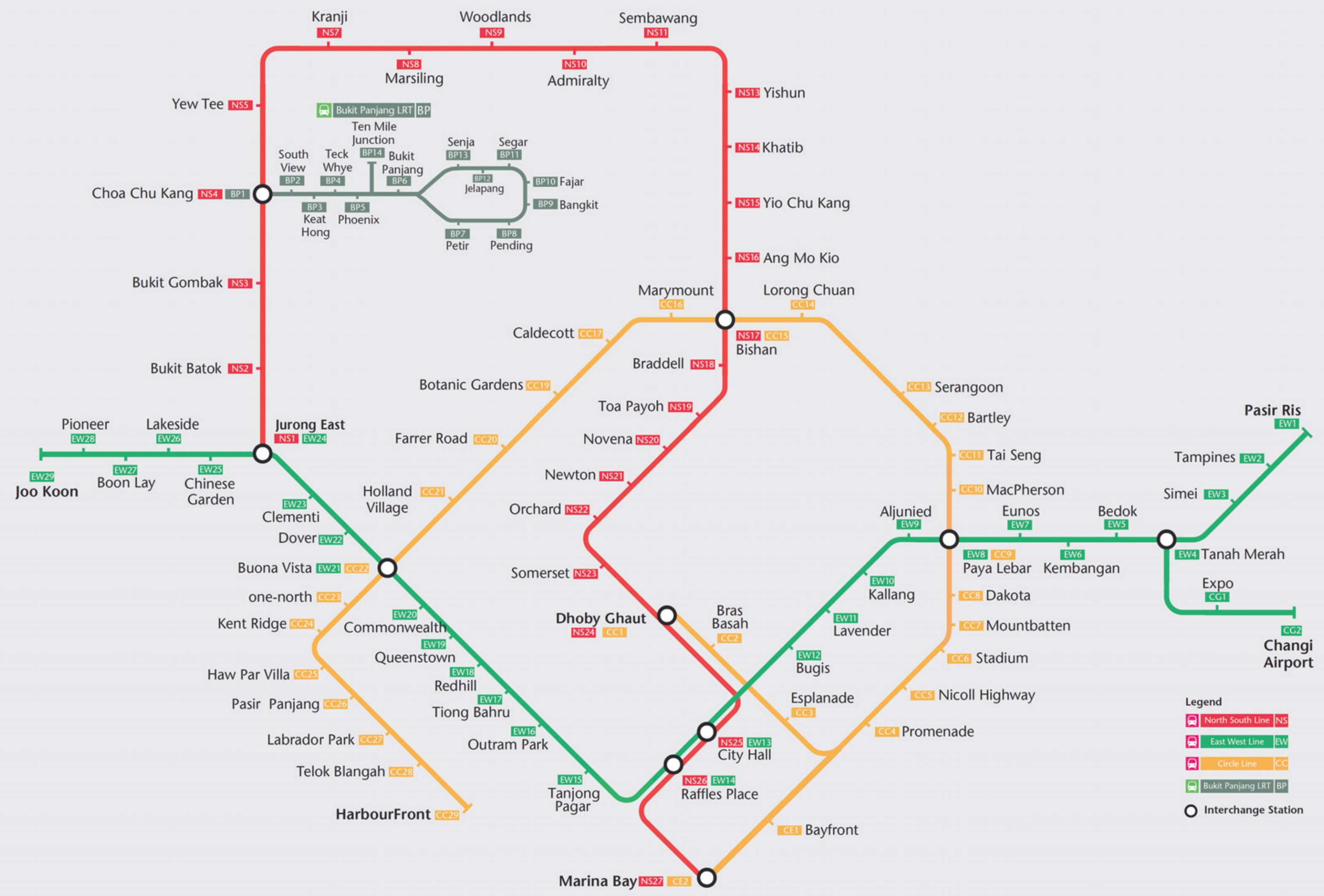
Dealers

Australia and New Zealand Banking Group Limited
HSBC
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

DBS Bank Ltd.
J.P. Morgan
United Overseas Bank Limited

The date of this Information Memorandum is 27 September 2012

MRT & LRT System Map



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NOTICE

The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**") has been appointed by SMRT Capital Pte. Ltd. (the "**Issuer**") to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by SMRT Corporation Ltd (the "**Guarantor**" or "**SMRT Corp**"). This Information Memorandum contains information with regard to the Issuer, the Guarantor, the Group (as defined herein), the Notes and the Guarantee (as defined herein). Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that this Information Memorandum contains information with respect to the Issuer, the Guarantor, the Group and the Notes which is material in the context of the MTN Programme, the issue and offering of the Notes and the giving of the Guarantee and all such information relating to the Issuer, the Guarantor, the Group and the Notes is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum with regard to the Issuer, the Guarantor, the Group and the Notes have been carefully considered and that there are no other facts relating to the Issuer, the Guarantor, the Group and the Notes the omission of which, in the context of the MTN Programme and the issue and offering of the Notes and the giving of the Guarantee would make any statement in this Information Memorandum misleading in any material respect.

No person has been authorised by the Issuer or the Guarantor to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger or the Dealers (as defined herein). The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, the Arranger or the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale or placement by the relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor or any of their subsidiaries (if any) or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, the Guarantor, the Arranger, the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor or their subsidiaries (if any) or associated companies (if any). The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. Further, neither the Arranger nor the Dealers makes any representation or warranty as to the Issuer, the Guarantor, their respective subsidiaries (if any) or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

To the fullest extent permitted by law, none of the Arranger or the Dealer(s) accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Arranger or the Dealer(s) or on its behalf in connection with the Issuer, the Guarantor and the Group (as defined herein), the MTN Programme or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any) and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any) and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Guarantor, their respective subsidiaries (if any) and associated companies (if any), the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the most recently published annual reports or audited consolidated accounts or financial statements of the Issuer, the Guarantor and their respective subsidiaries (if any) from time to time (2) the most recent unaudited consolidated interim results of the Issuer, the Guarantor and their respective subsidiaries (if any) which is made available on SGXNET by the Guarantor and (3) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche (as defined herein) of Notes, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any subscription, purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer to the Arranger or the Dealers pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantor, the Arranger or the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer to the Arranger or the Dealers pursuant to the Programme Agreement. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section on "Subscription, Purchase and Distribution" of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the tax consequences of the acquisition, ownership or disposition of the Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (including statements as to the Issuer's, the Guarantor's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth in the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of each of the Issuer, the Guarantor and/or the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the section on "Investment Considerations".

These forward-looking statements speak only as at the date of this Information Memorandum. Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, each of the Issuer, the Guarantor, the Arranger and the Dealers disclaims any responsibility, and undertakes no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 15 September 2009 between (1) the Issuer, as issuer, (2), the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent and agent bank, and (4) The Bank of New York Mellon, as trustee, as amended, varied or supplemented from time to time
"**Agent Bank**"	:	The Bank of New York Mellon, Singapore Branch
"**Arranger**"	:	The Hongkong and Shanghai Banking Corporation Limited
"**Boon Lay Extension**"	:	The extension of the East-West Line from Boon Lay station to Joo Koon station
"**BPLRT**"	:	The Bukit Panjang LRT system
"**BPLRT LOA**"	:	The Licence Operating Agreement for the BPLRT
"**BSOL**"	:	The Bus Service Operator's Licence
"**Business Day**"	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"**Bus QoS**"	:	Has the meaning ascribed to it in the section "Investment Considerations – Rules relating to the Group's Business and Industry – Operating in a highly regulated industry – Performance Standards"
"**CCL**"	:	The Circle Line MRT system, including the CCL Extension
"**CCL Extension**"	:	The extension of the CCL from Promenade interchange via Bayfront station to Marina Bay station
"**CCL Licence**"	:	The Licence to operate the CCL
"**CDP**"	:	The Central Depository (Pte) Limited
"**Changi Airport Extension**"	:	The extension of the East-West Line from Tanah Merah interchange to Changi Airport station
"**Clearstream, Luxembourg**"	:	Clearstream Banking, société anonyme
"**COI**"	:	The Committee of Inquiry into the MRT service disruptions on 15 and 17 December 2011, appointed under Section 9 of the Inquiries Act, Chapter 139A of Singapore
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Couponholders**"	:	The holders of the Coupons

"**Coupons**"	:	The interest coupons appertaining to an interest bearing definitive Note
"**Dealer(s)**"	:	Persons appointed as dealer(s) under the MTN Programme
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer or, as the case may be, the Guarantor as at the date of this Information Memorandum
"**EBIT**"	:	Earnings before interest and taxes
"**Euroclear**"	:	Euroclear Bank S.A./N.V.
"**FRMC**"	:	The Fare Review Mechanism Committee
"**FY**"	:	Financial Year ended or ending 31 March
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons
"**Group**"	:	The Guarantor and its subsidiaries
"**Guarantee**"	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed
"**Guarantor**" or "**SMRT Corp**"	:	SMRT Corporation Ltd
"**Issuer**"	:	SMRT Capital Pte. Ltd.
"**Issuing and Paying Agent**"	:	The Bank of New York Mellon, Singapore Branch
"**km**"	:	Kilometres
"**Land Transport Authority of Singapore Act**"	:	Land Transport Authority of Singapore Act, Chapter 158A of Singapore, as amended or modified from time to time
"**Latest Practicable Date**"	:	12 September 2012
"**Licences**"	:	Has the meaning ascribed to it in the section "Investment Considerations – Rules relating to the Group's Business and Industry – Operating in a highly regulated industry – Operating Licences"
"**LRT**"	:	Light Rapid Transit
"**LTA**"	:	Land Transport Authority of Singapore
"**MAS**"	:	The Monetary Authority of Singapore
"**MRT**"	:	Mass Rapid Transit
"**MTN Programme**"	:	The S$1,000,000,000 Multicurrency Guaranteed Medium Term Note Programme of the Issuer

"**Noteholders**"	:	The holders of the Notes
"**Notes**"	:	The notes to be issued by the Issuer under the MTN Programme
"**NSEWL**"	:	The North-South Line and the East-West Line, including the Boon Lay Extension, the Changi Airport Extension and Dover station
"**NSEWL LOA**"	:	The Licence Operating Agreement for the NSEWL
"**OPS**"	:	The operating performance standards as defined in the section "Investment Considerations – Rules relating to the Group's Business and Industry – Operating in a highly regulated industry – Performance Standards"
"**Palm Jumeirah Operations**"	:	Has the meaning ascribed to it in the section "Description of the Guarantor – Business Activities – SMRTE FZE"
"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note
"**PRC**"	:	The People's Republic of China
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"**Programme Agreement**"	:	The Programme Agreement dated 15 September 2009 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Hongkong and Shanghai Banking Corporation Limited, as arranger, and (4) DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan (S.E.A.) Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited, as dealers, as amended, varied or supplemented from time to time
"**PTC**"	:	Public Transport Council
"**Public Transport Council Act**"	:	Public Transport Council Act, Chapter 259B of Singapore, as amended or modified from time to time
"**Rail Asset Renewal Plan**"	:	Has the meaning ascribed to it in the section "Description of the Guarantor – Business Activities – SMRT Trains – Rail Asset Renewal Plan"
"**Rail System**"	:	The Train System and the BPLRT
"**Rapid Transit Systems Act**"	:	Rapid Transit Systems Act, Chapter 263A of Singapore, as amended or modified from time to time
"**Regulators**"	:	The LTA and the PTC
"**Road Traffic Act**"	:	Road Traffic Act, Chapter 276 of Singapore, as amended or modified from time to time

"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time
"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Issuer
"**Shenzhen Zona**"	:	Shenzhen Zona Transportation Group Co. Ltd.
"**SMRT Automotive**"	:	SMRT Automotive Services Pte. Ltd., an indirect wholly-owned subsidiary of the Guarantor
"**SMRT Buses**"	:	SMRT Buses Ltd., an indirect wholly-owned subsidiary of the Guarantor
"**SMRT HK**"	:	SMRT Hong Kong Limited, an indirect wholly-owned subsidiary of the Guarantor
"**SMRT International**"	:	SMRT International Pte Ltd, a wholly-owned subsidiary of the Guarantor
"**SMRT Institute**"	:	SMRT Institute Pte. Ltd., a wholly-owned subsidiary of the Guarantor
"**SMRT Light Rail**"	:	SMRT Light Rail Pte. Ltd., an indirect wholly-owned subsidiary of the Guarantor
"**SMRT Taxis**"	:	SMRT Taxis Pte. Ltd., an indirect wholly-owned subsidiary of the Guarantor
"**SMRT Trains**"	:	SMRT Trains Ltd., a wholly-owned subsidiary of the Guarantor
"**SMRTE**"	:	SMRT Engineering Pte Ltd, a wholly-owned subsidiary of the Guarantor
"**SMRTE FZE**"	:	SMRT Engineering (Middle East) FZE, an indirect wholly-owned subsidiary of the Guarantor
"**sq m**"	:	Square metres
"**subsidiary**"	:	Any company in which the Guarantor holds, directly or indirectly, more than 50 per cent. shareholding interest and "**subsidiaries**" shall be construed accordingly

"**Taxi QoS**"	:	Has the meaning ascribed to it in the section "Description of the Guarantor – Business Activities – SMRT Taxis – Operating Licence"
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue
"**TOL**"	:	Taxi Operator Licence
"**Train System**"	:	The NSEWL and the CCL
"**Tranche**"	:	Notes which are identical in all respects (including as to listing)
"**Trust Deed**"	:	The Trust Deed dated 15 September 2009 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**Trustee**"	:	The Bank of New York Mellon
"**United States**" or "**U.S.**"	:	United States of America
"**S$**" or "**Singapore Dollars**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**US$**" or "**US dollars**"	:	United States dollars, being the lawful currency of the United States
"**%**" or "**per cent.**"	:	Per centum
"**1Q**"	:	Three months ended 30 June
"**3Q**"	:	Three months ended 31 December
"**4Q**"	:	Three months ended 31 March

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

Certain figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or charts may vary slightly and figures shown as totals in certain tables or charts may not be an arithmetic aggregation of any figures which precede them.

SUMMARY OF THE MTN PROGRAMME

The following summary does not purport to be complete, and is qualified in its entirety and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in the summary.

Issuer :	SMRT Capital Pte. Ltd.
Guarantor :	SMRT Corporation Ltd
Arranger :	The Hongkong and Shanghai Banking Corporation Limited
Dealers :	Australia and New Zealand Banking Group Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan (S.E.A.) Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank, United Overseas Bank Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent :	The Bank of New York Mellon, Singapore Branch and Agent Bank
Trustee :	The Bank of New York Mellon
Description :	Multicurrency Guaranteed Medium Term Note Programme.
Rating :	The Guarantor has been assigned a corporate credit rating of AAA by Standard & Poor's. The Notes issued under the MTN Programme may be rated or unrated.
Programme Amount :	The aggregate principal amount of the Notes outstanding under the MTN Programme at any time shall not exceed S$1,000,000,000 (or its equivalent in any other currencies). The Programme Amount may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.
Guarantee :	The Guarantor will, under the Trust Deed, unconditionally and irrevocably guarantee the due and punctual payment of all moneys payable by the Issuer under the Notes.
Currencies :	Subject to compliance with all relevant laws, regulations and/or directives, the Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue :	The Notes may be issued in Series from time to time under the MTN Programme on a syndicated or non-syndicated basis and may be issued by way of private placement or otherwise. Each Series may comprise one or more Tranches, issued on different dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	The Notes may be issued on fully paid or partly paid basis and at an issue price which is at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, the Notes shall have such maturities as may be agreed between the Issuer and the relevant Dealer(s) and will be specified in the relevant Pricing Supplement.
Interest Basis	:	The Notes may be non-interest bearing, or bear interest at fixed, floating, variable or hybrid rates or as may be agreed between the Issuer and the relevant Dealer(s).
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest calculated in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)) (in the case of Hybrid Notes denominated in Singapore Dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore Dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Other Notes	:	The Issuer and the relevant Dealer(s) may agree to issue any other type of Notes under the MTN Programme.

Form of Notes	:	The Notes will be issued in bearer form which will initially be represented by a Temporary Global Note or (if so specified in the relevant Pricing Supplement that US TEFRA C Rules apply) a Permanent Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note in accordance with its terms. Each Permanent Global Note will be exchangeable for Notes in definitive bearer form only in certain limited circumstances as specified in such Global Note.
Denomination	:	The Notes will be issued in any denomination subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Delivery, Settlement and Clearing System	:	The Notes will be cleared through CDP and/or any other clearing systems as may be specified in the relevant Pricing Supplement. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Title	:	Title to the Notes and the Coupons will pass by delivery, provided that for so long as the Notes are held through CDP, title to the Notes will pass by transfer through CDP's scripless book entry system.
Status of the Notes, Coupons and Guarantee	:	The Notes and Coupons of all Series will constitute direct, and unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority amongst themselves, and *pari passu* with all other present and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Issuer. The obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu*, with all other unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
Taxation	:	Payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of any taxes, duties, assessments or governmental charges imposed by Singapore unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. Please refer to the section on "Singapore Taxation" for further details.

Redemption and Purchase	:	Unless previously purchased or redeemed, and cancelled, the Notes will be redeemed at their redemption price on their maturity dates. The Issuer may, at any time, purchase the Notes on the open market or otherwise, provided that all unmatured Coupons attached thereto are purchased therewith. Notes and/or Coupons so purchased or otherwise acquired by the Issuer may be surrendered for cancellation or resold. Further, if so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be purchased by the Issuer prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption for a Change in Organisational Structure	:	In the event that the Issuer or the Guarantor proposes to undergo a Change in Organisational Structure, the Issuer will, at the option of the holder of any Note, redeem such Note at its redemption amount (together with interest accrued to the date fixed for redemption) on the date falling 90 days from the date of the exercise by the holder of such option or, if earlier, the date on which the Change in Organisational Structure is completed. The Issuer will give prompt notice to the Noteholders of such proposal. "**Change in Organisational Structure**" is defined in Condition 4(e)(ii) of the Notes.
Optional Early Redemption	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Early Redemption for Tax Reasons	:	If payments become subject to withholding tax as a result of certain changes in law, and such tax cannot be avoided by the use of reasonable measures available to the Issuer, the Issuer may redeem the Notes as a whole at any time (having given not more than 60 and not less than 30 days' notice) at par plus accrued interest.
Negative Pledge	:	None.
Events of Default	:	See Condition 8 of the Notes.
Listing	:	The MTN Programme will be listed on the SGX-ST or other stock exchanges as the Issuer may require. Each Series of Notes may also be listed on the SGX-ST or such other or further stock exchanges as may be agreed between the Issuer and relevant Dealer(s) in relation to each Series, subject to all necessary approvals having been obtained. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore.

INVESTMENT CONSIDERATIONS

An investment in the Notes involves a degree of risk. A prospective Noteholder should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Notes. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer, the Guarantor or the Group, or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer or the Guarantor are currently unaware of may also impair the businesses, financial condition, performance or prospects of the Issuer, the Guarantor or the Group. The Group's business, financial condition or results of operations could be adversely affected if any of these risks develop into actual events. In any such case, the ability of the Issuer and the Guarantor to comply with its obligations under the Trust Deed and the Notes may be adversely affected and could cause a Noteholder to lose all or part of his investment. Terms which are not defined in this section shall have the meanings ascribed to them in the section "Definitions".

Risks relating to the Group's Business and Industry

I. Operating in a highly regulated industry

The Group's rail, bus and taxi operations are subject to extensive regulation by the Regulators. The regulatory risks faced by the Group relate primarily to operating licences, transport policies and legislation, transport fares and performance standards.

Operating Licences

The Group's main businesses are dependent on the retention of its rail, bus and taxi licences (collectively referred to as the "**Licences**") from the Regulators for the conduct of its businesses. The Regulators may, due to changes in transport policies or otherwise, amend the terms of the Licences granted, which in turn may have an impact on the operating conditions and environment of the Group. As a result, the Group's revenue and profitability may be adversely affected.

Rail operations

As a public rail transport operator in Singapore, SMRT Trains and SMRT Light Rail are subject to the provisions of the Rapid Transit Systems Act. The Rapid Transit Systems Act requires them to hold valid licences issued by the LTA. The NSEWL LOA and BPLRT LOA held by SMRT Trains and SMRT Light Rail respectively will both expire on 31 March 2028, while the CCL Licence held by SMRT Trains will expire on 3 May 2019. The licences for all three lines may be subject to extension for 30 years under the respective licences. The LTA also has the statutory power to suspend or cancel the licence to operate a rapid transit system, without any compensation.

Accordingly, if any of these licences are cancelled, SMRT Trains or, as the case may be, SMRT Light Rail would no longer be permitted to operate the Train System or, as the case may be, the BPLRT and would not be entitled to receive compensation for any anticipated loss of revenue arising from such termination.

In addition, if the LTA cancels any of these licences, SMRT Trains or, as the case may be, SMRT Light Rail will be obliged to transfer its operating assets to the LTA at net book value which may be less than their open market value. The total amount of the replacement grants previously made available to SMRT Trains, or SMRT Light Rail, as the case may be, for the purchase of eligible operating assets, or such lesser portion thereof as the LTA may decide, may have to be refunded to the LTA.

SMRT Trains or, as the case may be, SMRT Light Rail has undertaken to indemnify the LTA for any claims or losses which the LTA may suffer by reason of its operation of the Rail System. The LTA has also reserved its right to amend any of these licences without the consent of SMRT Trains or, as the case may be, SMRT Light Rail, in the discharge of its duties and functions under the Rapid Transit Systems Act, the Land Transport Authority Act and any other applicable laws and regulations. Such amendments, if made, may have a material adverse impact on the Group's revenue and profitability.

The LTA also has the power to grant licences to other transport operators for new lines. As part of the changes announced by the Ministry of Transport in the Land Transport Review in January 2008, greater contestability will be introduced in the rail industry by issuing shorter operating licences for future lines.

For further details, please see the sections "Description of the Guarantor – Business Activities – SMRT Trains and SMRT Light Rail" and "Description of the Guarantor – Licence and Operating Agreements and TOL Conditions – NSEWL LOA, CCL Licence and BPLRT LOA".

Bus operations

As a public bus transport operator in Singapore, SMRT Buses is regulated under the Public Transport Council Act, requiring it to hold valid licences issued by the PTC. The BSOL held by SMRT Buses will expire on 31 August 2016. The licence may be renewed for a further period of 10 years or such other period as the PTC may determine.

The PTC also has the statutory power to suspend or cancel the BSOL without compensation, upon which SMRT Buses shall have no claim against the LTA. SMRT Buses has undertaken to indemnify the PTC for any claims or losses which the PTC may suffer by reason of its operation of the bus service.

The PTC has the power to regulate routes for bus operations. SMRT Buses applies for licences to operate each of its bus routes from the PTC. The licences to operate the routes are renewable on a biennial basis. There is no assurance that these licences will be renewed or, if renewed, that the terms and conditions will be favourable to SMRT Buses.

A breach of any condition in the BSOL may carry penalties such as suspension or cancellation of licences and/or financial penalties of up to S$100,000.

For further details, please see the sections "Description of the Guarantor – Business Activities – SMRT Buses" and "Description of the Guarantor – Licence and Operating Agreements and TOL Conditions – BSOL".

Taxi operations

Under the taxi licensing framework introduced by the Singapore Government in June 2003, a TOL issued by the LTA is required to operate a taxi business in Singapore. The TOL held by SMRT Taxis will expire on 31 May 2013. The licence may be renewed for a further period of 10 years or such other period as the LTA may determine.

The LTA also has the statutory power to suspend or cancel the TOL, upon which SMRT Taxis will have no claim against the LTA. SMRT Taxis has undertaken to indemnify the LTA for any claims or losses which the LTA may suffer by reason of its operation of the taxi service.

The LTA may grant TOLs to interested applicants who meet a set of comprehensive criteria. This may lead to increased competition in the taxi industry in Singapore which may adversely impact SMRT Taxis' taxi leasing revenue.

For further details, please see the sections "Description of the Guarantor – Business Activities – SMRT Taxis" and "Description of the Guarantor – Licence and Operating Agreements and TOL Conditions – TOL".

Commercial operations

If any of the licences to operate the Rail System, buses or taxis is cancelled or terminated, the Group would lose the right to lease out the respective commercial spaces and would not be able to use the respective platforms for advertising activities. This will have an adverse impact on the financial performance of the Group.

Transport Fares

Fares charged by SMRT Trains, SMRT Light Rail and SMRT Buses for rail and bus operations are subject to approval by the PTC. There is no assurance that any approved fare increase would adequately offset the increase in operating costs and anticipated capital expenditure on a timely basis.

As at the date of this Information Memorandum, the FRMC has been formed by the Singapore Government to review the effectiveness of the current fare adjustment formula and framework, and propose any necessary improvements whilst maintaining a balance between affordable fares and the long-term operational sustainability of the public transport operators. The FRMC is expected to complete its review in early 2013. It is not clear as to how the revised fare adjustment formula will affect the Group's financial performance.

Performance Standards

The rail, bus and taxi operations are also regulated by operating performance and service standards. For example, the rail operations are required to comply with a set of operating performance standards ("**OPS**"), governing train service availability, schedule adherence, safety, and equipment availability. Under the BSOL, bus operators are required to comply with the Quality of Service ("**Bus QoS**") standards which, among other areas, also focus on reliability, safety and availability. Taxi operations are similarly subjected to regulatory operating standards relating to various aspects of service quality and safety performances.

The OPS and Taxi QoS standards are issued and implemented by the LTA while the Bus QoS standards are issued and implemented by the PTC. Together, these operating performance and service standards hold SMRT Trains, SMRT Light Rail, SMRT Buses and SMRT Taxis to strict standards of reliability, safety and frequency of service. Failure to meet the relevant performance standards may result in severe financial penalties, administrative proceedings, or legal proceedings against the Group, including the revocation or suspension of its Licences. The Regulators may raise the operating performance and service standards at any time, resulting in higher operating, monitoring and compliance costs, which may have an adverse impact on the Group's financial performance.

II. Dependence on ridership

The Group's revenue growth depends on the number of passenger journeys on the Rail System and along the bus routes. Ridership is affected by macroeconomic factors such as economic growth and population growth. Commercial, residential and industrial developments at or in the vicinity of MRT and LRT stations as well as along bus routes which the Group operates may also lead to higher ridership growth. Although it is envisaged that the Singapore Government will integrate urban development with transport planning, the Group has no control over such developments and there can be no assurance that such developments will occur and/or continue.

For rail operations, the Group may not be able to respond to increases in demand adequately due to certain inherent structural inflexibilities of the Rail System that are beyond its control. For example, it has capacity limitations where the length of its trains cannot be extended to carry more passengers per train (as the length of the station platforms is fixed) and the frequency at which train services can be operated are limited by system constraints. For bus operations, ridership growth is limited by the routes designated to SMRT Buses.

III. The Group's revenue may be affected by unfavourable economic conditions

The revenue of the Group depends on general economic conditions in Singapore. Any downturn in the economy may put pressure on revenue drivers such as ridership, rates for rental and advertising and taxi hiring.

IV. Sustainability of the bus business

The Singapore Government has recognised the difficulties faced by the bus operators in running a sustainable business. A government initiative, the Bus Service Enhancement Programme, was rolled out by the LTA with the public transport operators to help enhance bus service levels and bus connectivity. Another government initiative is the review of the fare formula by the FRMC that is due to be completed in early 2013. Notwithstanding such initiatives, the bus business may continue to face challenges as fare adjustments have not kept pace with rising operating costs.

V. The Group's business is capital intensive in nature and may require the Group to raise further financing to fund future capital outlay which may have an adverse impact on the Group's financial position and performance

Under their respective licences, SMRT Trains or, as the case may be, SMRT Light Rail is responsible to maintain, replace, renew or refurbish all or any part of the operating assets and infrastructure required to operate the MRT and LRT systems. They may apply to the LTA for replacement grants for eligible operating assets and request for funding from the LTA on major replacement or renewal of any part or the whole of the rail infrastructure. There is no assurance that SMRT Trains and/or SMRT Light Rail will obtain such grants and/or funding from the LTA. Under these licences, the costs and expenses of acquiring and maintaining additional operating assets are to be borne by SMRT Trains or SMRT Light Rail respectively, unless otherwise agreed in writing by the LTA. These additional operating assets may be eligible for replacement grants if they qualify pursuant to the respective licences.

Under the NSEWL LOA, CCL Licence and BPLRT LOA, the LTA may require SMRT Trains or, as the case may be, SMRT Light Rail, to buy over the existing operating assets. An increase in ridership may also lead to the need to procure additional trains and further investments to meet OPS.

In addition, as the Rail System advances in age, general maintenance costs will increase whilst operating efficiency may decline, pending an upgrade and/or replacement of the relevant operating assets or rail infrastructure. For example, it was previously announced on 24 April 2012 that the Rail Asset Renewal Plan is expected to incur approximately S$900 million over the course of 8 years. For further details of the Rail Asset Renewal Plan, please see the section "Description of the Guarantor – Business Activities – SMRT Trains – Rail Asset Renewal Plan".

In addition, the Group is expected to incur capital investment for the bus, taxi and commercial businesses for expansion and replacement purposes.

The Group may not be able to fully recover its investment costs from the assets purchased as part of its obligations under the licences or requirement to meet OPS, as the incremental revenue may not be sufficient to off-set the costs or the payback period may be beyond the licence tenure.

In view of the above factors, capital investment for the Group may be very large in the next few years. As a result, the Group may need to raise further financing in future to fund such capital outlay, and accordingly gearing may increase significantly. This may have an adverse impact on the Group's financial position and performance.

VI. Risks relating to manpower supply and wages

The Group's business is labour intensive. If the Group is unable to hire suitably qualified employees to meet its requirements or to retain existing employees, its financial position and performance could be adversely affected.

In addition, any increase in wages and/or other mandatory employee benefits could result in a significant increase in labour costs, which may not be sufficiently offset by increases in fares. This could in turn adversely affect the Group's financial position and performance.

VII. The Group is exposed to the risk that its insurance cover with respect to major incidents, accidents and catastrophic events may potentially be insufficient

Although SMRT Trains and SMRT Light Rail are required under the terms of NSEWL LOA, CCL Licence and BPLRT LOA to take out and maintain insurance policies for the Rail System with such companies as LTA may from time to time approve and SMRT Buses and SMRT Taxis take out and maintain their own insurance policies with reputable insurance companies to cover their assets against natural perils and certain operational risks, such insurance may be insufficient to cover losses which they might incur in the event of major incidents, accidents and catastrophic events. The Group's operations may also be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. There can be no assurance that insurance coverage effected by the Group will be sufficient to cover the loss arising from any or all such events or that they will be able to renew existing insurance cover or to renew such insurance cover on commercially reasonable terms.

Should a major incident, accident or catastrophic event occur in relation to which the Group has no insurance cover or inadequate insurance cover, the Group could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, it may remain liable for financial obligations related to the affected property. Any of these occurrences could have a material adverse effect on the Group's financial position and performance.

VIII. The Group is exposed to foreign currency risks

The equipment and materials which the Group requires for maintenance, renewal and replacement of the working network of the Rail System, its buses and taxis may be manufactured in countries outside Singapore. The Group may have to purchase such equipment and materials either in foreign currency or in the Singapore-dollar equivalent of such foreign currency amounts at the time the purchase contracts are entered into.

However, the Group's revenue from operating the Rail System, buses and taxis is denominated in Singapore dollars. To the extent that such costs do not qualify for asset replacement grants from the LTA, the Group may have a currency mismatch between its revenue and the capital expenditure denominated in or calculated with reference to foreign currencies. Any depreciation in the value of the Singapore dollar against the foreign currency in which payment is denominated or from which the Singapore dollar equivalent in a purchase contract is calculated would give rise to an increase in cost for the Group.

While the Group seeks to mitigate its foreign currency risks by entering into hedging contracts, where appropriate, the impact of future exchange rate fluctuations cannot be accurately predicted and there is no guarantee that such currency risks can fully be hedged.

IX. Major accidents and catastrophic events, including terrorist attacks and flu pandemic outbreaks, may affect the operations, revenue and profitability of the Group

The Group's facilities may be exposed to the effects of natural disasters and other potentially catastrophic events, such as major accidents, terrorist attacks and epidemic outbreaks. This risk is heightened by the concentration of almost all of the Group's assets in one country.

Any major accident or terrorist attack at MRT and LRT stations, bus interchanges, depots, or on trains, buses or taxis operated by SMRT Trains, SMRT Light Rail, SMRT Buses and SMRT Taxis might adversely affect its ability to provide rail, bus and taxi services. This may adversely affect the Group's revenue and profitability.

The Group does its best to ensure the security of facilities operated by SMRT Trains, SMRT Light Rail, SMRT Buses and SMRT Taxis by adopting security measures, such as improving the security infrastructure, security patrols, regular drills, random bag checks and community emergency preparedness activities. Such measures are not foolproof and may lead to higher security related costs. In the event of a terrorist attack, any measures necessary to reinstate its damaged facilities/properties to an acceptable condition could be costly and time-consuming, and are likely to adversely affect the smooth running of its operations.

In addition, the Group has developed and implemented a Safety System Programme Plan ("**SSPP**"), which is benchmarked against a number of international standards for system safety and transit operations and occupational safety. The safety management system, implemented under the SSPP, is rigorously audited by external auditors to confirm its continual suitability and effectiveness. However, such measures may not be foolproof and may lead to higher safety-related costs.

