

# SMRT CORPORATION LTD

(Company Registration No: 200001855H)

## Results for the Fourth Quarter ended 31 March 2016

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the fourth quarter ended 31 March 2016 ("4Q FY2016") and the audited results for the full year ended 31 March 2016 ("FY2016").

### 1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group					
	Jan - Mar	Jan - Mar	Increase/	Apr - Mar	Apr - Mar	Increase/
	2016	2015	(Decrease)	2016	2015	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	319,973	311,213	2.8	1,296,589	1,235,535	4.9
Other operating income	22,800	19,268	18.3	77,333	57,961	33.4
	342,773	330,481	3.7	1,373,922	1,293,496	6.2
Staff costs	(147,238)	(121,240)	21.4	(535,951)	(483,593)	10.8
Depreciation of property, plant and equipment	(53,197)	(54,149)	(1.8)	(213,343)	(203,155)	5.0
Amortisation of asset-related grants	2,082	2,746	(24.2)	9,676	10,025	(3.5)
Repairs and maintenance costs	(40,621)	(34,420)	18.0	(139,874)	(121,850)	14.8
Electricity and diesel costs	(28,871)	(34,895)	(17.3)	(132,309)	(150,655)	(12.2)
Other operating expenses	(42,111)	(61,375)	(31.4)	(223,671)	(223,461)	0.1
	(309,956)	(303,333)	2.2	(1,235,472)	(1,172,689)	5.4
<b>Profit from operations</b>	32,817	27,148	20.9	138,450	120,807	14.6
Finance costs	(3,134)	(3,101)	1.1	(12,607)	(12,527)	0.6
Interest and investment income	345	289	19.4	1,271	1,587	(19.9)
Share of results of associates and joint ventures (net of tax)	(1,136)	1,031	(210.2)	2,219	989	124.4
<b>Profit before income tax</b>	28,892	25,367	13.9	129,333	110,856	16.7
Income tax expense	(3,367)	(4,591)	(26.7)	(21,058)	(20,402)	3.2
<b>Profit after taxation</b>	25,525	20,776	22.9	108,275	90,454	19.7
<b>Attributable to:</b>						
<b>Equity holders of SMRT</b>	26,556	20,815	27.6	109,294	91,000	20.1
Non-controlling interest	(1,031)	(39)	(2,543.6)	(1,019)	(546)	(86.6)
<b>Profit for the period</b>	25,525	20,776	22.9	108,275	90,454	19.7

	The Group					
	Jan - Mar	Jan - Mar	Increase/	Apr - Mar	Apr - Mar	Increase/
	2016	2015	(Decrease)	2016	2015	(Decrease)
			%			%
EBITDA (\$'000)	83,932	78,551	6.9	342,117	313,937	9.0
EBITDA margin	26.2%	25.2%	1.0	26.4%	25.4%	1.0
EBIT margin	10.3%	8.7%	1.6	10.7%	9.8%	0.9
PAT margin	8.0%	6.7%	1.3	8.4%	7.3%	1.1
Interest coverage (x)	26.8	25.3	5.7	27.1	25.1	8.3
Earnings Per Share (EPS) (cents)						
- basic	1.74	1.37	27.0	7.17	5.98	19.9
- diluted	1.74	1.36	27.9	7.15	5.97	19.8
Economic Value Added (EVA) (\$'000)	6,846	5,715	19.8	42,782	28,915	48.0
Return On Equity (ROE)				12.3%	11.0%	1.3

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

	<b>The Group</b>			
	Jan - Mar	Jan - Mar	Apr - Mar	Apr - Mar
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>After Charging/(Crediting) :-</i>				
- Impairment losses made for receivables	1,592	272	2,647	1,066
- Allowance/(Write-back) for obsolete inventories	91	(130)	326	(165)
- Inventory written off	88	260	793	294
- Foreign exchange loss/(gain)	738	(87)	317	150
- Loss on disposal of property, plant and equipment	2,548	392	3,484	124
- Property, plant and equipment written off/(written back)	2,168	(629)	4,050	4,815
- (Over)/Under provision of tax in respect of prior years	(3,556)	824	(4,649)	1,343

**1(b) EARNINGS PER ORDINARY SHARE**

	<b>The Group</b>					
	Jan - Mar	Jan - Mar	Increase/	Apr - Mar	Apr - Mar	Increase/
	2016	2015	(Decrease)	2016	2015	(Decrease)
			%			%
Earnings per ordinary share (cents)*:-						
(a) Basic	1.74	1.37	27.0	7.17	5.98	19.9
- Weighted average number of shares for basic EPS ('000)	1,523,852	1,522,138		1,523,423	1,521,981	
(b) Fully Diluted	1.74	1.36	27.9	7.15	5.97	19.8
- Weighted average number of shares for diluted EPS ('000)	1,529,502	1,526,315		1,527,961	1,524,611	

