

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Results for the Second Quarter and Half-Year ended 30 September 2015

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the second quarter ("2Q FY2016") and half-year ("1H FY2016") ended 30 September 2015.

1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group					
	Jul - Sep	Jul - Sep	Increase/	Apr - Sep	Apr - Sep	Increase/
	2015	2014	(Decrease)	2015	2014	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	328,757	313,997	4.7	649,061	611,131	6.2
- Rail	172,279	167,730	2.7	342,487	328,078	4.4
- Bus	63,233	60,719	4.1	124,605	118,792	4.9
- Non-Fare	93,245	85,548	9.0	181,969	164,261	10.8
Other operating income	17,352	12,190	42.3	33,638	24,970	34.7
	346,109	326,187	6.1	682,699	636,101	7.3
Staff costs	(131,285)	(123,000)	6.7	(260,234)	(242,036)	7.5
Depreciation of property, plant and equipment	(53,627)	(49,366)	8.6	(107,162)	(96,737)	10.8
Amortisation of asset-related grants	2,492	2,472	0.8	4,945	4,919	0.5
Repairs and maintenance costs	(31,193)	(29,916)	4.3	(64,968)	(58,164)	11.7
Electricity and diesel costs	(36,019)	(39,952)	(9.8)	(70,590)	(79,745)	(11.5)
Other operating expenses	(63,959)	(53,113)	20.4	(124,490)	(101,717)	22.4
Total expenses	(313,591)	(292,875)	7.1	(622,499)	(573,480)	8.5
Profit/(Loss) from operations	32,518	33,312	(2.4)	60,200	62,621	(3.9)
- Rail	(3,827)	6,215	(161.6)	(9,534)	10,495	(190.8)
- Bus	1,082	(1,967)	155.0	2,322	(7,603)	130.5
- Non-Fare	35,263	29,064	21.3	67,412	59,729	12.9
Finance costs	(3,170)	(3,440)	(7.8)	(6,304)	(6,247)	0.9
Interest and investment income	239	303	(21.1)	661	839	(21.2)
Share of results of associates and joint ventures (net of tax)	1,374	16	8,487.5	2,106	142	1,383.1
Profit before income tax	30,961	30,191	2.6	56,663	57,355	(1.2)
Income tax expense	(5,193)	(5,351)	(3.0)	(10,727)	(10,244)	4.7
Profit after taxation	25,768	24,840	3.7	45,936	47,111	(2.5)
Attributable to:						
Equity holders of SMRT	25,744	25,273	1.9	45,876	47,636	(3.7)
Non-controlling interest	24	(433)	105.5	60	(525)	111.4
Profit for the period	25,768	24,840	3.7	45,936	47,111	(2.5)

	The Group					
	Jul - Sep	Jul - Sep	Increase/	Apr - Sep	Apr - Sep	Increase/
	2015	2014	(Decrease)	2015	2014	(Decrease)
			%			%
EBITDA (\$'000)	83,653	80,206	4.3	162,417	154,439	5.2
EBITDA margin	25.4%	25.5%	(0.1)	25.0%	25.3%	(0.3)
EBIT margin	9.9%	10.6%	(0.7)	9.3%	10.2%	(0.9)
PAT margin	7.8%	7.9%	(0.1)	7.1%	7.7%	(0.6)
Interest coverage (x)	26.4	23.3	13.2	25.8	24.7	4.2
Earnings Per Share (EPS) (cents)						
- basic	1.69	1.66	1.8	3.01	3.13	(3.8)
- diluted	1.68	1.66	1.2	3.01	3.13	(3.8)
Economic Value Added (EVA) (\$'000)	9,813	10,079	(2.6)	15,240	17,270	(11.8)
Return On Equity (ROE)				10.6%	11.7%	(1.1)

