

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Results for the First Quarter ended 30 June 2015

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the first quarter ended 30 June 2015 ("1Q FY2016").

1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group		
	Apr - Jun 2015	Apr - Jun 2014	Increase/ (Decrease) %
	\$'000	\$'000	%
Revenue	320,304	297,134	7.8
- Rail	170,208	160,348	6.1
- Bus	61,372	58,073	5.7
- Non-Fare	88,724	78,713	12.7
Other operating income	16,286	12,780	27.4
	336,590	309,914	8.6
Staff costs	(128,949)	(119,036)	8.3
Depreciation of property, plant and equipment	(53,535)	(47,371)	13.0
Amortisation of asset-related grants	2,453	2,447	0.2
Repairs and maintenance costs	(33,775)	(28,248)	19.6
Electricity and diesel costs	(34,571)	(39,793)	(13.1)
Other operating expenses	(60,531)	(48,604)	24.5
Total expenses	(308,908)	(280,605)	10.1
Profit/(Loss) from operations	27,682	29,309	(5.6)
- Rail	(5,707)	4,280	(233.3)
- Bus	1,240	(5,636)	122.0
- Non-Fare	32,149	30,665	4.8
Finance costs	(3,134)	(2,807)	11.6
Interest and investment income	422	536	(21.3)
Share of results of associates and joint ventures (net of tax)	732	126	481.0
Profit before income tax	25,702	27,164	(5.4)
Income tax expense	(5,534)	(4,893)	13.1
Profit after taxation	20,168	22,271	(9.4)
Attributable to:			
Equity holders of SMRT	20,132	22,363	(10.0)
Non-controlling interest	36	(92)	139.1
Profit for the period	20,168	22,271	(9.4)

	The Group		
	Apr - Jun 2015	Apr - Jun 2014	Increase/ (Decrease) %
EBITDA (\$'000)	78,764	74,233	6.1
EBITDA margin	24.6%	25.0%	(0.4)
EBIT margin	8.6%	9.9%	(1.3)
PAT margin	6.3%	7.5%	(1.2)
Interest coverage (x)	25.1	26.4	(5.0)
Earnings Per Share (EPS) (cents)			
- basic	1.32	1.47	(10.2)
- diluted	1.32	1.47	(10.2)
Economic Value Added (EVA) (\$'000)	5,427	7,192	(24.5)
Return On Equity (ROE)	9.3%	11.0%	(1.7)

1(a)(ii) Included in the determination of net profit are the following items:-

	The Group	
	Apr - Jun	Apr - Jun
	2015	2014
	\$'000	\$'000
<i>After Charging/(Crediting) :-</i>		
- Impairment loss made for trade receivables	285	208
- Allowance for obsolete inventories	119	60
- Inventory written off	137	34
- Foreign exchange loss	788	132
- (Gain)/Loss on disposal of property, plant and equipment	(412)	424
- Property, plant and equipment written off	635	177
- Under provision of tax in respect of prior years	22	-

1(b) EARNINGS PER ORDINARY SHARE

	The Group		
	Apr - Jun	Apr - Jun	Increase/
	2015	2014	(Decrease)
			%
Earnings per ordinary share (cents)*:-			
(a) Basic	1.32	1.47	(10.2)
- Weighted average number of shares for basic EPS ('000)	1,522,138	1,521,508	
(b) Fully Diluted	1.32	1.47	(10.2)
- Weighted average number of shares for diluted EPS ('000)	1,526,315	1,523,846	