\* To the nearest 0.01 cent

**1(c)(i) BALANCE SHEETS**

Notes	<b>The Group</b>		<b>The Company</b>	
	As at	As at	As at	As at
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	2,130,729	2,042,484	21,174	12,420
Intangible asset	13,614	13,614	-	-
Investments in subsidiaries	-	-	325,823	325,823
Interests in associates and joint ventures	52,018	55,768	-	-
Other investments	19,152	20,629	-	-
	<u>2,215,513</u>	<u>2,132,495</u>	<u>346,997</u>	<u>338,243</u>
<b>Current assets</b>				
Inventories	80,081	80,917	-	-
Trade and other receivables	192,199	167,684	54,983	69,705
Fixed deposits with banks and financial institutions	81,338	9,358	-	-
Cash at banks and in hand	150,891	146,759	7,045	6,904
	<u>504,509</u>	<u>404,718</u>	<u>62,028</u>	<u>76,609</u>
<b>Total assets</b>	(a) <u>2,720,022</u>	<u>2,537,213</u>	<u>409,025</u>	<u>414,852</u>
<b>Equity attributable to equity holders of SMRT</b>				
Share capital	171,571	169,143	171,571	169,143
Reserves	3,282	9,145	4,420	3,185
Accumulated profits	741,051	681,228	173,755	215,177
	<u>915,904</u>	<u>859,516</u>	<u>349,746</u>	<u>387,505</u>
<b>Non-controlling interest</b>	(1,657)	(638)	-	-
<b>Total equity</b>	<u>914,247</u>	<u>858,878</u>	<u>349,746</u>	<u>387,505</u>
<b>Non-current liabilities</b>				
Interest-bearing borrowings	750,000	812,671	-	-
Provisions	30	32	-	-
Deferred tax liabilities	199,940	165,649	2,363	1,510
Fuel equalisation account	20,312	20,312	-	-
Deferred grants	34,616	39,758	-	-
	<u>1,004,898</u>	<u>1,038,422</u>	<u>2,363</u>	<u>1,510</u>
<b>Current liabilities</b>				
Interest-bearing borrowings	71,169	8,934	-	-
Trade and other payables	667,750	568,231	56,107	25,259
Provisions	61,958	57,895	809	578
Current tax payable	-	4,853	-	-
	<u>800,877</u>	<u>639,913</u>	<u>56,916</u>	<u>25,837</u>
<b>Total liabilities</b>	(b) <u>1,805,775</u>	<u>1,678,335</u>	<u>59,279</u>	<u>27,347</u>
<b>Total equity and liabilities</b>	<u>2,720,022</u>	<u>2,537,213</u>	<u>409,025</u>	<u>414,852</u>

Notes to Balance Sheets:

- (a) Total assets increased by \$182.8 million (7.2%) due mainly to higher property, plant and equipment (\$88.2 million), cash and cash equivalents (\$76.1 million) and trade and other receivables (\$24.5 million).

Property, plant and equipment increased due mainly to the addition of rail operating assets, trains, buses and taxis, partially offset by the sale of 110 buses acquired under the Bus Service Enhancement Programme (“BSEP”) to the Land Transport Authority (“LTA”).

Higher trade and other receivables was due mainly to higher advance to suppliers, receivables from LTA and prepayments.

- (b) Total liabilities increased by \$127.4 million (7.6%) due mainly to higher trade and other payables (\$99.5 million) and tax liabilities (\$29.4 million).

Trade and other payables increased due mainly to higher accruals for purchase of property, plant and equipment and operating expenses.

As at 31 March 2016, the Group was in a net current liabilities position of \$296.4 million. Included in the current liabilities was borrowings of \$67.1 million for the buses acquired under the BSEP. With the sale of these buses to LTA which is expected to be effected within the next 12 months, the repayment of this borrowing will be set off against the proceeds. Included in the current liabilities were provisions of \$62.0 million and deposits from commercial tenants of \$38.3 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 24 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 programme to meet commitments as and when they fall due.

**1(c)(ii) GROUP'S BORROWINGS**

	<b>As at 31 Mar 2016 \$'000</b>	<b>As at 31 Mar 2015 \$'000</b>
<b><u>Amount repayable in one year or less, or on demand</u></b>		
Secured SGD fixed rate loan - at 6.0% per annum	67,119	4,884
Unsecured SGD fixed rate loan - at 4.0% per annum	4,050	4,050
	<u>71,169</u>	<u>8,934</u>
<b><u>Amount repayable after one year</u></b>		
Secured SGD fixed rate loan - at 6.0% per annum	-	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>750,000</u>	<u>812,671</u>
Total	<u>821,169</u>	<u>821,605</u>

**Details of any collaterals**

The secured SGD fixed rate loan is secured (in favour of LTA) over the buses acquired under the BSEP.

**Net Gearing**

	<b>The Group</b>	
	<b>As at 31 Mar 2016</b>	<b>As at 31 Mar 2015</b>
Net gearing	0.64	0.77

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

	<b>The Group</b>		<b>The Company</b>	
	As at 31 Mar 2016	As at 31 Mar 2015	As at 31 Mar 2016	As at 31 Mar 2015
Net asset value per ordinary share (cents)	60.10	56.47	22.95	25.46
Net tangible asset per ordinary share <sup>1</sup> (cents)	59.21	55.57	22.95	25.46
Number of shares at end of period (excluding treasury shares) <sup>2</sup> ('000)	<u>1,523,852</u>	<u>1,522,138</u>	<u>1,523,852</u>	<u>1,522,138</u>