Although the facilities are constructed, operated and maintained to reduce the probability of certain of these occurrences and the operating procedures at all the business units, including business continuity plans, are meticulously set up and followed through by staff to mitigate the impact of such possible crisis, the Group's facilities and operating procedures may not be adequate in all circumstances.

X. Volatility in energy costs may affect the financial performance of the Group

Electricity and diesel expenses are significant components of the Group's operating expenses. Fluctuations in the prices of electricity and diesel will impact the financial performance of the Group. Though the Group mitigates rising electricity costs by entering into electricity contracts at fixed rates with fixed durations where appropriate, these measures may not be sufficient to mitigate sudden and wide fluctuations in prices. In addition, the supply and delivery of diesel is currently at fixed discounts off market rates. The Group may, where deemed suitable, engage in short-term diesel hedging contracts to partially mitigate the diesel price fluctuations. However, such measures also carry inherent risks, are not foolproof, and may not fully mitigate the diesel cost risk.

Risks relating to Notes issued under the MTN Programme

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the MTN Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes containing such a feature. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Group may not fully hedge the currency risks associated with Notes denominated in foreign currencies

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Notes issued under the MTN Programme can be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Notes and there is no assurance that the Group will be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

Variable Rate Notes may have with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waiver

The terms and conditions of the Notes, which are governed by Singapore law, contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The conditions of the Notes are based on Singapore law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of this Information Memorandum.

Performance of contractual obligations by the Issuer may be dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Noteholders and/or the Couponholders.

Noteholders are exposed to financial risk

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should they suffer serious decline in net operating cash flows.

Risk of structural subordination of the Notes

The Notes are structurally subordinated to the indebtedness of the Issuer's subsidiaries (other than the Issuer). Generally, claims of creditors, including trade creditors, and other claims of preferred shareholders, if any, of such subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of the Issuer and its creditors.

Where the Global Notes or Global Certificates are held by or on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the MTN Programme may be represented by one or more Global Notes. Such Global Note(s) will be deposited with (i) a common depositary for Euroclear and Clearstream, Luxembourg and/or (ii) CDP. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg or CDP (as the case may be) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg or CDP (as the case may be).

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of (i) the common depositary for Euroclear and Clearstream, Luxembourg and/or (ii) CDP (as the case may be) for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg or CDP (as the case may be) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or CDP (as the case may be) to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the respective Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Risks related to the market generally

Limited Liquidity of the Notes issued under the MTN Programme

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme, the ability of such Noteholders, or the price at which such Noteholders may be able, to sell their Notes.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, the Notes may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities, Illiquidity may have an adverse effect on the market value of Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of Market Value of Notes issued under the MTN Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, the Guarantor, their respective subsidiaries (if any) and/or their respective associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor, their respective subsidiaries (if any) and/or their respective associated companies (if any) generally. Adverse economic developments in Singapore and in countries with significant trade relations with Singapore, could have a material adverse effect on the Singapore economy and the results of operations and/or the financial condition of the Issuer, the Guarantor, their respective subsidiaries and/or their respective associated companies (if any).

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Notes

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should seek independent legal advice to determine whether and to what extent (1) Notes are legal investments for the potential investor, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Noteholders investing in the Notes with currencies other than Singapore dollars, may face foreign exchange risks when investing in Singapore dollar denominated Notes

For Noteholders investing in the Notes with currencies other than Singapore dollars, an investment in Singapore dollar denominated Notes may entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the Singapore dollar relative to foreign currencies because of economic, political and other factors over which the Group has no control.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor or existing holder in the Notes may require in investigating the Issuer and/or the Guarantor, prior to making an investment or divestment decision in relation to the Notes issued under the MTN Programme. Neither this Information Memorandum nor any other document or information (or part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation of the Issuer, the Guarantor, the Dealers or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor, the Dealers or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor, their respective subsidiaries (if any) and/or their associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. If a prospective investor does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, the prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

The forward-looking information in this Information Memorandum may prove inaccurate

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's or the Guarantor's control.

Singapore Taxation

The Notes to be issued from time to time under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2013 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**") subject to the fulfillment of certain conditions more particularly described in the section on "Singapore Taxation". However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked prior to maturity of each Series of such Notes.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), prepayment, redemption premium and break cost (as such items are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity date of not less than 10 years;

(c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any Notes issued with an original maturity date of at least 10 years and which are "qualifying debt securities", there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring or which may occur within 10 years from the date of issue of such Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the MTN Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement:

The Notes are constituted by a Trust Deed (as amended and supplemented, the "**Trust Deed**") dated 15 September 2009 made between (1) SMRT Capital Pte. Ltd. (the "**Issuer**"), (2) SMRT Corporation Ltd (the "**Guarantor**") and (3) The Bank of New York Mellon (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 11 September 2009, relating to the Notes executed by the Issuer. The Issuer and the Guarantor have entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 15 September 2009 made between (1) the Issuer, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (4) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 5(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by The Central Depository (Pte) Limited (the "**Depository**") or a common depositary for Euroclear Bank S.A./N.V., ("**Euroclear**") and Clearstream Banking, société anonyme

("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of the Depository, Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository, Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of the Depository, Euroclear or Clearstream, Luxembourg.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

3. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 3(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(I) to the Relevant Date (as defined in Condition 6).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified in the Pricing Supplement.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 3(II) (c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 3(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant

Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Period concerned;

(F) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Interest Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any).

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Guarantor, the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 3(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 3(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement; "**business day**" means:

(i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank and approved by the Issuer in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre; and

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and the Reuters Monitor Money Rates Service ("**Reuters**")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption

Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 3(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 4(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 4(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 8, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent

Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

4. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 9 and 10.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any purchase of Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 9 and 10.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 9 and 10.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) In the event that the Issuer or Guarantor proposes to undergo a Change in Organisational Structure, the Issuer will, at the option of the holder of any Note, redeem such Note at its Redemption Amount (together with interest accrued to the date fixed for redemption) on the date falling 90 days from the date of the exercise by the holder of such option or, if earlier, the date on which the Change in Organisational Structure is completed. The Issuer will give prompt notice to the Noteholders of such proposal referred to in this Condition 4(e)(ii) in accordance with Condition 14. To exercise such option, a Noteholder shall deposit any Notes to be redeemed with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for redemption, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, no later than 30 days from the date of the Issuer's notice to the Noteholders of such proposal (or such shorter period as the Issuer may notify to the Noteholders in such notice). Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement).

For the purposes of this Condition 4(e)(ii), a "**Change in Organisational Structure**" shall refer to any re-organisation, amalgamation, reconstruction, take-over, merger or consolidation of the Issuer or the Guarantor with any other company or person or any schemes of compromise or arrangement affecting the present constitution of the Issuer or the Guarantor (as the case may be), where such event is not pursuant to a requirement of law, and where the Issuer or the Guarantor (as the case may be) shall have provided a written certificate to the Trustee stating that such event would materially and adversely affect the Issuer's or the Guarantor's (as the case may be) ability to perform or comply with its payment obligations under the Notes.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 4(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer, the Guarantor or any of the subsidiaries of the Guarantor may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor or any of the subsidiaries of the Guarantor may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer, the Guarantor or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislature, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 4(f) or upon it becoming due and payable as provided in Condition 8, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 4(f) or upon it becoming due and payable as provided in Condition 8 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such

Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 3(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

5. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. Each of the Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that they will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor and the Trustee, materially and adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to 1.5 per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

6. Taxation

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 14 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 4, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

7. Prescription

The Notes and Coupons shall become void unless presented for payment within three years from the appropriate Relevant Date for payment.

8. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer and the Guarantor that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer fails to pay the principal of or interest on any of the Notes when due and such failure continues for a period of more than seven days (in the case of principal) or more than 14 days (in the case of interest);

(b) the Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given by the Trustee to the Issuer and the Guarantor;

(c) the Guarantee is declared by a competent court not to be (or is claimed by the Guarantor not to be) in full force and effect;

(d) (i) any other present or future indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor in respect of moneys borrowed or raised is or is declared to be due and payable prior to its stated maturity by reason of any default, event of default or the like (however described);

(ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or

(iii) the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor fails to pay when properly called upon to do so under any guarantee of indebtedness for moneys borrowed or raised,

Provided that no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) have occurred equals or exceeds S$50,000,000 or its equivalent in other currency or currencies (as reasonably determined by the Trustee);

(e) the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness, proposes or begins negotiations or enters into any agreement or arrangement for the deferral, rescheduling or other readjustment of all or a material part of its indebtedness, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the business, undertaking, property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor and is not discharged or stayed within 45 days;

(g) any security on or over all or a material part of the business, undertaking, property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor becomes enforceable;

(h) an order is made or an effective resolution is passed for the winding-up of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor (except for the purpose of and followed by a voluntary reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor or over all or a material part of the business, undertaking, property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor;

(i) (a) the Issuer ceases or threatens to cease to carry on all or any part of its business which has the effect of it ceasing to be the provider of financial and treasury services for the Group; or

(b) the Guarantor or any of the Principal Subsidiaries of the Guarantor ceases or threatens to cease to carry on all or any part of its business, in either case which has the effect of the Guarantor ceasing or threatening to cease all or a material part of its core business of providing public transport (save where such cessation is as a result of the expansion or growth, whether or not through acquisitions, of any of the existing businesses of the Guarantor and/or its subsidiaries);

(j) any governmental authority or agency seizes, compulsorily acquires, expropriates or nationalises all or a material part of the business, undertaking, property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries of the Guarantor;

(k) any action, condition or thing (including the obtaining of any necessary consent) in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under each of the Issue Documents and the Notes, (ii) to ensure that those obligations are valid, legally binding and enforceable or (iii) to make the Issue Documents and the Notes admissible in evidence in the courts of Singapore at any time required to be taken, fulfilled or done is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding is current or pending which has or is reasonably likely to have a material adverse effect on the Issuer's or the Guarantor's ability to comply with its obligations under any of the Notes; and

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in the foregoing paragraphs.

In these Conditions:

(1) "**Principal Subsidiary**" means:

(aa) a subsidiary of the Guarantor to which has been transferred (whether by one transaction or a series of transactions, related or not) the whole or substantially the whole of the assets of a subsidiary which immediately prior to those transactions was a Principal Subsidiary; and

(bb) any other subsidiary of the Guarantor whose unconsolidated net assets or pre-tax profit equals or exceeds 30 per cent. of the net assets or, as the case may be, 20 per cent. of the pre-tax profit of the Guarantor and its subsidiaries, taken as a whole (the "**Group**"), and for the purposes of the above:

(I) the net assets or pre-tax profit of the Group shall be ascertained by reference to the latest audited published consolidated accounts of the Group; and

(II) the net assets or pre-tax profit of any such subsidiary shall be ascertained by reference to the latest audited accounts of that subsidiary,

for the purposes of the above, "**net assets**" in respect of the Group or any such subsidiary means the balance of current assets and non-current assets of the Group or that subsidiary (as the case may be) less current and non-current liabilities of the Group or that subsidiary (as the case may be); and

(2) "**subsidiary**" means a company in which the Guarantor holds, directly or indirectly, more than 50 per cent. shareholding interest and "**subsidiaries**" shall be construed accordingly.

A report by the Auditors (as defined in the Trust Deed) whether or not addressed to the Trustee that, in their opinion, a subsidiary of the Guarantor is or is not, or was or was not, at any particular time or throughout any specified period, a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Noteholders.

9. Enforcement of Rights

At any time after the Notes shall have become due and payable pursuant to Condition 8, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

10. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (a) any modification or waiver of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the Depository, Euroclear, Clearstream, Luxembourg or any other clearing system in which the Notes may be held and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid by the claimant to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer, the Guarantor or any of the Guarantor's subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

14. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore. It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 14.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of the Depository, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to the Depository, Euroclear and/or Clearstream, Luxembourg for communication by it to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Depository, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through the Depository, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent and the Depository, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

16. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

DESCRIPTION OF THE ISSUER

History and Business

SMRT Capital Pte. Ltd. was incorporated with limited liability under the laws of the Republic of Singapore on 22 August 2008. It is a wholly-owned subsidiary of SMRT Corp.

Its principal activities are the provision of financial and treasury services for the Group.

Registered Office

The registered office of the Issuer as at the date of this Information Memorandum is at 251 North Bridge Road, Singapore 179102.

Shareholding and Capital

As at the date of this Information Memorandum, the issued share capital of the Issuer is S$2. The two issued ordinary shares in the capital of the Issuer are held by SMRT Corp.

DESCRIPTION OF THE GUARANTOR

1. Background

SMRT Corp was incorporated with limited liability under the laws of the Republic of Singapore on 6 March 2000, and was listed on the Main Board of the SGX-ST on 26 July 2000. SMRT Corp wholly owns SMRT Trains and SMRT Light Rail which operate the Train System and the BPLRT respectively.

In December 2001, SMRT Corp acquired SMRT Road Holdings Ltd. ("**SRH**", formerly known as TIBS Holdings Ltd). SRH's core businesses of bus and taxi services became part of the Group's multi-modal land transport system.

SMRT Properties and SMRT Media are two divisions of SMRT Investments, a wholly-owned subsidiary of SMRT Corp. SMRT Properties is primarily involved in the development, leasing and marketing of commercial spaces at train stations and bus interchanges while SMRT Media is the advertising arm of the Group that promotes advertising across trains, train stations, buses, bus interchanges and taxis.

Engineering and other services are undertaken through direct and indirect wholly-owned subsidiaries of SMRT Corp, namely SMRTE, SMRTE FZE, SMRT International, SMRT Automotive and SMRT Institute. SMRTE, SMRTE FZE and SMRT International provides engineering consultancy, fibre optic leasing, project management, operation and maintenance services while SMRT Automotive provides fleet maintenance services. SMRT Institute provides transport-related training and educational services. A chart showing the Group's corporate structure is set out in paragraph 2 below.

In FY2012, approximately 76% of the Group's revenue was made up of fare revenue from its rail (approximately 55%) and bus operations (approximately 21%). The remaining 24% of the Group's revenue was derived from taxi rental, commercial space rental, advertising revenue, engineering and other services. Approximately 39% of the Group's EBIT was derived from the Group's rail and bus operations. The remaining 61% of the Group's EBIT was derived from taxi rental, commercial space rental, advertising revenue, engineering and other services.

The businesses of the Group can be categorised into fare and non-fare divisions. The fare division comprises the rail and bus businesses. The non-fare division comprises the taxis, commercial space, advertising as well as engineering and other businesses.

A brief description of the various businesses of the Group is set out below:

MRT

Facts

- Operates and maintains Singapore's first MRT network since 1987.
- Network comprises the NSEWL and the CCL with a total route length of 128.6 km.
- 128 six-car trains run on double tracks along 53 stations on the NSEWL.
- The CCL is served by 40 three-car driverless trains on double tracks along 25 stations.

LRT

Facts

- Singapore's first fully-automated LRT system commenced operations in 1999.
- Comprises 7.8 km of elevated guideways linking 14 stations in Bukit Panjang, and served by 19 driverless train cars.

BUSES

Facts

- Comprises a fleet of more than 1,100 buses operating from six interchanges in the western and north-western parts of Singapore.
- Operates premium and chartered bus services.

TAXIS

Facts

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

RENTAL

Facts

- Leases approximately 34,500 sq m of commercial space within our train stations and bus interchanges.
- Average occupancy rate in FY2012 remains high at 98%.

ADVERTISING

Facts

- Provides a one-stop media solution for advertisers by offering a variety of media platforms in our rail network, as well as on our trains, buses and taxis.

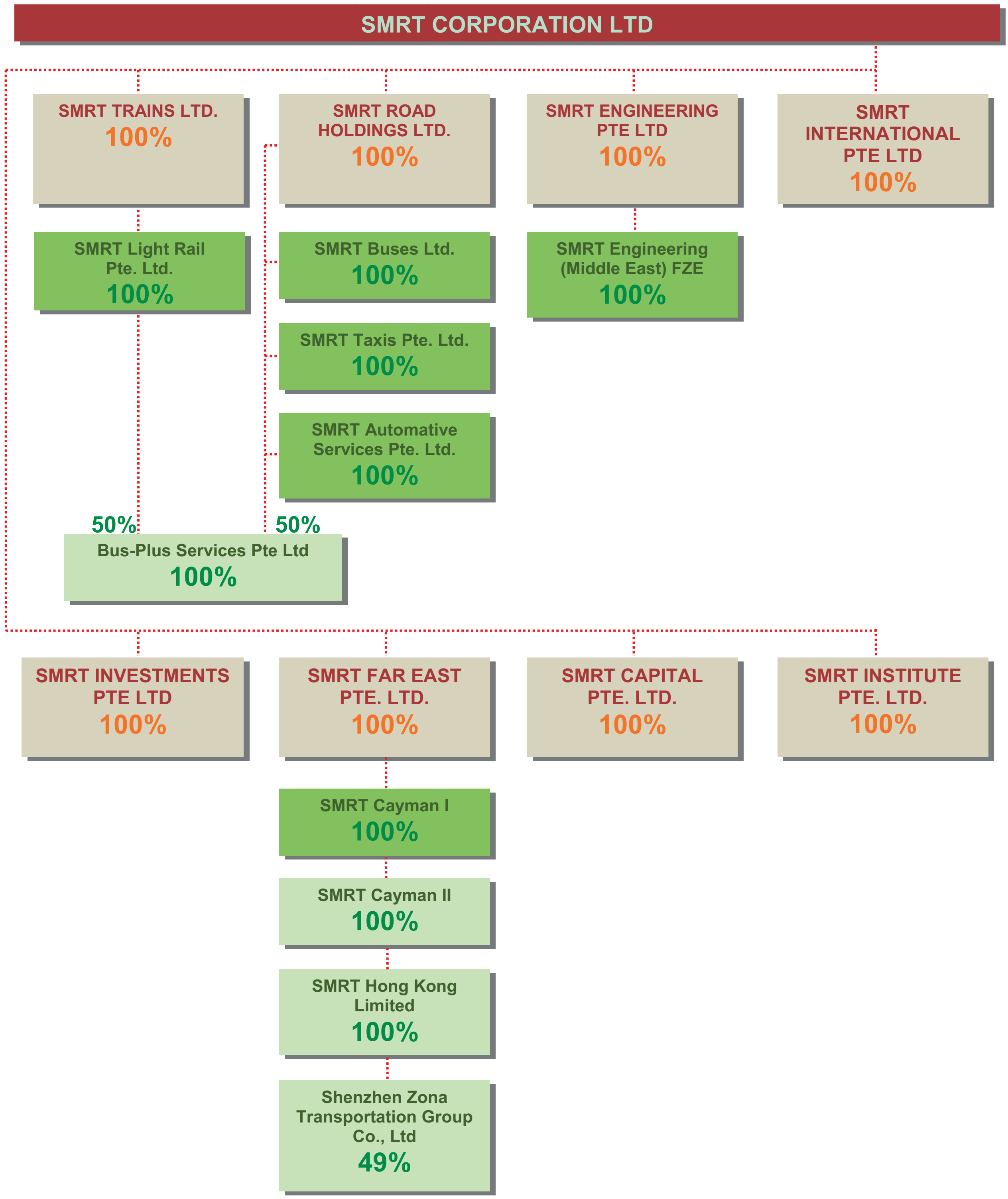
ENGINEERING AND OTHER SERVICES

Facts

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

2. Corporate Structure

As at the Latest Practicable Date, the corporate structure of the Group is set out below:



3. Business Activities

3.1 SMRT Trains

3.1.1 Operating Licences

As at the date of this Information Memorandum, SMRT Trains operates the Train System, which forms three out of the five currently operational lines of Singapore's MRT network.

NSEWL LOA

SMRT Trains' first Licence and Operating Agreement to operate the NSEWL was granted by the LTA in August 1987 for a period of 10 years and was later extended to 31 March 1998. SMRT Trains' current NSEWL LOA to operate the NSEWL for a further period of 30 years came into force on 1 April 1998.

SMRT's main obligations under the NSEWL LOA are set out in sub-paragraph 5.1 below.

The LTA may extend the scope of SMRT Trains' obligations under the NSEWL LOA, for instance, (i) to require SMRT Trains to operate any extension and such extension shall be included as part of the NSEWL defined in the NSEWL LOA, and (ii) to require SMRT Trains, at its own cost and expense, to use and/or install integrated ticketing and information systems and associated services for the NSEWL. The Rapid Transit Systems Act empowers the LTA to add to, delete or modify the terms and conditions of the NSEWL LOA from time to time subject to consideration of written representations from SMRT Trains. The NSEWL LOA was last amended in July 2012 and a further description of the NSEWL LOA is set out in sub-paragraph 5.1.

CCL Licence

The CCL Licence to operate the CCL for an initial period of 10 years took effect from 4 May 2009 and was issued to SMRT Trains by the LTA on 23 April 2009. The CCL Licence may be renewed for a further period of 30 years. Under the CCL Licence, SMRT Trains is required to purchase the operating assets for and associated with the CCL from the LTA on the 10th anniversary, i.e. 4 May 2019 if the CCL Licence is extended for another 30 years. A further description of the CCL Licence is set out in sub-paragraph 5.2.

3.1.2 Infrastructure and Operations

The NSEWL was built to link major public housing estates with the central business district, main shopping and tourist areas and major industrial estates. The CCL, an underground orbital network linking all radial lines to the city, which operates on a fully automatic and driverless three-car train system, was built by the LTA in five stages. The 12 stations of stages 4 and 5 running from Caldecott to HarbourFront commenced revenue service on 8 October 2011. The opening of Bayfront and Marina Bay stations along the CCL Extension followed in January 2012. The CCL was built to link the existing radial lines (i.e. the NSEWL and the North-East Line) so as to reduce travelling time between these radial lines and allow commuters to bypass the interchanges in the central business district, e.g. City Hall and Raffles Place. The CCL Extension was built to enhance the accessibility of the Marina Bay area. Please refer to the map on the reverse of the front cover of this Information Memorandum.

The first revenue service of the NSEWL commenced on 7 November 1987 and it officially opened in July 1990 when the original 67.0 km route, 42-station of the NSEWL was completed. Since then, the Train System has expanded to a combined route length of 128.6 km across 78 stations for the NSEWL and the CCL as at the date of this Information Memorandum.

The infrastructure of the Train System is owned by the LTA and leased to SMRT Trains. As at the date of this Information Memorandum, the NSEWL has interchanges at five stations, namely, City Hall, Raffles Place, Jurong East, Tanah Merah and Choa Chu Kang, where passengers can transfer from one line to the other. At Dhoby Ghaut, Outram Park and Serangoon stations, passengers can transfer to and from the North-East Line, which is operated by SBS Transit Ltd and runs from HarbourFront station in the south to Punggol in the northeast. The stretch of the CCL which runs from HarbourFront to Dhoby Ghaut stations is connected to the NSEWL and the North-East Line, with interchange stations at Dhoby Ghaut, Paya Lebar, Serangoon, Bishan, Buona Vista and HarbourFront. The CCL comprises 25 stations with an additional station, Bukit Brown station, earmarked for future development, and an underground depot at Kim Chuan.

To benefit residents living in Jurong West and those working in Jurong Industrial Estate, the Boon Lay Extension, consisting of 3.8 km of elevated track and two new stations, was added to the existing East-West Line. With the commencement of operations of the Boon Lay Extension on 28 February 2009, the East-West Line runs from Joo Koon in the west, passing through the industrial estates of Joo Koon, Pioneer and Jurong and the central business districts of Raffles Place and City Hall before journeying eastward to Pasir Ris and, via the Changi Airport Extension, to Changi Airport. It also passes through major commercial and residential districts along the east and west coasts of Singapore.

On 7 November 2008, SMRT launched the SMRT Active Route-map & Information System ("**STARiS**") for a three-month trial period on board one train. The successful trial was followed by the phased roll-out implementation of the system on board all trains at an installation rate of five trains a month.

In 2011, SMRT completed the installation of the STARiS in all 106 trains in the NSEWL and commenced development of STARiS version 2.0 which will feature real-time multi-purpose displays incorporating pictures and graphics.

In February 2012, SMRT Trains commenced the upgrading and replacement work on the existing signalling system on the NSEWL for approximately S$195 million. The upgrading and replacement work covers more than 100 km of tracks on the NSEWL and involves the designing of a new signalling system, the manufacturing and installation of new signalling equipment, the testing and commissioning of the new signalling system at all tracks, stations, trains, depots as well as the operations control centre. The completion of the upgrading and replacement of the existing signalling system will take place in phases from 2016 onwards. The new signalling system aims to make it possible for trains to run at an improved frequency of 100 seconds, down from 120 seconds today, reducing waiting time for commuters.

3.1.3 Maintenance

SMRT Trains has a scheduled programme of regular repairs and maintenance of the Train System to ensure safe and efficient customer service and reliability of operations. SMRT Trains' personnel regularly inspect and repair rolling stock and carry out inspections of the tracks both visually and with modern ultrasonic equipment. Sections of tracks detected to be subject to significant wear are replaced in accordance with a pre-determined programme, and both rails and railcar wheels are periodically re-profiled to ensure a consistent wheel-to-rail fit. SMRT Trains also engages a registered professional engineer to carry out structural inspections regularly to check the integrity of the infrastructure of the Train System which it leases.

In March 2006, SMRT Trains carried out a system-wide programme to replace the existing Supervisory Control Systems in the NSEWL for approximately S$19.6 million. This project was completed in May 2010. The new system will meet the demands for future expansion of station facilities in the various building electrical & mechanical services.

In March 2008, SMRT Trains began replacing 108 sets of battery chargers and battery banks, which ensures uninterrupted supply to its trains, stations and system. The replacement exercise was completed in 2011. The new battery banks and chargers will enhance the reliability of the power supply within the Train System and reduce the frequency of unscheduled or corrective maintenance, thereby reducing overall maintenance cost.

3.1.4 Rail Asset Renewal Plan

On 24 April 2012, SMRT Corp announced plans to embark on a major renewal, upgrading and preventative maintenance exercise for its assets across the NSEWL to improve and ensure the safety and reliability of its rail services (the "**Rail Asset Renewal Plan**"). The Rail Asset Renewal Plan, which is expected to cost approximately $900 million and implemented over the course of 8 years, involves the accelerating of several on-going upgrading and renewal measures as well as the introduction of other new measures. The Group remains in discussion with the LTA on cost sharing for the Rail Asset Renewal Plan based on the principles of the current NSEWL LOA. About two-thirds of the asset renewal costs are for the rail infrastructure. Under the NSEWL LOA, SMRT Trains is responsible to maintain, repair, replace, renew or refurbish all or any part of the operating assets for the train system and can apply to the LTA for asset replacement grants for eligible operating assets. SMRT can request the LTA to fund major replacements or renewal of part or whole of the rail infrastructure. The amount of grants and funding will mitigate the impact of the Rail Asset Renewal Plan.

3.1.5 Fare Collection System

The fare collection system has evolved over the years to meet the need for a more flexible fare structure and increasing transaction processing requirements. In early 2002, the magnetic ticket based system that was in use since 1987 was replaced by a contactless smartcard based fare collection system, Enhanced Integrated Fare System ("**EIFS**"). In 2009, Symphony for e-Payment System replaced the EIFS to comply with new specifications for Contactless e-Purse Application Standard ("**CEPAS**"). The new system supports multi-issuers and multi-application contactless smartcard framework. NETS was introduced as a new card manager for CEPAS cards, in addition to EZ-Link Pte Ltd.

Transit Link Pte Ltd, a subsidiary of the LTA, is licensed under the Public Transport Council Act to process transit transactions, apportion revenue and settle CEPAS transactions between the public transport operators.

With the initiative under the 2008 Land Transport Masterplan to make public transport a choice mode of transport and meet the diverse needs of the people, the LTA adopted a hub-and-spoke system with an integrated bus and rail system.

3.1.6 Fare Structure

SMRT Trains' fare structure is based on the distance travelled by commuters. Lower fares are charged if CEPAS cards are used. Concessionary fares are available to students, senior citizens and full-time national servicemen.

Under the new fare structure introduced on 3 July 2010 ("**Distance Fare**"), passengers travelling the same distance will pay the same fare whether on the bus or train, or whether they travel direct or make transfers, if payment is made by CEPAS cards. Subject to meeting the transfer criteria, the total distance travelled by a commuter will be added up across different modes of travel. A single fare will be charged based on the total distance travelled, without incurring a transfer penalty when transferring between different modes of travel. Distance Fare offers passengers the flexibility to decide on the best route to reach their destination.

SMRT Trains also offers a fare rebate to adults and senior citizens who begin their journey from any station on the NSEWL or the BPLRT outside the city area and exit at a station on the NSEWL in the city area before the weekday morning peak hours. Stations which are in the city area are Bugis, City Hall, Dhoby Ghaut, Lavender, Orchard, Outram Park, Raffles Place, Somerset, Tanjong Pagar, Bayfront, Bras Basah, Esplanade, Marina Bay and Promenade.

A description regarding the regulation of fares charged by SMRT Trains is set out in sub-paragraph 4.2.

3.2 SMRT Light Rail

3.2.1 Operating Licence

SMRT Light Rail has been granted the BPLRT LOA by the LTA commencing 6 November 1999 until 31 March 2028. In general, the framework of the BPLRT LOA is similar to the NSEWL LOA. A more detailed description of the BPLRT LOA is set out in sub-paragraph 5.3.

3.2.2 Infrastructure

The BPLRT is Singapore's first fully automated light rapid transit system. It commenced operations on 6 November 1999. The BPLRT includes an approximately 7.8 km route of elevated guideways, 14 stations and a depot at Junction 10 for maintenance and overhaul of trains. It is a feeder service for residents of the Bukit Panjang and Choa Chu Kang areas. It joins the North-South Line at Choa Chu Kang station where there is a linkway joining the station platforms of the BPLRT and the Train System to provide a seamless connection for passengers transferring between the two systems. Bus interchanges are located next to two of the LRT stations. The BPLRT is integrated with the Junction 10 commercial development.

The BPLRT was built by the LTA. The LTA currently owns all the operating assets and infrastructure required to operate the BPLRT.

3.2.3 Operations & Maintenance

In June 2003, the operations and maintenance of SMRT Light Rail was integrated with SMRT Trains to facilitate pooling of resources and sharing of expertise.

In FY2012, S$3.12 million was invested to improve the reliability of the BPLRT system. Improvements were made to the power distribution, data transmission system and signalling system. Guideway CCTVs were also installed to enhance security.

3.2.4 Fare Collection and Structure

The BPLRT's fare collection system, fare structure and concessionary fares are similar to those of the Train System (please see sub-paragraphs 3.1.5, 3.1.6 and 4.2).

3.3 SMRT Buses

3.3.1 Operating Licence

SMRT Buses has been granted a 10-year BSOL on 1 September 2006 by the PTC to operate bus services subject to the terms and conditions set out in the BSOL, the Public Transport Council Act and any subsidiary legislation made thereunder. Prior to 1 September 2006, it was not a requirement for SMRT Buses to obtain a BSOL and instead, SMRT Buses was only required to apply for licences from the PTC to operate each of its bus services.

The BSOL will, among other things, include conditions to comply with a set of Bus QoS standards in relation to each Basic Bus Service, codes of practices and audit directions. A more detailed description of the BSOL is set out in sub-paragraph 5.4.

3.3.2 Bus Operations

SMRT Corp, through its wholly-owned subsidiary SMRT Buses, owns and maintains a bus fleet of more than 1,100 modern city buses plying 94 routes, including 47 trunk services, 20 feeder and intra-town services, seven night services, 10 premium services, three special services and seven express services. It is one of two companies providing public bus services in Singapore. Its primary areas of operations include Yishun, Sembawang, Woodlands, Bukit Panjang, Choa Chu Kang and Bukit Batok.

The trunk services generally provide inter-town or town-to-city connections. They are usually longer in distance than the feeder services. The feeder services bring people from the different parts of the town to the town centre where an interchange, MRT station and/or

LRT station is sited. A variant of the feeder service is the intra-town service, which connects different neighbourhoods within a town so that people can travel from one neighbourhood to another without having to transfer to another feeder service.

SMRT Buses is the pioneer in the operation of late-night bus services in Singapore. It started the NightRider service in March 2000 which provides transportation for late-night revellers from popular night activity areas to residential towns. NightRider services operate on Fridays, Saturdays and eves of public holidays.

SMRT Buses regularly monitors and makes adjustments to its bus routes and operating hours of its bus services to best meet the needs of its commuters and increase operational efficiency.

Besides scheduled services, SMRT Corp also operates a "business class travel" charter service, through its wholly-owned subsidiary Bus-Plus Services Pte Ltd ("**Bus-Plus**"), which provides organisations and individuals with a comfortable bus service. Bus-Plus has also ventured into providing transportation for national events such as the Singapore Airshow, F1 Singapore, National Education Show and National Day Parade.

Bus-Plus operates scheduled services during peak hours, transporting passengers from designated residential areas to the city or to an MRT station and *vice versa*. Bus-Plus has also introduced a chartered express service during peak hours, operating in areas where demand is insufficient to justify a scheduled service.

SMRT Buses operates from three depots, namely, the Ang Mo Kio depot, the Kranji depot and the Woodlands depot leased from the Housing Development Board, the Jurong Town Corporation and the Singapore Land Authority respectively. Out of 15 existing bus interchanges in Singapore, SMRT Buses maintains six of them, located at Yishun, Woodlands, Bukit Panjang, Choa Chu Kang, Bukit Batok and Sembawang.