* To the nearest 0.01 cent

1(c)(i) BALANCE SHEETS

Notes	The Group		The Company	
	As at	As at	As at	As at
	30 Jun 2015	31 Mar 2015	30 Jun 2015	31 Mar 2015
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	2,066,190	2,042,484	13,594	12,420
Intangible asset	13,614	13,614	-	-
Investments in subsidiaries	-	-	325,823	325,823
Interests in associates and joint ventures	54,935	55,768	-	-
Other investments	20,414	20,629	-	-
Other receivables	1,000	-	-	-
	<u>2,156,153</u>	<u>2,132,495</u>	<u>339,417</u>	<u>338,243</u>
Current assets				
Inventories	83,264	80,917	-	-
Trade and other receivables	165,173	167,684	77,111	69,705
Fixed deposits with banks and financial institutions	9,158	9,358	-	-
Cash at banks and in hand	121,875	146,759	3,134	6,904
	<u>379,470</u>	<u>404,718</u>	<u>80,245</u>	<u>76,609</u>
Total assets	(a) <u>2,535,623</u>	<u>2,537,213</u>	<u>419,662</u>	<u>414,852</u>
Equity attributable to equity holders of SMRT				
Share capital	169,143	169,143	169,143	169,143
Reserves	9,035	9,145	4,264	3,185
Accumulated profits	701,360	681,228	215,854	215,177
	<u>879,538</u>	<u>859,516</u>	<u>389,261</u>	<u>387,505</u>
Non-controlling interest	(602)	(638)	-	-
Total equity	<u>878,936</u>	<u>858,878</u>	<u>389,261</u>	<u>387,505</u>
Non-current liabilities				
Interest-bearing borrowings	817,960	812,671	-	-
Provisions	27	32	-	-
Deferred tax liabilities	169,973	165,649	1,464	1,510
Fuel equalisation account	20,312	20,312	-	-
Deferred grants	37,455	39,758	-	-
	<u>1,045,727</u>	<u>1,038,422</u>	<u>1,464</u>	<u>1,510</u>
Current liabilities				
Interest-bearing borrowings	9,395	8,934	-	-
Trade and other payables	536,480	568,231	28,164	25,259
Provisions	58,948	57,895	494	578
Current tax payable	6,137	4,853	279	-
	<u>610,960</u>	<u>639,913</u>	<u>28,937</u>	<u>25,837</u>
Total liabilities	(b) <u>1,656,687</u>	<u>1,678,335</u>	<u>30,401</u>	<u>27,347</u>
Total equity and liabilities	<u>2,535,623</u>	<u>2,537,213</u>	<u>419,662</u>	<u>414,852</u>

Notes to Balance Sheets:

- (a) Total assets decreased by \$1.6 million (0.1%) due mainly to lower cash and cash equivalents (\$25.1 million), and trade and other receivables (\$1.5 million), partially offset by higher property, plant and equipment (\$23.7 million), and inventories (\$2.3 million, mainly for Train operations).

Property, plant and equipment increased due mainly to the addition of rail operating assets, trains and buses.

- (b) Total liabilities decreased by \$21.6 million (1.3%) due mainly to lower trade and other payables (\$31.8 million) partially offset by higher borrowings (\$5.8 million) and tax liabilities (\$5.6 million).

The lower trade and other payables was due mainly to lower accruals for operating expenses.

As at 30 June 2015, the Group was in a net current liabilities position of \$231.5 million. Included in the current liabilities were deposits from commercial tenants of \$38.7 million and provisions of \$58.9 million. Given their nature, these two current liabilities items are not expected to result in significant cash outflow by the Group within the next 12 months. Also included under trade and other payables, were balances relating to 13 new North-South East-West line trains and 7 new LRT trains acquired to improve train services and meet new operating reliability standards. The Group has sufficient undrawn bank financing facilities as well as multicurrency medium term note programmes to meet commitments as and when they fall due.

1(c)(ii) GROUP'S BORROWINGS

	As at 30 Jun 2015 \$'000	As at 31 Mar 2015 \$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured SGD fixed rate loan - at 6.0% per annum	5,345	4,884
Unsecured SGD fixed rate loan - at 4.0% per annum	4,050	4,050
	<u>9,395</u>	<u>8,934</u>
<u>Amount repayable after one year</u>		
Secured SGD fixed rate loan - at 6.0% per annum	67,960	62,671
Unsecured quoted SGD fixed rate notes - at 1.2% per annum due October 2017	350,000	350,000
Unsecured quoted SGD fixed rate notes - at 2.363% per annum due October 2022	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 3.072% per annum due June 2024	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 1.388% per annum due October 2017	200,000	200,000
Total unsecured borrowings	750,000	750,000
	<u>817,960</u>	<u>812,671</u>

Details of any collaterals

The secured SGD fixed rate loan is secured (in favour of the Land Transport Authority of Singapore ("LTA")) over the buses acquired under the Bus Service Enhancement Programme ("BSEP").