<sup>1</sup> *Net tangible asset = net assets less intangible asset.*

<sup>2</sup> *Treasury shares - nil.*

**1(d) CONSOLIDATED STATEMENT OF CASH FLOWS**

Notes	The Group			
	Jan - Mar	Jan - Mar	Apr - Mar	Apr - Mar
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	28,892	25,367	129,333	110,856
<i>Adjustments for:</i>				
Amortisation of asset-related grants	(2,082)	(2,746)	(9,676)	(10,025)
Depreciation of property, plant and equipment	53,197	54,149	213,343	203,155
Dividend income	-	-	(155)	(206)
Grant released upon disposal/write-off of property, plant and equipment	(4)	-	(491)	(3)
Interest expense	3,134	3,101	12,607	12,527
Interest income	(345)	(289)	(1,116)	(1,381)
Loss on disposal of property, plant and equipment	2,548	392	3,484	124
Property, plant and equipment written off/(written back)	2,168	(629)	4,050	4,815
Provisions made	5,247	5,814	21,136	20,994
Share-based payment expenses	860	533	3,663	2,111
Share of results of associates and joint ventures (net of tax)	1,136	(1,031)	(2,219)	(989)
Grants	(14,480)	(12,255)	(48,796)	(33,585)
	80,271	72,406	325,163	308,393
<i>Changes in working capital:</i>				
Inventories	862	5,915	836	3,408
Trade and other receivables	9,931	(16,378)	(2,116)	(42,655)
Trade and other payables	51,250	27,075	10,662	29,241
Cash generated from operations	142,314	89,018	334,545	298,387
Income taxes refunded/(paid), net	8,297	(8,864)	7,803	(9,041)
Interest paid	-	(226)	(12,411)	(11,960)
Cash flows from operating activities	(a) 150,611	79,928	329,937	277,386
<b>Investing activities</b>				
Dividends received	-	-	4,899	206
Interest received	462	553	1,145	1,383
Investments in joint ventures	-	(350)	-	(1,500)
Loan to joint venture	-	-	(1,000)	-
Purchase of property, plant and equipment	(69,752)	(102,849)	(291,042)	(462,543)
Proceeds from disposal of:				
- property, plant and equipment	248	307	36,126	1,619
- other investments	-	5,000	-	5,000
Cash flows from investing activities	(b) (69,042)	(97,339)	(249,872)	(455,835)
<b>Financing activities</b>				
Proceeds from issuance of unsecured quoted notes	-	-	-	300,000
Repayment of financial liabilities	-	(49,900)	(34,675)	(199,900)
Dividends paid	-	-	(49,495)	(41,090)
Proceeds from unclaimed dividends	-	-	24	35
Proceeds from borrowings	11,849	13,612	39,545	88,698
Grants received	12,975	11,984	40,843	30,492
Cash flows from financing activities	(c) 24,824	(24,304)	(3,758)	178,235
Net change in cash and cash equivalents	(d) 106,393	(41,715)	76,307	(214)
Cash and cash equivalents at beginning of the period	126,300	197,424	156,117	155,524
Effect of exchange rate fluctuations on cash held	(464)	408	(195)	807
Cash and cash equivalents at end of the period	232,229	156,117	232,229	156,117
<u>Cash and cash equivalents at end of the period comprise:</u>				
Fixed deposits with banks and financial institutions	81,338	9,358	81,338	9,358
Cash at banks and in hand	150,891	146,759	150,891	146,759
	232,229	156,117	232,229	156,117

## Notes to Consolidated Statement of Cash Flows:

- (a) Net cash inflow from operating activities of \$150.6 million for 4Q FY2016 was higher compared to \$79.9 million for 4Q FY2015, due mainly to higher profitability, higher working capital cash inflow and net income taxes refunded. Net cash inflow from operating activities of \$329.9 million for FY2016 was higher compared to \$277.4 million for FY2015, due mainly to higher profitability and net income taxes refunded.
- (b) Net cash outflow from investing activities of \$69.0 million for 4Q FY2016 was lower compared to \$97.3 million for 4Q FY2015, due mainly to lower payment for purchase of property, plant and equipment. Net cash outflow from investing activities of \$249.9 million for FY2016 was lower compared to \$455.8 million for FY2015, due mainly to lower payment for purchase of property, plant and equipment and higher proceeds from disposal of property, plant and equipment.
- (c) Net cash inflow from financing activities of \$24.8 million for 4Q FY2016 compared to net cash outflow of \$24.3 million for 4Q FY2015, due mainly to repayment of financial liabilities in 4Q FY2015. Net cash outflow from financing activities of \$3.8 million for FY2016 compared to net cash inflow of \$178.2 million for FY2015, due mainly to net proceeds from issuance of fixed rate notes in the previous period and lower BSEP borrowings in the current period.
- (d) Net increase in cash and cash equivalents of \$106.4 million in 4Q FY2016 compared to a net decrease in 4Q FY2015, was due to higher operating cash inflow, financing cash inflow compared to an outflow and lower investing cash outflow. Net increase in cash and cash equivalents of \$76.3 million in FY2016 compared to a net decrease in FY2015, was due to lower investing cash outflow and higher operating cash inflow partially offset by financing cash outflow compared to an inflow.

## **1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>The Group</b>			
	Jan - Mar 2016	Jan - Mar 2015	Apr - Mar 2016	Apr - Mar 2015
	\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>	25,525	20,776	108,275	90,454
<b>Other comprehensive income/(loss):</b>				
Items that may be reclassified subsequently to the income statement:				
Change in fair value of available-for-sale financial assets, net of tax	(773)	(309)	(1,443)	(51)
Effective portion of changes in fair value of cash flow hedge, net of tax	(494)	(623)	(6,492)	(4,753)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	3,994	2,569	7,001	4,217
Currency translation differences arising from consolidation	(2,949)	3,474	(6,164)	6,295
<b>Other comprehensive income/(loss) for the period, net of tax</b>	(222)	5,111	(7,098)	5,708
<b>Total comprehensive income for the period</b>	<u>25,303</u>	<u>25,887</u>	<u>101,177</u>	<u>96,162</u>
<b>Attributable to:</b>				
Equity holders of SMRT	26,334	25,926	102,196	96,708
Non-controlling interest	(1,031)	(39)	(1,019)	(546)
	<u>25,303</u>	<u>25,887</u>	<u>101,177</u>	<u>96,162</u>