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

	The Group			
	Jul - Sep	Jul - Sep	Apr - Sep	Apr - Sep
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>After Charging/(Crediting) :-</i>				
- Impairment loss made for trade receivables	419	479	704	687
- (Write-back)/Allowance for obsolete inventories	(69)	(27)	50	33
- Inventory written off	365	-	502	34
- Foreign exchange (gain)/loss	(689)	135	99	267
- Loss/(Gain) on disposal of property, plant and equipment	303	(415)	(109)	9
- Property, plant and equipment written off	153	14	788	191
- (Over)/Under provision of tax in respect of prior years	-	(131)	22	(131)

1(b) EARNINGS PER ORDINARY SHARE

	The Group					
	Jul - Sep	Jul - Sep	Increase/	Apr - Sep	Apr - Sep	Increase/
	2015	2014	(Decrease)	2015	2014	(Decrease)
			%			%
Earnings per ordinary share (cents)*:-						
(a) Basic	1.69	1.66	1.8	3.01	3.13	(3.8)
- Weighted average number of shares for basic EPS ('000)	1,523,852	1,522,138		1,522,995	1,521,823	
(b) Fully Diluted	1.68	1.66	1.2	3.01	3.13	(3.8)
- Weighted average number of shares for diluted EPS ('000)	1,528,362	1,523,460		1,526,492	1,523,145	

* 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 Sep 2015	31 Mar 2015	30 Sep 2015	31 Mar 2015
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	2,073,634	2,042,484	15,769	12,420
Intangible asset	13,614	13,614	-	-
Investments in subsidiaries	-	-	325,823	325,823
Interests in associates and joint ventures	55,923	55,768	-	-
Other investments	19,942	20,629	-	-
Other receivables	1,000	-	-	-
	<u>2,164,113</u>	<u>2,132,495</u>	<u>341,592</u>	<u>338,243</u>
Current assets				
Inventories	83,208	80,917	-	-
Trade and other receivables	194,591	167,684	52,485	69,705
Fixed deposits with banks and financial institutions	9,688	9,358	-	-
Cash at banks and in hand	126,897	146,759	2,650	6,904
	<u>414,384</u>	<u>404,718</u>	<u>55,135</u>	<u>76,609</u>
Total assets	(a) <u>2,578,497</u>	<u>2,537,213</u>	<u>396,727</u>	<u>414,852</u>
Equity attributable to equity holders of SMRT				
Share capital	171,571	169,143	171,571	169,143
Reserves	3,697	9,145	2,702	3,185
Accumulated profits	<u>700,467</u>	<u>681,228</u>	<u>190,086</u>	<u>215,177</u>
	875,735	859,516	364,359	387,505
Non-controlling interest	(578)	(638)	-	-
Total equity	<u>875,157</u>	<u>858,878</u>	<u>364,359</u>	<u>387,505</u>
Non-current liabilities				
Interest-bearing borrowings	825,997	812,671	-	-
Provisions	27	32	-	-
Deferred tax liabilities	173,274	165,649	1,727	1,510
Fuel equalisation account	20,312	20,312	-	-
Deferred grants	<u>37,219</u>	<u>39,758</u>	<u>-</u>	<u>-</u>
	<u>1,056,829</u>	<u>1,038,422</u>	<u>1,727</u>	<u>1,510</u>
Current liabilities				
Interest-bearing borrowings	10,047	8,934	-	-
Trade and other payables	569,957	568,231	29,772	25,259
Provisions	59,196	57,895	638	578
Current tax payable	<u>7,311</u>	<u>4,853</u>	<u>231</u>	<u>-</u>
	<u>646,511</u>	<u>639,913</u>	<u>30,641</u>	<u>25,837</u>
Total liabilities	(b) <u>1,703,340</u>	<u>1,678,335</u>	<u>32,368</u>	<u>27,347</u>
Total equity and liabilities	<u>2,578,497</u>	<u>2,537,213</u>	<u>396,727</u>	<u>414,852</u>

Notes to Balance Sheets:

- (a) Total assets increased by \$41.3 million (1.6%) due mainly to higher property, plant and equipment (\$31.2 million), trade and other receivables (\$27.9 million) and inventories (\$2.3 million, mainly for Train operations). These was partially offset by lower cash and cash equivalents (\$19.5 million).