3.3.3 Maintenance

Bus maintenance work is carried out by SMRT Automotive at the three workshops within the three bus depots located at Ang Mo Kio, Woodlands and Kranji respectively, servicing a fleet of more than 1,100 buses. A comprehensive range of maintenance parts is also stored to prepare for contingencies and to minimise disruptions to bus operations. All buses go through regular preventive and corrective maintenance to ensure the reliability of operations and to maintain optimal operating performance of the buses.

3.3.4 Fare Collection and Structure

SMRT Buses' fare collection system, fare structure and concessionary fares for travel on buses are similar to those of the Train System (please see sub-paragraphs 3.1.5, 3.1.6 and 4.2).

3.4 SMRT Taxis

3.4.1 Operating Licence

In June 2003, the Singapore Government introduced a licensing framework for taxi operators and a revised vocational licence points system for taxi drivers. These changes were introduced to allow greater competition within the taxi industry and to improve taxi services for the benefit of commuters.

Under the taxi licensing framework, interested parties who wish to operate a taxi business will have to apply for a TOL from the LTA. Applicants will be assessed based on a comprehensive set of criteria which include their financial resources and the necessary infrastructure to provide quality service to commuters.

New requirements for the TOLs were introduced in March 2012 by the LTA. These requirements include an improved booking system, a minimum fleet size of 800 taxis and centralised control "On-Call" display. Existing TOL holders are required to meet these requirements according to the timeline stipulated by the LTA.

In the same month, the LTA introduced a revised Quality of Service ("**Taxi QoS**") standard for safety and call booking performances which will be effective from October 2012.

The TOL is a term licence with a validity period of 10 years and may be extended for an additional 10 years or such other period as the LTA may determine. The TOL held by SMRT Taxis is due for renewal on 31 May 2013. SMRT Taxis has applied to the LTA for renewal of the TOL for another 10 years.

A more detailed description of the TOL is set out in sub-paragraph 5.5.

3.4.2 Taxi Operations

SMRT Taxis currently owns and maintains a fleet of more than 3,000 taxis.

Since 15 March 2011, SMRT Taxis has been expanding its taxi fleet to meet rising demand with the addition of its Chevrolet Epica taxi. In 2012, SMRT Taxis also launched initiatives aimed at enhancing customer experience, including a taxi booking mobile application for smart phones and additional cashless payment options onboard its taxis.

In July 2012, the LTA announced that the price of Certificates of Entitlement ("**COE**") for taxis would be based on the Prevailing Quota Premium of Category A (the moving average of the COE prices for cars 1600cc and under over the last 3 months).

The LTA has also announced in August 2012 that it will implement taxi availability ("**TA**") standards from January 2013 for taxi operators with a view to improve taxi availability to serve commuters better.

From August 2012 to December 2013, all operators' fleet growth will be limited to 2% per annum of their existing fleet size. From January 2014, fleet growth will be tied to the operators' ability to meet the TA indicators, which are expected to be announced in 3Q FY2013.

3.4.3 Maintenance

The taxi fleet is principally maintained by SMRT Automotive. Regular preventive and corrective maintenance of taxis is carried out to ensure their road worthiness for the safety of taxi drivers and passengers.

3.5 SMRT Properties, a division of SMRT Investments

SMRT Properties derives its revenue from the leasing of commercial spaces within the Group's network of train stations and bus interchanges.

As at March 2012, a total of 43 MRT stations were refurbished. As at March 2012, there were over 720 shop units in the train stations managed by SMRT Properties and the average occupancy rate in FY2012 was 98%.

SMRT Properties manages the commercial spaces in the five bus interchanges in Yishun, Sembawang, Woodlands, Choa Chu Kang and Bukit Panjang.

3.6 SMRT Media, a division of SMRT Investments

Another source of revenue of the Group is derived from the leasing of advertising spaces on trains, buses and taxis and in MRT stations, LRT stations and bus interchanges that it operates.

SMRT Media has provided advertisers with a single integrated advertising platform that reaches out to commuters and the general public using all three modes of public transport.

3.7 SMRTE

SMRTE was set up in August 1999 and is wholly-owned by SMRT Corp. Drawing upon the Group's experience in land transport, SMRTE is the business development arm of the Group, focusing on Singapore-based projects in land transport consultancy, project management, training and operations and maintenance services. With in-house engineering expertise, SMRTE has developed its own products to strengthen the performance of the transit system. Hinging on this is SMRTE's ability to provide engineering solutions to the global rail industry, such as sales of transit related products like the Automatic Fare Collection System and Passenger Information System.

To date, SMRTE has completed the supply, installation, and testing and commissioning of the Automatic Fare Collection System gates for the CCL, the BPLRT and new stations for the existing MRT lines. SMRTE has also recently completed projects for the integration of Station Half-Height Platform Screen Doors with the Supervisory Control Systems of the train network and has secured contracts to carry out track tamping and rail grinding work on the permanent way for system suppliers and contractors for the new lines and extension lines. The Sentosa Development Corporation has also re-appointed SMRTE as the maintenance provider for their monorail for another two years from June 2011, due to SMRTE's track record and performance as the project manager for the Sentosa Express since its inception in 2007.

SMRTE is also a facility-based operator licensed by the Infocomm Development Authority of Singapore to provide public telecommunications services, including the leasing of fibre optics cable.

3.8 SMRTE FZE

SMRTE FZE, a wholly-owned subsidiary of SMRTE, completed the operations and maintenance of the Palm Jumeirah Monorail System (the "**Palm Jumeirah Operations**") and handed the system back to Nakheel since 5 August 2010. It has since remained dormant.

3.9 SMRT International

SMRT International, a wholly-owned subsidiary of SMRT Corp, was established to spearhead SMRT's efforts towards sustainable growth through the expansion of overseas business operations. Capitalising on the Group's credible track record and expertise in public transport systems to propel the business beyond Singapore's shore, SMRT International has since gathered a wealth of international experiences, serving clients in various parts of the world including but not limited to India, PRC, Mauritius, the Middle East, the Philippines, Vietnam and Thailand.

In Asia, SMRT International secured a two-year contract in 2009 to provide project management consultancy services to the Shinbundang Line in Seoul, South Korea, the country's first establishment of a fully automated driverless people mover system. In 2012, SMRT International also made inroads into second tier cities in PRC by securing a three-year operations and maintenance consultancy service to Dalian Metro Operations Co Ltd in PRC. In India, SMRT International is conducting a safety audit of the Mumbai Monorail, which is expected to start revenue service in December 2012.

In the Middle East, SMRT International continued to strengthen its presence in Dubai with the award of a consultancy contract in Dubai to conduct a review of the operations and maintenance of the Dubai Metro System, and to provide the operator with recommendations on improving cost and operations efficiency. In Masdar City, Abu Dhabi, SMRT International operates a fleet of automated, fully electric Personal Rapid Transit ("**PRT**") vehicles, fulfilling the emission free transport needs of the city. The contract for the operation of the PRT vehicles has recently been renewed for an additional three years, and will expire in November 2014.

3.10 SMRT HK

SMRT HK is a Hong Kong incorporated investment holding company set up in 2008 to acquire and hold an equity stake in a transport company in Shenzhen, PRC. It entered into a sale and purchase agreement to acquire from Shenzhen Zoto Investment Co., Ltd a 49% equity interest in Shenzhen Zona on 16 July 2009. The acquisition was completed on 30 October 2009.

Shenzhen Zona, a leading operator in Shenzhen, PRC, operates public buses, chartered and tourist coaches, long haul coaches, taxi services, car leasing and motor vehicle repairs.

3.11 SMRT Institute

SMRT Institute is in the business of providing transport-related training and educational services. It aspires to be an accredited educational institution that develops and delivers transport related training and education services for transport operators, government institutions, companies and individuals.

4. Regulatory Framework

The Group is subject to all relevant laws of Singapore. In particular, SMRT Trains and SMRT Light Rail are regulated under the Rapid Transit Systems Act and the Public Transport Council Act. SMRT Buses is regulated under the Public Transport Council Act and Road Traffic Act, and SMRT Taxis is regulated under the Road Traffic Act. From September 1998, taxi fares were no longer regulated by the PTC. The LTA, the main regulator of public transport services in Singapore, is given its powers under the Land Transport Authority of Singapore Act and the Rapid Transit Systems Act.

4.1 Issuance of Licences to Operate

The Rapid Transit Systems Act empowers the LTA to grant licences to operate rapid transit systems. The Public Transport Council Act authorises the PTC to approve applications for licences to provide bus services with specific routes specified therein. Effective 2003, the LTA may grant TOLs to taxi operators pursuant to Section 111C of the Road Traffic Act.

4.2 Fare Regulation

Under the Public Transport Council Act, the PTC is authorised to regulate and approve the fares of all public transport operators in Singapore. In considering any application for fare increases, the PTC has a duty to take into account the need for public transport operators to remain financially viable and the need to safeguard public interest.

In August 2011, the PTC granted an overall net fare adjustment of 1.0%, although the maximum allowable fare adjustment was 2.8% under the fare formula for 2011. The fare increase took effect from 8 October 2011.

In March 2012, the Minister of Transport announced that there would be no fare increase for 2012 and that the FRMC has been formed to undertake a review of the fare adjustment formula and the framework for fare adjustments. The FRMC is expected to complete its review in early 2013.

4.3 Monitoring of Service Standards

Under the Rapid Transit Systems Act, the LTA may impose conditions as it thinks fit in relation to matters, including but not limited to the following: (i) the extent, hours and general level of service, security and safety of persons using or engaged in work on the rapid transit system, and (ii) the standards of performance that are to be complied with by the licencee in the maintenance or operation of the rapid transit system. These conditions may be set out in the licence, a code of practice or directions given to a licencee. In respect of bus services, under the Public Transport Council Act, apart from the approval of routes given at the evaluation of the licence application, the PTC, when granting a licence, may impose such conditions as it thinks fit relating to the timetable of a bus service, the number of buses to be provided and the taking up and setting down of passengers at specified points. In addition, the PTC has set out a set of Bus QoS standards for public bus service operations in Singapore. In respect of taxi services, under the Road Traffic Act, the LTA can impose conditions in the TOL relating to compliance with a set of Taxi QoS standards and codes of practices.

5. Licence and Operating Agreements and TOL Conditions

5.1 NSEWL LOA

The NSEWL LOA sets out the terms and conditions under which the licence is granted and includes the following:

I. The NSEWL LOA is valid for a period of 30 years commencing 1 April 1998. Effective 1 April 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. The NSEWL LOA may be extended for a further period of 30 years (or such other terms period as may be agreed with the LTA).

II. Pursuant to a separate lease and maintenance agreement, the LTA leases to SMRT Trains the NSEWL infrastructure for a yearly nominal rent or such other amount which the LTA may stipulate in the future on the first working day of each calendar year during the term of the lease. The NSEWL LOA requires SMRT Trains to bear the cost of maintenance of the NSEWL infrastructure.

III. If there is a major replacement or renewal of part or whole of the NSEWL infrastructure, SMRT Trains may request the LTA to fund such expenses. SMRT Trains may also apply for a grant from the LTA for the replacement of eligible operating assets to be computed on the basis as set out in the NSEWL LOA.

IV. The LTA may cancel the NSEWL LOA in the following circumstances:

(a) any breach by SMRT Trains of the terms and conditions of the NSEWL LOA or SMRT Trains' lease and maintenance agreement relating to the NSEWL, or the provisions of the Rapid Transit Systems Act;

(b) where in the LTA's opinion, SMRT Trains has failed to provide and maintain an adequate, safe, satisfactory and/or efficient service or has failed to comply with the prescribed operating performance standards;

(c) SMRT Trains has entered into liquidation either voluntarily or compulsorily;

(d) SMRT Trains has entered into any composition or arrangement for the benefit of its creditors;

(e) SMRT Trains has suffered any distress or execution process on or has a receiver appointed over its assets; or

(f) SMRT Trains has a judicial manager appointed over it,

(each of the events set out in sub-paragraphs 5.1 IV.(c) to (f) shall be referred to as an "**Insolvency Event**" and collectively, as the "**Insolvency Events**").

V. If the LTA cancels or terminates the NSEWL LOA, SMRT Trains will be required to surrender those parts of the NSEWL working network (comprising the NSEWL operating assets and infrastructure) owned by the LTA in a condition substantially similar to their state as at the date of the NSEWL LOA subject to reasonable fair wear and tear. The NSEWL operating assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and passenger conveyors, lifts, platform screen doors, environmental control system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment. In return, the LTA is required to pay SMRT Trains an amount equivalent to the depreciated value (calculated on a straight line basis over the lives of the assets) of SMRT Trains' contribution towards the purchase cost of the operating assets as at the date of written notice of the cancellation of the NSEWL LOA or as at the expiry date of the NSEWL LOA.

If the LTA cancels the NSEWL LOA due to the occurrence of any of the events stated in sub-paragraph 5.1 IV. above other than due to an Insolvency Event, in addition to the above, SMRT Trains will be required to refund to the LTA the total amount of the replacement grants received by it for the replacement of operating assets or such portion thereof as determined by the LTA.

The LTA may, at its discretion, purchase and/or require the transfer to it of only such parts of the operating assets which are necessary to maintain a level of train service and quality not lower than that existing at the time of termination or cancellation, in which case SMRT Trains shall be entitled to dispose of the remainder of the operating assets by sale or otherwise as it deems fit.

In respect of those operating assets which are transferred to SMRT Trains and which have not been purchased by SMRT Trains at the time of cancellation of the NSEWL LOA, SMRT Trains is required to surrender such operating assets in full working condition subject to reasonable fair wear and tear within three months of the cancellation of the NSEWL LOA. If SMRT Trains is unable to surrender such operating assets in full working condition and is unable to replace such operating assets with alternatives acceptable to the LTA, SMRT Trains will be required to compensate the LTA on such terms as the LTA may prescribe. Upon cancellation of the NSEWL LOA for any reason whatsoever, SMRT Trains shall have no claim against the LTA for compensation for any loss, damage, costs or otherwise.

VI. SMRT Trains purchased the NSEWL operating assets (excluding the operating assets for and associated with the Changi Airport Extension, the Dover station, station upgrade project and the Boon Lay Extension) on 1 April 1998 for approximately S$1.2 billion, which was paid in five equal annual instalments from that date. In order to assist SMRT Trains in its purchase of the operating assets, the LTA gave SMRT Trains an asset-related grant of S$480 million which SMRT Trains accounted for as a deferred income and amortised over the life of the related assets.

SMRT Trains is also required under the NSEWL LOA to purchase additional operating assets for and associated with the Changi Airport Extension, the Dover station, the station upgrade project and the Boon Lay Extension on an "as is where is" basis and based on their net book value (which would have been depreciated by the LTA on a straight line basis over the life span of those operating assets) as recorded in the latest audited accounts of the LTA. The operating assets associated with the Changi Airport Extension, the Dover station and the station upgrade project have to be purchased by SMRT Trains by (in the case of the Changi Airport Extension and the Dover station) 1 November 2012, and (in the case of the station upgrade project) 31 October 2015, or on such other dates as may be agreed in writing between the LTA and SMRT Trains. The date by which the operating assets for and associated with the Boon Lay Extension have to be purchased by SMRT Trains has not been determined. The LTA and SMRT Trains shall jointly review the viability of the NSEWL on the fifth anniversary of the date of commencement of revenue service of the Boon Lay Extension or such other period as may be agreed in writing between the LTA and SMRT Trains. In such review, the LTA shall determine, in consultation with SMRT Trains, the dates and times of purchase of the operating assets for and associated with the Boon Lay Extension. After the purchase of those operating assets by SMRT Trains, it may apply, subject to the terms of the NSEWL LOA, to the LTA for replacement grants, which approval is subject to the LTA's discretion.

VII. SMRT Trains has agreed to indemnify the LTA for all claims and expenses which the LTA may incur by reason of SMRT Trains' operation of the NSEWL. SMRT Trains has also agreed not to make any claim against the LTA for any loss of revenue arising from damage to the NSEWL or the LTA's delay in rectifying any such damage.

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

5.2 CCL Licence

The CCL Licence sets out the terms and conditions under which the licence is granted and includes the following:

I. The CCL Licence is valid for an initial period of 10 years from 4 May 2009. Effective 1 April 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. The CCL Licence may be renewed for a further period of 30 years from the expiry of the initial period and the LTA has the right to review and revise the terms and conditions of the CCL Licence.

II. SMRT Trains is obliged to purchase the operating assets of the CCL on 4 May 2019 on an "as is where is" basis and, based on the net book value recorded in the LTA's audited accounts with depreciation charged on a straight line basis over the useful lifespan of the operating assets. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, signalling system, communication system, automatic fare collection system, access management system and depot equipment.

III. The CCL Licence also requires SMRT Trains to set aside annually the sum of S$30 million or 75% of the post-tax surplus derived only from the operation of the CCL, whichever is lower, or such greater sum as the Board of Directors of SMRT Trains may deem prudent, in a reserve fund for capital expenditure to finance the cost of any major overhaul of any equipment, machinery, or any part of the working network. Upon the purchase of the operating assets by SMRT Trains, there is no requirement to maintain the reserve fund account. Thereafter, SMRT Trains may apply for a grant from the LTA for the replacement of eligible operating assets to be computed on the basis as set out in the CCL Licence.

IV. The CCL Licence sets out the grounds for cancellation or suspension of the licence by expressly referring to Section 19 of the Rapid Transit Systems Act, which includes the following circumstances:

(a) any breach by SMRT Trains of the terms and conditions of the CCL Licence, or the provisions of the Rapid Transit Systems Act or failure by SMRT Trains to secure the compliance by its employees, agents or contractors of the terms and conditions of the CCL Licence, or the provisions of the Rapid Transit Systems Act;

(b) where in the LTA's opinion, SMRT Trains has failed to provide and maintain an adequate, safe and satisfactory service;

(c) where SMRT Trains has failed to comply with any provisions of any code of practice, directions or provisional orders issued or given by the LTA;

(d) SMRT Trains goes into compulsory (the "**Compulsory Liquidation**") or voluntary liquidation other than for the purpose of reconstruction or amalgamation; or

(e) makes any assignment to, or composition with, its creditors.

V. If the LTA cancels or terminates the CCL Licence, those operating assets which are transferred to SMRT Trains and which have not been purchased by SMRT Trains at the time of cancellation or termination of the CCL Licence, shall be surrendered to the LTA in a condition substantially similar to the condition as at the handover date. If SMRT Trains is unable to surrender such operating assets in a condition substantially similar to the condition as at the handover date, SMRT Trains may at its option replace such operating assets with alternatives acceptable to the LTA. If SMRT Trains is unable to replace such operating assets with alternatives acceptable to the LTA, SMRT Trains will be required to compensate the LTA on such terms as the LTA may prescribe. Upon cancellation of the CCL Licence for any reason whatsoever, SMRT Trains shall have no claim against the LTA for any compensation for any loss, damage, costs or otherwise.

If the LTA cancels or terminates the CCL Licence after SMRT Trains has purchased the operating assets, the LTA may purchase such parts of the operating assets which are necessary to maintain a level of train service and quality no lower than existing at the time of cancellation on an “as is where is” basis and pay SMRT Trains an amount equivalent to the depreciated value (calculated on a straight line basis over the lives of the operating assets) of SMRT Trains’ contribution towards the purchase cost of the operating assets.

If the LTA cancels the CCL Licence due to the occurrence of any of the events stated in sub-paragraphs 5.2 IV. above other than Compulsory Liquidation, in addition to the above, SMRT Trains will be required to refund to the LTA the total amount of the replacement grants received by it for the replacement of operating assets or such portion thereof as determined by the LTA.

The LTA may, at its discretion, purchase only such parts of the operating assets, in which case SMRT Trains shall be entitled to dispose of the remainder of the operating assets by sale or otherwise as it deems fit.

SMRT Trains shall, prior to date of cancellation of the CCL Licence, surrender the CCL infrastructure to the LTA in a condition substantially similar to their state as at the relevant handover date subject to reasonable fair wear and tear.

VI. SMRT Trains has agreed to indemnify the LTA for all claims and expenses which the LTA may incur by reason of SMRT Trains’ operation of the CCL. SMRT Trains has also agreed not to make any claim against the LTA for any loss of revenue arising from any damage to or fault with the CCL or the LTA’s delay in rectifying any such damage.

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

5.3 BPLRT LOA

The BPLRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

I. The BPLRT LOA is valid for a period of approximately 28.5 years from 6 November 1999 to 31 March 2028. Effective 1 April 2012, the annual licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. The BPLRT LOA may be extended for a further period of 30 years (or such other period as may be agreed by the LTA).

II. The LTA currently owns all the operating assets of the BPLRT. SMRT Light Rail is obliged to purchase the operating assets of the BPLRT based on the net book value recorded in the LTA’s audited accounts with depreciation charged on a straight line basis over the useful life span of the operating assets by 25 October 2015 or such other period as may be agreed between the LTA and SMRT Light Rail. These assets include trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, signalling system, communication system, automatic fare collection system, depot workshop equipment and automatic train control central console and equipment.

III. Notwithstanding the above, the LTA may, if it deems reasonable, give not less than 12 months’ notice to require SMRT Light Rail to purchase the operating assets of the BPLRT system from the LTA at any reasonable time prior to 25 October 2015. However, SMRT Light Rail may defer the purchase if it satisfies the LTA that it is economically not viable for SMRT Light Rail to do so.

IV. The BPLRT LOA also requires SMRT Light Rail to set aside annually the sum of S$3 million or 75% of the post-tax surplus derived only from the operation of the BPLRT system, whichever is lower, or such greater sum as the Board of Directors of SMRT Light Rail may deem prudent, in a reserve fund for capital expenditure to finance the cost of any major overhaul of any equipment, machinery, or any part of the working network. Upon the purchase of the operating assets by SMRT Light Rail, there is no requirement to maintain the reserve fund account. However, SMRT Light Rail is required to set aside an amount equivalent to 20% of the annual depreciation charge of the operating assets. Thereafter, SMRT Light Rail may apply for a grant from the LTA for the replacement of eligible operating assets to be computed on the basis as set out in the BPLRT LOA.

V. The BPLRT LOA may be cancelled by the LTA on grounds similar to those for the cancellation of the NSEWL LOA. If such cancellation or expiry of the BPLRT LOA occurs prior to SMRT Light Rail's purchase of the operating assets, SMRT Light Rail shall surrender the operating assets in a condition similar to their state as at the handover date. The infrastructure shall also be surrendered in a condition similar to their state as at the handover date, fair wear and tear excepted. If the value of the operating assets owned by the LTA on the date of surrender is less than that at the handover date, SMRT Light Rail is required to compensate the LTA for the difference in value of the operating assets as at the date the operating assets were first handed over by the LTA to SMRT Light Rail and the date on which SMRT Light Rail surrenders those assets to the LTA. However, if SMRT Light Rail satisfies the LTA that it would cause financial hardship on SMRT Light Rail to do so, SMRT Light Rail may request the LTA to accept payment of a lesser amount but it shall not be less than the amount SMRT Light Rail is obliged to set aside in the reserve fund for capital expenditure.

If the BPLRT LOA is cancelled or terminated after SMRT Light Rail has purchased the operating assets, SMRT Light Rail is required to surrender those parts of the BPLRT working network (comprising BPLRT operating assets and infrastructure) owned by the LTA in a condition substantially similar to their state as at the date of their transfer from the LTA to SMRT Light Rail, fair wear and tear excepted. In return, the LTA is required to pay SMRT Light Rail an amount equivalent to the depreciated value (calculated on a straight line basis over the lives of the assets) of SMRT Light Rail's contribution towards the purchase cost of the operating assets.

If the cancellation of the BPLRT LOA is due to the occurrence of any of the events stated in sub-paragraph 5.1 IV other than due to an Insolvency Event in each case which is also applicable to SMRT Light Rail, SMRT Light Rail will be required to refund to the LTA the total amount of such replacement grants received by SMRT Light Rail.

The LTA may, at its discretion, purchase only such parts of the operating assets which are necessary to maintain a level of train service and quality not lower than that existing at the time of termination or cancellation, in which case SMRT Light Rail shall be entitled to dispose of the remainder of the operating assets by sale or otherwise as it deems fit.

VI. SMRT Light Rail has agreed to indemnify the LTA for all claims and expenses which the LTA may incur by reason of SMRT Light Rail's operations of the BPLRT. SMRT Light Rail has also agreed not to make any claim against the LTA for any loss of revenue arising from damage to the BPLRT or the LTA's delay in rectifying any such damage.

VII. The BPLRT LOA sets out certain operating performance standards which relate to service quality, safety assurance and key equipment performance and failure by SMRT Light Rail to meet such standards could be considered by the LTA as a default event leading to cancellation of the BPLRT LOA. A penalty is also payable by SMRT Light Rail for such failure.

5.4 BSOL

The BSOL from the PTC under which SMRT Buses is licensed to operate bus services as a bus service operator in Singapore came into effect on 1 September 2006. The BSOL sets out the terms and conditions under which the licence is granted and includes the following:

I. The BSOL is a licence valid for a term of 10 years commencing 1 September 2006. to the BSOL may be extended for a further period of 10 years. The licence fee of S$12 (exclusive of goods and services tax) is payable to the PTC on a yearly basis and this licence fee is subject to review by the PTC every three years from 1 September 2006.

II. The licence includes conditions relating to compliance with a set of prescribed Bus QoS standards, codes of practices issued, approved or modified by the PTC and all directions which the PTC may give from time to time in the exercise of its powers, functions or duties under the Public Transport Council Act. The Bus QoS standards specify the level of performance bus service operators have to meet in the areas of operating performance relating to reliability of bus services, loading of buses and safety and service provisions relating to the provision of information, availability of bus services and integration with other modes of transport.

III. Without prejudice to the other rights of the PTC under the Public Transport Council Act which includes imposing financial penalties of up to S$100,000 for each contravention or breach by SMRT Buses and/or forfeiture of the whole or any part of any security deposit or performance bond paid to the PTC by SMRT Buses or by SMRT Buses' bank pursuant to a bank guarantee, the PTC may by notice in writing and without compensation, upon the occurrence of any of the events specified in Section 22H of the Public Transport Council Act, suspend or cancel the licence. Upon such suspension or cancellation of the BSOL, SMRT Buses shall have no claim against the PTC for loss, damages, costs, compensation or otherwise.

IV. SMRT Buses has agreed to indemnify the PTC for all claims, losses, damages, charges, costs and expenses of whatever nature which the PTC may incur by reason of SMRT Buses' operation or provision of the bus services, unless such claims, losses, damages, charges, costs and expenses arise from causes attributable to the negligence of the PTC.

V. SMRT Buses may only surrender the BSOL prior to the expiry of its term if it seeks the PTC's approval in writing at least 12 months prior to the proposed date of surrender, and such approval may be granted, with or without conditions imposed by the PTC.

5.5 TOL

The TOL from the LTA under which SMRT Taxis is licensed to operate a taxi service in Singapore came into effect on 1 June 2003. The TOL sets out the terms and conditions under which the taxi operator licence is granted and includes the following:

I. The TOL is a term licence valid for a period of 10 years commencing 1 June 2003. The TOL may be extended for a further period of 10 years. The licence fee payable is 0.1% of the gross revenue payable on a yearly basis.

II. The licence includes, among other things, conditions relating to the number of taxis SMRT Taxis shall have in its first year upon the issue of the TOL and the Taxi QoS standards and audits as may be conducted by the LTA and/or persons authorised by the LTA. The Taxi QoS standards specify the level of performance companies have to meet in three areas, namely, the availability of taxis through call bookings, safety and customer satisfaction.

III. The LTA may impose financial penalties of up to S$100,000 for any breach of licence conditions. The Road Traffic Act also gives the LTA powers to suspend or cancel the TOL in whole or in part. Upon the suspension or cancellation of the TOL for any reason whatsoever, SMRT Taxis shall have no claim against the LTA for loss, damages, costs, compensation or otherwise.

IV. SMRT Taxis shall indemnify the LTA for all claims, losses, damages, charges, costs and expenses which the LTA may incur by reason of SMRT Taxis' operation of the taxi service, unless such claims, losses, damages, charges, costs and expenses arise from causes solely attributable to the negligence of the LTA.

V. SMRT Taxis may only cancel the TOL if it seeks the LTA's approval in writing at least 60 calendar days prior to the proposed termination, and such approval may be granted or withheld, with or without conditions, which may be imposed by the LTA at its discretion.

6. Key Awards

SMRT Corp has over the years been awarded many national awards and achieved various certifications recognising its service excellence.

In FY2012, SMRT Corp won the "Asia-Pacific Best Service Portfolio Award" at the 59th International Association of Public Transport (UITP) World Congress and Exhibition. At the Investors' Choice Award presentation organised by the Securities Investors Association (Singapore), SMRT Corp was presented with the Singapore Corporate Governance Award (Merit) and Most Transparent Company Award (Runner-Up) in the Transport/Storage/Communications category. SMRT Corp was ranked sixth in the Governance and Transparency Index 2012 which was co-published by The Business Times and the NUS Corporate and Financial Reporting Centre.

7. Financial Review

7.1 Audited Consolidated Balance Sheets for FY2010, FY2011 and FY2012

	The Group		
	As at 31 Mar 2010	As at 31 Mar 2011	As at 31 Mar 2012
	$'000	$'000	$'000
Non-current assets			
Property, plant and equipment	1,036,601	998,453	1,346,497
Intangible asset	35,288	35,288	13,614
Investments in subsidiaries	–	–	–
Interest in associate	66,345	63,757	67,887
Other investments	13,246	10,154	14,632
	1,151,480	1,107,652	1,442,630
Current assets			
Inventories	49,680	53,597	53,680
Trade and other receivables	54,248	64,608	64,256
Other investments	–	3,570	–
Tax recoverable	17	968	36
Fixed deposits with banks and financial institutions	308,932	350,424	157,687
Cash at banks and in hand	17,079	25,794	37,643
Asset classified as held for sale	1,732	–	–
	431,688	498,961	313,302
Total assets	1,583,168	1,606,613	1,755,932
Equity attributable to equity holders of SMRT			
Share capital	163,078	164,811	166,462
Reserves	4,040	(692)	(755)
Accumulated profits	602,898	634,977	625,706
Total equity	770,016	799,096	791,413
Non-current liabilities			
Interest-bearing borrowings	250,000	150,000	150,000
Provisions	3,331	3,278	2,977
Deferred tax liabilities	131,342	118,242	124,208
Fuel equalisation account	20,312	20,312	20,312
Deferred grants	90,454	74,824	62,758
	495,439	366,656	360,255
Current liabilities			
Interest-bearing borrowings	–	100,000	–
Trade and other payables	261,140	269,012	546,156
Provisions	25,889	28,417	37,911
Current tax payable	30,684	43,432	20,197
	317,713	440,861	604,264
Total liabilities	813,152	807,517	964,519
Total equity and liabilities	1,583,168	1,606,613	1,755,932

7.2 Unaudited Consolidated Balance Sheets for 1Q FY2012 and 1Q FY2013

	The Group	
	As at 30 Jun 2011	As at 30 Jun 2012
	$'000	$'000
Non-current assets		
Property, plant and equipment	1,001,999	1,371,732
Intangible asset	35,288	13,614
Investments in subsidiaries	–	–
Interest in associate	62,901	68,662
Other investments	9,639	14,502
	1,109,827	1,468,510
Current assets		
Inventories	54,453	57,377
Trade and other receivables	59,085	70,117
Other investments	3,545	–
Tax recoverable	886	54
Fixed deposits with banks and financial institutions	387,782	155,758
Cash at banks and in hand	23,385	29,264
	529,136	312,570
Total assets	1,638,963	1,781,080
Equity attributable to equity holders of SMRT		
Share capital	164,910	166,512
Reserves	(2,086)	129
Accumulated profits	669,805	662,391
Total equity	832,629	829,032
Non-current liabilities		
Interest-bearing borrowings	150,000	150,000
Provisions	3,269	2,856
Deferred tax liabilities	116,784	124,381
Fuel equalisation account	20,312	20,312
Deferred grants	71,962	60,242
	362,327	357,791
Current liabilities		
Interest-bearing borrowings	100,000	–
Trade and other payables	259,241	530,533
Provisions	32,392	40,988
Current tax payable	52,374	22,736
	444,007	594,257
Total liabilities	806,334	952,048
Total equity and liabilities	1,638,963	1,781,080

7.3 Audited Consolidated Profit and Loss Statements for FY2010, FY2011 and FY2012

	The Group				
				Increase/(Decrease)	
	FY2010	FY2011	FY2012	FY2011 vs FY2010	FY2012 vs FY2011
	$'000	$'000	$'000	%	%
Revenue	895,053	969,692	1,057,229	8.3	9.0
Other operating income	43,200	20,154	22,023	(53.3)	9.3
	938,253	989,846	1,079,252	5.5	9.0
Staff and related costs	(294,829)	(313,593)	(340,141)	6.4	8.5
Depreciation of property, plant and equipment	(134,769)	(135,259)	(141,044)	0.4	4.3
Amortisation of asset-related grants	17,691	15,979	11,426	(9.7)	(28.5)
Repairs and maintenance costs	(79,175)	(77,978)	(84,788)	(1.5)	8.7
Electricity and diesel costs	(104,144)	(122,357)	(166,366)	17.5	36.0
Impairment of goodwill	(6,644)	–	(21,674)	(100.0)	n.m.
Other operating expenses	(139,174)	(161,051)	(188,001)	15.7	16.7
	(741,044)	(794,259)	(930,588)	7.2	17.2
Profit from operations	197,209	195,587	148,664	(0.8)	(24.0)
Finance costs	(7,899)	(7,127)	(6,169)	(9.8)	(13.4)
Interest and investment income	1,665	1,804	1,711	8.3	(5.2)
Share of results of associate (net of tax)	752	1,477	2,716	96.4	83.9
Profit before income tax	191,727	191,741	146,922	0.0	(23.4)
Income tax expense	(28,842)	(30,650)	(27,049)	6.3	(11.7)
Profit for the period attributable to equity holders of SMRT	162,885	161,091	119,873	(1.1)	(25.6)

7.4 Unaudited Consolidated Profit and Loss Statements for 1Q FY2012 and 1Q FY2013

	The Group		
	Apr - Jun 2011	Apr - Jun 2012	Increase/ (Decrease)
	$'000	$'000	%
Revenue	253,065	275,230	8.8
Other operating income	5,388	13,800	156.1
	258,453	289,030	11.8
Staff costs	(84,583)	(91,310)	8.0
Depreciation of property, plant and equipment	(32,002)	(38,359)	19.9
Amortisation of asset-related grants	2,862	2,774	(3.1)
Repairs and maintenance costs	(19,446)	(25,366)	30.4
Electricity and diesel costs	(40,048)	(42,657)	6.5
Other operating expenses	(42,824)	(50,209)	17.2
	(216,041)	(245,127)	13.5
Profit from operations	42,412	43,903	3.5
Finance costs	(1,778)	(962)	(45.9)
Interest and investment income	601	336	(44.1)
Share of results of associate (net of tax)	232	53	(77.2)
Profit before income tax	41,467	43,330	4.5
Income tax expense	(6,639)	(6,865)	3.4
Profit for the period attributable to equity holders of SMRT	34,828	36,465	4.7

7.5 FY2011 compared with FY2010

7.5.1 Overview

The Group's revenue increased by $74.6 million (8.3%) in FY2011 as compared to previous corresponding periods. This increase was mainly due to higher MRT ridership, revenue contribution from the CCL, higher bus ridership, higher taxi rental revenue and higher rental and advertising revenue. This increase was partially offset by lower average fares for the MRT and lower revenue from the Palm Jumeirah Operations.