# 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
<b>At 1 Apr 2014</b>	<b>168,240</b>	<b>(170)</b>	<b>516</b>	<b>(94)</b>	<b>1,977</b>	<b>631,283</b>	<b>801,752</b>	<b>(92)</b>	<b>801,660</b>
<b>Total comprehensive income/(loss) for the year</b>									
Profit/(Loss) for the year	-	-	-	-	-	91,000	91,000	(546)	90,454
Other comprehensive income/(loss), net of tax *	-	6,295	(51)	(536)	-	-	5,708	-	5,708
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>6,295</b>	<b>(51)</b>	<b>(536)</b>	<b>-</b>	<b>91,000</b>	<b>96,708</b>	<b>(546)</b>	<b>96,162</b>
<b>Transactions with owners of the Company, recorded directly in equity</b>									
Issue of performance shares	903	-	-	-	(903)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	2,111	-	2,111	-	2,111
Dividends paid	-	-	-	-	-	(41,090)	(41,090)	-	(41,090)
Proceeds from unclaimed dividends	-	-	-	-	-	35	35	-	35
<b>Total transactions with owners</b>	<b>903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,208</b>	<b>(41,055)</b>	<b>(38,944)</b>	<b>-</b>	<b>(38,944)</b>
<b>At 31 Mar 2015</b>	<b>169,143</b>	<b>6,125</b>	<b>465</b>	<b>(630)</b>	<b>3,185</b>	<b>681,228</b>	<b>859,516</b>	<b>(638)</b>	<b>858,878</b>
<b>At 1 Apr 2015</b>	<b>169,143</b>	<b>6,125</b>	<b>465</b>	<b>(630)</b>	<b>3,185</b>	<b>681,228</b>	<b>859,516</b>	<b>(638)</b>	<b>858,878</b>
<b>Total comprehensive income/(loss) for the year</b>									
Profit/(Loss) for the year	-	-	-	-	-	109,294	109,294	(1,019)	108,275
Other comprehensive income/(loss), net of tax *	-	(6,164)	(1,443)	509	-	-	(7,098)	-	(7,098)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(6,164)</b>	<b>(1,443)</b>	<b>509</b>	<b>-</b>	<b>109,294</b>	<b>102,196</b>	<b>(1,019)</b>	<b>101,177</b>
<b>Transactions with owners of the Company, recorded directly in equity</b>									
Issue of performance shares	2,428	-	-	-	(2,428)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	3,663	-	3,663	-	3,663
Dividends paid	-	-	-	-	-	(49,495)	(49,495)	-	(49,495)
Proceeds from unclaimed dividends	-	-	-	-	-	24	24	-	24
<b>Total transactions with owners</b>	<b>2,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,235</b>	<b>(49,471)</b>	<b>(45,808)</b>	<b>-</b>	<b>(45,808)</b>
<b>At 31 Mar 2016</b>	<b>171,571</b>	<b>(39)</b>	<b>(978)</b>	<b>(121)</b>	<b>4,420</b>	<b>741,051</b>	<b>915,904</b>	<b>(1,657)</b>	<b>914,247</b>

\* 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
<b>At 1 Apr 2014</b>	<b>168,240</b>	<b>1,977</b>	<b>227,759</b>	<b>397,976</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	28,473	28,473
<b>Transactions with owners, recorded directly in equity</b>				
Issue of performance shares	903	(903)	-	-
Value of employee services received for share-based payment	-	2,111	-	2,111
Dividends paid	-	-	(41,090)	(41,090)
Proceeds from unclaimed dividends	-	-	35	35
<b>Total transactions with owners</b>	<b>903</b>	<b>1,208</b>	<b>(41,055)</b>	<b>(38,944)</b>
<b>At 31 Mar 2015</b>	<b>169,143</b>	<b>3,185</b>	<b>215,177</b>	<b>387,505</b>
<b>At 1 Apr 2015</b>	<b>169,143</b>	<b>3,185</b>	<b>215,177</b>	<b>387,505</b>
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	8,049	8,049
<b>Transactions with owners, recorded directly in equity</b>				
Issue of performance shares	2,428	(2,428)	-	-
Value of employee services received for share-based payment	-	3,663	-	3,663
Dividends paid	-	-	(49,495)	(49,495)
Proceeds from unclaimed dividends	-	-	24	24
<b>Total transactions with owners</b>	<b>2,428</b>	<b>1,235</b>	<b>(49,471)</b>	<b>(45,808)</b>
<b>At 31 Mar 2016</b>	<b>171,571</b>	<b>4,420</b>	<b>173,755</b>	<b>349,746</b>

- 1(f)(ii)** As at 31 March 2016, the total number of issued shares excluding treasury shares of the Company was 1,523,851,896 (31 March 2015: 1,522,138,046).

The Company did not hold any treasury shares in 4Q FY2016 and as at 31 March 2016 (31 March 2015: Nil).

As at 31 March 2016, 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 5,650,227 (31 March 2015: 4,177,392).