Net Gearing

	The Group	
	As at 30 Jun 2015	As at 31 Mar 2015
Net gearing	0.79	0.77

1(c)(iii) NET ASSET VALUE AND NET TANGIBLE ASSET PER ORDINARY SHARE

	The Group		The Company	
	As at 30 Jun 2015	As at 31 Mar 2015	As at 30 Jun 2015	As at 31 Mar 2015
Net asset value per ordinary share (cents)	57.78	56.47	25.57	25.46
Net tangible asset per ordinary share ¹ (cents)	56.89	55.57	25.57	25.46
Number of shares at end of period (excluding treasury shares) ² ('000)	<u>1,522,138</u>	<u>1,522,138</u>	<u>1,522,138</u>	<u>1,522,138</u>

¹ *Net tangible asset = net assets less intangible asset.*

² *Treasury shares - nil.*

1(d) CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	Apr - Jun	Apr - Jun
	2015	2014
	\$'000	\$'000
Notes		
Operating activities		
Profit before income tax	25,702	27,164
<i>Adjustments for:</i>		
Amortisation of asset-related grants	(2,453)	(2,447)
Depreciation of property, plant and equipment	53,535	47,371
Dividend income	(155)	(206)
Grant released upon disposal/write-off of property, plant and equipment	(203)	-
Interest expense	3,134	2,807
Interest income	(267)	(330)
(Gain)/Loss on disposal of property, plant and equipment	(412)	424
Property, plant and equipment written off	635	177
Provisions made	4,656	4,334
Share-based payment expenses	1,079	528
Share of results of associates and joint ventures (net of tax)	(732)	(126)
Grants	(10,024)	(5,273)
	<u>74,495</u>	<u>74,423</u>
<i>Changes in working capital:</i>		
Inventories	(2,347)	(3,315)
Trade and other receivables	6,180	(30,165)
Trade and other payables	(30,990)	(1,086)
Cash generated from operations	<u>47,338</u>	<u>39,857</u>
Income taxes (paid)/refunded, net	(562)	74
Interest paid	(6,188)	(5,082)
Cash flows from operating activities	(a) <u>40,588</u>	<u>34,849</u>
Investing activities		
Dividends received	4,899	206
Interest received	193	138
Loan to joint venture	(1,000)	-
Purchase of property, plant and equipment	(82,072)	(94,252)
Proceeds from disposal of:		
- property, plant and equipment	917	306
Cash flows from investing activities	(b) <u>(77,063)</u>	<u>(93,602)</u>
Financing activities		
Proceeds from issuance of unsecured quoted notes	-	100,000
Proceeds from borrowings	7,097	4,353
Grants received	4,503	6,244
Cash flows from financing activities	(c) <u>11,600</u>	<u>110,597</u>
Net (decrease)/increase in cash and cash equivalents	(d) (24,875)	51,844
Cash and cash equivalents at beginning of the period	156,117	155,524
Effect of exchange rate fluctuations on cash held	(209)	(124)
Cash and cash equivalents at end of the period	<u>131,033</u>	<u>207,244</u>
<u>Cash and cash equivalents at end of the period comprise:</u>		
Fixed deposits with banks and financial institutions	9,158	48,498
Cash at banks and in hand	<u>121,875</u>	<u>158,746</u>
	<u>131,033</u>	<u>207,244</u>

Notes to Consolidated Statement of Cash Flows:

- (a) Net cash inflow from operating activities of \$40.6 million for 1Q FY2016 was higher compared to \$34.8 million for 1Q FY2015, due mainly to lower working capital cash outflow.
- (b) Net cash outflow from investing activities of \$77.1 million for 1Q FY2016 was lower compared to \$93.6 million for 1Q FY2015, due mainly to lower payment for purchase of property, plant and equipment and higher dividends received.
- (c) Net cash inflow from financing activities of \$11.6 million for 1Q FY2016 was lower compared to \$110.6 million for 1Q FY2015, due mainly to proceeds from issuance of \$100 million fixed rate notes in the first quarter of the previous financial period.
- (d) Net decrease in cash and cash equivalents of \$24.9 million in 1Q FY2016 compared to a net increase in 1Q FY2015, was due to lower financing cash inflow, partially offset by lower investing cash outflow and higher operating cash inflow.