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

Higher trade and other receivables was due mainly to higher receivables from the Land Transport Authority of Singapore ("LTA") and prepayments.

- (b) Total liabilities increased by \$25.0 million (1.5%) due mainly to higher borrowings (\$14.4 million) and tax liabilities (\$10.1 million).

Higher borrowings was due to secured fixed rate loan for the buses acquired under the Bus Service Enhancement Programme ("BSEP").

As at 30 September 2015, the Group was in a net current liabilities position of \$232.1 million. Included in the current liabilities were deposits from commercial tenants of \$38.2 million and provisions of \$59.2 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 8 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 programme to meet commitments as and when they fall due.

1(c)(ii) GROUP'S BORROWINGS

	As at 30 Sep 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	5,997	4,884
Unsecured SGD fixed rate loan - at 4.0% per annum	4,050	4,050
	<u>10,047</u>	<u>8,934</u>
<u>Amount repayable after one year</u>		
Secured SGD fixed rate loan - at 6.0% per annum	75,997	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>825,997</u>	<u>812,671</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

	The Group As at 30 Sep 2015 0.80	As at 31 Mar 2015 0.77
Net gearing		

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

	The Group		The Company	
	As at 30 Sep 2015	As at 31 Mar 2015	As at 30 Sep 2015	As at 31 Mar 2015
Net asset value per ordinary share (cents)	57.47	56.47	23.91	25.46
Net tangible asset per ordinary share ¹ (cents)	56.58	55.57	23.91	25.46
Number of shares at end of period (excluding treasury shares) ² ('000)	<u>1,523,852</u>	<u>1,522,138</u>	<u>1,523,852</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

Notes	The Group			
	Jul - Sep	Jul - Sep	Apr - Sep	Apr - Sep
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	30,961	30,191	56,663	57,355
<i>Adjustments for:</i>				
Amortisation of asset-related grants	(2,492)	(2,472)	(4,945)	(4,919)
Depreciation of property, plant and equipment	53,627	49,366	107,162	96,737
Dividend income	-	-	(155)	(206)
Grant released upon disposal/write-off of property, plant and equipment	-	(2)	(203)	(2)
Interest expense	3,170	3,440	6,304	6,247
Interest income	(239)	(303)	(506)	(633)
Loss/(Gain) on disposal of property, plant and equipment	303	(415)	(109)	9
Property, plant and equipment written off	153	14	788	191
Provisions made	6,233	5,913	10,889	10,247
Share-based payment expenses	866	376	1,945	904
Share of results of associates and joint ventures (net of tax)	(1,374)	(16)	(2,106)	(142)
Grants	(11,116)	(8,210)	(21,140)	(13,483)
	80,092	77,882	154,587	152,305
<i>Changes in working capital:</i>				
Inventories	56	604	(2,291)	(2,711)
Trade and other receivables	(22,162)	16,202	(15,982)	(13,963)
Trade and other payables	17,467	34,509	(13,523)	33,423
Cash generated from operations	75,453	129,197	122,791	169,054
Income taxes paid	-	(157)	(562)	(83)
Interest paid	-	-	(6,188)	(5,082)
Cash flows from operating activities	(a) 75,453	129,040	116,041	163,889
Investing activities				
Dividends received	-	-	4,899	206
Interest received	378	509	571	647
Loan to joint venture	-	-	(1,000)	-
Purchase of property, plant and equipment	(62,081)	(154,327)	(144,153)	(248,579)
Proceeds from disposal of:				
- property, plant and equipment	147	439	1,064	745
Cash flows from investing activities	(b) (61,556)	(153,379)	(138,619)	(246,981)
Financing activities				
Proceeds from issuance of unsecured quoted notes	-	-	-	100,000
Dividends paid	(26,637)	(18,258)	(26,637)	(18,258)
Proceeds from unclaimed dividends	-	35	-	35
Proceeds from borrowings	10,236	1,442	17,333	5,795
Grants received	7,476	4,409	11,979	10,653
Cash flows from financing activities	(c) (8,925)	(12,372)	2,675	98,225
Net increase/(decrease) in cash and cash equivalents	(d) 4,972	(36,711)	(19,903)	15,133
Cash and cash equivalents at beginning of the period	131,033	207,244	156,117	155,524
Effect of exchange rate fluctuations on cash held	580	194	371	70
Cash and cash equivalents at end of the period	136,585	170,727	136,585	170,727
<u>Cash and cash equivalents at end of the period comprise:</u>				
Fixed deposits with banks and financial institutions	9,688	8,682	9,688	8,682
Cash at banks and in hand	126,897	162,045	126,897	162,045
	136,585	170,727	136,585	170,727