## **2. AUDIT**

The figures for the quarters ended 31 March 2016 and 31 March 2015 have not been audited or reviewed by our external auditors. The figures for the years ended 31 March 2016 and 31 March 2015 have been audited by our external auditors, PricewaterhouseCoopers LLP, in accordance with Singapore Standards on Auditing. Please refer to the Independent Auditor’s Report below.

## **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 (4Q FY2016 AND FY2016 AGAINST PREVIOUS CORRESPONDING PERIODS)**

##### **4.1 Overview**

Group **revenue** increased by \$8.8 million (2.8%) in 4Q FY2016 and \$61.1 million (4.9%) in FY2016 compared to previous corresponding periods.

The Group's **Rail** operations (Train and LRT) reported an operating profit of \$8.6 million in 4Q FY2016 and a lower operating profit of \$7.4 million in FY2016 compared to \$9.6 million in FY2015. The operating profits recorded in 4Q FY2016 and FY2016, included a net property tax refund of \$17.1 million relating to prior years' over assessment, without which, Rail operations would have suffered operating losses of \$8.5 million in 4Q FY2016 and \$9.6 million in FY2016.

The Group's **Non-Rail business** registered an operating profit of \$27.5 million in 4Q FY2016, which is \$3.5 million (11.3%) lower compared to 4Q FY2015. In spite of this, the overall operating profit from the Group's Non-Rail business increased by \$24.6 million (22.6%) in FY2016 due largely to improved profitability in Bus, Rental and Taxi segments.

As a result, Group **operating profit** increased by \$5.7 million (20.9%) in 4Q FY2016 and \$17.6 million (14.6%) in FY2016 compared to previous corresponding periods.

Group **profit attributable to equity holders of SMRT** grew to \$26.6 million in 4Q FY2016 and \$109.3 million in FY2016, which were higher by \$5.7 million (27.6%) and \$18.3 million (20.1%) than that of the corresponding periods in FY2015.

##### **4.2 Explanatory notes to Consolidated Income Statement**

**Other operating income** increased by \$3.5 million (18.3%) in 4Q FY2016 and \$19.4 million (33.4%) in FY2016 due mainly to higher BSEP grants to cover the increased operating costs incurred by a larger BSEP fleet, and other grants received.

**Staff costs** increased by \$26.0 million (21.4%) in 4Q FY2016 and \$52.4 million (10.8%) in FY2016 due mainly to higher headcount engaged in Rail and Bus operations to support a larger train and bus fleet as well as to meet heightened operational requirements.

**Depreciation** was lower by \$1.0 million (1.8%) in 4Q FY2016 compared to 4Q FY2015. Depreciation increased by \$10.2 million (5.0%) in FY2016 due mainly to capitalisation of new buses and taxis and a larger train fleet.

**Repairs and maintenance costs** increased by \$6.2 million (18.0%) in 4Q FY2016 and \$18.0 million (14.8%) in FY2016 due mainly to the rigorous maintenance regime in Train and LRT operations in view of the ageing systems and more trains undergoing scheduled overhaul, and a larger bus fleet. Maintenance work in line with the taxi life cycle also resulted in higher repairs and maintenance costs for FY2016.

**Electricity and diesel costs** decreased by \$6.0 million (17.3%) in 4Q FY2016 and \$18.3 million (12.2%) in FY2016 due mainly to lower diesel cost and electricity tariff, partially offset by higher consumption arising from a larger train and bus fleet, and increased train runs.

**Other operating expenses** decreased by \$19.3 million (31.4%) in 4Q FY2016, but increased by \$0.2 million (0.1%) in FY2016. During the year, the Group registered higher operating expenses, which included full period costs associated with Kallang Wave mall that opened in June 2014; contribution to the Public Transport Fund ("PTF") of \$8.0 million being part of the conditions set in the fare adjustment that took effect on 5 April 2015; expenses associated with costs for demand management schemes introduced by LTA (including travel discounts) to incentivise commuters to shift their travel times away from peak hours of \$5.0 million; higher equipment maintenance relating primarily to planned upgrade of enterprise-wide infocomm system and higher incidental costs and bus chartering expense relating to train disruptions. This higher

operating expenses was partially offset by net property tax refund of \$19.0 million relating to prior years' over assessment.

**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, Railise and Faiveley Rail Engineering Singapore. In spite of the loss recorded in 4Q FY2016, contribution from associates and joint ventures was higher for FY2016 due to overall improved financial performance of Shenzhen Zona, which increased \$0.8 million compared to FY2015.

5. **REVIEW OF SEGMENT PERFORMANCE (4Q FY2016 AND FY2016 AGAINST PREVIOUS CORRESPONDING PERIODS)**

A segmental breakdown by business is provided under note 11.