The lower revenue from the Palm Jumeirah Operations was a result of the termination of the contract for the Palm Jumeirah Operations, effective from 5 August 2010 and accounting for the revenue on a cash basis since 1Q FY2011. Payment of $2.1 million was received in 4Q FY2011 from Nakheel.

The decrease in operating profit of $1.6 million (0.8%) in FY2011 was a result of an increase in staff and related costs, energy costs, other operating expenses and a decrease in other operating income, which was partially offset by higher revenue and the absence of goodwill impairment.

Group net profit decreased by $1.8 million (1.1%) in FY2011 on account of lower operating profit and higher income tax expenses, which was partially offset by share of better results of associates.

7.5.2 Other Operating Income

The decline of $23.0 million (53.3%) of other operating income by in FY2011 was due mainly to a decrease in maintenance and related income.

7.5.3 Operating expenses

Staff and related costs were $18.8 million (6.4%) higher in FY2011 due mainly to increased CPF contributions and lower jobs credit by $14.6 million.

Repairs and maintenance costs decreased by $1.2 million (1.5%) in FY2011 due mainly to lower scheduled repairs and maintenance costs for train and bus operations.

Electricity and diesel costs increased by $18.2 million (17.5%) in FY2011. Electricity cost was higher at $81.9 million in FY2011, compared to $68.8 million in FY2010. The increase in electricity cost was due mainly to higher average tariff and higher electricity consumption as a result of increased train runs and commencement of operations of the CCL. Diesel cost was $40.4 million in FY2011, compared to $35.4 million in FY2010. Diesel cost increased due to higher diesel prices as compared to the previous corresponding periods.

Impairment of goodwill in FY2010 related to the goodwill allocated to the bus operations. Other operating expenses increased by $21.9 million (15.7%) in FY2011 due mainly to higher property tax expenses, higher cost of diesel sold, higher fees for ticket payment services, higher insurance cost and higher expenses associated with the increase in external fleet maintenance revenue. These were partially offset by the write-back of allowance for doubtful trade receivables made for Palm Jumeirah Operation receivables.

Share of results of associates in FY2011 relates to the 49% share of results of Shenzhen Zona. For the corresponding period last year, share of results of associates included both Shenzhen Zona and Transit Link Pte Ltd which was disposed on 3 May 2010.

7.6 FY2012 compared with FY2011

7.6.1 Overview

The Group's revenue increased by $87.5 million (9.0%) in FY2012 as compared to FY2011. This increase was mainly due to higher MRT and bus ridership, revenue contribution from the CCL, higher taxi rental revenue, increase in external fleet maintenance revenue and higher rental and advertising revenue.

The $46.9 million (24.0%) decrease in operating profits was mainly due to higher operating expenses and impairment of goodwill on bus operations.

Group net profit also decreased by $41.2 million (25.6%) in FY2012 in line with lower operating profits.

7.6.2 Other Operating Income

Other operating income increased overall by $1.9 million (9.3%) in FY2012 due to an increase in other maintenance and related income from local projects undertaken in the year.

7.6.3 Operating expenses

Staff and related costs increased by $26.5 million (8.5%) in FY2012 due mainly to increased headcount, higher CPF contributions and salary adjustments. The higher headcount is mainly attributed to the opening of the CCL Stages 4 and 5 on 8 October 2011 and increased train runs.

Repairs and maintenance costs increased by $6.8 million (8.7%) in FY2012 due mainly to more scheduled repairs and maintenance for train operations.

Electricity and diesel costs increased by $44.0 million (36.0%) in FY2012. Electricity cost was $116.5 million in FY2012, compared to $81.9 million in FY2011. The increase in electricity cost was due mainly to higher average tariff and higher electricity consumption. Diesel cost was $49.9 million in FY2012, compared to $40.4 million in FY2011. The higher diesel cost was due mainly to higher diesel prices.

An impairment of goodwill on the bus operations ($21.7 million) has been made as the bus business has been adversely impacted by (i) a significant increase in operating costs (in particular, diesel costs and staff costs) and (ii) fare adjustments not keeping pace with the increase in operating costs.

Other operating expenses increased by $27.0 million (16.7%) in FY2012 due mainly to higher cost of diesel sold, higher operating costs associated with a larger taxi fleet and higher expenses associated with the increase in external fleet maintenance revenue.

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

7.7 1Q FY2013 compared with 1Q FY2012

7.7.1 Overview

The Group's revenue increased by $22.2 million (8.8%) in 1Q FY2013 as compared to 1Q FY2012. This increase was mainly due to higher MRT and bus ridership, contribution from the full operation of the CCL, higher taxi rental revenue, higher rental and advertising revenue and an insurance compensation of $8.0 million for a rail asset.

Operating profits improved by $1.5 million (3.5%) in 1Q FY2013 with better performance from the CCL, taxi, rental and advertising businesses, and an $8.0 million insurance compensation for a rail asset. These were partially offset by a penalty of $2.0 million imposed by the LTA, COI related legal and professional fees, and higher staff costs, repairs and maintenance, and depreciation in the train operations. Losses from bus operations widened with increased staff costs and depreciation.

The Group's net profit increased by $1.6 million (4.7%) in 1Q FY2013.

7.7.2 Other Operating Income

Other operating income increased by $8.4 million (156.1%) in 1Q FY2013 due mainly to insurance compensation for a rail asset of $8.0 million.

7.7.3 Operating expenses

Staff costs increased by $6.7 million (8.0%) in 1Q FY2013 due mainly to increased headcount, increased basic salary for bus service leaders, higher CPF contributions as well as salary adjustments. The higher headcount is mainly attributed to train operations for maintenance and increased train runs, and service leaders for bus operations.

Depreciation increased by $6.4 million (19.9%) due mainly to the full quarter impact of the 17 new trains and a larger bus and taxi fleet.

Repairs and maintenance costs increased by $5.9 million (30.4%) in 1Q FY2013 due mainly to the full operation of the CCL, and scheduled repairs and maintenance for train operations. A larger bus and taxi fleet also contributed to the increase in repairs and maintenance.

Electricity and diesel costs increased by $2.6 million (6.5%) in 1Q FY2013 due mainly to higher electricity costs. Electricity cost was $30.0 million in 1Q FY2013, compared to $27.3 million in 1Q FY2012. The increase in electricity cost in 1Q FY2013 was due mainly to higher electricity consumption as a result of increased train runs partially offset by lower average tariff.

Other operating expenses increased by $7.4 million (17.2%) in 1Q FY2013 due mainly to a $2.0 million penalty imposed by the LTA and professional fees resulting from the December 2011 MRT disruptions, as well as operating costs associated with a larger taxi fleet.

Share of results of associate in 1Q FY2013 relate to the 49% share of results of Shenzhen Zona.

BOARD OF DIRECTORS OF SMRT CAPITAL PTE. LTD.

The name and position of each of the Directors, together with a summary of the positions held by each of them as at the Latest Practicable Date, are as follows:

Name	Position
Tan Ek Kia	Director
Catherine Lee Khia Yee	Director

TAN EK KIA

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

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

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

CATHERINE LEE KHIA YEE

Catherine Lee is Executive Vice President and Chief Financial Officer of SMRT Corporation Ltd. She is responsible for the Group’s financial strategy and management, corporate planning, tax, treasury management, central supplies, investor relations and corporate secretariat & legal.

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

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

BOARD OF DIRECTORS OF SMRT CORPORATION LTD

The name and position of each of the Directors, together with a summary of the positions held by each of them as at the Latest Practicable Date, are as follows:

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

KOH YONG GUAN – CHAIRMAN

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

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

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

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

TAN EK KIA – EXECUTIVE DIRECTOR & INTERIM CHIEF EXECUTIVE OFFICER

Please refer to Page 74 for information on Mr Tan Ek Kia.

LEE SEOW HIANG

Lee Seow Hiang is Chief Executive Officer of Changi Airport Group (CAG) and Deputy Chairman of Changi Airports International Pte Ltd. He is a director on the Board of Agency for Integrated Care Pte Ltd, a board member of Airports Council International (ACI) Asia-Pacific as well as Regional Advisor to the World Governing Board of ACI-World.

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

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

PAUL MA KAH WOH

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

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

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

ONG YE KUNG

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

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

BOB TAN BENG HAI

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

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

PETER TAN BOON HENG

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

Mr Tan also holds an advisory function in the National University of Singapore B. Tech Programme, PolyTechnos European Growth Fund 1 and SolarEdge Technologies, Inc. in Israel. He is a member of the International Evaluation Panel for the Singapore National Research Foundation and SPRING Policy Advisory Committee for Growth Oriented Enterprises. He is also Co-Chairman of the Advanced Remanufacturing and Technology Centre of Singapore (ARTC).

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

YEO WEE KIONG

Yeo Wee Kiong is Non-Executive Chairman of SingXpress Land Ltd. He is also an independent director on the board of three other listed companies.

Mr Yeo was previously in investment promotion with Singapore Economic Development Board and in investment banking with NM Rothschild Singapore. He was a practicing corporate lawyer for 22 years, specialising in initial public offers, mergers and acquisitions, capital markets and venture capital before retiring from practice in mid 2012.

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

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

SENIOR MANAGEMENT OF THE GROUP

A summary of the profile of SMRT Corporation's senior management team as at the Latest Practicable Date is as follows.

TAN EK KIA – EXECUTIVE DIRECTOR AND INTERIM CHIEF EXECUTIVE OFFICER

Please refer to Page 74 for information on Mr Tan Ek Kia.

On 14 August 2012, SMRT Corporation's Board of Directors announced the appointment of Desmond Kuek Bak Chye as President and Chief Executive Officer. He will assume his new role on 1 October 2012. Mr Tan Ek Kia will remain as Executive Director till the end of 2012 to assist Mr Kuek in his transition and onboarding process.

DESMOND KUEK BAK CHYE – PRESIDENT AND CHIEF EXECUTIVE OFFICER

Prior to joining SMRT, Desmond Kuek was Permanent Secretary, Ministry of Environment and Water Resources heading the ministry and in charge of the implementation of policies and programmes. He was with the Republic of Singapore Armed Forces from 1986 to 2010, holding various command and staff appointments in the course of his military career, including Commander of 3rd Division, Director of Joint Intelligence Directorate and Chief of Army. He was the Chief of Defence Force from 2007 to 2010.

Mr. Kuek holds a Bachelor of Arts (Honours) and a Master of Arts in Engineering Science from the University of Oxford. He also holds a Masters in Public Administration from Harvard University. Mr Kuek, is currently a director of Civil Service College Board.

CATHERINE LEE KHIA YEE – EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Please refer to Page 74 for information on Ms Catherine Lee Khia Yee.

KHOO HEAN SIANG – EXECUTIVE VICE PRESIDENT, TRAINS

Khoo Hean Siang oversees the Group's train and engineering units. He joined the Mass Rapid Transit Corporation (precursor to SMRT) in 1986 as a design engineer and was responsible for the design and construction of the telecommunication and signalling networks. He was appointed Director of Engineering, overseeing the engineering division before his appointment as Director of the Marina Line Project when the Marina/Circle line division was formed in 2001. Until recently, he was Senior Vice President of engineering and Projects, where he was instrumental in laying the foundation for the Circle Line and ensuring a smooth ramp-up of operations to support and run the line. Prior to joining SMRT, Mr Khoo was a senior engineer at Singapore Telecoms and was part of the pioneer team that introduced the first fibre optic network in Singapore.

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

TEO CHEW HOON – EXECUTIVE VICE PRESIDENT, COMMERCIAL AND ROADS; AND MANAGING DIRECTOR, SMRT BUSES LTD AND SMRT ROAD HOLDINGS LTD

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

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

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

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

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

GOH CHEE KONG – SENIOR VICE PRESIDENT, COMMUNICATIONS AND SERVICES

Goh Chee Kong leads the Group's corporate branding, marketing and communications initiatives, as well as information technology, safety and security functions. He is responsible for strategic communications, and safety, security and business continuity management. In addition, he oversees SMRT's commitments to good corporate citizenship, focusing on programmes that positively impact stakeholders and the communities SMRT serves.

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

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

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

Mr Goh has resigned, such resignation will take effect on and from 1 November 2012.

VINCENT TAN PENG HOCK – SENIOR VICE PRESIDENT, ENGINEERING AND PROJECTS

Vincent Tan joined the Mass Rapid Transit Corporation in 1985, followed by SMRT in 1987, where he assumed positions in rail operations management. Today, Mr Tan oversees the Operations and Maintenance Departments of the North-South and East-West Lines. He is the Chairman of Nova Phase 14, an international railway benchmarking group of railway operators and is also the Chairperson of the SMRT Bloodmobile Drive Committee.

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

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

CHIA CHUN WAH – VICE PRESIDENT, CIRCLE LINE AND BUKIT PANJANG LRT LINE

Chia Chun Wah is responsible for the Operations and Maintenance of Circle Line and the Bukit Panjang LRT Line. Prior to re-joining SMRT, Mr. Chia was Senior Project Manager (System Integration & Co-ordination) at the LTA, managing the System Integration and Co-ordination for the development of Downtown Line Project. Mr. Chia was a staff of SMRT from Year 1994 to 2010. In his prior tenure of employment with SMRT, he held various leadership positions in Engineering & Projects and Rail Operations. He was a key team member who contributed to the testing, commissioning and successful revenue service of Circle Line. Mr. Chia was promoted to Deputy Director, Station Operations in 2008, responsible for station operations.

Mr. Chia has a Master of Science (Industrial Engineering) and Degree in Engineering (Mechanical) from the National University of Singapore.

LUI WAI MENG – VICE PRESIDENT, RAIL OPERATIONS

Lui Wai Meng heads the Group's rail operations. He joined SMRT in 1995 as an engineer. In 1998, he assumed a managerial role overhauling rolling stock, and was subsequently appointed project manager overseeing the mid-life upgrade of SMRT's first-generation trains. In 2008, Mr Lui was promoted to director, Maintenance Group, and was responsible for all maintenance activities of SMRT Trains. He subsequently headed the Projects and Technology Group. In these appointments, Mr Lui was involved in railway engineering as well as the bidding for overseas projects.

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

NG TEK POO – VICE PRESIDENT, MAINTENANCE

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

Mr Ng joined SMRT in November 2000 as a maintenance manager in building services. From January

2005, he was responsible for East-West Line station operations. In May 2006, he was transferred to the Safety Services Department and subsequently promoted to Deputy Director and Head of Safety Services in July 2008. As Head of Safety Services, he led SMRT in several initiatives to enhance the organisation's safety culture and key processes, and helped the organisation achieve ISO 14001 and OHSAS 18001 certifications. Prior to joining SMRT, Mr Ng was a senior engineer with Keppel FELS, responsible for the design and installation of electrical systems on Mobile Offshore Production Units, and Floating Production Storage and Offloading Units.

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

DAWN LOW – VICE PRESIDENT, COMMERCIAL

Dawn Low joined SMRT in 2004, where she built the SMRT brand and businesses through strategic marketing, media and corporate social responsibility (CSR) initiatives. In 2007, she spearheaded SMRT's environmental sustainability strategies and efforts, which lead several local and international awards such as the FTSE4Good Index, Land Transport Authority's Most Eco-Friendly Transport Provider award and the President's Award for the Environment.

In 2008, Ms Low took on the expanded portfolio of Marketing Director, for SMRT Taxis to drive growth for the business.

In her current role, Ms Low is responsible for the Group's leasing and out-of-home advertising businesses. Before joining SMRT, Ms Low was with the Ministry of Defence and City Developments Ltd, responsible for diverse areas such as branding, marketing and partnerships, CSR, local and international media relations, as well as public and corporate communications.

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

JAMES NG – VICE PRESIDENT, AUTOMOTIVE SERVICES & TAXIS

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

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

KANG HUEY LING – VICE PRESIDENT, BUSES

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

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

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

CELINA ENG – VICE PRESIDENT, INTERNAL AUDIT

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

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

CINDY LAU KEE MEI – VICE PRESIDENT, GROUP FINANCE & SHARED SERVICES

Cindy Lau joined SMRT Corporation Ltd in April 2012 and is responsible for the Group's financial strategy and management, treasury, tax and shared services.

Prior to joining SMRT, Ms Lau was Vice President Corporate Finance at PT Telekomunikasi Selular Tbk, overseeing Cash Management, Treasury, Tax Management, Accounts Payables Management, Revenue Assurance, Revenue Leakage, Billing Assurance, Collection Assurance and Inventory Assurance. In the leadership positions she held in other commercial and public listed companies, her key responsibilities included Management Reporting, Group Consolidation, Financial Accounting, Cost Accounting, Budgeting, Forecasting, Treasury, Tax and Investor Relations.

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

PHAN YOKE FEI – VICE PRESIDENT, HUMAN RESOURCE

Phan Yoke Fei joined SMRT Corporation Ltd as Director of Human Resource in April 2010 and assumed the position of Vice President of Human Resource in March 2011. He is responsible for the Human Resource & Administration Division including SMRT Institute and holds the position of Secretary of the Remuneration Committee. Mr Phan is also Co-Chairman of the WSQ ISTC for Public Transport

Prior to joining SMRT, he worked in public listed companies in Hong Kong, Singapore and Malaysia as Director of Human Resource, Legal and Corporate Services in diversified industries including investment holdings, FMCG, shipping, leisure and hospitality, information technology and business process outsourcing. He is also an Advocate & Solicitor of the High Court of Malaya in Kuala Lumpur, Malaysia having being admitted to the Malaysian Bar since 1996 and holds a Company Secretarial licence in Malaysia.

Mr. Phan was awarded the Individual HR Award for "Leading HR Leader Award 2012" in the Singapore HR Awards 2012.

Mr. Phan graduated with an LLB (Hons) degree from University of Malaya, Kuala Lumpur and holds post graduate qualifications in International Taxation and Human Resources Management.

USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) will be used for the purpose of financing the general corporate funding requirements of the Group or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

General

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with each other. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes. It is emphasised that none of the Issuer, the Guarantor, the Arranger or the Dealer(s) or any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1) Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act ("**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons other than non-resident individuals is 17 per cent. with effect from year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

(i) is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- "prepayment fee", in relation debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as in the ITA.

In addition, as the MTN Programme as a whole was arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), the Notes issued during the period from the date of this Information Memorandum to 31 December 2013 ("**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA to which the following treatments apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore ("**Comptroller**") may direct, of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from the operation, is exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent; and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any Tranche of Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related party(ies) of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(b) even though a particular Tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption fee or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity date of not less than 10 years;

(c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses, capital allowances and donations which are attributable to exempt income are to be treated.

However, even if a particular Tranche of Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from the Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2) Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 Financial Instruments: Recognition and Measurement ("**FRS 39**") for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

3) Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

According to the FRS 39 Circular, for financial assets on revenue account classified as:

(a) "fair value through profit or loss", gains or losses recognised in the profit and loss account will be taxed or allowed as a deduction even though they are unrealised;

(b) "available-for-sale", only the cumulative gains or losses (which had been recognised in equity) that are transferred to the profit and loss account upon derecognition will be taxed or allowed as a deduction; and

(c) “held-to-maturity” and loans, the interest income based on the amount shown in the accounts, which is calculated under the effective interest method under FRS 39, will be taxed.

The FRS 39 Circular refers to the definition of the effective interest method under FRS 39 and states that the “effective interest method” is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period and the “effective interest rate” is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instruments. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

However, for debt securities which are on capital account, the FRS 39 Circular indicates that interest income reflected in the profit and loss account under FRS 39 will be adjusted to that based on the coupon/contractual rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. In this section, “contractual interest rate” in relation to any financial instrument means the interest rate specified in the financial instrument. A gain from discounts or premiums on debt securities, being a gain chargeable to tax under Section 10(1)(d) of the ITA, shall be deemed to accrue only on the maturity or redemption of the debt securities and to be equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were issued.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4) Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealer(s). The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer may subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

General

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest, therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the same meaning as set out in Regulation S issued pursuant to the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

SHARE CAPITAL

1. (a) As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

   (b) As at the date of this Information Memorandum, there is only one class of ordinary shares in the Guarantor. The rights and privileges attached to the shares of the Guarantor are stated in the Articles of Association of the Guarantor.

2. (a) The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	**Issued Share Capital**	
	(no.)	**(S$)**
Ordinary Shares	2	2

   (b) The issued share capital of the Guarantor as at the Latest Practicable Date is as follows:

Share Designation	**Issued Share Capital**	
	(no.)	**(S$)**
Ordinary Shares	1,520,358,546	166,575,808

BORROWINGS

3. (a) Save as disclosed in Appendix I, the Issuer had as at 31 March 2012, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

   (b) Save as disclosed in Appendix III, the Group had as at 31 March 2012, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

4. After taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer and the Guarantor will have adequate working capital for their respective present requirements.

CHANGES IN ACCOUNTING POLICIES

5. Save as disclosed in Appendices I and III, there have been no significant changes in the accounting policies of each of the Issuer and the Guarantor since its audited financial accounts for the year ended 31 March 2012.

LITIGATION

6. Save as disclosed in this Information Memorandum or otherwise announced, none of the Issuer, the Guarantor or any of their respective subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a material adverse effect on the financial position of the Guarantor or, as the case may be, the Group, nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.

MATERIAL ADVERSE CHANGE

7. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer, the Guarantor or the Group since 31 March 2012.

AUTHORISATION

8. Each of the Issuer and the Guarantor has obtained all necessary corporate consents (being shareholders' approval (if required) and directors' approval) in connection with the establishment of the MTN Programme and the issue of the Notes. The establishment of the MTN Programme and the issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 9 September 2009. The giving of the Guarantee by the Guarantor was authorised by the Board of Directors of the Guarantor passed on 9 September 2009.

AUDITOR'S CONSENT

9. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of the Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

10. So long as the Notes are capable of being issued under the MTN Programme or any Notes are outstanding, copies of the following documents may be inspected at the registered office of the Issuer at 251 North Bridge Road, Singapore 179102 or the Trustee at One Temasek Avenue #03-01 Millenia Tower Singapore 039192, during normal business hours:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the Agency Agreement;

    (d) the Master Depository Services Agreement;

    (e) the Deed of Covenant;

    (f) the audited financial statements of the Issuer for the financial year ended 31 March 2012;

    (g) the audited consolidated financial statements of the Group for the financial years ended 31 March 2011 and 31 March 2012; and

    (h) the unaudited consolidated financial statements of the Group for the three months ended 30 June 2012.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

11. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF SMRT CAPITAL PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

The information in this Appendix I has been extracted and reproduced from the audited financial statements of SMRT Capital Pte. Ltd. for the financial year ended 31 March 2012 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the audited financial statements of SMRT Capital Pte. Ltd. for the financial year ended 31 March 2012.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SMRT CAPITAL PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Capital Pte. Ltd. ("the Company") set out on pages 6 to 26, which comprise the balance sheet as at 31 March 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 31 May 2012

Balance sheet
As at 31 March 2012

	Note	2012 $	2011 $
Non-current assets			
Other investments	3	10,353,840	5,000,000
Deferred tax asset	4	96,454	135,034
		10,450,294	5,135,034
Current assets			
Other investments	3	-	3,569,487
Trade and other receivables	5	432,554,398	361,551,435
Fixed deposits with banks and financial institutions		151,380,000	350,380,000
Cash at bank and in hand		137,729	167,610
		584,072,127	715,668,532
Total assets		594,522,421	720,803,566
Equity attributable to equity holder of the Company			
Share capital	9	2	2
Hedge reserve	8	(470,914)	(659,278)
Accumulated profits		926,910	537,373
Total equity		455,998	(121,903)
Non-current liability			
Interest-bearing borrowings	10	150,000,000	150,000,000
		150,000,000	150,000,000
Current liabilities			
Trade and other payables	11	444,005,007	570,862,275
Provision	12	3,769	1,897
Current tax payable		57,647	61,297
		444,066,423	570,925,469
Total liabilities		594,066,423	720,925,469
Total equity and liabilities		594,522,421	720,803,566

Income statement
Year ended 31 March 2012

	Note	2012 $	2011 $
Interest income	15	5,783,943	5,672,664
Interest expense	16(b)	(4,746,829)	(4,805,856)
Net interest income		1,037,114	866,808
Staff and related costs	16(a)	(388,984)	(242,809)
Other operating expenses		(238,908)	(237,838)
Profit before income tax	16	409,222	386,161
Income tax expense	17	(19,685)	(39,722)
Profit for the year		389,537	346,439

Statement of comprehensive income
Year ended 31 March 2012

	2012 $	2011 $
Profit for the year	389,537	346,439
Other comprehensive income		
Net change in fair value of cash flow hedges transferred to the income statement, net of tax	188,364	188,364
Other comprehensive income for the year, net of income tax	188,364	188,364
Total comprehensive income for the year	577,901	534,803

Statement of changes in equity
Year ended 31 March 2012

	Share capital $	Hedge reserve $	Accumulated profits $	Total $
At 1 April 2011	2	(659,278)	537,373	(121,903)
Total comprehensive income for the year	-	188,364	389,537	577,901
At 31 March 2012	2	(470,914)	926,910	455,998
At 1 April 2010	2	(847,642)	190,934	(656,706)
Total comprehensive income for the year	-	188,364	346,439	534,803
At 31 March 2011	2	(659,278)	537,373	(121,903)

Statement of cash flows
Year ended 31 March 2012

	2012 $	2011 $
Operating activities		
Profit before income tax	409,222	386,161
Adjustments for items not involving outlay of funds:		
Interest income	(5,783,943)	(5,672,664)
Interest expense	4,746,829	4,805,856
Increase in employee benefits	1,872	1,897
	(626,020)	(478,750)
Changes in working capital:		
Trade and other receivables	(66,384,290)	97,026,988
Trade and other payables	(127,737,207)	(48,281,055)
Income tax paid	(23,335)	(17,425)
Cash flows from operating activities	(194,770,852)	48,249,758
Investing activities		
Interest received	1,260,916	1,632,100
Proceeds from debt securities	3,500,000	-
Purchase of debt securities	(5,380,000)	(1,045,000)
Cash flows from investing activities	(619,084)	587,100
Financing activities		
Interest paid	(3,639,945)	(3,630,000)
Cash flows from financing activities	(3,639,945)	(3,630,000)
Net (decrease)/increase in cash and cash equivalents	(199,029,881)	45,206,858
Cash and cash equivalents at beginning of the year	350,547,610	305,340,752
Cash and cash equivalents at end of the year	151,517,729	350,547,610
Cash and cash equivalents comprise:		
Fixed deposits with banks and financial institutions	151,380,000	350,380,000
Cash at bank and in hand	137,729	167,610
	151,517,729	350,547,610

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 May 2012.

1 Domicile and activities

SMRT Capital Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 251 North Bridge Road, Singapore 179102.

The principal activities of the Company are those relating to the provision of depository and financing services to group companies.

The immediate and ultimate holding companies during the financial year are SMRT Corporation Ltd and Temasek Holdings (Private) Limited respectively, both of which are incorporated in the Republic of Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company's functional currency.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no areas of significant estimate or judgement used in the preparation of these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.2 Change in accounting policies

On 1 April 2011, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

2.3 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other investments, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Share capital

Ordinary shares are classified as equity.

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets classified as held-to-maturity are recognised by the Company on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposure to financial risk arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The gain or loss on re-measurement to fair value is recognised in the income statement. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit and loss.

2.4 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.5 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (ie the effective interest rate computed at initial recognition of these financial assets).

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

2.6 Liabilities and interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

2.7 Provision

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

2.8 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Short-term accumulating compensating absences

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

2.9 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.10 Interest income

Interest income from bank deposits, other investments and interest-bearing intercompany loans is recognised as it accrues, using the effective interest method.

2.11 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on translation are recognised in the income statement.

2.12 Income tax

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

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

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that affects 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 substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.13 Revenue recognition

Revenue is interest income derived from fixed deposits, debt securities and interest-bearing intercompany loans. Interest income is recognised as it accrues, using the effective interest method.

3 Other investments

	2012 $	2011 $
Non-current		
Held-to-maturity debt securities	10,353,840	5,000,000
Current		
Held-to-maturity debt securities	-	3,569,487
	10,353,840	8,569,487

Held-to-maturity debt securities bear interest at rates ranging from 2.81% to 5.6% (2011: 1.12% to 2.81%) per annum and will mature in 2.9 to 7 years (2011: 0.7 to 3.9 years).

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. Debt securities are neither past due nor impaired.

4 Deferred tax asset

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

	At 1/4/2010 $	Recognised in other comprehensive income (note 17) $	At 31/3/2011 $	Recognised in other comprehensive income (note 17) $	At 31/3/2012 $
Fair value changes of cash flow hedges	(173,614)	38,580	(135,034)	38,580	(96,454)

5 Trade and other receivables

	Note	2012 $	2011 $
Other receivables and prepayments	6	241,675	405,671
Amounts due from related corporations	7	432,312,723	361,145,764
		432,554,398	361,551,435

6 Other receivables and prepayments

	2012 $	2011 $
Prepayments	34,497	37,279
Other receivables	207,178	368,392
	241,675	405,671

7 Amounts due from related corporations

	2012 $	2011 $
Interest-bearing loans	432,312,723	361,145,764

The interest-bearing loans to related corporations are unsecured, bear interest at rate of 1.19% (2011: 1.01%) per annum and are repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

8 Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

9 Share capital

	2012 No. of shares	2011 No. of Shares
Fully paid ordinary shares, with no par value:		
At 1 April and 31 March	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

As the Company is part of a larger group, the Company's capital management is generally guided by the group's capital management objectives and policies.

The Company's primary objectives in capital management are to provide adequate returns to shareholders and to manage the capital base so as to sustain future development of the business. Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

No changes were made to the above objective, policies or process during the year ended 31 March 2012 and 2011.

The Company is not subject to externally imposed capital requirements.

10 Interest-bearing borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Company's exposure to interest rate risk, refer to note 20.

	Interest rate	Year of maturity	Carrying amount 2012 $	Carrying amount 2011 $
Unsecured quoted fixed rate notes	2.42%	2014	150,000,000	150,000,000

On 15 September 2009, the Company put in place a S$1 Billion Multi-Currency Medium Term Note Programme (the "MTN Programme") pursuant to which the Company may issue notes from time to time to finance the general corporate funding requirements of the SMRT Group. Under the MTN Programme, the Company may issue notes from time to time in Singapore dollars or other currencies, in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programme.

At the balance sheet date, there is a S$150 million 5-year unsecured guaranteed fixed rate notes outstanding. The notes were issued on 7 October 2009. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the Singapore Exchange Securities Trading Limited. The notes are guaranteed by SMRT Corporation Ltd.

11 Trade and other payables

	Note	2012 $	2011 $
Trade payables and accrued operating expenses		1,823,878	1,784,090
Amounts due to immediate holding company	13	63,306,565	155,726,315
Amounts due to related corporations	14	378,874,163	413,351,485
Other payables		401	385
		444,005,007	570,862,275

12 Provision

	2012 $	2011 $
Liability for short-term accumulating compensated absences	3,769	1,897

13 Amounts due to immediate holding company

	2012 $	2011 $
Interest-bearing loans	63,296,139	155,702,569
Non-trade payables	10,426	23,746
	63,306,565	155,726,315

The non-trade amounts due to immediate holding company are unsecured, interest-free and are repayable on demand. The interest-bearing loans are unsecured, bear an interest rate of 0.17% (2011: 0.18%) per annum and are repayable on demand.