1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group	
	Apr - Jun	Apr - Jun
	2015	2014
	\$'000	\$'000
Profit for the period	20,168	22,271
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to the income statement:		
Change in fair value of available-for-sale financial assets, net of tax	(206)	258
Effective portion of changes in fair value of cash flow hedge, net of tax	1,191	-
Change in fair value of cash flow hedge transferred to the income statement, net of tax	(401)	47
Currency translation differences arising from consolidation	(1,773)	(1,721)
Other comprehensive income/(loss) for the period, net of tax	(1,189)	(1,416)
Total comprehensive income for the period	18,979	20,855
Attributable to:		
Equity holders of SMRT	18,943	20,947
Non-controlling interest	36	(92)
	18,979	20,855

1(f)(i) STATEMENTS OF CHANGES IN EQUITY

The Group

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity Holders of SMRT \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
At 1 Apr 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	20,132	20,132	36	20,168
Other comprehensive income/(loss), net of tax *	-	(1,773)	(206)	790	-	-	(1,189)	-	(1,189)
Total comprehensive income/(loss)	-	(1,773)	(206)	790	-	20,132	18,943	36	18,979
Transactions with owners of the Company, recorded directly in equity									
Value of employee services received for share-based payment	-	-	-	-	1,079	-	1,079	-	1,079
Total transactions with owners	-	-	-	-	1,079	-	1,079	-	1,079
At 30 Jun 2015	169,143	4,352	259	160	4,264	701,360	879,538	(602)	878,936
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity Holders of SMRT \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
At 1 Apr 2014	168,240	(170)	516	(94)	1,977	631,283	801,752	(92)	801,660
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	22,363	22,363	(92)	22,271
Other comprehensive income/(loss), net of tax *	-	(1,721)	258	47	-	-	(1,416)	-	(1,416)
Total comprehensive income/(loss)	-	(1,721)	258	47	-	22,363	20,947	(92)	20,855
Transactions with owners of the Company, recorded directly in equity									
Value of employee services received for share-based payment	-	-	-	-	528	-	528	-	528
Total transactions with owners	-	-	-	-	528	-	528	-	528
At 30 Jun 2014	168,240	(1,891)	774	(47)	2,505	653,646	823,227	(184)	823,043

* Details of other comprehensive income/(loss) have been included in the Consolidated Statement of Comprehensive Income.

1(f)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)

The Company

	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 Apr 2015	169,143	3,185	215,177	387,505
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	677	677
Transactions with owners, recorded directly in equity				
Value of employee services received for share-based payment	-	1,079	-	1,079
Total transactions with owners	-	1,079	-	1,079
At 30 Jun 2015	169,143	4,264	215,854	389,261
	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 Apr 2014	168,240	1,977	227,759	397,976
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	724	724
Transactions with owners, recorded directly in equity				
Value of employee services received for share-based payment	-	528	-	528
Total transactions with owners	-	528	-	528
At 30 Jun 2014	168,240	2,505	228,483	399,228

- 1(f)(ii)** As at 30 June 2015, the total number of issued shares excluding treasury shares of the Company was 1,522,138,046 (31 March 2015: 1,522,138,046).

The Company did not hold any treasury shares in 1Q FY2016 and as at 30 June 2015 (30 June 2014: Nil).

As at 30 June 2015, the number of outstanding conditional shares awarded under the SMRT Corporation Restricted Share Plan (“SMRT RSP”) and SMRT Corporation Performance Share Plan (“SMRT PSP”) was 4,177,392 (30 June 2014: 2,337,700).

2. AUDIT

The figures for the quarters ended 30 June 2015 and 30 June 2014 have not been audited or reviewed by our external auditors.

3. ACCOUNTING POLICIES

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period compared with the audited financial statements as at 31 March 2015.