	Fourth Quarter			Year-to-date		
	4Q FY2016	4Q FY2015	Increase / (Decrease)	FY2016	FY2015	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
<b><u>Rail business</u></b>						
Revenue	166,083	161,767	2.7	681,021	653,999	4.1
Operating profit/(loss) before net lower property tax	(8,475)	(4,103)	(106.6)	(9,621)	9,593	(200.3)
<b><u>Train operations</u></b>						
Revenue	163,181	159,319	2.4	670,236	644,242	4.0
Operating profit/(loss)*	(7,550)	(2,394)	(215.4)	(4,361)	13,386	(132.6)
<b><u>LRT operations</u></b>						
Revenue	2,902	2,448	18.5	10,785	9,757	10.5
Operating loss*	(925)	(1,709)	45.9	(5,260)	(3,793)	(38.7)
Operating profit/(loss) after net lower property tax	8,580	(4,103)	309.1	7,434	9,593	(22.5)
Train operations	8,854	(2,394)	469.8	12,043	13,386	(10.0)
LRT operations	(274)	(1,709)	84.0	(4,609)	(3,793)	(21.5)
<b><u>Non-Rail business</u></b>						
Revenue	153,890	149,446	3.0	615,568	581,536	5.9
Operating profit	27,533	31,047	(11.3)	133,305	108,688	22.6
<b><u>Bus operations</u></b>						
Revenue	61,029	60,262	1.3	248,462	238,140	4.3
Operating profit/(loss)	(1,574)	892	(276.5)	5,912	(6,527)	190.6
<b><u>Taxi operations</u></b>						
Revenue	35,533	36,784	(3.4)	147,852	142,883	3.5
Operating profit	2,309	5,424	(57.4)	17,039	13,740	24.0
<b><u>Rental</u></b> <sup>3</sup>						
Revenue	35,944	32,137	11.8	135,616	120,378	12.7
- Rail	27,544	25,733	7.0	106,765	102,828	3.8
- Others	8,400	6,404	31.2	28,851	17,550	64.4
Operating profit	19,927	19,843	0.4	83,354	79,595	4.7
<b><u>Advertising</u></b> <sup>4</sup>						
Revenue	8,705	7,535	15.5	38,950	36,178	7.7
Operating profit	5,092	4,646	9.6	22,742	21,919	3.8
<b><u>Engineering Services</u></b>						
Revenue	2,316	5,082	(54.4)	11,274	15,249	(26.1)
Operating profit/(loss)	283	(476)	159.5	(29)	(2,397)	98.8
<b><u>Other Services</u></b>						
Revenue	10,363	7,646	35.5	33,414	28,708	16.4
Operating profit	1,496	718	108.4	4,287	2,358	81.8
<b><u>Investment holding &amp; Support Services / Consolidation elimination &amp; adjustments</u></b>						
Revenue	-	-	n.m.	-	-	n.m.
Operating profit/(loss)	(3,296)	204	(1,715.7)	(2,289)	2,526	(190.6)
<b><u>Total</u></b>						
Revenue	319,973	311,213	2.8	1,296,589	1,235,535	4.9
Profit from operations	32,817	27,148	20.9	138,450	120,807	14.6

\* FY2016 figures are before net property tax refund relating to prior years' over assessment

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

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

Revenue from **Train operations** increased by \$3.9 million (2.4%) in 4Q FY2016 due to higher ridership offset by lower average fare resulting from the 1.9% fare reduction effected in December 2015 and cannibalisation impact of Downtown Line 2 during the year. Revenue increased \$26.0 million (4.0%) in FY2016 due to higher ridership and average fare. In 4Q FY2016 and FY2016, Train operations recorded operating profits of \$8.9 million and \$12.0 million, respectively in 4Q FY2016 and FY2016. This was due mainly to a net property tax refund of \$16.4 million relating to prior years' over assessment, without which, Train operations would have suffered operating losses of \$7.6 million and \$4.4 million, respectively in 4Q FY2016 and FY2016. Notwithstanding the net property tax refund, profitability of Train operations declined by \$1.3 million (10.0%) in FY2016 due mainly to higher staff costs and repairs and maintenance related expenditure.

**LRT operations** recorded a lower operating loss of \$0.3 million in 4Q FY2016 compared to 4Q FY2015, due mainly to net lower property tax expense and higher revenue partially offset by higher repairs and maintenance related expenditure, depreciation and staff costs. Notwithstanding the higher revenue recorded in FY2016, LRT operations suffered higher operating loss of \$4.6 million in FY2016 compared to FY2015, due mainly to higher operating costs associated with the addition of new trains to the fleet.

Revenue from **Bus operations** increased by \$0.8 million (1.3%) in 4Q FY2016 and \$10.3 million (4.3%) in FY2016 compared to the corresponding periods in FY2015 due mainly to higher ridership. Bus operations incurred a loss of \$1.6 million in 4Q FY2016 due mainly to higher staff costs and impact of the 1.9% fare reduction and Downtown Line 2 operations. Nonetheless, Bus operations posted an overall operating profit of \$5.9 million in FY2016 compared to a loss in the previous corresponding period. This was mainly attributable to training grants, reliability incentives, lower diesel costs and higher revenue, which were partially offset by higher staff costs, depreciation and repairs and maintenance.

In 4Q FY2016, **Taxi** revenue and operating profit decreased by \$1.3 million (3.4%) and \$3.1 million (57.4%), respectively due mainly to a smaller hired-out fleet, a larger number of taxis retired and higher staff costs. In FY2016, Taxi revenue and operating profit increased by \$5.0 million (3.5%) and \$3.3 million (24.0%), respectively due mainly to a newer and larger hired-out fleet, which resulted in higher rental contribution.

**Rental** revenue increased \$3.8 million (11.8%) in 4Q FY2016 due mainly to amortisation of lease incentives granted to tenants of Kallang Wave mall and commercial spaces in the rail network. Revenue increased \$15.2 million (12.7%) in FY2016 due mainly to higher rental revenue from the Kallang Wave mall, stations and bus interchanges. Operating profit for 4Q FY2016 increased marginally by \$0.1 million (0.4%) while operating profit increased by \$3.8 million (4.7%) in FY2016.

**Advertising** revenue increased by \$1.2 million (15.5%) in 4Q FY2016 and \$2.8 million (7.7%) in FY2016 due mainly to increased advertising on trains and buses. Operating profit increased by \$0.4 million (9.6%) in 4Q FY2015 and \$0.8 million (3.8%) in FY2016 due mainly to higher revenue partially offset by higher staff costs.