14 Amounts due to related corporations

	2012 $	2011 $
Interest-bearing loans	378,856,817	413,341,022
Non-trade payables	17,346	10,463
	378,874,163	413,351,485

The non-trade amounts due to related corporations are unsecured, interest-free and repayable on demand. The interest-bearing loans are unsecured, bear an interest rate of 0.17% (2011: 0.18%) per annum and are repayable on demand.

15 Interest income

	2012 $	2011 $
Interest income from:		
- bank deposits	974,651	1,458,481
- held-to-maturity debt securities	190,618	188,775
- related corporations	4,618,674	4,025,408
	5,783,943	5,672,664

16 Profit before income tax

The following items have been included in arriving at profit before income tax:

	2012 $	2011 $
(a) Staff and related costs		
Wages and salaries	344,395	215,455
Contribution to defined contribution plans	35,131	21,323
Increase in liability for short-term accumulating compensated absences	1,872	2,475
Other staff-related expenses and benefits-in-kind	7,586	3,556
	388,984	242,809

The above amounts include recharges from the immediate holding company.

Included in staff and related costs is compensation to key management personnel of the Company as follows:

	2012 $	2011 $
Short-term employee benefits	156,696	179,797
Post-employment benefits	12,577	13,672
	169,273	193,469

The directors of the Company are employees of the immediate holding company and the Company does not reimburse the immediate holding company for the services rendered by these directors.

	2012 $	2011 $
(b) Interest expense		
Interest paid and payable on:		
- quoted fixed rate notes	3,639,945	3,630,000
- immediate holding company	161,985	169,360
- related corporations	717,955	779,552
Net change in fair value of cash flow hedge transferred to the income statement	226,944	226,944
	4,746,829	4,805,856

17 Income tax expense

	2012	2011
	$	$
Current tax expense		
Current year	43,000	39,722
Overprovision in respect of prior years	(23,315)	-
	19,685	39,722
Reconciliation of effective tax expense		
Profit before income tax	409,222	386,161
Tax calculated using Singapore tax rate of 17% (2011: 17%)	69,568	65,647
Statutory stepped income exemption	(25,925)	(25,925)
Overprovision in respect of prior years	(23,315)	-
Others	(643)	-
	19,685	39,722

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	2012			2011		
	Before Tax	Tax (charge)	After tax	Before Tax	Tax credit	After tax
	$	$	$	$	$	$
Fair value adjustments on cash flow hedge	226,944	(38,580)	188,364	226,944	(38,580)	188,364
Other comprehensive income	226,944	(38,580)	188,364	226,944	(38,580)	188,364

18 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Some of the material transactions of the Company are with related corporations and the terms thereof are arranged by or between the Company and its related corporations.

Transactions with related parties are unsecured and priced on arm's length basis.

During the financial year, other than disclosed elsewhere in the financial statements, the Company had the following significant related party transactions on terms agreed between the parties:

	2012 $	2011 $
Immediate holding company		
Management fee paid/payable	51,452	65,748

19 Financial risk management

Overview

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's financial risks are managed centrally at the group level by SMRT Corporation Ltd.

The Company has a system of internal controls in place to achieve an acceptable balance between the cost of risks occurring and the cost of managing the risks.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations, as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

Cash and fixed deposits are placed with financial institutions that are regulated. Credit risk exposure in respect of debt securities is limited to investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

At balance sheet date, except for the amounts due from related corporations, investments in debt securities, cash at banks and fixed deposits, there were no significant concentrations of credit risk.

As at balance sheet date, trade and other receivables are neither past due nor impaired.

Liquidity risk

Liquidity risk is monitored so as to maintain a level of cash and cash equivalents deemed adequate by management to finance the operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments.

	Carrying amount	Cash flows		
		Contractual cash flows	Within 1 year	Within 1 to 5 years
	$	$	$	$
2012				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2014	150,000,000	160,899,945	3,630,000	157,269,945
Trade and other payables *	442,254,651	442,254,651	442,254,651	-
	592,254,651	603,154,596	445,884,651	157,269,945
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2014	150,000,000	164,529,945	3,630,000	160,899,945
Trade and other payables *	569,121,864	569,121,864	569,121,864	-
	719,121,864	733,651,809	572,751,864	160,899,945

* *Excludes interest payable*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Company is not exposed to significant foreign currency risk as at 31 March 2012 and 31 March 2011.

Interest rate risk

Exposure to changes in interest rates relates primarily to the interest-earning financial assets and interest-bearing financial liabilities.

Interest rate profile

The following table details the interest rate profile of the Company's interest-bearing financial assets and liabilities at balance sheet date.

	Effective interest rate 2012 %	Effective interest rate 2011 %
Financial assets		
Fixed deposits with banks and financial institutions	0.35	0.43
Held-to-maturity debt securities	4.18	2.19
Loans to related corporations	1.19	1.01
Financial liabilities		
Unsecured quoted fixed rate notes due 2014	2.57	2.57
Loans from immediate holding company and related corporations	0.17	0.18

Sensitivity analysis

At the reporting date, the profile of the Company's interest-bearing variable-rate financial instruments are as set out below.

	2012 $	2011 $
Financial assets		
Fixed deposits with banks and financial institutions	151,380,000	350,380,000
Loans to related corporations	432,312,723	361,145,764
	583,692,723	711,525,764
Financial liabilities		
Loans from immediate holding company	(63,296,139)	(155,702,569)
Loans from related corporations	(378,856,817)	(413,341,022)
	(442,152,956)	(569,043,591)

For these variable-rate financial assets and liabilities, an increase in 100 basis points in interest rate at the reporting date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	2012 $	2011 $
Variable rate instruments (net exposure)	1,415,398	1,424,821

A 100 basis points decrease in interest rate at the reporting date would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Fair values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2012 are represented in the following table.

	Note	2012 Carrying amount $	Fair value $	2011 Carrying amount $	Fair value $
Financial assets					
Held-to-maturity debt securities	3	10,353,840	10,526,000	8,569,487	8,672,050
Financial liabilities					
Unsecured quoted fixed rate notes	10	150,000,000	156,036,000	150,000,000	154,962,000
Unrecognised loss			(6,208,160)		(5,064,563)

The fair value of held-to-maturity debt securities is determined by reference to their last quoted bid prices at the reporting date.

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

The Company does not have any financial instrument carried at fair value.

Financial instruments by category

	Loans and receivables $	Held-to-maturity financial assets $	Financial liabilities at amortised cost $	Total $
2012				
Other investments	-	10,353,840	-	10,353,840
Trade and other receivables*	432,519,901	-	-	432,519,901
Interest-bearing borrowings	-	-	(150,000,000)	(150,000,000)
Trade and other payables	-	-	(444,005,007)	(444,005,007)
	432,519,901	10,353,840	(594,005,007)	(151,131,266)
2011				
Other investments	-	8,569,487	-	8,569,487
Trade and other receivables*	361,514,156	-	-	361,514,156
Interest-bearing borrowings	-	-	(150,000,000)	(150,000,000)
Trade and other payables	-	-	(570,862,275)	(570,862,275)
	361,514,156	8,569,487	(720,862,275)	(350,778,632)

* *Excludes prepayments*

20 New accounting standards and interpretations not yet adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2012 or later periods and which the Company has not early adopted are:

- Amendments to FRS 107 – Financial instruments: Disclosures – Transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods commencing on or after 1 July 2012)
- FRS 19 (revised) - Employee Benefits (effective for annual periods commencing on or after 1 January 2013)
- FRS 113 – Fair Value Measurements (effective for annual periods commencing on or after 1 January 2013)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SMRT CORPORATION LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The information in this Appendix II has been extracted and reproduced from the annual report of SMRT Corporation Ltd and its subsidiaries for the financial year ended 31 March 2011 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the annual report of SMRT Corporation Ltd for the financial year ended 31 March 2011.

INDEPENDENT AUDITOR'S REPORT

Year ended 31 March 2011

TO THE MEMBERS OF SMRT CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 126 to 194, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group and the changes in equity for the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 29 April 2011

BALANCE SHEETS

As at 31 March 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	4	998,453	1,036,601	5,408	5,586
Intangible asset	5	35,288	35,288	–	–
Investments in subsidiaries	6	–	–	390,247	323,247
Interests in associates	7	63,757	66,345	–	–
Other investments	8	10,154	13,246	–	–
		1,107,652	1,151,480	395,655	328,833
Current assets					
Inventories	9	53,597	49,680	–	–
Trade and other receivables	10	64,608	54,248	164,969	196,565
Other investments	8	3,570	–	–	–
Tax recoverable		968	17	790	17
Fixed deposits with banks and financial institutions		350,424	308,932	–	–
Cash at banks and in hand		25,794	17,079	2,217	2,149
Asset classified as held for sale	7	–	1,732	–	–
		498,961	431,688	167,976	198,731
Total assets		1,606,613	1,583,168	563,631	527,564
Equity attributable to equity holders of SMRT					
Share capital	11	164,811	163,078	164,811	163,078
Reserves	12	(692)	4,040	2,922	2,674
Accumulated profits		634,977	602,898	274,849	242,154
Total equity		799,096	770,016	442,582	407,906
Non-current liabilities					
Interest-bearing borrowings	14	150,000	250,000	–	100,000
Provisions	15	3,278	3,331	30	37
Deferred tax liabilities	16	118,242	131,342	721	871
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	74,824	90,454	77	97
		366,656	495,439	828	101,005
Current liabilities					
Interest-bearing borrowings	14	100,000	–	100,000	–
Trade and other payables	19	269,012	261,140	19,966	18,453
Provisions	15	28,417	25,889	255	200
Current tax payable		43,432	30,684	–	–
		440,861	317,713	120,221	18,653
Total liabilities		807,517	813,152	121,049	119,658
Total equity and liabilities		1,606,613	1,583,168	563,631	527,564

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	Note	2011 $'000	2010 $'000
Revenue	20	969,692	895,053
Other operating income	21(a)	20,154	43,200
Staff and related costs	21(b)	(313,593)	(294,829)
Depreciation of property, plant and equipment	4	(135,259)	(134,769)
Amortisation of asset-related grants	18	15,979	17,691
Repairs and maintenance costs		(77,978)	(79,175)
Electricity and diesel costs		(122,357)	(104,144)
Impairment of goodwill	5	–	(6,644)
Other operating expenses	21(c)	(161,051)	(139,174)
Finance costs	21(d)	(7,127)	(7,899)
Interest and investment income	21(e)	1,804	1,665
Share of results of associates (net of tax)		1,477	752
Profit before income tax	21	191,741	191,727
Income tax expense	22	(30,650)	(28,842)
Profit for the year attributable to equity holders of SMRT		161,091	162,885
Earnings per share (in cents)			
Basic	23	10.6	10.7
Diluted	23	10.6	10.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	2011 $'000	2010 $'000
Profit for the year	161,091	162,885
Other comprehensive income/(loss)		
Change in fair value of available-for-sale financial assets, net of tax	(469)	1,452
Fair value of available-for-sale financial assets realised & transferred to the income statement, net of tax	(4)	–
Effective portion of change in fair value of cash flow hedge, net of tax	–	(942)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	189	94
Currency translation differences arising from consolidation	(4,696)	147
Other comprehensive income/(loss) for the year, net of tax	(4,980)	751
Total comprehensive income for the year	156,111	163,636

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

Group	Share capital $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Hedge reserve $'000	Share-based payment reserve $'000	Accumulated profits $'000	Total attributable to equity holders of SMRT $'000
At 1 April 2009	161,774	150	465	–	2,149	557,540	722,078
Profit for the year	–	–	–	–	–	162,885	162,885
Other comprehensive income/(loss)	–	147	1,452	(848)	–	–	751
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	213	–	–	–	–	–	213
Issue of performance shares	1,091	–	–	–	(1,091)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,616	–	1,616
Final dividend paid of 6.00 cents per share in respect of year 2009	–	–	–	–	–	(90,976)	(90,976)
Interim dividend paid of 1.75 cents per share in respect of year 2010	–	–	–	–	–	(26,551)	(26,551)
Total transactions with owners	1,304	–	–	–	525	(117,527)	(115,698)
At 31 March 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
At 1 April 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
Profit for the year	–	–	–	–	–	161,091	161,091
Other comprehensive income/(loss)	–	(4,696)	(473)	189	–	–	(4,980)
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	341	–	–	–	–	–	341
Issue of performance shares	1,392	–	–	–	(1,392)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	–	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	–	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	–	–	–	248	(129,012)	(127,031)
At 31 March 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

Company	Share capital $'000	Share-based payment reserve $'000	Accumulated profits $'000	Total equity $'000
At 1 April 2009	161,774	2,149	215,418	379,341
Profit for the year	–	–	144,263	144,263
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	213	–	–	213
Issue of performance shares	1,091	(1,091)	–	–
Value of employee services received for share-based payment	–	1,616	–	1,616
Final dividend paid of 6.00 cents per share in respect of year 2009	–	–	(90,976)	(90,976)
Interim dividend paid of 1.75 cents per share in respect of year 2010	–	–	(26,551)	(26,551)
Total transactions with owners	1,304	525	(117,527)	(115,698)
At 31 March 2010	163,078	2,674	242,154	407,906
At 1 April 2010	163,078	2,674	242,154	407,906
Profit for the year	–	–	161,707	161,707
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	341	–	–	341
Issue of performance shares	1,392	(1,392)	–	–
Value of employee services received for share-based payment	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	248	(129,012)	(127,031)
At 31 March 2011	164,811	2,922	274,849	442,582

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2011

	2011 $'000	2010 $'000
Operating activities		
Profit before income tax	191,741	191,727
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grants	(15,979)	(17,691)
Changes in fair value of financial instruments	–	(1,615)
Exchange loss	–	1,683
Depreciation of property, plant and equipment	135,259	134,769
Dividend income	(141)	(85)
Grant released upon disposal/write-off of property, plant and equipment	(53)	(94)
Impairment loss of goodwill	–	6,644
Interest expense	7,127	7,899
Interest income	(1,657)	(1,483)
Loss/(Gain) on disposal of:		
– property, plant and equipment	478	1,013
– other investments	(6)	(97)
Property, plant and equipment written off	1,834	285
Provisions made during the year	17,615	14,647
Share-based payment expenses	1,640	1,616
Share of results of associates	(1,477)	(752)
	336,381	338,466
Changes in working capital:		
Inventories	(3,917)	(18,763)
Trade and other receivables	(6,309)	8,057
Amounts due to/from an associate	–	1,438
Trade and other payables	(3,944)	14,808
Cash generated from operations	322,211	344,006
Income taxes paid, net	(31,991)	(10,215)
Interest paid	(6,900)	(7,185)
Cash flows from operating activities	283,320	326,606

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2011

	2011 $'000	2010 $'000
Investing activities		
Dividends received	141	85
Interest received	1,657	2,150
Investment in an associate company	–	(65,469)
Purchase of property, plant and equipment	(106,964)	(100,658)
Purchase of other investments	(3,123)	(13,366)
Proceeds from disposal of:		
– property, plant and equipment	183	13,749
– associate	1,732	–
– other investments	2,084	36,122
Cash flows from investing activities	(104,290)	(127,387)
Financing activities		
Grant received	402	98
Proceeds from issue of shares under share option plan	341	213
Payment on settlement of derivatives	–	(1,322)
Proceeds from financial liabilities	–	150,000
Repayment of financial liabilities	–	(150,000)
Dividends paid	(129,012)	(117,527)
Cash flows from financing activities	(128,269)	(118,538)
Net increase in cash and cash equivalents	50,761	80,681
Cash and cash equivalents at beginning of the year	326,011	245,599
Effect of exchange rate fluctuations on cash held	(554)	(269)
Cash and cash equivalents at end of the year	376,218	326,011
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	350,424	308,932
Cash at banks and in hand	25,794	17,079
	376,218	326,011

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2011.

1 Domicile and Activities

SMRT Corporation Ltd ("SMRT" or the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 251 North Bridge Road, Singapore 179102.

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

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

The principal activities of the Company are those relating to investment holding and provision of management services to group companies. The subsidiaries are involved in seven key businesses as follows:

(i) Rail operations

Its principal activities are to provide transport-related businesses in Singapore. It operates the North-South-East-West and Circle lines of the Mass Rapid Transit System (the "MRT System") and the Bukit Panjang Light Rapid Transit System (the "LRT System").

(ii) Bus operations

Its principal activities are to provide bus services and charter hire services.

(iii) Taxi operations

Its principal activities are to provide rental of taxis and provision of taxi services.

(iv) Rental

Its principal activities are the leasing of commercial space and kiosks.

(v) Advertising

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

(vi) Engineering and other services

The business provides consultancy, project management services, leasing of fibre optic cables, repair and maintenance services and sales of diesel to taxi hirers.

(vii) Investment holding and support services

Its principal activities are the provision of management and other support services to Group companies and investment holding.

2 Licence and Operating Agreements

(a) SMRT Trains Ltd ("MRT")

A Licence and Operating Agreement ("the MRT LOA") with the Land Transport Authority ("LTA") under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence is for a period of 30 years commencing 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2020. Thereafter, the percentage shall be determined by LTA. MRT 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) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platforms screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.

(iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West line of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System ("CCL System") in Singapore and this came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence shall be for a term (the "Initial Licence Term") of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates and 0.5% of the annual non-fare revenue net of goods and services tax.

(ii) The licence may be renewed by LTA for a further period of 30 years from the expiry of the Initial Licence Term, subject to any other terms and conditions as LTA may impose.

(iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.

(iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of S$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of any equipment, machinery or any part of the CCL system comprising all assets and infrastructure required to operate the CCL system. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.

2 Licence and Operating Agreements (cont'd)

(a) SMRT Trains Ltd ("MRT") (cont'd)

(v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.

(vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.

(vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA upon cancellation, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT.

(b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement ("the LRT LOA") with LTA under which LRT is licensed to operate the LRT System in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence is for the period from 6 November 1999 to 31 March 2028 at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 2004 to 31 March 2011, and thereafter the percentage will be reviewed every 5 years by LTA. LRT 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) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.

(iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of $3 million or 75% of the post tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.

2 Licence and Operating Agreements (cont'd)

(b) SMRT Light Rail Pte Ltd ("LRT") (cont'd)

(iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC Central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.

(v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.

(vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA upon cancellation, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT.

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3 Summary of Significant Accounting Policies (cont'd)

3.1 Basis of preparation (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 30.

3.2 Changes in accounting policies

On 1 April 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3.3 Basis of consolidation

Business combination

Business combinations are accounted for under the purchase method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the purchase consideration is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

3 Summary of Significant Accounting Policies (cont'd)

3.3 Basis of consolidation (cont'd)

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. In applying the equity method of accounting, the Group's share of its associates' post acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting policies of subsidiaries and associates

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

3.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) which is recognised in other comprehensive income.

3 Summary of Significant Accounting Policies (cont'd)

3.4 Foreign currencies (cont'd)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

3.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

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

Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

3 Summary of Significant Accounting Policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation

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

Leasehold land and properties	– lease period ranging from 10 to 30 years
Furniture and fittings, office equipment and computers	– 3 to 10 years
Motor vehicles	– 5 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	– 10 to 17 years
Taxis and vehicles for rental	– 6.67 to 7.67 years
Plant and machinery	– 3 to 12 years
Other operating equipment	– 15 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

3.6 Intangible assets

Goodwill in a business combination represents the excess of the purchase consideration over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase consideration over the fair value of the Group’s share of the net identifiable assets acquired.

Goodwill is measured at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates is presented together with investments in associates. Goodwill is tested for impairment on an annual basis in accordance with note 3.12. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provision values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

3 Summary of Significant Accounting Policies (cont'd)

3.7 Non-derivative financial instruments

Available-for-sale financial assets

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Share capital

Ordinary shares are classified as equity.

3.8 Derivative financial instruments and hedging activities

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

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through profit or loss.

3 Summary of Significant Accounting Policies (cont'd)

3.8 Derivative financial instruments and hedging activities (cont'd)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Separable embedded derivatives

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management’s estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3 Summary of Significant Accounting Policies (cont'd)

3.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

3.12 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been recognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

3 Summary of Significant Accounting Policies (cont'd)

3.12 Impairment (cont'd)

Calculation of recoverable amount

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

Reversals of impairment

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.14 Liabilities and interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

3 Summary of Significant Accounting Policies (cont'd)

3.15 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.16 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Provision for accident claims

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

3.17 Income tax

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

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

3 Summary of Significant Accounting Policies (cont'd)

3.17 Income tax (cont'd)

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Fuel Equalisation Account ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The amount that can be released to the income statement is limited to half the available FEA balance.

The PTC may also direct such transfers that it considers necessary.

3.19 Grants

Asset-related grants

Assets-related grants received from the Land Transport Authority and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

Other grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised. The grants are presented in the income statement as a deduction against the related expenses.

3 Summary of Significant Accounting Policies (cont'd)

3.20 Dividends

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

3.21 Revenue recognition

Passenger revenue

Passenger revenue from MRT and LRT systems and buses is recognised at the end of the ride.

Taxi rental and rental revenue

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

Advertising revenue

Advertising revenue is recognised on an accrual basis over the terms of the contract.

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and other services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised on the percentage of completion method. The stage of completion is recognised upon completion of work done at designated phases of the contracts. Where appropriate, the percentage of completion is estimated by reference to the proportion of contract costs incurred to date to the estimated total contract costs for each project.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

3 Summary of Significant Accounting Policies (cont'd)

3.22 Leases

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in income statement when incurred.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in income statement when earned.

3.23 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.24 Interest and investment income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3 Summary of Significant Accounting Policies (cont'd)

3.26 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

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

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

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

Short-term accumulating compensated absences

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

Equity and equity related compensated benefits

The SMRT Employee Share Option Plan ("SMRT ESOP") allows the Group's employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

4 Property, Plant and Equipment

Group	Leasehold land and properties $'000	Furniture, fittings, office equipment and computers $'000	Motor vehicles $'000	Rolling stock $'000	Power supply equipment $'000
Cost					
At 1 April 2009	154,473	46,711	3,711	919,036	139,051
Additions	207	489	1,197	1,158	95
Disposals/Write offs	–	(2,136)	(372)	–	(422)
Transfers/Reclassifications	35,099	6,681	–	767	2,476
At 31 March 2010	189,779	51,745	4,536	920,961	141,200
At 1 April 2010	189,779	51,745	4,536	920,961	141,200
Additions	241	1,557	1,192	2,816	10
Disposals/Write offs	–	(2,337)	(410)	–	(892)
Transfers/Reclassifications	27,971	12,637	–	2,094	474
At 31 March 2011	217,991	63,602	5,318	925,871	140,792
Accumulated depreciation and impairment losses					
At 1 April 2009	25,933	28,284	2,797	537,341	88,422
Depreciation charge for the year	8,615	6,322	413	46,380	8,242
Disposals/Write offs	–	(2,126)	(372)	–	(384)
At 31 March 2010	34,548	32,480	2,838	583,721	96,280
At 1 April 2010	34,548	32,480	2,838	583,721	96,280
Depreciation charge for the year	9,703	6,609	580	43,218	8,262
Disposals/Write offs	–	(2,334)	(410)	–	(464)
At 31 March 2011	44,251	36,755	3,008	626,939	104,078
Carrying amount					
At 1 April 2009	128,540	18,427	914	381,695	50,629
At 31 March 2010	155,231	19,265	1,698	337,240	44,920
At 1 April 2010	155,231	19,265	1,698	337,240	44,920
At 31 March 2011	173,740	26,847	2,310	298,932	36,714

Signalling, communication and automatic fare collection systems $'000	Buses $'000	Taxis and vehicles for rental $'000	Plant and machinery $'000	Other operating equipment $'000	Assets under construction $'000	Total $'000
261,399	211,830	180,588	23,428	308,520	82,917	2,331,664
2,740	3,809	2,359	112	1,615	101,053	114,834
(2,662)	(1,176)	(13,285)	(32)	(2,900)	–	(22,985)
(690)	25,421	17,633	586	7,027	(95,000)	–
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
2,398	2,156	2,782	512	2,298	84,880	100,842
(1,671)	(352)	(6,047)	(2,201)	(877)	(43)	(14,830)
6,149	3,132	13,857	106	16,229	(82,649)	–
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
169,223	103,899	68,785	22,435	223,005	–	1,270,124
13,322	17,353	20,542	977	12,603	–	134,769
(2,470)	(1,172)	(8,772)	(32)	(2,653)	–	(17,981)
180,075	120,080	80,555	23,380	232,955	–	1,386,912
180,075	120,080	80,555	23,380	232,955	–	1,386,912
13,593	18,236	21,420	1,012	12,626	–	135,259
(1,598)	(348)	(3,011)	(2,083)	(851)	–	(11,099)
192,070	137,968	98,964	22,309	244,730	–	1,511,072
92,176	107,931	111,803	993	85,515	82,917	1,061,540
80,712	119,804	106,740	714	81,307	88,970	1,036,601
80,712	119,804	106,740	714	81,307	88,970	1,036,601
75,593	106,852	98,923	202	87,182	91,158	998,453

4 Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers $'000	Communication systems $'000	Motor Vehicles $'000	Other operating equipment $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Cost							
At 1 April 2009	9,997	1,256	90	16	101	851	12,311
Additions	206	14	44	–	–	941	1,205
Disposals/Write offs	(123)	–	(5)	(9)	–	–	(137)
Transfers/ Reclassifications	638	–	–	–	–	(638)	–
At 31 March 2010	10,718	1,270	129	7	101	1,154	13,379
At 1 April 2010	10,718	1,270	129	7	101	1,154	13,379
Additions	217	19	–	–	–	1,334	1,570
Disposals/Write offs	(124)	–	–	–	–	–	(124)
Transfers/ Reclassifications	805	–	–	–	–	(805)	–
At 31 March 2011	11,616	1,289	129	7	101	1,683	14,825
Accumulated depreciation and impairment losses							
At 1 April 2009	5,296	811	65	9	12	–	6,193
Depreciation charge for the year	1,607	89	17	–	10	–	1,723
Disposals/Write offs	(116)	–	(5)	(2)	–	–	(123)
At 31 March 2010	6,787	900	77	7	22	–	7,793
At 1 April 2010	6,787	900	77	7	22	–	7,793
Depreciation charge for the year	1,636	83	18	–	10	–	1,747
Disposals/Write offs	(123)	–	–	–	–	–	(123)
At 31 March 2011	8,300	983	95	7	32	–	9,417
Carrying amount							
At 1 April 2009	4,701	445	25	7	89	851	6,118
At 31 March 2010	3,931	370	52	–	79	1,154	5,586
At 1 April 2010	3,931	370	52	–	79	1,154	5,586
At 31 March 2011	3,316	306	34	–	69	1,683	5,408

5 Intangible Asset

	Goodwill	
	2011	2010
Group	$'000	$'000
Cost		
At 1 April and 31 March	63,373	63,373
Impairment losses		
At 1 April	28,085	21,441
Impairment loss	–	6,644
At 31 March	28,085	28,085
Carrying amount		
At 1 April	35,288	41,932
At 31 March	35,288	35,288

Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	2011	2010
	$'000	$'000
Bus operations	21,674	21,674
Taxi operations	13,614	13,614
	35,288	35,288

The recoverable amount of a business unit is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The key assumptions for the cash flow projections are stated below.

The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple. In this instance, the discounted terminal value is computed using Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") less replacement capital expenditure divided by the pre-tax Weighted Average Cost of Capital ("WACC") of the Group.

The key assumptions used for the analysis of each business unit are:

(a) The sizes of taxi and bus fleets approximate those existing at date of review.

(b) Fare adjustments are based on fare formula set by the Public Transport Council. Ridership projection is based on analysis of historical growth as well as consideration for anticipated economic and physical developments and changes that may affect the transport sector.

(c) Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.

(d) Diesel prices are based on average forecast prices from market sources.

(e) The discount rate used of 6.64% (2010: 6.86%) is based on the pre-tax WACC of the Group.

(f) Operating expenses are based on historical trends, taking into account expected inflation.

5 Intangible Asset (cont'd)

Management believes that any reasonable change to the key assumptions above on which the recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts.

6 Investments in Subsidiaries

	Company	
	2011	2010
	$'000	$'000
Unquoted equity shares, at cost	418,332	351,332
Impairment losses	(28,085)	(28,085)
	390,247	323,247

Details of the subsidiaries are as follows:

	Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group 2011 %	2010 %
[1]	SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
[1]	SMRT Light Rail Pte Ltd	Singapore	100	100
[1]	SMRT Engineering Pte Ltd, and its subsidiary:	Singapore	100	100
[2]	SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
[1]	SMRT International Pte Ltd	Singapore	100	100
[1]	SMRT Investments Pte Ltd	Singapore	100	100
[1]	SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
[1]	SMRT Buses Ltd.	Singapore	100	100
[1]	SMRT Taxis Pte Ltd	Singapore	100	100
[1]	SMRT Automotive Services Pte. Ltd.	Singapore	100	100
[1]	Bus-Plus Services Pte Ltd	Singapore	100	100
[1]	SMRT Capital Pte. Ltd.	Singapore	100	100
[1]	SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
[4]	SMRT Cayman I	Cayman Islands	100	100
[4]	SMRT Cayman II	Cayman Islands	100	100
[3]	SMRT Hong Kong Limited	Hong Kong	100	100
[1]	SMRT Institute Pte Ltd	Singapore	100	100

[1] *Audited by PricewaterhouseCoopers LLP, Singapore*
[2] *Audited by PricewaterhouseCoopers United Arab Emirates*
[3] *Audited by PricewaterhouseCoopers Hong Kong*
[4] *Not required to be audited in its country of incorporation*

7 Interests in Associates

	Group 2011 $'000	Group 2010 $'000
Interests in associates	63,757	68,077
Transferred to asset classified as held for sale	–	(1,732)
	63,757	66,345

In 2010, the Group acquired an equity interest in Shenzhen Zona Transportation Group Co., Ltd. The carrying value of this investment at year end includes goodwill on acquisition of $17,294,000.

Details of the associates are as follows:

Name of associates	Place of incorporation and business	Effective equity interest held by the Group 2011 %	Effective equity interest held by the Group 2010 %
Held by SMRT Hong Kong Limited			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49
Held by SMRT Trains Ltd.			
Transit Link Pte Ltd [1]	Singapore	–	50

[1] The Group's investment in Transit Link Pte Ltd, was reclassified as an asset held for sale as at 31 March 2010, following an arrangement with LTA to divest the Group's interest in this investment. The sale was completed in 2011.

Summarised financial information of Shenzhen Zona Transportation Group Co., Ltd. is as follows:

	2011 $'000	2010 $'000
Assets and liabilities		
Total assets	215,948	230,104
Total liabilities	120,249	131,408
Results		
Revenue	54,769	25,769
Profit after taxation	3,015	1,226

The summarised financial information relating to the associate disclosed above is not adjusted for the percentage of ownership held by the Group.

8 Other Investments

	Group	
	2011	2010
	$'000	$'000
Non-current		
Available-for-sale quoted equity security	5,154	5,630
Held-to-maturity debt securities	5,000	7,616
	10,154	13,246
Current		
Held-to-maturity debt securities	3,570	–
Total	13,724	13,246

Held-to-maturity debt securities bear interest at rates ranging from 1.12% to 2.81% (2010: 1.43% to 2.81%) per annum and will mature in 0.7 year to 3.9 years (2010: 1.7 years to 4.9 years).

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. Debt securities are neither past due nor impaired.

9 Inventories

	Group	
	2011	2010
	$'000	$'000
Spare parts, diesel, tyres and consumable stores	68,322	62,549
Allowance for obsolete inventories	(14,725)	(12,869)
	53,597	49,680

10 Trade and Other Receivables

		Group		Company	
		2011	2010	2011	2010
	Note	$'000	$'000	$'000	$'000
Trade receivables	10(a)	36,527	23,766	–	–
Other receivables, deposits and prepayments	10(b)	28,081	23,453	1,619	1,010
Amounts due from subsidiaries	10(c)	–	–	163,350	195,555
Amounts due from an associate (trade)		–	7,029	–	–
		64,608	54,248	164,969	196,565

Outstanding balances with an associate are unsecured, interest-free and repayable on demand.

10(a) Trade Receivables

	Group	
	2011	2010
	$'000	$'000
Trade receivables	40,496	29,911
Allowance for doubtful receivables	(3,969)	(6,145)
	36,527	23,766

Trade receivables of the Group include $7,931,000 (2010: $2,186,000) due from related corporations and there is no allowance for doubtful debts arising from the outstanding balances.

10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deposits	966	1,278	145	326
Prepayments	8,217	5,651	133	200
Staff loans and advances	803	1,220	112	187
Interest receivable	368	273	–	–
Recoverable in respect of accident claims	7,051	9,542	–	–
Advances to suppliers	1,239	850	9	–
Other receivables	9,437	4,639	1,220	297
	28,081	23,453	1,619	1,010

10(c) Amounts Due from Subsidiaries

	Company	
	2011	2010
	$'000	$'000
Current account (trade)	7,647	13,204
Interest-bearing loans	155,703	182,351
	163,350	195,555

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.18% (2010: 0.16%) per annum and are repayable on demand.

The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

11 Share Capital

Company	2011 No. of shares '000	2011 $'000	2010 No. of shares '000	2010 $'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,517,354	163,078	1,516,195	161,774
Issue of shares under SMRT ESOP	459	341	292	213
Issue of performance shares under SMRT RSP & SMRT PSP	1,007	1,392	867	1,091
At 31 March	1,518,820	164,811	1,517,354	163,078

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Pursuant to the SMRT ESOP, 259,000, 96,000 and 104,300 (2010: 148,000, 73,700 and 69,650) new fully-paid ordinary shares were issued during the year for cash at $0.816, $0.676 and $0.623 per share respectively by the Company.