The Group has adopted the following new or revised Financial Reporting Standards (“FRS”) that are effective for the Group’s annual periods beginning on or after 1 April 2015. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

- Amendments to FRS 19 (R) Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods commencing on or after 1 July 2014)
- Annual improvements 2012 (effective for annual periods commencing on or after 1 July 2014)
 - FRS 102 Share-based Payment
 - FRS 103 Business Combinations
 - FRS 108 Operating Segments
 - FRS 16 Property, Plant and Equipment
 - FRS 38 Intangible Assets
 - FRS 24 Related Party Disclosures
- Annual improvements 2013 (effective for annual periods commencing on or after 1 July 2014)
 - FRS 103 Business Combinations
 - FRS 113 Fair Value Measurement
 - FRS 40 Investment Property

The adoption of the above FRSs does not have any significant impact on the financial statements of the Group.

4. **REVIEW OF GROUP PERFORMANCE (1Q FY2016 AGAINST PREVIOUS CORRESPONDING PERIOD)**

4.1 **Overview**

Group **revenue** increased by \$23.2 million (7.8%) in 1Q FY2016 compared to 1Q FY2015 across most segments.

Train and LRT operations suffered a loss of \$3.7 million and \$1.6 million respectively in 1Q FY2016, compared to a combined Rail profit of \$4.4 million in 1Q FY2015. Bus operations, on the other hand, recorded an operating profit of \$1.5 million in 1Q FY2016 compared to a loss of \$5.5 million in 1Q FY2015. Overall, the Group's **Fare business** recorded a higher operating loss at \$3.8 million in 1Q FY2016.

Operating profit from the Group's **Non-Fare business** increased by \$1.6 million (5.5%) in 1Q FY2016, due largely to an increase in profit for Taxi operations and Rental segment.

As a result, Group **operating profit** decreased by \$1.6 million (5.6%) in 1Q FY2016 compared to 1Q FY2015.

Group **profit attributable to equity holders of SMRT** was lower by \$2.2 million (10.0%) in 1Q FY2016 compared to 1Q FY2015.

4.2 **Explanatory notes to Consolidated Income Statement**

Other operating income increased by \$3.5 million (27.4%) in 1Q FY2016 due mainly to higher BSEP grants to cover the increased operating costs incurred by a larger BSEP fleet, and training grants.

Staff costs increased by \$9.9 million (8.3%) in 1Q FY2016 due mainly to increased headcount and salary increments.

Depreciation increased by \$6.2 million (13.0%) in 1Q FY2016 due mainly to capitalisation of a larger train fleet as well as new buses and taxis.

Repairs and maintenance costs increased by \$5.5 million (19.6%) in 1Q FY2016 due mainly to more trains undergoing scheduled overhaul and a more intensified maintenance regime in Train and LRT operations in view of the ageing systems.

Electricity and diesel costs decreased by \$5.2 million (13.1%) in 1Q FY2016 due mainly to lower diesel cost and electricity tariff, partially offset by higher consumption arising from a larger train and bus fleet.

Other operating expenses increased by \$11.9 million (24.5%) in 1Q FY2016, due mainly to full quarter costs associated with Kallang Wave mall which opened in June 2014, higher contribution to the Public Transport Fund ("PTF") as part of the conditions set in the fare adjustment that took effect on 5 April 2015 and expenses associated with costs for schemes introduced by LTA (including travel discounts) to incentivise commuters to shift their travel times away from peak hours.

Finance costs were higher in 1Q FY2016 due mainly to the interest costs from the issuance of \$100 million fixed rate notes in June 2014 and \$200 million fixed rate notes in October 2014, partially offset by the repayment of \$150 million fixed rate notes in October 2014.

Share of results of associates and joint ventures relate to the 49% share of results of Shenzhen Zona, and 50% share of results of joint venture companies, Hailo Singapore and Railise. The higher profit was due mainly to improved financial performance of Shenzhen Zona.

5. **REVIEW OF SEGMENT PERFORMANCE (1Q FY2016 AGAINST PREVIOUS CORRESPONDING PERIOD)**

A segmental breakdown by business is provided under note 9.