**Engineering Services** revenue decreased by \$2.8 million (54.4%) in 4Q FY2016 and \$4.0 million (26.1%) in FY2016 due mainly to completion of certain overseas consultancy projects. Profit contribution from Singapore Rail Engineering resulted in an operating profit of \$0.3 million in 4Q FY2016 and a lower operating loss of \$0.03 million in FY2016.

Revenue of **Other Services** increased by \$2.7 million (35.5%) in 4Q FY2016 and \$4.7 million (16.4%) in FY2016 primarily from higher charter revenue and external fleet maintenance. As a result, operating profit increased by \$0.8 million (108.4%) and \$1.9 million (81.8%) in 4Q FY2016 and FY2016 respectively.

## 6. **BREAKDOWN OF REVENUE AND NET PROFIT**

	<b>The Group</b>		
	Apr - Mar 2016	Apr - Mar 2015	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue reported for first half year	649,061	611,131	6.2
Profit after taxation reported for first half year	45,936	47,111	(2.5)
Revenue reported for second half year	647,528	624,404	3.7
Profit after taxation reported for second half year	62,339	43,343	43.8

## 7. **REVIEW OF PROSPECTS STATEMENT**

The results for 4Q FY2016 are consistent with the prospects statement issued during the announcement of the 3Q FY2016 results.

## 8. **SUBSEQUENT EVENTS**

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen since 1 April 2016 to the date of this announcement which is likely to affect the results of the Group for 4Q FY2016 materially.

## 9. **PROSPECTS**

The Group is fully committed to deliver higher rail reliability and service quality to meet the needs of our commuters and to comply with the heightened operating and maintenance standards set by the authorities.

As fare adjustments have not kept pace with rising operating costs over the years, the current rail operating landscape continues to be challenging. The Group is expected to incur higher operating expenses attributable to the intensive maintenance and renewal programmes of the ageing network in addition to running an enlarged train fleet as well as commencement of the Tuas West Extension in FY2017. The Group's fare revenue will be further impacted by the 1.9% fare reduction and cannibalisation by Downtown Line 2 operations.

For better sustainability of the rail transit network, the Group has been in discussion with the authorities on the transition to a new rail financing framework (NRFF) and is making progress. Under the NRFF, SMRT Trains will become asset light to focus on the operations and maintenance of the MRT and BPLRT lines, and will pay a Licence Charge to LTA for the right to operate these lines.

The Group is expected to benefit from lower energy prices and aims to extract further cost efficiency from productivity improvements and reliability incentives in our Bus operations. We are finalising with the authorities the proposed contract terms of the Government Contracting Model which will commence in September 2016 for our existing bus services.

The Group will continue to explore growth anchored on our core strengths in public transport operations and adjacent capabilities to develop our rail engineering expertise, expand our road and rail transport operational footprint, and extend our commercial out-of-network reach.



## 10. **DIVIDENDS**

### (a) Current Financial Period Reported on

<b>Name of dividend</b>	<b>Interim</b>	<b>Proposed Final</b>
Dividend type	Cash	Cash
Dividend amount per share (in cents)	1.50	2.50
Tax rate	Tax exempt one-tier	Tax exempt one-tier

### (b) Previous Corresponding Period Reported

<b>Name of dividend</b>	<b>Interim</b>	<b>Final</b>
Dividend type	Cash	Cash
Dividend amount per share (in cents)	1.50	1.75
Tax rate	Tax exempt one-tier	Tax exempt one-tier

### (c) Total Annual Dividend

	<b>Year ended 31 March 2016</b>	<b>Year ended 31 March 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim Dividend	22,858	22,832
Final Dividend	38,096	26,637
Total Annual Dividend	60,954	49,469

### (d) Notice of Books Closure

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 21 July 2016 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 20 July 2016 will be registered to determine members' entitlements to the proposed Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 20 July 2016 will be entitled to the proposed Final Dividend. Payment of the Final Dividend, if approved by members at the Annual General Meeting to be held on 5 July 2016, will be made on 4 August 2016.

## 11. SEGMENT INFORMATION

	-----Rail-----		Bus	Taxi			Engineering	Other	Investment	Consolidation	
	Train	LRT	operations	operations	Rental <sup>5</sup>	Advertising <sup>6</sup>	Services	Services	holding and	elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	support services	& adjustments	\$'000
<b>Revenue and expenses</b>											
<b>4Q FY2016</b>											
Revenue											
- external customers	163,181	2,902	61,029	35,533	35,944	8,705	2,316	10,363	-	-	319,973
- inter-segment	-	-	605	-	-	270	10,206	220	19,671	(30,972)	-
Operating expenses (net of other income)	(128,617)	(2,709)	(54,869)	(21,608)	(12,624)	(3,225)	(12,197)	(8,993)	(20,417)	29,218	(236,041)
Depreciation and amortisation	(25,710)	(467)	(8,339)	(11,616)	(3,393)	(658)	(42)	(94)	(824)	28	(51,115)
Segment operating results	8,854	(274)	(1,574)	2,309	19,927	5,092	283	1,496	(1,570)	(1,726)	32,817
Finance costs											(3,134)
Interest income											345
Investment income											-
Share of results of associates and joint ventures (net of tax)											(1,136)
Income tax expense											(3,367)
Profit after taxation											25,525
Non-controlling interest											1,031
Profit for the period attributable to equity holders of SMRT											26,556
<b>4Q FY2015</b>											
Revenue											
- external customers	159,319	2,448	60,262	36,784	32,137	7,535	5,082	7,646	-	-	311,213
- inter-segment	-	-	335	-	-	104	900	463	12,403	(14,205)	-
Operating expenses (net of other income)	(134,337)	(4,060)	(52,338)	(19,954)	(8,850)	(2,299)	(6,447)	(7,339)	(10,810)	13,772	(232,662)
Depreciation and amortisation	(27,376)	(97)	(7,367)	(11,406)	(3,444)	(694)	(11)	(52)	(922)	(34)	(51,403)
Segment operating results	(2,394)	(1,709)	892	5,424	19,843	4,646	(476)	718	671	(467)	27,148
Finance costs											(3,101)
Interest income											289
Investment income											-
Share of results of associates and joint ventures (net of tax)											1,031
Income tax expense											(4,591)
Profit after taxation											20,776
Non-controlling interest											39
Profit for the period attributable to equity holders of SMRT											20,815