Capital management

The Company's primary objectives in capital management are to provide adequate returns to shareholders and to manage the capital base so as to sustain future development of the business.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital management.

12 Reserves

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Fair value reserve	1,444	1,917	–	–
Hedge reserve	(659)	(848)	–	–
Share-based payment reserve	2,922	2,674	2,922	2,674
Foreign currency translation reserve	(4,399)	297	–	–
	(692)	4,040	2,922	2,674

12 Reserves (cont'd)

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

13 Equity Compensation Benefits

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRT ESOP comprises two distinct schemes:

(i) Management Scheme – Scheme designed for management staff in the positions of Deputy Director and above of the Group.

(ii) Employee Scheme – Scheme designed for all other employees of the Group.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2004.

The SMRT ESOP, SMRT RSP and SMRT PSP are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mdm Halimah Yacob, Mr Tan Ek Kia and Mr Yeo Wee Kiong.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP as it thinks fit.

The salient features of the SMRT ESOP, SMRT RSP and SMRT PSP are as follows:

SMRT ESOP

(i) Eligible participants

At the absolute discretion of the Committee, all confirmed employees of the Group (including any director of the Group who performs an executive function) who are not less than 21 years old and have been in the service of the Group for at least one year prior to the date of which an option is granted ("Grant Date") are eligible to participate in the SMRT ESOP.

13 Equity Compensation Benefits (cont'd)

SMRT ESOP (cont'd)

(ii) Maximum allowable allotment

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed fifteen percent of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares to be offered to a participant shall be determined by the Committee at its absolute discretion after taking into account the length of service and performance of the participant and such other general criteria as the Committee may consider appropriate.

(iii) Subscription price

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the Grant Date.

(iv) Option period

The options granted under the Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year) and may be exercised during the period commencing after the vesting date but before the tenth anniversary of the Grant Date.

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

At the end of the financial year, details of the options granted under the SMRT ESOP on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per option	Options outstanding and exercisable at 1 April 2010	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2011	Proceeds on exercise of options during the year credited to share capital $'000	Weighted average share price at exercise date of options	Exercise period
16/7/2001	$0.816	1,025,000	(259,000)	(5,000)	761,000	211	$2.112	16/7/2002 to 15/7/2011
22/7/2002	$0.676	529,200	(96,000)	(5,000)	428,200	65	$2.129	22/7/2003 to 21/7/2012
22/7/2003	$0.623	582,800	(104,300)	(5,000)	473,500	65	$2.135	22/7/2004 to 21/7/2013
		2,137,000	(459,300)	(15,000)	1,662,700	341		

13 Equity Compensation Benefits (cont'd)

SMRT ESOP (cont'd)

No option has been granted during the year.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a modified Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on the historic volatility, calculated based on monthly share prices over three years prior to date of grant of options.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the fair value measurement of the services received.

SMRT RSP and SMRT PSP (collectively "the Plans")

The SMRT RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.

The SMRT PSP is targeted at senior management in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

(i) Eligible participants

- Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
- Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

(ii) Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to award performance-based restricted awards to ensure that the earnings of shares under the SMRT RSP is aligned with pay-for-performance principle.

Awards granted under the SMRT PSP are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

13 Equity Compensation Benefits (cont'd)

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

(ii) Awards (cont'd)

An individual employee who is a key management staff may be granted an award under the SMRT PSP, as well as the SMRT RSP although differing performance targets are likely to be set for each award.

Non-executive directors of the Group, the holding company and associated companies will not be eligible to participate in the Plans.

(iii) Size and duration

The total number of new shares which may be issued pursuant to awards granted under the Plans, when added to the number of options granted under SMRT ESOP shall not exceed fifteen percent of the issued share capital of the Company on the day preceding the relevant date of award.

The number of existing shares purchased from the market which may be delivered pursuant to awards under the Plans, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to any limit as such methods will not involve the issuance of any new shares.

The Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 15 July 2004, provided always that the Plans may continue beyond the 10-year period with the approval of the shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Plans, any awards made to employees prior to such expiry or termination will continue to remain valid.

(iv) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

13 Equity Compensation Benefits (cont'd)

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

During the financial year, the conditional shares awarded under the SMRT PSP and RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	23 August 2010	23 August 2010
Performance period	1 April 2010 to 31 March 2013	1 April 2010 to 31 March 2012
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% – 125% depending on the achievement of pre-set performance targets over the performance period.	0% – 121% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

	2011		2010	
	SMRT PSP	SMRT RSP	SMRT PSP	SMRT RSP
Historical volatility				
SMRT	22.22%	22.22%	27.90%	27.90%
Straits Times Index	32.45%		32.39%	
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant	0.57%	0.50% – 0.67%	0.65%	0.53% – 1.04%
Term	2.8 years	1.8 to 3.8 years	2.8 years	1.8 to 3.8 years
SMRT expected dividend yield	--- Management's forecast ----		---- Management's forecast ----	
Share price at grant date	$2.03	$2.03	$1.69	$1.69

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

13 Equity Compensation Benefits (cont'd)

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

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2010	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2011
12 November 2007						
– For senior management	98,000	–	–	(122,600)	24,600	–
– For executive director (Saw Phaik Hwa)	85,000	–	–	(106,300)	21,300	–
9 February 2009						
– For senior management	135,500	–	(21,000)	–	–	114,500
– For executive director (Saw Phaik Hwa)	85,000	–	–	–	–	85,000
28 August 2009						
– For senior management	158,000	–	(24,000)	–	–	134,000
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
23 August 2010						
– For senior management	–	156,000	–	–	–	156,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	661,500	256,000	(45,000)	(228,900)	45,900	689,500

The estimated fair value at date of grant for each share granted on 23 August 2010 pursuant to SMRT PSP was $1.286.

13 Equity Compensation Benefits (cont'd)

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

SMRT RSP

Grant date	Balance as at 1 April 2010	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2011
19 March 2007						
– For senior management	183,900	–	(5,600)	(178,300)	–	–
– For executive director (Saw Phaik Hwa)	40,000	–	–	(40,000)	–	–
12 November 2007						
– For senior management	456,300	–	(31,700)	(233,800)	–	190,800
– For executive director (Saw Phaik Hwa)	68,000	–	–	(34,000)	–	34,000
9 February 2009						
– For senior management	690,400	–	(96,700)	(260,800)	59,000	391,900
– For executive director (Saw Phaik Hwa)	85,000	–	–	(31,200)	8,500	62,300
28 August 2009						
– For senior management	960,000	–	(190,500)	–	–	769,500
– For executive director (Saw Phaik Hwa)	100,000	–	–	–	–	100,000
23 August 2010						
– For senior management	–	1,006,000	(72,000)	–	–	934,000
– For executive director (Saw Phaik Hwa)	–	100,000	–	–	–	100,000
Total	2,583,600	1,106,000	(396,500)	(778,100)	67,500	2,582,500

The estimated fair values at grant date for each share granted on 23 August 2010 pursuant to SMRT RSP range from $1.437 to $1.570.

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2011 were 689,500 and 2,582,500 (2010: 661,500 and 2,583,600) for SMRT PSP and SMRT RSP respectively. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 861,900 and 2,982,300 (2010: 826,900 and 2,969,000) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

13 Equity Compensation Benefits (cont'd)

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company 2011 $'000	Group and Company 2010 $'000
Expenses		
(i) Performance share plan under SMRT PSP	268	283
(ii) Performance-based restricted shares under SMRT RSP	1,372	1,333
	1,640	1,616

14 Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current liabilities				
Unsecured quoted fixed rate notes	150,000	250,000	–	100,000
Current liabilities				
Unsecured quoted fixed rate notes	100,000	–	100,000	–
Total	250,000	250,000	100,000	100,000

Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Carrying amount 2011 $'000	Carrying amount 2010 $'000
Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000
Unsecured quoted fixed rate notes	2.42%	2014	150,000	150,000
			250,000	250,000
Company				
Unsecured quoted fixed rate notes	3.27%	2011	100,000	100,000

The Group has established the following Medium Term Note ("MTN") Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

(a) On 13 January 2005, the Company put in place a S$500 Million Multi-Currency MTN Programme

(b) On 15 September 2009, a subsidiary put in place a S$1 Billion Multi-Currency Guaranteed MTN Programme

14 Interest-Bearing Borrowings (cont'd)

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

Details of notes outstanding at the balance sheet date are as follows:

(i) S$100 million 5-year unsecured fixed rate notes issued by the Company on 14 December 2006 is due in 2011. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

(ii) S$150 million 5-year unsecured guaranteed fixed rate notes issued by a subsidiary on 7 October 2009 is due in 2014. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

The Company has extended guarantee to the holders of the notes in respect of the subsidiary's S$1 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantee amounted to $164,530,000 (2010: $168,160,000). The period in which the financial guarantee expires is as follows:

	Company	
	2011	2010
	$'000	$'000
Less than 1 year	3,630	3,630
Between 1 and 5 years	160,900	164,530
	164,530	168,160

15 Provisions

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Liability for defined benefit plan	3,312	3,351	30	37
Liability for short-term accumulating compensated absences	1,434	1,291	255	200
Provision for accident claims	26,949	24,578	–	–
	31,695	29,220	285	237
Current	28,417	25,889	255	200
Non-current	3,278	3,331	30	37
	31,695	29,220	285	237

15 Provisions (cont'd)

(a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

(i) Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.

(ii) Certain other employees who are eligible for the scheme, subject to having completed at least five years of service prior to their retirement, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to sixty-two years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

Movements in the net liability recognised in the balance sheet

		Group		Company	
		2011	2010	2011	2010
	Note	$'000	$'000	$'000	$'000
At 1 April		3,351	3,571	37	35
Expense recognised/(reversed) during the year	21(b)	52	(148)	(7)	2
Payments made		(91)	(72)	–	–
At 31 March		3,312	3,351	30	37

Recognised in the income statement

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current service costs	352	213	2	2
Interest on obligations	98	61	1	1
Actuarial gain	(398)	(422)	(10)	(1)
	52	(148)	(7)	2

Principal actuarial assumptions

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan 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.

15 Provisions (cont'd)

(b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

Movements in the net liability recognised in the balance sheet

		Group		Company	
		2011	2010	2011	2010
	Note	$'000	$'000	$'000	$'000
At 1 April		1,291	1,248	200	205
Provisions made during the year	21(b)	231	45	55	(5)
Provision used		(79)	–	–	–
Translation difference on consolidation		(9)	(2)	–	–
At 31 March		1,434	1,291	255	200

(c) Provision for accident claims

Provisions relate to provisions for accidents claims and are accounted for in accordance with the accounting policy set out in note 3.16. The Group expects to incur the liability over the next 12 months.

Movements in the net liability recognised in the balance sheet

	Group	
	2011	2010
	$'000	$'000
At 1 April	24,578	20,226
Provisions made during the year	23,015	15,043
Provisions reversed during the year	(1,311)	(301)
Provisions used during the year	(19,333)	(10,390)
At 31 March	26,949	24,578

16 Deferred Tax

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

Group	At 1/4/2009 $'000	Recognised in income statement (note 22) $'000	Recognised in other comprehensive income (note 22) $'000	At 31/3/2010 $'000	Recognised in income statement (note 22) $'000	Recognised in other comprehensive income (note 22) $'000	At 31/3/2011 $'000
Excess of net book value over tax written down value of property, plant and equipment	141,447	379	–	141,826	(12,596)	–	129,230
Unutilised tax losses	–	–	–	–	(90)	–	(90)
Other temporary differences	(9,143)	(1,167)	(174)	(10,484)	(452)	38	(10,898)
Total	132,304	(788)	(174)	131,342	(13,138)	38	118,242
Company							
Excess of net book value over tax written down value of property, plant and equipment	914	(3)	–	911	(142)	–	769
Other temporary differences	(41)	1	–	(40)	(8)	–	(48)
Total	873	(2)	–	871	(150)	–	721

17 Fuel Equalisation Account ("FEA")

	Group 2011 $'000	Group 2010 $'000
At 1 April	20,312	19,112
Contribution during the year	–	1,200
At 31 March	20,312	20,312

The FEA is accounted for in accordance with the policy set out in note 3.18.

18 Deferred Grants

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Grants received		480,500	480,098	98	98
Accumulated amortisation:					
At 1 April		(389,644)	(371,859)	(1)	–
Amortisation during the year		(15,979)	(17,691)	(20)	(1)
Released on assets disposed/written-off	21(a)	(53)	(94)	–	–
At 31 March		(405,676)	(389,644)	(21)	(1)
		74,824	90,454	77	97

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

19 Trade and Other Payables

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade payables and accrued operating expenses	19(a)	140,685	126,373	15,267	14,935
Other payables and refundable deposits	19(b)	128,327	129,722	3,963	3,085
Amounts due to subsidiaries	19(c)	–	–	736	433
Amounts due to an associate (trade)		–	5,045	–	–
		269,012	261,140	19,966	18,453

Outstanding balances with subsidiaries and associate are unsecured, interest-free and repayable on demand.

19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include $10,071,000 (2010: $622,000) due to related corporations.

Trade payables and accrued operating expenses of the Company include $21,000 (2010: $34,000) due to related corporations.

19(b) Other Payables and Refundable Deposits

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Unearned revenue	2,165	1,414	–	–
Rental deposits	23,786	18,605	–	–
Other deposits	5,148	5,065	93	91
Interest payable	2,708	2,708	967	967
Purchase of property, plant and equipment	84,462	91,507	1,392	976
Retention monies	5,223	4,915	–	–
Other payables	4,835	5,508	1,511	1,051
	128,327	129,722	3,963	3,085

19(c) Amounts Due to Subsidiaries

	Company	
	2011	2010
	$'000	$'000
Current account (non-trade)	736	433

The balances are unsecured, interest-free and are repayable on demand.

20 Revenue

	Group	
	2011	2010
	$'000	$'000
Passenger revenue	749,559	689,158
Taxis rental	74,066	70,998
Rental revenue	73,550	65,006
Advertising revenue	25,395	22,549
Sales of goods	18,571	17,038
Engineering and others	28,551	30,304
	969,692	895,053

21 Profit before Income Tax

The following items have been included in arriving at profit before income tax:

		Note	Group 2011 $'000	Group 2010 $'000
(a)	**Other operating income**			
	Unutilised tickets and farecards		8,618	9,410
	Maintenance income		4,782	18,160
	Grant released upon disposal/write-off of property, plant and equipment	18	53	94
	Foreign exchange gain		897	–
	Net gain in fair value of financial derivative at fair value through profit or loss		–	1,802
	Others		5,804	13,734
			20,154	43,200
(b)	**Staff and related costs**			
	Wages and salaries		268,393	268,348
	Contribution to defined contribution plans		30,777	29,227
	Job credits granted by the Singapore government		(1,150)	(15,733)
	Increase/(Decrease) in liability for defined benefit plan	15(a)	52	(148)
	Increase in liability for short-term accumulating compensated absences	15(b)	231	45
	Value of employee services received for share-based payment		1,640	1,616
	Gratuity/Severance		44	30
	Other staff-related expenses and benefits-in-kind		13,606	11,444
			313,593	294,829

Included in staff and related costs is compensation to key management personnel of the Group as follows:

	Group 2011 $'000	Group 2010 $'000
Directors of the Company:		
– fees	727	593
– remuneration	1,848	1,669
Senior management personnel of the Group:		
– short-term employee benefits	5,552	5,412
– post-employment benefits	106	112
– share-based payments	538	751
	8,771	8,537

21 Profit before Income Tax (cont'd)

		Group	
		2011 $'000	2010 $'000
(c)	**Other operating expenses**		
	Audit fees paid to:		
	– auditors of the Company	246	274
	– other auditors	27	13
	Non-audit fees paid to:		
	– auditors of the Company	101	208
	– other auditors	81	94
	Cost of inventories sold	16,913	13,590
	Foreign exchange loss	–	2,138
	Loss on disposal of property, plant and equipment	478	1,013
	Licence fees paid to LTA	5,461	5,120
	Net loss in fair value of financial derivative at fair value through profit or loss	–	187
	Operating lease expenses	4,877	3,860
	Property, plant and equipment written off	1,834	285
(d)	**Finance costs**		
	Net change in fair value of cash flow hedge transferred to the income statement	227	114
	Interest paid and payable on:		
	– quoted floating rate notes	–	451
	– quoted fixed rate notes	6,900	7,334
		7,127	7,899
(e)	**Interest and investment income**		
	Dividends received from available-for-sale equity security	141	85
	Interest income from:		
	– bank deposits and balances	1,468	1,102
	– available-for-sale debt securities	–	18
	– held-to-maturity debt securities	189	362
	– others	–	1
	Gain on disposal of available-for-sale equity securities	6	97
		1,804	1,665

22 Income Tax Expense

	Group 2011 $'000	Group 2010 $'000
Current tax expense		
Current year	45,025	29,736
Overprovision in respect of prior years	(1,237)	(106)
	43,788	29,630
Deferred tax expense		
Movements in temporary differences	(15,234)	(680)
Tax losses recognised	(257)	–
Under/(Over) provision in respect of prior years	2,353	(108)
	(13,138)	(788)
Income tax expense	30,650	28,842

Reconciliation of effective tax rate

	Group 2011 $'000	Group 2010 $'000
Profit before income tax	191,741	191,727
Less: Share of result of associates (net of tax)	(1,477)	(752)
	190,264	190,975
Tax calculated using Singapore tax rate of 17% (2010: 17%)	32,345	32,466
Expenses not deductible for tax purposes	2,546	3,437
Income not subject to tax	(3,868)	(6,067)
Under/(Over)provision in respect of prior years	1,116	(214)
Utilisation of previously unrecognised deferred tax assets	(257)	(150)
Tax incentives	(1,247)	(427)
Others	15	(203)
	30,650	28,842

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	2011			2010		
Group	Before Tax $'000	Tax (charge) / credit $'000	After Tax $'000	Before Tax $'000	Tax (charge) / credit $'000	After Tax $'000
Currency translation differences arising from foreign operations	(4,696)	–	(4,696)	147	–	147
Fair value adjustments on available-for-sale financial assets	(473)	–	(473)	1,452	–	1,452
Fair value adjustments on cash flow hedge	227	(38)	189	(1,022)	174	(848)
Other comprehensive income	(4,942)	(38)	(4,980)	577	174	751

22 Income Tax Expense (cont'd)

Deferred tax assets have not been recognised for the following temporary differences:

	Group 2011 $'000	Group 2010 $'000
Shortfall of tax written down value over net book value of property, plant and equipment	(291)	(465)
Deductible temporary differences	2,253	1,739
Unutilised tax losses	1,457	3,502
	3,419	4,776

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

23 Earnings Per Share

Basic earnings per share is based on:

	Group 2011 $'000	Group 2010 $'000
Net profit attributable to ordinary shareholders	161,091	162,885

	Group 2011 No. of shares '000	Group 2010 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,517,354	1,516,195
– shares issued under share option scheme	326	194
– shares issued under share plan	610	513
Weighted average number of ordinary shares in issue	1,518,290	1,516,902

Diluted earnings per share is based on:

	Group 2011 $'000	Group 2010 $'000
Net profit attributable to ordinary shareholders	161,091	162,885

23 Earnings Per Share (cont'd)

The effect of the exercise of share options and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2011	2010
	No. of shares	No. of shares
	'000	'000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,518,290	1,516,902
– unissued shares under SMRT ESOP	1,662	2,137
– contingently issuable shares under SMRT PSP and RSP	2,763	2,707
Number of shares that would have been issued at fair value	(579)	(892)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,522,136	1,520,854

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

24 Operating Segments

The Group has seven reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail operations	:	Provision of MRT and LRT services
Bus operations	:	Provision of bus services and charter hire services
Taxi operations	:	Rental of taxis and provision of taxi services
Rental	:	Leasing of commercial space and kiosks
Advertising	:	Leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis
Engineering and other services	:	Provision of consultancy, project management services, leasing of fibre optic cables, repair and maintenance services and sales of diesel to taxi hirers
Investment holding and support services	:	Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24 Operating Segments (cont'd)

	MRT $'000 (Rail)	LRT $'000 (Rail)	Bus operations $'000	Taxi operations $'000
(a) Revenue and expenses				
2011				
Revenue				
– external customers	527,106	9,428	213,073	74,066
– inter-segment	–	–	264	–
Operating expenses (net of other income)	(350,202)	(9,744)	(196,063)	(54,759)
Depreciation and amortisation	(63,416)	(45)	(20,374)	(21,920)
Segment operating results	113,488	(361)	(3,100)	(2,613)
Finance costs				
Interest income				
Investment income				
Share of results of associates				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				
2010				
Revenue				
– external customers	480,743	8,746	199,669	70,998
– inter-segment	–	–	423	27
Operating expenses (net of other income)	(286,776)	(9,079)	(183,036)	(48,353)
Depreciation and amortisation	(64,238)	(25)	(18,996)	(20,885)
Segment operating results	129,729	(358)	(1,940)	1,787
Impairment of goodwill *				
Finance costs				
Interest income				
Investment income				
Share of results of associates				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				

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

Rental $'000	Advertising $'000	Engineering and other services $'000	Investment holding and support services $'000	Subtotal $'000 (Reconciliation)	Elimination $'000 (Reconciliation)	Total $'000 (Reconciliation)
73,550	25,395	46,868	206	969,692	–	969,692
–	459	51,766	43,123	95,612	(95,612)	–
(8,358)	(7,615)	(83,745)	(39,951)	(750,437)	95,612	(654,825)
(8,203)	(1,025)	(829)	(1,736)	(117,548)	(1,732)	(119,280)
56,989	17,214	14,060	1,642	197,319	(1,732)	195,587
						(7,127)
						1,657
						147
						1,477
						(30,650)
						161,091
65,006	22,549	47,330	12	895,053	–	895,053
–	336	53,303	45,910	99,999	(99,999)	–
(7,063)	(6,948)	(90,038)	(42,828)	(674,121)	99,999	(574,122)
(7,100)	(915)	(692)	(1,727)	(114,578)	(2,500)	(117,078)
50,843	15,022	9,903	1,367	206,353	(2,500)	203,853
						(6,644)
						(7,899)
						1,483
						182
						752
						(28,842)
						162,885

24 Operating Segments (cont'd)

	Rail MRT $'000	Rail LRT $'000	Bus operations $'000	Taxi operations $'000
(b) Assets and liabilities				
2011				
Operating assets	873,560	3,690	146,959	123,813
Assets under construction	41,132	202	4,244	8,097
Segment assets	914,692	3,892	151,203	131,910
Intangible asset				
Interest in associate				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	503,519	19,170	91,844	119,148
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
2010				
Operating assets	923,527	4,105	157,638	139,413
Assets under construction	31,588	75	2,082	6,224
Segment assets	955,115	4,180	159,720	145,637
Intangible asset				
Interest in associate				
Asset classified as held for sale				
Investments and cash equivalents				
Tax recoverable				
Total assets				
Segment liabilities	530,337	18,799	98,046	127,704
Current tax payable				
Interest-bearing borrowings				
Deferred tax liabilities				
Total liabilities				
(c) Other segment information				
2011				
Capital expenditure	40,819	323	8,994	22,835
Non-cash expenses other than depreciation, impairment losses and amortisation	2,207	695	3,147	16,502
2010				
Capital expenditure	28,219	168	31,944	13,733
Non-cash expenses other than depreciation, impairment losses and amortisation	1,577	693	4,229	10,484

Rental $'000	Advertising $'000	Engineering and other services $'000	Investment holding and support services $'000	<----Reconciliation---- Subtotal $'000	Elimination $'000	----> Total $'000
164,037	32,131	41,344	256,173	1,641,707	(616,207)	1,025,500
33,865	1,632	212	1,774	91,158	–	91,158
197,902	33,763	41,556	257,947	1,732,865	(616,207)	1,116,658
						35,288
						63,757
						389,942
						968
						1,606,613
25,578	4,312	21,473	178,871	963,915	(568,072)	395,843
						43,432
						250,000
						118,242
						807,517
144,020	23,218	36,153	273,944	1,702,018	(650,459)	1,051,559
47,092	182	499	1,228	88,970	–	88,970
191,112	23,400	36,652	275,172	1,790,988	(650,459)	1,140,529
						35,288
						66,345
						1,732
						339,257
						17
						1,583,168
20,466	2,583	26,196	87,754	911,885	(510,759)	401,126
						30,684
						250,000
						131,342
						813,152
14,566	10,705	978	1,622	100,842	–	100,842
27	26	(2,589)	1,694	21,709	(91)	21,618
38,332	767	379	1,292	114,834	–	114,834
53	22	3,489	883	21,430	–	21,430

24 Operating Segments (cont'd)

Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore $'000	Others $'000	Consolidated Total $'000
2011			
Revenue	966,338	3,354	969,692
Non-current assets *	1,033,741	63,757	1,097,498
2010			
Revenue	877,205	17,848	895,053
Non-current assets *	1,071,889	66,345	1,138,234

* *Excludes other investments*

25 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	Group	
	2011 $'000	2010 $'000
Related corporations		
Maintenance income received/receivable	565	627
Charter hire income received/receivable	68	580
Service income received/receivable	1,349	1,570
Sales of other goods and services	5,736	2,355
Purchases of goods and services	62,071	44,815
Associate		
Maintenance income received/receivable	–	9,529
Purchases of goods and services	–	17,149

26 Commitments

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

	Group 2011 $'000	Group 2010 $'000
(a) Capital expenditure commitments:		
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	190,106	115,847
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	729,669	68,914

(b) Non-cancellable operating leases payable:

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Within 1 year	3,981	4,244	2,475	2,582
After 1 year but within 5 years	4,495	8,018	2,297	4,506
	8,476	12,262	4,772	7,088

The Group leases depot spaces and office facilities under operating leases. The leases typically run for periods of 3 years to 30 years. None of the leases include contingent rentals.

(c) Non-cancellable operating lease rental receivable:

	Group 2011 $'000	Group 2010 $'000
Within 1 year	61,551	59,419
After 1 year but within 5 years	65,841	44,904
After 5 years	256	693
	127,648	105,016

27 Financial Risk Management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly against best practices in the market and to reflect changes in the Group's risk management requirement.

The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Other investments, cash and cash equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2011, only 2.2% (2010: 2.1%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

Receivables

The exposure to credit risk for trade receivables (net of impairment), including amount due from an associate, at reporting date by business segment is as follows:

	Group	
	2011	2010
	$'000	$'000
Taxi operations	5,868	1,952
Bus operations	4,827	4,990
Rail operations	7,625	5,782
Advertising business	4,350	3,875
Rental of premises	2,318	1,860
Others	11,539	12,336
	36,527	30,795

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

Receivables (cont'd)

The Group has a large and diversified customer base. As at 31 March 2011, there was no significant concentration of credit risk relating to trade receivables apart from:

(i) $7,324,000 (2010: $7,029,000) that is due from Transit Link Pte Ltd, which is a subsidiary of Land Transport Authority; and
(ii) $3,614,000 (2010: $7,479,000) that is due from a Dubai customer.

The recoverable in respect of accident claims (Note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

Impairment losses for receivables

Included in trade and other receivables are trade debtors, including amount due from an associate, with the following aging analysis as of the balance sheet date:

Group	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Not past due	17,003	–	19,691	1,221
Past due 1 – 30 days	5,931	157	5,742	549
Past due 31 – 120 days	6,954	256	7,321	1,479
Past due more than 120 days	10,608	3,556	4,186	2,896
	40,496	3,969	36,940	6,145

The changes in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2011 $'000	2010 $'000
At 1 April	6,145	5,314
Impairment loss (reversed)/recognised	(1,779)	3,512
Write-off against debtors	(198)	(2,642)
Translation during the year	(199)	(39)
At 31 March	3,969	6,145

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

Impairment losses for receivables (cont'd)

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Company has no trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the year.

Financial guarantee

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantee is eliminated in preparing the consolidated financial statements.

27 Financial Risk Management (cont'd)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments.

		Cash flows		
Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Unsecured quoted fixed rate notes due 2014	150,000	164,530	3,630	160,900
Trade and other payables *	264,139	264,139	264,139	–
	514,139	531,939	371,039	160,900
2010				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	106,540	3,270	103,270
Unsecured quoted fixed rate notes due 2014	150,000	168,160	3,630	164,530
Trade and other payables *	257,018	257,018	257,018	–
	507,018	531,718	263,918	267,800
Company				
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Amounts due to subsidiaries	736	736	736	–
Trade and other payables *	18,263	18,263	18,263	–
	118,999	122,269	122,269	–
2010				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	106,540	3,270	103,270
Amounts due to subsidiaries	433	433	433	–
Trade and other payables *	17,053	17,053	17,053	–
	117,486	124,026	20,756	103,270

* *Excludes unearned revenue and interest payable*

Information relating to financial guarantee issued by the Company is set out in note 14.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

27 Financial Risk Management (cont'd)

Foreign currency risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2011, the currencies giving rise to this risk were primarily the United States dollar (USD), EURO and British Pound (GBP).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no outstanding forward exchange contracts as at 31 March 2011 and 31 March 2010.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

	2011			2010			
	USD	EURO	GBP	USD	EURO	GBP	SGD
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	–	–	–	283	–	–	–
Cash and cash equivalents	–	44	–	–	48	–	–
Trade and other payables	(6,385)	(2,625)	(1,338)	(4,881)	(1,821)	(1,511)	(6,731)
Total	(6,385)	(2,581)	(1,338)	(4,598)	(1,773)	(1,511)	(6,731)

The Company does not have any significant foreign currency exposure as at 31 March 2011 or as at 31 March 2010.

Sensitivity analysis

A 10% strengthening of the functional currency of each of the Group's entities against the following major currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2011	2010
	$'000	$'000
USD	639	460
EURO	258	177
GBP	134	151
SGD	–	673
Net Impact	1,031	1,461

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

27 Financial Risk Management (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

	Effective interest rate	
	2011	2010
Group	%	%
Financial assets		
Fixed deposits with banks and financial institutions	0.43	0.46
Held-to-maturity debt securities	2.19	2.34
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	3.27	3.27
Unsecured quoted fixed rate notes due 2014	2.57	2.57
Company		
Financial assets		
Amounts due from subsidiaries	0.18	0.16
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	3.27	3.27

Sensitivity analysis

At the reporting date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below.

	2011	2010
Group	$'000	$'000
Financial assets		
Fixed deposits with banks and financial institutions	350,424	308,932
Company		
Financial assets		
Amounts due from subsidiaries	155,703	182,351

27 Financial Risk Management (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis (cont'd)

For these variable-rate financial assets and liabilities, an increase in 100 basis points in interest rate at the reporting date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2011		
Variable rate instruments	3,504	1,557
2010		
Variable rate instruments	3,089	1,824

A 100 basis points decrease in interest rate at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Equity price risk

Sensitivity analysis

The Group has available-for-sale investment in equity securities and is exposed to price risk. The Group's quoted equity securities are listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity prices at the reporting date would increase/(decrease) fair value reserve by $515,000 (2010: $563,000).

The Company has no equity investments apart from its investments in subsidiaries.

Fair values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2011 are represented in the following table.

		2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair Value
Group	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Unsecured quoted fixed rate notes	14	250,000	256,917	250,000	255,576
Unrecognised loss			(6,917)		(5,576)
Company					
Financial liabilities					
Unsecured quoted fixed rate notes	14	100,000	101,955	100,000	103,634
Unrecognised loss			(1,955)		(3,634)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

27 Financial Risk Management (cont'd)

Fair values (cont'd)

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

– carried at fair values; or
– short-term in nature; or
– repriced frequently.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Available for sale quoted equity securities	5,154	–	–	5,154
2010				
Available for sale quoted equity securities	5,630	–	–	5,630

The Company did not have any financial instrument carried at fair value as at 31 March 2011 or as at 31 March 2010.

27 Financial Risk Management (cont'd)

Financial instruments by category

Group	Loans and receivables $'000	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised cost $'000	Total $'000
2011					
Other investments	–	8,570	5,154	–	13,724
Trade and other receivables *	55,152	–	–	–	55,152
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables ^	–	–	–	(266,847)	(266,847)
	55,152	8,570	5,154	(516,847)	(447,971)
2010					
Other investments	–	7,616	5,630	–	13,246
Trade and other receivables *	47,747	–	–	–	47,747
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables^	–	–	–	(259,726)	(259,726)
	47,747	7,616	5,630	(509,726)	(448,733)
Company					
2011					
Trade and other receivables *	164,827	–	–	–	164,827
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables^	–	–	–	(19,966)	(19,966)
	164,827	–	–	(119,966)	44,861
2010					
Trade and other receivables *	196,365	–	–	–	196,365
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables^	–	–	–	(18,453)	(18,453)
	196,365	–	–	(118,453)	77,912

* *Excludes prepayments and advances to suppliers*

^ *Excludes unearned revenue*

28 Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 6.75 cents (2010: 6.75 cents) per share, amounting to a net dividend of $102,520,363 (2010: $102,421,388). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2012.

29 New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted are:

- Amendments to FRS 24 – Related party disclosures
  (effective for annual periods beginning on or after 1 January 2011)

- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement
  (effective for annual periods commencing on or after 1 January 2011)

- INT FRS 119 – Extinguishing financial liabilities with equity instruments
  (effective for annual periods commencing on or after 1 July 2010)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption, except for the amendments to FRS 24 – Related party disclosures.