	First Quarter		
	1Q FY2016	1Q FY2015	Increase / (Decrease)
	\$'000	\$'000	%
<u>Fare business</u>			
Revenue	231,580	218,421	6.0
Operating loss	(3,819)	(1,130)	(238.0)
<u>Train operations</u>			
Revenue	167,586	157,888	6.1
Operating profit/(loss)	(3,686)	4,960	(174.3)
<u>LRT operations</u>			
Revenue	2,622	2,460	6.6
Operating loss	(1,607)	(566)	(183.9)
<u>Bus operations</u>			
Revenue	61,372	58,073	5.7
Operating profit/(loss)	1,474	(5,524)	126.7
<u>Non-Fare business</u>			
Revenue	88,724	78,713	12.7
Operating profit	31,548	29,906	5.5
<u>Taxi operations</u>			
Revenue	37,842	34,442	9.9
Operating profit	5,496	4,156	32.2
<u>Rental</u> ³			
Revenue	32,886	25,833	27.3
- Rail	26,120	25,118	4.0
- Others	6,766	715	846.3
Operating profit	21,115	20,045	5.3
<u>Advertising</u> ⁴			
Revenue	8,769	9,357	(6.3)
Operating profit	4,893	5,607	(12.7)
<u>Engineering Services</u>			
Revenue	2,389	2,815	(15.1)
Operating profit/(loss)	(498)	227	(319.4)
<u>Other Services</u>			
Revenue	6,838	6,266	9.1
Operating profit/(loss)	542	(129)	520.2
<u>Investment holding & Support Services / Consolidation elimination & adjustments</u>			
Revenue	-	-	n.m.
Operating profit/(loss)	(47)	533	(108.8)
<u>Total</u>			
Revenue	320,304	297,134	7.8
Operating profit	27,682	29,309	(5.6)

³ Rental – operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁴ Advertising – operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

Revenue from **Train operations** increased by \$9.7 million (6.1%) in 1Q FY2016 due to higher ridership and average fare. Despite an increase in revenue and lower electricity tariff, Train operations suffered an operating loss of \$3.7 million in 1Q FY2016 compared to operating profit in 1Q FY2015 due mainly to higher costs to support an expanded and ageing network, larger fleet, tightened regulatory standards and heightened operational demands.

Higher operating loss from **LRT operations** at \$1.6 million in 1Q FY2016 compared to 1Q FY2015, due mainly to higher repairs and maintenance work on the ageing system, and higher operating costs associated with the addition of new trains to the fleet.

Revenue from **Bus operations** increased by \$3.3 million (5.7%) in 1Q FY2016 due to increased ridership and average fare. Bus operations registered an operating profit of \$1.5 million in 1Q FY2016 compared to a loss in the previous corresponding period, due mainly to higher revenue and lower diesel costs, partially offset by higher staff costs, depreciation and other operating costs.

Taxi revenue increased by \$3.4 million (9.9%) in 1Q FY2016 due to a larger and newer fleet. As a result, operating profit increased by \$1.3 million (32.2%) in 1Q FY2016.

Rental revenue increased by \$7.1 million (27.3%) in 1Q FY2016 due mainly to complete quarter contribution from the redevelopment of Ang Mo Kio Xchange and rental revenue from the Kallang Wave mall. Consequently, operating profit increased by \$1.1 million (5.3%) in 1Q FY2016.

Advertising operating profit decreased by \$0.7 million (12.7%) in 1Q FY2016 due mainly to lower advertising on trains.

Engineering Services revenue decreased by \$0.4 million (15.1%) in 1Q FY2016 due mainly to completion of certain overseas consultancy projects. Operating loss of \$0.5 million recorded in 1Q FY2016 was due to lower contribution from consultancy projects and ramp up project expenses associated with Singapore Rail Engineering.

Revenue of **Other Services** increased by \$0.6 million (9.1%) in 1Q FY2016 due mainly to higher revenue from external fleet maintenance. As a result, operating profit of \$0.5 million in 1Q FY2016 was recorded.

6. REVIEW OF PROSPECTS STATEMENT

The results for 1Q FY2016 are consistent with the prospects statement issued during the announcement of the 4Q FY2015 results.