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

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

## 11. SEGMENT INFORMATION (cont'd)

	-----Rail-----		Bus	Taxi	Rental <sup>7</sup>	Advertising <sup>8</sup>	Engineering	Other	Investment	Consolidation	Total
	Train	LRT	operations	operations	\$'000	\$'000	Services	Services	holding and	elimination	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	support services	& adjustments	\$'000
<b>Revenue and expenses</b>											
<b>FY2016</b>											
Revenue											
- external customers	670,236	10,785	248,462	147,852	135,616	38,950	11,274	33,414	-	-	1,296,589
- inter-segment	-	-	1,793	-	-	1,441	23,760	1,048	70,383	(98,425)	-
Operating expenses (net of other income)	(554,115)	(13,681)	(211,978)	(85,153)	(38,672)	(14,946)	(34,945)	(29,890)	(65,284)	94,192	(954,472)
Depreciation and amortisation	(104,078)	(1,713)	(32,365)	(45,660)	(13,590)	(2,703)	(118)	(285)	(3,238)	83	(203,667)
Segment operating results	12,043	(4,609)	5,912	17,039	83,354	22,742	(29)	4,287	1,861	(4,150)	138,450
Finance costs											(12,607)
Interest income											1,116
Investment income											155
Share of results of associates and joint ventures (net of tax)											2,219
Income tax expense											(21,058)
Profit after taxation											108,275
Non-controlling interest											1,019
Profit for the period attributable to equity holders of SMRT											109,294
<b>FY2015</b>											
Revenue											
- external customers	644,242	9,757	238,140	142,883	120,378	36,178	15,249	28,708	-	-	1,235,535
- inter-segment	-	-	478	-	-	320	1,437	907	56,315	(59,457)	-
Operating expenses (net of other income)	(526,936)	(13,275)	(218,289)	(87,018)	(27,676)	(11,812)	(19,056)	(27,084)	(49,441)	58,989	(921,598)
Depreciation and amortisation	(103,920)	(275)	(26,856)	(42,125)	(13,107)	(2,767)	(27)	(173)	(3,714)	(166)	(193,130)
Segment operating results	13,386	(3,793)	(6,527)	13,740	79,595	21,919	(2,397)	2,358	3,160	(634)	120,807
Finance costs											(12,527)
Interest income											1,381
Investment income											206
Share of results of associates and joint ventures (net of tax)											989
Income tax expense											(20,402)
Profit after taxation											90,454
Non-controlling interest											546
Profit for the period attributable to equity holders of SMRT											91,000

<sup>7</sup> Rental – operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

<sup>8</sup> Advertising – operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

## 12. INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during 4Q FY2016 and FY2016 are 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)	
	4Q FY2016 \$'000	FY2016 \$'000	4Q FY2016 \$'000	FY2016 \$'000
<b><u>Sale of Goods and Services</u></b>				
MediaCorp Pte Ltd	-	641	-	-
SIA Engineering Company Limited	70	329	-	-
Singapore Telecommunications Ltd <sup>(1)</sup>	265	1,218	-	-
SingTel Mobile Singapore Pte Ltd <sup>(1)</sup>	-	638	-	-
<b><u>Purchases of Goods and Services</u></b>				
Certis CISCO Secuity Pte Ltd	1,634	23,152	-	-
NCS Communications Engineering Pte Ltd <sup>(1)</sup>	-	985	-	-
Power Automation Pte Ltd	-	934	-	-
Singapore Technologies Electronics Ltd <sup>(2)</sup>	200	331	-	-
Singapore Technologies Kinetics Ltd <sup>(2)</sup>	-	7,886	-	-
Singapore Telecommunications Ltd <sup>(1)</sup>	483	6,149	-	-
Singapore Test Services Pte Ltd <sup>(2)</sup>	125	783	-	-
Starhub Ltd	-	161	-	-
<b>Total</b>	<b>2,777</b>	<b>43,207</b>	<b>-</b>	<b>-</b>

*(1) Part of SingTel Group*

*(2) Part of Singapore Technologies Engineering Group*

**13. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in SMRT Corporation Ltd (the “Company”) or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

**14. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ms Jacquelin Tay Gek Poh  
Company Secretary  
SMRT Corporation Ltd

28 April 2016

## INDEPENDENT AUDITOR'S REPORT 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 12 to 90, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2016, 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 of the Group 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 financial statements and to maintain accountability of assets.

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity 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 and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 28 April 2016