This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies the definition of a related party. However, the revised definition of a related party will mean that some entities may have more related parties and may be required to make additional disclosures. Management is in the process of assessing the impact of this amendment.

30 Accounting Estimates and Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements made in applying the Group and Company's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

The Group performs impairment reviews to ensure that the carrying value of goodwill does not exceed its recoverable amount from the cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations of the business unit. In arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

30 Accounting Estimates and Judgements (cont'd)

Provisions for accident claims

Claims for accidents involving the Group's vehicles are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. Past claims history and severity of the accident cases are used to estimate the amount which the Group will have to pay to third parties for such claims.

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. The insurance premium payable is based on agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year.

Impairment of non-financial assets

Property, plant and equipment, investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where there is objective evidence or indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows to be generated and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SMRT CORPORATION LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

The information in this Appendix III has been extracted and reproduced from the annual report of SMRT Corporation Ltd and its subsidiaries for the financial year ended 31 March 2012 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the annual report of SMRT Corporation Ltd for the financial year ended 31 March 2012.

Independent Auditor's Report

Year ended 31 March 2012

TO THE MEMBERS OF SMRT CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 119 to 188, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Year ended 31 March 2012

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012, and of the results, changes in equity and cash flows of the Group and the changes in equity for the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 30 April 2012

Balance Sheets
As at 31 March 2012

		Group		Company	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	1,346,497	998,453	9,139	5,408
Intangible asset	5	13,614	35,288	–	–
Investments in subsidiaries	6	–	–	368,573	390,247
Interest in associate	7	67,887	63,757	–	–
Other investments	8	14,632	10,154	–	–
		1,442,630	1,107,652	377,712	395,655
Current assets					
Inventories	9	53,680	53,597	–	–
Trade and other receivables	10	64,256	64,608	92,017	164,969
Other investments	8	–	3,570	–	–
Tax recoverable		36	968	–	790
Fixed deposits with banks and financial institutions		157,687	350,424	–	–
Cash at banks and in hand		37,643	25,794	6,416	2,217
		313,302	498,961	98,433	167,976
Total assets		1,755,932	1,606,613	476,145	563,631
Equity attributable to equity holders of SMRT					
Share capital	11	166,462	164,811	166,462	164,811
Reserves	12	(755)	(692)	2,316	2,922
Accumulated profits		625,706	634,977	291,488	274,849
Total equity		791,413	799,096	460,266	442,582
Non-current liabilities					
Interest-bearing borrowings	14	150,000	150,000	–	–
Provisions	15	2,977	3,278	–	30
Deferred tax liabilities	16	124,208	118,242	1,337	721
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	62,758	74,824	57	77
		360,255	366,656	1,394	828
Current liabilities					
Interest-bearing borrowings	14	–	100,000	–	100,000
Trade and other payables	19	546,156	269,012	14,218	19,966
Provisions	15	37,911	28,417	216	255
Current tax payable		20,197	43,432	51	–
		604,264	440,861	14,485	120,221
Total liabilities		964,519	807,517	15,879	121,049
Total equity and liabilities		1,755,932	1,606,613	476,145	563,631

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

Consolidated Income Statement
Year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Revenue	20	1,057,229	969,692
Other operating income	21(a)	22,023	20,154
Staff and related costs	21(b)	(340,141)	(313,593)
Depreciation of property, plant and equipment	4	(141,044)	(135,259)
Amortisation of asset-related grants	18	11,426	15,979
Repairs and maintenance costs		(84,788)	(77,978)
Electricity and diesel costs		(166,366)	(122,357)
Impairment of goodwill	5	(21,674)	–
Other operating expenses	21(c)	(188,001)	(161,051)
Finance costs	21(d)	(6,169)	(7,127)
Interest and investment income	21(e)	1,711	1,804
Share of results of associate (net of tax)		2,716	1,477
Profit before income tax	21	146,922	191,741
Income tax expense	22	(27,049)	(30,650)
Profit for the year attributable to equity holders of SMRT		119,873	161,091
Earnings per share (in cents)			
Basic	23	7.9	10.6
Diluted	23	7.9	10.6

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

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	2012 $'000	2011 $'000
Profit for the year	119,873	161,091
Other comprehensive income/(loss)		
Change in fair value of available-for-sale financial assets, net of tax	(876)	(469)
Fair value of available-for-sale financial assets realised & transferred to the income statement, net of tax	–	(4)
Effective portion of change in fair value of cash flow hedge, net of tax	830	–
Change in fair value of cash flow hedges transferred to the income statement, net of tax	(642)	189
Currency translation differences arising from consolidation	1,231	(4,696)
Other comprehensive income/(loss) for the year, net of tax	543	(4,980)
Total comprehensive income for the year	120,416	156,111

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2012

Group	Share capital $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Hedge reserve $'000	Share-based payment reserve $'000	Accumulated profits $'000	Total attributable to equity holders of SMRT $'000
At 1 April 2010	163,078	297	1,917	(848)	2,674	602,898	770,016
Profit for the year	–	–	–	–	–	161,091	161,091
Other comprehensive income/(loss)	–	(4,696)	(473)	189	–	–	(4,980)
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	341	–	–	–	–	–	341
Issue of performance shares	1,392	–	–	–	(1,392)	–	–
Value of employee services received for share-based payment	–	–	–	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	–	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	–	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	–	–	–	248	(129,012)	(127,031)
At 31 March 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096
At 1 April 2011	164,811	(4,399)	1,444	(659)	2,922	634,977	799,096
Profit for the year	–	–	–	–	–	119,873	119,873
Other comprehensive income/(loss)	–	1,231	(876)	188	–	–	543
Transactions with owners, recorded directly in equity:							
Issue of shares under SMRT ESOP	406	–	–	–	–	–	406
Issue of performance shares	1,245	–	–	–	(1,245)	–	–
Value of employee services received for share-based payment	–	–	–	–	639	–	639
Final dividend paid of 6.75 cents per share in respect of year 2011	–	–	–	–	–	(102,541)	(102,541)
Interim dividend paid of 1.75 cents per share in respect of year 2012	–	–	–	–	–	(26,603)	(26,603)
Total transactions with owners	1,651	–	–	–	(606)	(129,144)	(128,099)
At 31 March 2012	166,462	(3,168)	568	(471)	2,316	625,706	791,413

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

Statement of Changes in Equity

Year ended 31 March 2012

Company	Share capital $'000	Share-based payment reserve $'000	Accumulated profits $'000	Total equity $'000
At 1 April 2010	163,078	2,674	242,154	407,906
Profit for the year	–	–	161,707	161,707
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	341	–	–	341
Issue of performance shares	1,392	(1,392)	–	–
Value of employee services received for share-based payment	–	1,640	–	1,640
Final dividend paid of 6.75 cents per share in respect of year 2010	–	–	(102,436)	(102,436)
Interim dividend paid of 1.75 cents per share in respect of year 2011	–	–	(26,576)	(26,576)
Total transactions with owners	1,733	248	(129,012)	(127,031)
At 31 March 2011	164,811	2,922	274,849	442,582
At 1 April 2011	164,811	2,922	274,849	442,582
Profit for the year	–	–	145,783	145,783
Transactions with owners, recorded directly in equity:				
Issue of shares under SMRT ESOP	406	–	–	406
Issue of performance shares	1,245	(1,245)	–	–
Value of employee services received for share-based payment	–	639	–	639
Final dividend paid of 6.75 cents per share in respect of year 2011	–	–	(102,541)	(102,541)
Interim dividend paid of 1.75 cents per share in respect of year 2012	–	–	(26,603)	(26,603)
Total transactions with owners	1,651	(606)	(129,144)	(128,099)
At 31 March 2012	166,462	2,316	291,488	460,266

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

Consolidated Statement of Cash Flows
Year ended 31 March 2012

	2012 $'000	2011 $'000
Operating activities		
Profit before income tax	146,922	191,741
Adjustments for items not involving outlay of funds:		
Amortisation of asset-related grants	(11,426)	(15,979)
Depreciation of property, plant and equipment	141,044	135,259
Dividend income	(155)	(141)
Grant released upon disposal/write-off of property, plant and equipment	(723)	(53)
Impairment of goodwill	21,674	–
Interest expense	6,169	7,127
Interest income	(1,321)	(1,657)
Loss/(Gain) on disposal of:		
– property, plant and equipment	365	478
– other investments	(235)	(6)
Property, plant and equipment written off	3,869	1,834
Provisions made during the year	17,762	17,615
Share-based payment expenses	639	1,640
Share of results of associate	(2,716)	(1,477)
	321,868	336,381
Changes in working capital:		
Inventories	(83)	(3,917)
Trade and other receivables	10,033	(6,309)
Trade and other payables	575	(3,944)
Cash generated from operations	332,393	322,211
Income taxes paid, net	(43,425)	(31,991)
Interest paid	(6,900)	(6,900)
Cash flows from operating activities	282,068	283,320

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

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	2012 $'000	2011 $'000
Investing activities		
Dividends received	155	141
Interest received	1,567	1,657
Purchase of property, plant and equipment	(234,575)	(106,964)
Purchase of other investments	(7,238)	(3,123)
Proceeds from disposal of:		
– property, plant and equipment	311	183
– associate	–	1,732
– other investments	5,519	2,084
Cash flows from investing activities	(234,261)	(104,290)
Financing activities		
Grant received	83	402
Proceeds from issue of shares under share option plan	406	341
Repayment of financial liabilities	(100,000)	–
Dividends paid	(129,144)	(129,012)
Cash flows from financing activities	(228,655)	(128,269)
Net (decrease)/increase in cash and cash equivalents	(180,848)	50,761
Cash and cash equivalents at beginning of the year	376,218	326,011
Effect of exchange rate fluctuations on cash held	(40)	(554)
Cash and cash equivalents at end of the year	195,330	376,218
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	157,687	350,424
Cash at banks and in hand	37,643	25,794
	195,330	376,218

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2012.

1 Domicile and Activities

SMRT Corporation Ltd ("SMRT" or the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 251 North Bridge Road, Singapore 179102.

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

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

The principal activities of the Company are those relating to investment holding and provision of management services to Group companies. The subsidiaries are involved in seven key businesses as follows:

(i) Rail operations

Its principal activities are to provide transport-related businesses in Singapore. It operates the North-South-East-West and Circle lines of the Mass Rapid Transit System (the "MRT System") and the Bukit Panjang Light Rapid Transit System (the "LRT System").

(ii) Bus operations

Its principal activities are to provide bus services and charter hire services.

(iii) Taxi operations

Its principal activities are to provide rental of taxis, provision of taxi services and sale of diesel to taxi hirers.

(iv) Rental

Its principal activities are the leasing of commercial space and kiosks.

(v) Advertising

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

(vi) Engineering and other services

The business provides consultancy, project management services, leasing of fibre optic cables and repair & maintenance services.

(vii) Investment holding and support services

Its principal activities are the provision of management and other support services to Group companies and investment holding.

2 Licence and Operating Agreements

(a) SMRT Trains Ltd ("MRT")

A Licence and Operating Agreement ("the MRT LOA") with the Land Transport Authority ("LTA") under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence is for a period of 30 years from 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. MRT may request LTA to extend the licence for a further period of 30 years, whereupon LTA may, if it deems fit, renew the licence for a further 30 years or such other period and upon such terms and conditions as LTA may impose.

(ii) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.

(iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West lines of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System ("CCL System") in Singapore which came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence shall be for a term (the "Initial Licence Term") of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates, and 0.5% of the annual non-fare revenue net of goods and services tax from 4 May 2009 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter, the licence fee shall be the amount prescribed under the Rapid Transit System Act or its subsidiary legislation.

(ii) The licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subjected to any other terms and conditions as LTA may impose.

(iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.

2 Licence and Operating Agreements (cont'd)

(a) SMRT Trains Ltd ("MRT") (cont'd)

(iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of S$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which included the cost of any major overhaul of any equipment, machinery or any part of the CCL System comprising all assets and infrastructure required to operate the CCL System. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.

(v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.

(vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.

(vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT upon cancellation.

(b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement ("the LRT LOA") with LTA under which LRT is licensed to operate the Bukit Panjang Light Rapid Transit System ("the LRT System") in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

(i) The licence is for the period from 6 November 1999 to 31 March 2028, at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 1999 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. Thereafter the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. LRT may request LTA to extend the licence for a period of 30 years, whereupon LTA may, if it deems fit, renew the licence for a period of 30 years or such other period and upon such terms and conditions as LTA may impose.

2 Licence and Operating Agreements (cont'd)

(b) SMRT Light Rail Pte Ltd ("LRT") (cont'd)

(ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.

(iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of $3 million or 75% of the post tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.

(iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC Central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.

(v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.

(vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT upon cancellation.

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 30.

3.2 Changes in accounting policies

On 1 April 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

3.3 Basis of consolidation

Business combination

Business combinations are accounted for under the purchase method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the purchase consideration is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights.

3 Summary of Significant Accounting Policies (cont'd)

3.3 Basis of consolidation (cont'd)

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting policies of subsidiaries and associates

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

3.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3 Summary of Significant Accounting Policies (cont'd)

3.4 Foreign currencies (cont'd)

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) which is recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

3.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

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

Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

3 Summary of Significant Accounting Policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation

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

Leasehold land and properties	–	lease period ranging from 10 to 30 years
Furniture and fittings, office equipment and computers	–	3 to 10 years
Motor vehicles	–	5 years
Rolling stock	–	10 to 30 years
Power supply equipment	–	5 to 25 years
Signalling, communication and automatic fare collection systems	–	3 to 30 years
Buses	–	10 to 17 years
Taxis and vehicles for rental	–	6.67 to 7.67 years
Plant and machinery	–	3 to 12 years
Other operating equipment	–	3 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

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

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

3.6 Intangible assets

Goodwill in a business combination represents the excess of the purchase consideration over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and associates represents the excess of the purchase consideration over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill is measured at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates is presented together with investments in associates. Goodwill is tested for impairment on an annual basis in accordance with note 3.12. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provisional values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

3 Summary of Significant Accounting Policies (cont'd)

3.7 Non-derivative financial instruments

Available-for-sale financial assets

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Share Capital

Ordinary shares are classified as equity.

3 Summary of Significant Accounting Policies (cont'd)

3.8 Derivative financial instruments and hedging activities

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

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Separable embedded derivatives

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management's estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

3.12 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

3 Summary of Significant Accounting Policies (cont'd)

3.12 Impairment (cont'd)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

Calculation of recoverable amount

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

3.12 Impairment (cont'd)

Reversals of impairment

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.14 Liabilities and interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

3.15 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3 Summary of Significant Accounting Policies (cont'd)

3.16 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Provision for accident claims

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

3.17 Income tax

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

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

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Summary of Significant Accounting Policies (cont'd)

3.18 Fuel Equalisation Account ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The amount that can be released to the income statement is limited to half the available FEA balance.

The PTC may also direct such transfers that it considers necessary.

3.19 Grants

Asset-related grants

Assets-related grants received from the Land Transport Authority and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

Other grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised. The grants are presented in the income statement as a deduction against the related expenses.

3.20 Dividends

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

3.21 Revenue recognition

Passenger revenue

Passenger revenue from MRT and LRT systems and buses is recognised at the end of the ride.

Taxi rental and rental revenue

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

Advertising revenue

Advertising revenue is recognised on an accrual basis over the terms of the contract.

3 Summary of Significant Accounting Policies (cont'd)

3.21 Revenue recognition (cont'd)

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and other services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised on the percentage of completion method. The stage of completion is recognised upon completion of work done at designated phases of the contracts. Where appropriate, the percentage of completion is estimated by reference to the proportion of contract costs incurred to date to the estimated total contract costs for each project.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

3.22 Leases

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in the income statement when incurred.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in the income statement when earned.

3 Summary of Significant Accounting Policies (cont'd)

3.23 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.24 Interest and investment income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.26 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

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

3 Summary of Significant Accounting Policies (cont'd)

3.26 Employee benefits (cont'd)

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

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

Short-term accumulating compensated absences

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

Equity and equity related compensated benefits

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") allows the Group's employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

4 Property, Plant and Equipment

Group	Leasehold land and properties $'000	Furniture, fittings, office equipment and computers $'000	Motor vehicles $'000	Rolling stock $'000	Power supply equipment $'000
Cost					
At 1 April 2010	189,779	51,745	4,536	920,961	141,200
Additions	241	1,557	1,192	2,816	10
Disposals/Write-offs	–	(2,337)	(410)	–	(892)
Transfers/Reclassifications	27,971	12,637	–	2,094	474
At 31 March 2011	217,991	63,602	5,318	925,871	140,792
At 1 April 2011	217,991	63,602	5,318	925,871	140,792
Additions	160	6,187	851	295,703	90
Disposals/Write-offs	–	(492)	(123)	(6)	(568)
Transfers/Reclassifications	44,052	7,049	–	5,319	4,360
At 31 March 2012	262,203	76,346	6,046	1,226,887	144,674
Accumulated depreciation and impairment losses					
At 1 April 2010	34,548	32,480	2,838	583,721	96,280
Depreciation charge for the year	9,703	6,609	580	43,218	8,262
Disposals/Write-offs	–	(2,334)	(410)	–	(464)
At 31 March 2011	44,251	36,755	3,008	626,939	104,078
At 1 April 2011	44,251	36,755	3,008	626,939	104,078
Depreciation charge for the year	11,544	6,818	710	43,933	8,457
Disposals/Write-offs	–	(480)	(123)	(6)	(205)
At 31 March 2012	55,795	43,093	3,595	670,866	112,330
Carrying amount					
At 31 March 2011	173,740	26,847	2,310	298,932	36,714
At 31 March 2012	206,408	33,253	2,451	556,021	32,344

Signalling, communication and automatic fare collection systems $'000	Buses $'000	Taxis and vehicles for rental $'000	Plant and machinery $'000	Other operating equipment $'000	Assets under construction $'000	Total $'000
260,787	239,884	187,295	24,094	314,262	88,970	2,423,513
2,398	2,156	2,782	512	2,298	84,880	100,842
(1,671)	(352)	(6,047)	(2,201)	(877)	(43)	(14,830)
6,149	3,132	13,857	106	16,229	(82,649)	–
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
267,663	244,820	197,887	22,511	331,912	91,158	2,509,525
14,574	3,790	21,313	560	2,092	150,788	496,108
(805)	(3,663)	(14,874)	(193)	(5,339)	–	(26,063)
3,308	36,317	30,417	1,334	21,105	(153,261)	–
284,740	281,264	234,743	24,212	349,770	88,685	2,979,570
180,075	120,080	80,555	23,380	232,955	–	1,386,912
13,593	18,236	21,420	1,012	12,626	–	135,259
(1,598)	(348)	(3,011)	(2,083)	(851)	–	(11,099)
192,070	137,968	98,964	22,309	244,730	–	1,511,072
192,070	137,968	98,964	22,309	244,730	–	1,511,072
12,519	18,989	25,404	768	11,902	–	141,044
(805)	(3,443)	(10,252)	(193)	(3,536)	–	(19,043)
203,784	153,514	114,116	22,884	253,096	–	1,633,073
75,593	106,852	98,923	202	87,182	91,158	998,453
80,956	127,750	120,627	1,328	96,674	88,685	1,346,497

4 Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers $'000	Communication systems $'000	Motor vehicles $'000	Other operating equipment $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Cost							
At 1 April 2010	10,718	1,270	129	7	101	1,154	13,379
Additions	217	19	–	–	–	1,334	1,570
Disposals/Write-offs	(124)	–	–	–	–	–	(124)
Transfers/Reclassifications	805	–	–	–	–	(805)	–
At 31 March 2011	11,616	1,289	129	7	101	1,683	14,825
At 1 April 2011	11,616	1,289	129	7	101	1,683	14,825
Additions	4,850	32	–	–	–	576	5,458
Disposals/Write-offs	(65)	–	–	–	–	–	(65)
Transfers/Reclassifications	1,081	–	–	–	–	(1,081)	–
At 31 March 2012	17,482	1,321	129	7	101	1,178	20,218
Accumulated depreciation and impairment losses							
At 1 April 2010	6,787	900	77	7	22	–	7,793
Depreciation charge for the year	1,636	83	18	–	10	–	1,747
Disposals/Write-offs	(123)	–	–	–	–	–	(123)
At 31 March 2011	8,300	983	95	7	32	–	9,417
At 1 April 2011	8,300	983	95	7	32	–	9,417
Depreciation charge for the year	1,627	75	15	–	10	–	1,727
Disposals/Write-offs	(65)	–	–	–	–	–	(65)
At 31 March 2012	9,862	1,058	110	7	42	–	11,079
Carrying amount							
At 31 March 2011	3,316	306	34	–	69	1,683	5,408
At 31 March 2012	7,620	263	19	–	59	1,178	9,139

5 Intangible Asset

Group	Goodwill 2012 $'000	2011 $'000
Cost		
At 1 April and 31 March	63,373	63,373
Impairment losses		
At 1 April	28,085	28,085
Impairment loss	21,674	–
At 31 March	49,759	28,085
Carrying amount		
At 1 April	35,288	35,288
At 31 March	13,614	35,288

Impairment tests for business units containing goodwill

Goodwill is allocated to the Group's business units:

	2012 $'000	2011 $'000
Bus operations	–	21,674
Taxi operations	13,614	13,614
	13,614	35,288

The recoverable amount of a business unit is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The key assumptions for the cash flow projections are stated below.

The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple.

The key assumptions used for the analysis of each business unit are:

(a) The sizes of taxi and bus fleets approximate those existing at date of review.

(b) Fare adjustments are based on fare formula set by the Public Transport Council. Ridership projection is based on analysis of historical growth as well as consideration for anticipated economic and physical developments and changes that may affect the transport sector.

(c) Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.

(d) Diesel prices are based on average forecast prices from market sources.

(e) The pre-tax Weighted Average Cost of Capital of the Group is 6.32% (2011: 6.64%) per annum.

(f) Operating expenses are based on historical trends, taking into account expected inflation.

5 Intangible Asset (cont'd)

Management believes that any reasonable change to the key assumptions above on which the recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts for the taxi operations.

During the year, goodwill allocated to the bus operations of $21,674,000 was fully impaired as the Bus business had been adversely impacted by significant increase in operating costs (in particular, diesel costs and staff costs) and fare adjustments had not kept pace with these increases. The projection had taken into account the increasing cost pressures from rising diesel costs and higher salary package for bus service leaders which are not fully offset by incremental bus revenue from fare adjustments.

6 Investments in Subsidiaries

	Company	
	2012	2011
	$'000	$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(49,759)	(28,085)
	368,573	390,247

Details of the subsidiaries are as follows:

	Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group 2012 %	2011 %
1	SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
1	SMRT Light Rail Pte Ltd	Singapore	100	100
1	SMRT Engineering Pte Ltd and its subsidiary:	Singapore	100	100
2	SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
1	SMRT International Pte Ltd	Singapore	100	100
1	SMRT Investments Pte Ltd	Singapore	100	100
1	SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
1	SMRT Buses Ltd.	Singapore	100	100
1	SMRT Taxis Pte Ltd	Singapore	100	100
1	SMRT Automotive Services Pte. Ltd.	Singapore	100	100
1	Bus-Plus Services Pte Ltd	Singapore	100	100
1	SMRT Capital Pte. Ltd.	Singapore	100	100
1	SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
4	SMRT Cayman I	Cayman Islands	100	100
4	SMRT Cayman II	Cayman Islands	100	100
3	SMRT Hong Kong Limited	Hong Kong	100	100
1	SMRT Institute Pte Ltd	Singapore	100	100

[1] *Audited by PricewaterhouseCoopers LLP, Singapore*
[2] *Audited by PricewaterhouseCoopers United Arab Emirates*
[3] *Audited by PricewaterhouseCoopers LLP, Hong Kong*
[4] *Not required to be audited in its country of incorporation*

7 Interest in Associate

	Group 2012 $'000	Group 2011 $'000
Interest in associate	67,887	63,757

Details of the associate are as follows:

Name of associate	Place of incorporation and business	Effective equity interest held by the Group 2012 %	Effective equity interest held by the Group 2011 %
Held by SMRT Hong Kong Limited			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49

Summarised financial information of Shenzhen Zona Transportation Group Co., Ltd. is as follows:

	2012 $'000	2011 $'000
Assets and liabilities		
Total assets	227,813	215,948
Total liabilities	122,128	120,249
Results		
Revenue	60,392	54,769
Profit after taxation	5,543	3,015

The summarised financial information relating to the associate disclosed above is not adjusted for the percentage of ownership held by the Group.

8 Other Investments

	Group 2012 $'000	Group 2011 $'000
Non-current		
Quoted available-for-sale quoted equity security	4,278	5,154
Held-to-maturity debt securities	10,354	5,000
	14,632	10,154
Current		
Held-to-maturity debt securities	–	3,570
Total	14,632	13,724

Held-to-maturity debt securities bear interest at rates ranging from 1.35% to 2.82% (2011: 1.12% to 2.81%) per annum and will mature in 2.9 to 7.0 years (2011: 0.7 year to 3.9 years).

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. Debt securities are neither past due nor impaired.

9 Inventories

	Group 2012 $'000	Group 2011 $'000
Spare parts, diesel, tyres and consumable stores	70,190	68,322
Allowance for obsolete inventories	(16,510)	(14,725)
	53,680	53,597

10 Trade and Other Receivables

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade receivables	10(a)	33,395	36,527	–	–
Other receivables, deposits and prepayments	10(b)	30,861	28,081	3,118	1,619
Amounts due from subsidiaries	10(c)	–	–	88,899	163,350
		64,256	64,608	92,017	164,969

10(a) Trade Receivables

	Group 2012 $'000	Group 2011 $'000
Trade receivables	37,750	40,496
Allowance for doubtful receivables (note 27)	(4,355)	(3,969)
	33,395	36,527

Trade receivables of the Group include $2,564,000 (2011: $7,931,000) due from related corporations and there is no allowance for doubtful debts arising from the outstanding balances.

10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deposits	561	966	145	145
Prepayments	9,635	8,217	1,222	133
Staff loans and advances	452	803	383	112
Interest receivable	218	368	–	–
Recoverable in respect of accident claims	8,553	7,051	–	–
Advances to suppliers	5,540	1,239	227	9
Other receivables	5,902	9,437	1,141	1,220
	30,861	28,081	3,118	1,619

10(c) Amounts Due from Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Current account (trade)	25,603	7,647
Interest-bearing loans	63,296	155,703
	88,899	163,350

The interest-bearing loans to subsidiaries are unsecured, bear interest at 0.17% (2011: 0.18%) per annum and are repayable on demand.

The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

11 Share Capital

	Group and Company			
	2012		2011	
	No. of shares '000	$'000	No. of shares '000	$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,518,820	164,811	1,517,354	163,078
Issue of shares under SMRT ESOP	530	406	459	341
Issue of performance shares under SMRT RSP & SMRT PSP	836	1,245	1,007	1,392
At 31 March	1,520,186	166,462	1,518,820	164,811

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Pursuant to the SMRT ESOP, 372,000, 83,300 and 75,000 (2011: 259,000, 96,000 and 104,300) new fully-paid ordinary shares were issued during the year for cash at $0.816, $0.676 and $0.623 per share respectively by the Company.

Capital management

The Company's primary objectives in capital management are to provide adequate returns to shareholders and to manage the capital base so as to sustain future development of the business.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

12 Reserves

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Fair value reserve	568	1,444	–	–
Hedge reserve	(471)	(659)	–	–
Share-based payment reserve	2,316	2,922	2,316	2,922
Foreign currency translation reserve	(3,168)	(4,399)	–	–
	(755)	(692)	2,316	2,922

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

13 Equity Compensation Benefits

The SMRT Corporation Employee Share Option Plan ("SMRT ESOP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2000. The SMRT ESOP comprises two distinct schemes:

(i) Management Scheme – Scheme designed for management staff in the positions of Deputy Director and above of the Group.

(ii) Employee Scheme – Scheme designed for all other employees of the Group.

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 15 July 2004.

The SMRT ESOP, SMRT RSP and SMRT PSP are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Lee Seow Hiang and Mr Yeo Wee Kiong.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the SMRT ESOP, SMRT RSP and SMRT PSP as it thinks fit.

13 Equity Compensation Benefits (cont'd)

The salient features of the SMRT ESOP, SMRT RSP and SMRT PSP are as follows:

SMRT ESOP

(i) Eligible participants

At the absolute discretion of the Committee, all confirmed employees of the Group (including any director of the Group who performs an executive function) who are not less than 21 years old and have been in the service of the Group for at least one year prior to the date of which an option is granted ("Grant Date") are eligible to participate in the SMRT ESOP.

(ii) Maximum allowable allotment

The total number of shares which may be issued under the SMRT ESOP ("ESOP Shares") when added to the number of shares which may be issued pursuant to awards granted under the SMRT RSP and SMRT PSP shall not exceed fifteen percent of the issued share capital of the Company on the Grant Date.

The number of ESOP Shares to be offered to a participant shall be determined by the Committee at its absolute discretion after taking into account the length of service and performance of the participant and such other general criteria as the Committee may consider appropriate.

(iii) Subscription price

The subscription price for each share in respect of which an option is exercisable shall be the average of the last dealt prices of the shares as published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the Grant Date.

(iv) Option period

The options granted under the Management Scheme will be vested over a 3-year period (that is 33% in the first year, 66% in the second year and 100% in the third year) and may be exercised during the period commencing after the vesting date but before the tenth anniversary of the Grant Date.

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

13 Equity Compensation Benefits (cont'd)

SMRT ESOP (cont'd)

At the end of the financial year, details of the options granted under the SMRT ESOP on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per option	Options outstanding and exercisable at 1 April 2011	Options exercised	Options cancelled	Options outstanding and exercisable at 31 March 2012	Proceeds on exercise of options during the year credited to share capital $'000	Weighted average share price at exercise date of options	Exercise period
16/7/2001	$0.816	761,000	(372,000)	(389,000)	–	303	$1.899	16/7/2002 to 15/7/2011
22/7/2002	$0.676	428,200	(83,300)	(7,300)	337,600	56	$1.881	22/7/2003 to 21/7/2012
22/7/2003	$0.623	473,500	(75,000)	(6,000)	392,500	47	$1.884	22/7/2004 to 21/7/2013
		1,662,700	(530,300)	(402,300)	730,100	406		

No option has been granted during the financial year.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a modified Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on the historic volatility, calculated based on monthly share prices over three years prior to date of grant of options.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the fair value measurement of the services received.

SMRT RSP and SMRT PSP (collectively "the Plans")

The SMRT RSP is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.

The SMRT PSP is targeted at senior management in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

(i) Eligible participants

- Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
- Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

13 Equity Compensation Benefits (cont'd)

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

(i) Eligible participants (cont'd)

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

(ii) Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to award performance-based restricted awards to ensure that the earnings of shares under the SMRT RSP is aligned with pay-for-performance principle.

Awards granted under the SMRT PSP are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted an award under the SMRT PSP, as well as the SMRT RSP although differing performance targets are likely to be set for each award.

Non-executive directors of the Group, the holding company and associated companies will not be eligible to participate in the Plans.

(iii) Size and duration

The total number of new shares which may be issued pursuant to awards granted under the Plans, when added to the number of options granted under SMRT ESOP shall not exceed fifteen percent of the issued share capital of the Company on the day preceding the relevant date of award.

The number of existing shares purchased from the market which may be delivered pursuant to awards under the Plans, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to any limit as such methods will not involve the issuance of any new shares.

The Plans shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 15 July 2004, provided always that the Plans may continue beyond the 10-year period with the approval of the shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Plans, any awards made to employees prior to such expiry or termination will continue to remain valid.

13 Equity Compensation Benefits (cont'd)

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

(iv) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the SMRT PSP and SMRT RSP to the senior management staff are described below:

	SMRT PSP	SMRT RSP
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a two-year performance period based on medium-term corporate and business unit objectives with some degree of stretch.
Date of grant	30 March 2012	30 March 2012
Performance period	1 April 2011 to 31 March 2014	1 April 2011 to 31 March 2013
Vesting condition	Vesting based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a two-year performance period, 1/2 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 121% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

13 Equity Compensation Benefits (cont'd)

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

	2012		2011	
	SMRT PSP	SMRT RSP	SMRT PSP	SMRT RSP
Historical volatility				
SMRT	13.46%	13.46%	22.22%	22.22%
Straits Times Index	21.20%		32.45%	
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant	0.22%	0.15% - 0.32%	0.57%	0.50% - 0.67%
Term	2.3 years	1.3 to 3.3 years	2.8 years	1.8 to 3.8 years
SMRT expected dividend yield	---- Management's forecast ----		---- Management's forecast ----	
Share price at grant date	$1.74	$1.74	$2.03	$2.03

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2011	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
9 February 2009						
– For senior management	114,500	–	(93,500)	(18,100)	(2,900)	–
– For executive director (Saw Phaik Hwa) *	85,000	–	–	(73,100)	(11,900)	–
28 August 2009						
– For senior management	134,000	–	(110,000)	–	–	24,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
23 August 2010						
– For senior management	156,000	–	(120,000)	–	–	36,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
30 March 2012						
– For senior management	–	246,000	–	–	–	246,000
	689,500	246,000	(323,500)	(91,200)	(14,800)	506,000

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

The estimated fair value at date of grant for each share granted on 30 March 2012 pursuant to SMRT PSP was $0.52.