7. PROSPECTS

The public transport operating landscape remains challenging for the Group. Operating expenses are expected to continue increasing to further strengthen performance in rail reliability, maintainability, availability, capacity and safety. Under the current financing framework, asset renewal of the ageing system and an expanded fleet will result in further increase in depreciation.

The Group is making progress in its discussions with the authorities on the transition to a new rail financing framework.

Bus operations are expected to improve compared to FY2015. SMRT Buses will continue to participate in the tenders under the Government's new bus contracting model. We will be discussing with the authorities on the contract terms for the remaining bus services beyond the license expiry in August 2016. However, the outcome of these will not have an impact on the results of the Group for the next twelve months.

The Group will continue to explore growth anchored on the strengths of its core public transport operations and adjacent capabilities, locally and overseas.

8. DIVIDENDS

No dividend will be declared for 1Q FY2016.

9. SEGMENT INFORMATION

	-----Rail-----		Bus	Taxi	Rental ⁵	Advertising ⁶	Engineering	Other	Investment	Consolidation	
	Train	LRT	operations	operations			Services	Services	holding and	elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	support services	& adjustments	\$'000
Revenue and expenses											
1Q FY2016											
Revenue											
- external customers	167,586	2,622	61,372	37,842	32,886	8,769	2,389	6,838	-	-	320,304
- inter-segment	-	-	233	-	-	167	2,301	270	15,034	(18,005)	-
Operating expenses (net of other income)	(144,850)	(3,971)	(52,224)	(20,977)	(8,376)	(3,361)	(5,170)	(6,509)	(13,689)	17,587	(241,540)
Depreciation and amortisation	(26,422)	(258)	(7,907)	(11,369)	(3,395)	(682)	(18)	(57)	(971)	(3)	(51,082)
Segment operating results	(3,686)	(1,607)	1,474	5,496	21,115	4,893	(498)	542	374	(421)	27,682
Finance costs											(3,134)
Interest income											267
Investment income											155
Share of results of associates and joint ventures (net of tax)											732
Income tax expense											(5,534)
Profit after taxation											20,168
Non-controlling interest											(36)
Profit for the period attributable to equity holders of SMRT											20,132
1Q FY2015											
Revenue											
- external customers	157,888	2,460	58,073	34,442	25,833	9,357	2,815	6,266	-	-	297,134
- inter-segment	-	-	112	-	-	87	138	148	11,896	(12,381)	-
Operating expenses (net of other income)	(128,585)	(2,965)	(57,375)	(20,791)	(2,793)	(3,123)	(2,722)	(6,499)	(10,429)	12,381	(222,901)
Depreciation and amortisation	(24,343)	(61)	(6,334)	(9,495)	(2,995)	(714)	(4)	(44)	(888)	(46)	(44,924)
Segment operating results	4,960	(566)	(5,524)	4,156	20,045	5,607	227	(129)	579	(46)	29,309
Finance costs											(2,807)
Interest income											330
Investment income											206
Share of results of associate (net of tax)											126
Income tax expense											(4,893)
Profit after taxation											22,271
Non-controlling interest											92
Profit for the period attributable to equity holders of SMRT											22,363

⁵ Rental – operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁶ Advertising – operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

10. INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during 1Q FY2016 is as follows:-

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	1Q FY2016 \$'000	1Q FY2016 \$'000
<u>Sale of Goods and Services</u>		
Singapore Telecommunications Ltd	610	-
<u>Purchases of Goods and Services</u>		
Singapore Technologies Kinetics Ltd	340	-
Singapore Telecommunications Ltd	366	-
Starhub Ltd	161	-
Total	1,477	-

BY ORDER OF THE BOARD

Ms Jacquelin Tay Gek Poh
Company Secretary
SMRT Corporation Ltd

30 July 2015

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Koh Yong Guan and Desmond Kuek, being two directors of SMRT Corporation Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the 1Q FY2016 unaudited financial results to be false or misleading in any material respect.

On behalf of the Board of Directors



Koh Yong Guan
Chairman



Desmond Kuek
President & Group CEO

30 July 2015