13 Equity Compensation Benefits (cont'd)

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

SMRT RSP

Grant date	Balance as at 1 April 2011	Shares granted during financial year	Shares forfeited during financial year	Shares issued during financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2012 or as at date of resignation
12 November 2007						
– For senior management	190,800	–	(42,500)	(148,300)	–	–
– For executive director (Saw Phaik Hwa) *	34,000	–	–	(34,000)	–	–
9 February 2009						
– For senior management	391,900	–	(99,100)	(174,900)	–	117,900
– For executive director (Saw Phaik Hwa) *	62,300	–	–	(31,200)	–	31,100
28 August 2009						
– For senior management	769,500	–	(186,200)	(318,000)	91,500	356,800
– For executive director (Saw Phaik Hwa) *	100,000	–	–	(38,300)	15,000	76,700
23 August 2010						
– For senior management	934,000	–	(232,000)	–	–	702,000
– For executive director (Saw Phaik Hwa) *	100,000	–	–	–	–	100,000
30 March 2012						
– For senior management	–	965,500	–	–	–	965,500
	2,582,500	965,500	(559,800)	(744,700)	106,500	2,350,000

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

The estimated fair values at grant date for each share granted on 30 March 2012 pursuant to SMRT RSP range from $1.354 to $1.472.

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2012 were 506,000 and 2,350,000 (2011: 689,500 and 2,582,500) for SMRT PSP and SMRT RSP respectively.

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 694,000 and 2,721,300 (2011: 861,900 and 2,982,300) fully-paid SMRT shares, for SMRT PSP and SMRT RSP respectively.

13 Equity Compensation Benefits (cont'd)

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

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2012	2011
	$'000	$'000
Expenses		
(i) Performance share plan under SMRT PSP	(50)	268
(ii) Performance-based restricted shares under SMRT RSP	689	1,372
	639	1,640

14 Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current liabilities				
Unsecured quoted fixed rate notes	150,000	150,000	–	–
Current liabilities				
Unsecured quoted fixed rate notes	–	100,000	–	100,000
Total	150,000	250,000	–	100,000

14 Interest-Bearing Borrowings (cont'd)

Terms and debt repayment schedule

Group	Interest rate	Year of maturity	Carrying amount 2012 $'000	2011 $'000
Unsecured quoted fixed rate notes	3.27%	2011	–	100,000
Unsecured quoted fixed rate notes	2.42%	2014	150,000	150,000
			150,000	250,000
Company				
Unsecured quoted fixed rate notes	3.27%	2011	–	100,000

The Group has established the following Medium Term Note ("MTN") Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

(a) On 13 January 2005, the Company put in place a S$500 Million Multi-Currency MTN Programme

(b) On 15 September 2009, a subsidiary put in place a S$1 Billion Multi-Currency Guaranteed MTN Programme

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

(i) The S$100 million 5-year unsecured fixed rate notes issued by the Company on 14 December 2006 is due in 2011. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

(ii) The S$150 million 5-year unsecured guaranteed fixed rate notes issued by a subsidiary on 7 October 2009 are due in 2014. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.

The Company has extended guarantee to the holders of the notes in respect of the subsidiary's S$1 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantee amounted to $160,900,000 (2011: $164,530,000). The period in which the financial guarantee expires is as follows:

	Company 2012 $'000	2011 $'000
Less than 1 year	3,630	3,630
Between 1 and 5 years	157,270	160,900
	160,900	164,530

15 Provisions

		Group		Company	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
Liability for defined benefit plan	15(a)	3,034	3,312	–	30
Liability for short-term accumulating compensated absences	15(b)	1,284	1,434	216	255
Provision for accident claims	15(c)	36,570	26,949	–	–
		40,888	31,695	216	285
Current		37,911	28,417	216	255
Non-current		2,977	3,278	–	30
		40,888	31,695	216	285

(a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

(i) Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.

(ii) Certain other employees who are eligible for the scheme, subject to having joined on or before 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to sixty-two years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

Movements in the net liability recognised in the balance sheet

		Group		Company	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
At 1 April		3,312	3,351	30	37
Expense (reversed)/recognised during the year	21(b)	(184)	52	(30)	(7)
Payments made		(94)	(91)	–	–
At 31 March		3,034	3,312	–	30

Recognised in the income statement

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current service costs	205	352	(30)	2
Interest on obligations	65	98	–	1
Actuarial gain	(454)	(398)	–	(10)
	(184)	52	(30)	(7)

15 Provisions (cont'd)

(a) Liability for defined benefit plan (cont'd)

Principal actuarial assumptions

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan include estimated future salary increases, employee turnover rates based on historical trends and discount rates based on the market yield at balance sheet date on quoted Singapore Government Bonds that have maturity dates approximating the average discount period.

(b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

Movements in the net liability recognised in the balance sheet

		Group		Company	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
At 1 April		1,434	1,291	255	200
Provision (reversed)/made during the year	21(b)	(150)	231	(39)	55
Provision used		–	(79)	–	–
Translation difference on consolidation		–	(9)	–	–
At 31 March		1,284	1,434	216	255

(c) Provision for accident claims

Provision for accidents claims are accounted for in accordance with the accounting policy set out in note 3.16. The Group expects to incur the liability over the next 12 months.

Movements in the net liability recognised in the balance sheet

	Group	
	2012	2011
	$'000	$'000
At 1 April	26,949	24,578
Provision made during the year	27,821	23,015
Provision reversed during the year	(1,041)	(1,311)
Provision used during the year	(17,159)	(19,333)
At 31 March	36,570	26,949

16 Deferred Tax

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

Group	At 1/4/2010 $'000	Recognised in income statement (note 22) $'000	Recognised in other comprehensive income (note 22) $'000	At 31/3/2011 $'000	Recognised in income statement (note 22) $'000	Recognised in other comprehensive income (note 22) $'000	At 31/3/2012 $'000
Excess of net book value over tax written down value of property, plant and equipment	141,826	(12,596)	–	129,230	7,838	–	137,068
Unutilised tax losses	–	(90)	–	(90)	90	–	–
Other temporary differences	(10,484)	(452)	38	(10,898)	(2,001)	39	(12,860)
	131,342	(13,138)	38	118,242	5,927	39	124,208
Company							
Excess of net book value over tax written down value of property, plant and equipment	911	(142)	–	769	604	–	1,373
Other temporary differences	(40)	(8)	–	(48)	12	–	(36)
	871	(150)	–	721	616	–	1,337

17 Fuel Equalisation Account ("FEA")

	Group 2012 $'000	Group 2011 $'000
At 1 April and 31 March	20,312	20,312

The FEA is accounted for in accordance with the policy set out in note 3.18.

18 Deferred Grants

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Grants received		480,583	480,500	98	98
Accumulated amortisation:					
At 1 April		(405,676)	(389,644)	(21)	(1)
Amortisation during the year		(11,426)	(15,979)	(20)	(20)
Released on assets disposed/written-off	21(a)	(723)	(53)	–	–
At 31 March		(417,825)	(405,676)	(41)	(21)
		62,758	74,824	57	77

Included in grants received is $480,000,000 (2011: $480,000,000) of asset-related grant from LTA to defray part of the purchase cost of the operating assets of the MRT system.

19 Trade and Other Payables

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade payables and accrued operating expenses	19(a)	155,389	140,685	11,419	15,267
Other payables and refundable deposits	19(b)	390,767	128,327	2,615	3,963
Amounts due to subsidiaries	19(c)	–	–	184	736
		546,156	269,012	14,218	19,966

Outstanding balances with subsidiaries are unsecured, interest-free and repayable on demand.

19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include $13,813,000 (2011: $10,071,000) due to related corporations.

Trade payables and accrued operating expenses of the Company include $25,000 (2011: $21,000) due to related corporations.

Trade payables and accrued operating expenses are unsecured, interest-free and repayable on demand.

19(b) Other Payables and Refundable Deposits

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Unearned revenue	2,190	2,165	–	–
Rental deposits	27,037	23,786	–	–
Other deposits	5,939	5,148	111	93
Interest payable	1,750	2,708	–	967
Purchase of property, plant and equipment	344,764	84,462	905	1,392
Retention monies	5,371	5,223	–	–
Other payables	3,716	4,835	1,599	1,511
	390,767	128,327	2,615	3,963

19(c) Amounts Due to Subsidiaries

	Company	
	2012	2011
	$'000	$'000
Current account (non-trade)	184	736

The balances are unsecured, interest-free and are repayable on demand.

20 Revenue

	Group	
	2012	2011
	$'000	$'000
Passenger revenue	800,466	749,559
Taxi rental	91,461	74,066
Rental revenue	81,486	73,550
Advertising revenue	30,936	25,395
Sales of goods	23,526	18,571
Engineering and others	29,354	28,551
	1,057,229	969,692

21 Profit before Income Tax

The following items have been included in arriving at profit before income tax:

		Note	Group 2012 $'000	Group 2011 $'000
(a)	**Other operating income**			
	Unutilised tickets and farecards		9,437	8,618
	Maintenance income		6,811	4,782
	Grant released upon disposal/write-off of property, plant and equipment	18	723	53
	Foreign exchange gain		89	897
	Others		4,963	5,804
			22,023	20,154
(b)	**Staff and related costs**			
	Wages and salaries		289,241	268,393
	Contribution to defined contribution plans		35,279	30,777
	Job credits granted by the Singapore government		–	(1,150)
	(Decrease)/Increase in liability for defined benefit plan	15(a)	(184)	52
	(Decrease)/Increase in liability for short-term accumulating compensated absences	15(b)	(150)	231
	Value of employee services received for share-based payment		639	1,640
	Other staff-related expenses and benefits-in-kind		15,316	13,650
			340,141	313,593

Included in staff and related costs is compensation to key management personnel of the Group as follows:

	Group 2012 $'000	Group 2011 $'000
Directors of the Company:		
– fees	775	727
– remuneration	1,955	1,848
Senior management personnel of the Group:		
– short-term employee benefits	6,073	5,552
– post-employment benefits	157	106
– share-based payments	727	538
	9,687	8,771

21 Profit before Income Tax (cont'd)

		Group 2012 $'000	Group 2011 $'000
(c)	**Other operating expenses**		
	Audit fees paid to:		
	– auditors of the Company	306	286
	– other auditors	22	27
	Non-audit fees paid to auditors of the Company	370	101
	Cost of inventories sold	21,042	16,913
	Loss on disposal of property, plant and equipment	365	478
	Licence fees paid to LTA	5,049	5,461
	Operating lease expenses	4,847	4,877
	Property, plant and equipment written off	3,869	1,834
(d)	**Finance costs**		
	Net change in fair value of cash flow hedge transferred to the income statement	227	227
	Interest paid and payable on quoted fixed rate notes	5,942	6,900
		6,169	7,127
(e)	**Interest and investment income**		
	Dividends received from available-for-sale equity security	155	141
	Interest income from:		
	– bank deposits and balances	998	1,468
	– available-for-sale debt security	132	–
	– held-to-maturity debt securities	191	189
	Gain on disposal of available-for-sale equity securities	–	6
	Gain on disposal of available-for-sale debt security	235	–
		1,711	1,804

22 Income Tax Expense

	Group 2012 $'000	Group 2011 $'000
Current tax expense		
Current year	19,012	45,025
Under/(Over) provision in respect of prior years	2,110	(1,237)
	21,122	43,788
Deferred tax expense		
Movements in temporary differences	6,687	(15,234)
Tax losses recognised	–	(257)
(Over)/Under provision in respect of prior years	(760)	2,353
	5,927	(13,138)
Income tax expense	27,049	30,650

Reconciliation of effective tax rate

	Group 2012 $'000	Group 2011 $'000
Profit before income tax	146,922	191,741
Less: Share of result of associate (net of tax)	(2,716)	(1,477)
	144,206	190,264
Tax calculated using Singapore tax rate of 17% (2011: 17%)	24,515	32,345
Expenses not deductible for tax purposes	6,445	2,546
Income not subject to tax	(2,470)	(3,868)
Underprovision in respect of prior years	1,350	1,116
Utilisation of previously unrecognised deferred tax assets	–	(257)
Tax incentives	(2,770)	(1,247)
Others	(21)	15
	27,049	30,650

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	2012			2011		
Group	**Before tax $'000**	**Tax (charge) / credit $'000**	**After tax $'000**	**Before tax $'000**	**Tax (charge) / credit $'000**	**After tax $'000**
Currency translation differences arising from foreign operations	1,231	–	1,231	(4,696)	–	(4,696)
Fair value adjustments on available-for-sale financial assets	(876)	–	(876)	(473)	–	(473)
Fair value adjustments on cash flow hedges	227	(39)	188	227	(38)	189
Other comprehensive income	582	(39)	543	(4,942)	(38)	(4,980)

22 Income Tax Expense (cont'd)

Deferred tax assets have not been recognised for the following temporary differences:

	Group 2012 $'000	Group 2011 $'000
Shortfall of tax written down value over net book value of property, plant and equipment	(465)	(291)
Deductible temporary differences	2,870	2,253
Unutilised tax losses	1,216	1,457
	3,621	3,419

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

23 Earnings Per Share

Basic earnings per share is based on:

	Group 2012 $'000	Group 2011 $'000
Net profit attributable to ordinary shareholders	119,873	161,091

	Group 2012 No. of shares '000	Group 2011 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,518,820	1,517,354
– shares issued under share option scheme	427	326
– shares issued under share plan	325	610
Weighted average number of ordinary shares in issue	1,519,572	1,518,290

Diluted earnings per share is based on:

	Group 2012 $'000	Group 2011 $'000
Net profit attributable to ordinary shareholders	119,873	161,091

23 Earnings Per Share (cont'd)

The effect of the exercise of share options and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2012 No. of shares '000	2011 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,519,572	1,518,290
– unissued shares under SMRT ESOP	731	1,662
– contingently issuable shares under SMRT PSP and SMRT RSP	1,651	2,763
Number of shares that would have been issued at fair value	(261)	(579)
Weighted average number of ordinary issued and potential shares assuming full conversion	1,521,693	1,522,136

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

24 Operating Segments

The Group has seven reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail operations	:	Provision of MRT and LRT services
Bus operations	:	Provision of bus services and charter hire services
Taxi operations	:	Rental of taxis, provision of taxi services and sales of diesel to taxi hirers
Rental	:	Leasing of commercial space and kiosks
Advertising	:	Leasing of advertising space at the MRT and LRT stations as well as in trains, and on buses and taxis
Engineering and other services	:	Provision of consultancy, project management services, leasing of fibre optic cables and repair & maintenance services
Investment holding and support services	:	Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. In the current financial year, the segments have been restructured to reflect changes in business control and activities for bus operations, taxi operations as well as engineering and other services. Management believes that the revised segment presentation is more relevant in evaluating the results of these segment operations. Accordingly, the comparatives have been restated.

24 Operating Segments (cont'd)

	Rail: MRT $'000	Rail: LRT $'000	Bus operations $'000	Taxi operations $'000
(a) Revenue and expenses				
2012				
Revenue				
– external customers	569,928	10,091	220,447	114,987
– inter-segment	–	–	540	–
Operating expenses (net of other income)	(411,510)	(10,367)	(212,210)	(85,796)
Depreciation and amortisation	(67,422)	(61)	(20,390)	(26,376)
Segment operating results	90,996	(337)	(11,613)	2,815
Impairment of goodwill *				
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				
2011				
Revenue				
– external customers	527,106	9,428	213,073	92,637
– inter-segment	–	–	264	–
Operating expenses (net of other income)	(350,202)	(9,744)	(194,357)	(72,555)
Depreciation and amortisation	(63,416)	(45)	(20,728)	(22,038)
Segment operating results	113,488	(361)	(1,748)	(1,956)
Finance costs				
Interest income				
Investment income				
Share of results of associate				
Income tax expense				
Profit for the year attributable to equity holders of SMRT				

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

Rental $'000	Advertising $'000	Engineering and other services $'000	Investment holding and support services $'000	Reconciliation: Sub-total $'000	Reconciliation: Elimination $'000	Reconciliation: Total $'000
81,486	30,936	29,250	104	1,057,229	–	1,057,229
–	134	924	42,274	43,872	(43,872)	–
(8,683)	(9,700)	(24,403)	(38,476)	(801,145)	43,872	(757,273)
(9,840)	(2,183)	(48)	(1,741)	(128,061)	(1,557)	(129,618)
62,963	19,187	5,723	2,161	171,895	(1,557)	170,338
						(21,674)
						(6,169)
						1,321
						390
						2,716
						(27,049)
						119,873
73,550	25,395	28,297	206	969,692	–	969,692
–	459	724	43,123	44,570	(44,570)	–
(8,358)	(7,615)	(16,613)	(39,951)	(699,395)	44,570	(654,825)
(8,203)	(1,025)	(357)	(1,736)	(117,548)	(1,732)	(119,280)
56,989	17,214	12,051	1,642	197,319	(1,732)	195,587
						(7,127)
						1,657
						147
						1,477
						(30,650)
						161,091

24 Operating Segments (cont'd)

		Rail			
		MRT $'000	LRT $'000	Bus operations $'000	Taxi operations $'000
(b)	**Assets and liabilities**				
	2012				
	Operating assets	1,097,084	3,099	184,283	142,267
	Assets under construction	37,479	423	24,923	6,293
	Segment assets	1,134,563	3,522	209,206	148,560
	Intangible asset				
	Interest in associate				
	Investments and cash equivalents				
	Tax recoverable				
	Total assets				
	Segment liabilities	767,607	18,674	162,752	136,901
	Current tax payable				
	Interest-bearing borrowings				
	Deferred tax liabilities				
	Total liabilities				
	2011				
	Operating assets	873,560	3,690	152,978	127,028
	Assets under construction	41,132	202	4,272	8,181
	Segment assets	914,692	3,892	157,250	135,209
	Intangible asset				
	Interest in associate				
	Investments and cash equivalents				
	Tax recoverable				
	Total assets				
	Segment liabilities	503,519	19,170	94,200	121,870
	Current tax payable				
	Interest-bearing borrowings				
	Deferred tax liabilities				
	Total liabilities				
(c)	**Other segment information**				
	2012				
	Capital expenditure	349,481	361	64,127	50,230
	Non-cash expenses other than depreciation, impairment losses and amortisation	4,151	617	5,981	32,465
	2011				
	Capital expenditure	40,819	323	9,361	23,171
	Non-cash expenses other than depreciation, impairment losses and amortisation	2,207	695	3,397	16,286

	Rental $'000	Advertising $'000	Engineering and other services $'000	Investment holding and support services $'000	Reconciliation Sub-total $'000	Elimination $'000	Total $'000
	195,864	43,515	20,886	187,494	1,874,492	(498,744)	1,375,748
	16,800	1,366	156	1,245	88,685	–	88,685
	212,664	44,881	21,042	188,739	1,963,177	(498,744)	1,464,433
							13,614
							67,887
							209,962
							36
							1,755,932
	32,784	16,398	9,601	80,345	1,225,062	(554,948)	670,114
							20,197
							150,000
							124,208
							964,519
	164,037	32,131	24,281	256,173	1,633,878	(608,378)	1,025,500
	33,865	1,632	100	1,774	91,158	–	91,158
	197,902	33,763	24,381	257,947	1,725,036	(608,378)	1,116,658
							35,288
							63,757
							389,942
							968
							1,606,613
	25,578	4,312	8,567	178,871	956,087	(560,244)	395,843
							43,432
							250,000
							118,242
							807,517
	23,351	2,726	254	5,578	496,108	–	496,108
	(12)	–	(44)	577	43,735	(168)	43,567
	14,566	10,705	275	1,622	100,842	–	100,842
	27	26	(2,623)	1,694	21,709	(91)	21,618

24 Operating Segments (cont'd)

Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore $'000	Others $'000	Consolidated total $'000
2012			
Revenue	1,056,565	664	1,057,229
Non-current assets *	1,360,111	67,887	1,427,998
2011			
Revenue	966,338	3,354	969,692
Non-current assets *	1,033,741	63,757	1,097,498

* *Excludes other investments*

25 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	Group	
	2012 $'000	2011 $'000
Related corporations		
Maintenance income received/receivable	1,809	565
Charter hire income received/receivable	76	68
Service income received/receivable	1,100	1,349
Sales of other goods and services	8,666	5,736
Purchases of goods and services	116,268	62,071

26 Commitments

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

		Group	
		2012	2011
		$'000	$'000
(a)	**Capital expenditure commitments:**		
(i)	Contracted but not provided for with respect to purchase of property, plant and equipment	175,537	190,106
(ii)	Approved but not provided for with respect to purchase of property, plant and equipment	687,236	729,669

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to $29,663,000 (2011: $9,664,000) that are contracted but not provided for.

(b) Non-cancellable operating leases payable:

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Within 1 year	4,392	3,981	3,114	2,475
After 1 year but within 5 years	2,098	4,495	734	2,297
After 5 years	93	–	–	–
	6,583	8,476	3,848	4,772

The Group leases depot spaces and office facilities under operating leases. The leases typically run for periods of 3 years to 30 years. None of the leases include contingent rentals.

(c) Non-cancellable operating leases receivable:

	Group	
	2012	2011
	$'000	$'000
Within 1 year	75,277	61,551
After 1 year but within 5 years	78,577	65,841
After 5 years	3,720	256
	157,574	127,648

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to $1,773,000 (2011: $932,000).

27 Financial Risk Management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly against best practices in the market and to reflect changes in the Group's risk management requirement.

The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counter-parties that meet the appropriate credit criteria and are of high credit standing.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Other investments, cash and cash equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2012, only 4.9% (2011: 2.2%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

Receivables

The exposure to credit risk for trade receivables (net of impairment) at reporting date by business segment is as follows:

	Group	
	2012	2011
	$'000	$'000
Taxi operations	1,614	5,868
Bus operations	4,841	4,827
Rail operations	9,643	7,625
Advertising business	7,422	4,350
Rental of premises	2,698	2,318
Others	7,177	11,539
	33,395	36,527

The Group has a large and diversified customer base. As at 31 March 2012, there was no significant concentration of credit risk relating to trade receivables apart from:

(i) $9,842,000 (2011: $7,324,000) that is due from Transit Link Pte Ltd, which is a subsidiary of Land Transport Authority; and
(ii) $Nil (2011: $3,614,000) that is due from a Dubai customer.

The recoverable in respect of accident claims (note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

Impairment losses for receivables

Included in trade and other receivables are trade debtors with the following aging analysis as of the balance sheet date:

Group	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Not past due	17,116	–	17,003	–
Past due 1 – 30 days	7,327	497	5,931	157
Past due 31 – 120 days	7,624	366	6,954	256
Past due more than 120 days	5,683	3,492	10,608	3,556
	37,750	4,355	40,496	3,969

27 Financial Risk Management (cont'd)

Credit risk (cont'd)

The changes in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2012	2011
	$'000	$'000
At 1 April	3,969	6,145
Impairment loss recognised/(reversed)	1,039	(1,779)
Write-off against debtors	(640)	(198)
Translation during the year	(13)	(199)
At 31 March	4,355	3,969

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Company has no trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the year.

Financial guarantee

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantee is eliminated in preparing the consolidated financial statements.

27 Financial Risk Management (cont'd)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments:

		Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years
Group	**$'000**	**$'000**	**$'000**	**$'000**
2012				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2014	150,000	160,900	3,630	157,270
Trade and other payables *	542,216	542,216	542,216	–
	692,216	703,116	545,846	157,270
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Unsecured quoted fixed rate notes due 2014	150,000	164,530	3,630	160,900
Trade and other payables *	264,139	264,139	264,139	–
	514,139	531,939	371,039	160,900
Company				
2012				
Non-derivative financial liabilities				
Amounts due to subsidiaries	184	184	184	–
Trade and other payables *	14,034	14,034	14,034	–
	14,218	14,218	14,218	–
2011				
Non-derivative financial liabilities				
Unsecured quoted fixed rate notes due 2011	100,000	103,270	103,270	–
Amounts due to subsidiaries	736	736	736	–
Trade and other payables *	18,263	18,263	18,263	–
	118,999	122,269	122,269	–

* *Excludes unearned revenue and interest payable*

Information relating to financial guarantee issued by the Company is set out in note 14.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

27 Financial Risk Management (cont'd)

Foreign currency risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2012, the currencies giving rise to this risk were primarily the United States dollar (USD), EURO and British Pound (GBP).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no outstanding forward exchange contracts as at 31 March 2012 and 31 March 2011.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

	2012			2011		
	USD	**EURO**	**GBP**	**USD**	**EURO**	**GBP**
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	–	–	–	–	44	–
Trade and other payables	(6,774)	(1,830)	(318)	(6,385)	(2,625)	(1,338)
	(6,774)	(1,830)	(318)	(6,385)	(2,581)	(1,338)

The Company does not have any significant foreign currency exposure as at 31 March 2012 or as at 31 March 2011.

Sensitivity analysis

A 10% strengthening of the functional currency of each of the Group's entities against the following major currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2012	**2011**
	$'000	**$'000**
USD	677	639
EURO	183	258
GBP	32	134
Net Impact	892	1,031

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

27 Financial Risk Management (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

	Effective interest rate	
	2012	**2011**
Group	**%**	**%**
Financial assets		
Fixed deposits with banks and financial institutions	0.35	0.43
Held-to-maturity debt securities	4.18	2.19
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	–	3.27
Unsecured quoted fixed rate notes due 2014	2.57	2.57
Company		
Financial assets		
Amounts due from subsidiaries	0.17	0.18
Financial liabilities		
Unsecured quoted fixed rate notes due 2011	–	3.27

Sensitivity analysis

At the reporting date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below:

	2012	**2011**
Group	**$'000**	**$'000**
Financial assets		
Fixed deposits with banks and financial institutions	157,687	350,424
Company		
Financial assets		
Amounts due from subsidiaries	63,296	155,703

27 Financial Risk Management (cont'd)

Interest rate risk (cont'd)

For these variable-rate financial assets and liabilities, an increase in 100 basis points in interest rate at the reporting date would increase profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2012		
Variable rate instruments	1,577	633
2011		
Variable rate instruments	3,504	1,557

A 100 basis points decrease in interest rate at the reporting date would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Equity price risk

Sensitivity analysis

The Group has available-for-sale investment in equity security and is exposed to price risk. The Group's quoted equity security is listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity price at the reporting date would increase/(decrease) the fair value reserve by $428,000 (2011: $515,000).

The Company has no equity investments apart from its investments in subsidiaries.

Fair values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2012 are represented in the following table:

		2012		2011	
Group	**Note**	**Carrying amount $'000**	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Financial assets					
Held-to-maturity debt securities	8	10,354	10,526	8,570	8,712
Unrecognised gain			172		142
Financial liabilities					
Unsecured quoted fixed rate notes	14	150,000	156,036	250,000	256,917
Unrecognised loss			(6,036)		(6,917)
Company					
Financial liabilities					
Unsecured quoted fixed rate notes	14	–	–	100,000	101,955
Unrecognised loss			–		(1,955)

27 Financial Risk Management (cont'd)

Fair values (cont'd)

The fair value of interest-bearing borrowings is determined by reference to their last quoted ask prices at the reporting date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

– carried at fair values; or
– short-term in nature; or
– repriced frequently.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2012				
Available-for-sale quoted equity security	4,278	–	–	4,278
2011				
Available-for-sale quoted equity security	5,154	–	–	5,154

The Company did not have any financial instrument carried at fair value as at 31 March 2012 or as at 31 March 2011.

27 Financial Risk Management (cont'd)

Financial instruments by category

Group	Loans and receivables $'000	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised cost $'000	Total $'000
2012					
Other investments	–	10,354	4,278	–	14,632
Trade and other receivables *	49,081	–	–	–	49,081
Financial liabilities	–	–	–	(150,000)	(150,000)
Trade and other payables ^	–	–	–	(543,966)	(543,966)
	49,081	10,354	4,278	(693,966)	(630,253)
2011					
Other investments	–	8,570	5,154	–	13,724
Trade and other receivables *	55,152	–	–	–	55,152
Financial liabilities	–	–	–	(250,000)	(250,000)
Trade and other payables ^	–	–	–	(266,847)	(266,847)
	55,152	8,570	5,154	(516,847)	(447,971)
Company					
2012					
Trade and other receivables *	90,568	–	–	–	90,568
Trade and other payables ^	–	–	–	(14,218)	(14,218)
	90,568	–	–	(14,218)	76,350
2011					
Trade and other receivables *	164,827	–	–	–	164,827
Financial liabilities	–	–	–	(100,000)	(100,000)
Trade and other payables ^	–	–	–	(19,966)	(19,966)
	164,827	–	–	(119,966)	44,861

* *Excludes prepayments and advances to suppliers*
^ *Excludes unearned revenue*

28 Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 5.70 cents (2011: 6.75 cents) per share, amounting to a net dividend of $86,650,625 (2011: $102,520,363). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2013.

29 New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2012 or later periods and which the Group has not early adopted are:

- Amendments to FRS 107 – Financial instruments: Disclosures – Transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods commencing on or after 1 July 2012)
- FRS 19 (revised) – Employee Benefits (effective for annual periods commencing on or after 1 January 2013)
- FRS 27 (revised) – Separate Financial Statements (effective for annual periods commencing on or after 1 January 2013)
- FRS 28 (revised) – Investments in Associates and Joint Ventures (effective for annual periods commencing on or after 1 January 2013)
- FRS 110 – Consolidated Financial Statements (effective for annual periods commencing on or after 1 January 2013)
- FRS 111 – Joint Arrangements (effective for annual periods commencing on or after 1 January 2013)
- FRS 112 – Disclosure of Interests in Other Entities (effective for annual periods commencing on or after 1 January 2013)
- FRS 113 – Fair Value Measurements (effective for annual periods commencing on or after 1 January 2013)

Management anticipates that the adoption of the above INT FRS, amendments to FRS and amendments to INT FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

30 Accounting Estimates and Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements made in applying the Group and Company's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

The Group performs impairment reviews to ensure that the carrying value of goodwill does not exceed its recoverable amount from the cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations of the business unit. In arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

Provision for accident claims

Claims for accidents involving the Group's vehicles are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. Past claims history and severity of the accident cases are used to estimate the amount which the Group will have to pay to third parties for such claims.

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. The insurance premium payable is based on agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year.

Impairment of non-financial assets

Property, plant and equipment, investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Where there is objective evidence or indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value-in-use or the fair value less costs to sell requires the Group to make an estimate of the expected future cash flows to be generated and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

Provisions and contingent liabilities

The Committee of Inquiry proceedings commissioned by the Ministry of Transport for the cause of the December 2011 train service disruptions, is on-going. As a result, an estimate of any financial impact cannot be made.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SMRT CORPORATION LTD AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 30 JUNE 2012

The information in this Appendix IV has been extracted and reproduced from the unaudited consolidated financial statements of SMRT Corporation Ltd and its subsidiaries for the three months ended 30 June 2012 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the unaudited consolidated financial statements of SMRT Corporation Ltd and its subsidiaries for the three months ended 30 June 2012.

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Unaudited Financial Statements for the First Quarter ended 30 June 2012

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the first quarter ended 30 June 2012 ("1Q FY2013").

1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group		
	Apr - Jun 2012	Apr - Jun 2011	Increase/ (Decrease)
	$'000	$'000	%
Revenue	275,230	253,065	8.8
Other operating income	13,800	5,388	156.1
	289,030	258,453	11.8
Staff costs	(91,310)	(84,583)	8.0
Depreciation of property, plant and equipment	(38,359)	(32,002)	19.9
Amortisation of asset-related grants	2,774	2,862	(3.1)
Repairs and maintenance costs	(25,366)	(19,446)	30.4
Electricity and diesel costs	(42,657)	(40,048)	6.5
Other operating expenses	(50,209)	(42,824)	17.2
	(245,127)	(216,041)	13.5
Profit from operations	43,903	42,412	3.5
Finance costs	(962)	(1,778)	(45.9)
Interest and investment income	336	601	(44.1)
Share of results of associate (net of tax)	53	232	(77.2)
Profit before income tax	43,330	41,467	4.5
Income tax expense	(6,865)	(6,639)	3.4
Profit for the period attributable to equity holders of SMRT	36,465	34,828	4.7

1(c)(i) BALANCE SHEETS

	Notes	The Group As at 30 Jun 2012 $'000	The Group As at 31 Mar 2012 $'000
Non-current assets			
Property, plant and equipment		1,371,732	1,346,497
Intangible asset		13,614	13,614
Investments in subsidiaries		-	-
Interest in associate		68,662	67,887
Other investments		14,502	14,632
		1,468,510	1,442,630
Current assets			
Inventories		57,377	53,680
Trade and other receivables		70,117	64,256
Tax recoverable		54	36
Fixed deposits with banks and financial institutions		155,758	157,687
Cash at banks and in hand		29,264	37,643
		312,570	313,302
Total assets	(a)	1,781,080	1,755,932
Equity attributable to equity holders of SMRT			
Share capital		166,512	166,462
Reserves		129	(755)
Accumulated profits		662,391	625,706
Total equity		829,032	791,413
Non-current liabilities			
Interest-bearing borrowings		150,000	150,000
Provisions		2,856	2,977
Deferred tax liabilities		124,381	124,208
Fuel equalisation account		20,312	20,312
Deferred grants		60,242	62,758
		357,791	360,255
Current liabilities			
Trade and other payables		530,533	546,156
Provisions		40,988	37,911
Current tax payable		22,736	20,197
		594,257	604,264
Total liabilities	(b)	952,048	964,519
Total equity and liabilities		1,781,080	1,755,932

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