Notes to Consolidated Statement of Cash Flows:

- (a) Net cash inflow from operating activities of \$75.5 million for 2Q FY2016 was lower compared to \$129.0 million for 2Q FY2015, due mainly to working capital cash outflow compared to an inflow in the previous corresponding period. Net cash inflow from operating activities of \$116.0 million for 1H FY2016 was lower compared to \$163.9 million for 1H FY2015, due mainly to working capital cash outflow compared to an inflow in the same period last year.
- (b) Net cash outflow from investing activities of \$61.6 million for 2Q FY2016 was lower compared to \$153.4 million for 2Q FY2015, due mainly to lower payment for purchase of property, plant and equipment. Net cash outflow from investing activities of \$138.6 million for 1H FY2016 was lower compared to \$247.0 million for 1H FY2015, due mainly to lower payment for purchase of property, plant and equipment and higher dividends received.
- (c) Net cash outflow from financing activities of \$8.9 million for 2Q FY2016 was lower compared to \$12.4 million for 2Q FY2015, due mainly to higher BSEP borrowings and higher grants received partially offset by higher dividends paid. Net cash inflow from financing activities of \$2.7 million for 1H FY2016 was lower compared to \$98.2 million for 1H FY2015, due mainly to proceeds from issuance of \$100 million fixed rate notes in the first quarter of the previous financial period.
- (d) Net increase in cash and cash equivalents of \$5.0 million in 2Q FY2016 compared to a net decrease in 2Q FY2015, was due to lower investing and financing cash outflow, partially offset by lower operating cash inflow. Net decrease in cash and cash equivalents of \$19.9 million in 1H FY2016 compared to a net increase in 1H FY2015, was due to lower financing and operating cash inflow, partially offset by lower investing cash outflow.

1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group			
	Jul - Sep 2015	Jul - Sep 2014	Apr - Sep 2015	Apr - Sep 2014
	\$'000	\$'000	\$'000	\$'000
Profit for the period	25,768	24,840	45,936	47,111
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	(464)	-	(670)	258
Effective portion of changes in fair value of cash flow hedge, net of tax	(4,904)	(96)	(3,713)	(96)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	1,398	60	997	107
Currency translation differences arising from consolidation	194	2,406	(1,579)	685
Other comprehensive income/(loss) for the period, net of tax	(3,776)	2,370	(4,965)	954
Total comprehensive income for the period	<u>21,992</u>	<u>27,210</u>	<u>40,971</u>	<u>48,065</u>
Attributable to:				
Equity holders of SMRT	21,968	27,643	40,911	48,590
Non-controlling interest	24	(433)	60	(525)
	<u>21,992</u>	<u>27,210</u>	<u>40,971</u>	<u>48,065</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
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
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	25,744	25,744	24	25,768
Other comprehensive income/(loss), net of tax *	-	194	(464)	(3,506)	-	-	(3,776)	-	(3,776)
Total comprehensive income/(loss)	-	194	(464)	(3,506)	-	25,744	21,968	24	21,992
Transactions with owners of the Company, recorded directly in equity									
Issue of performance shares	2,428	-	-	-	(2,428)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	866	-	866	-	866
Dividends paid	-	-	-	-	-	(26,637)	(26,637)	-	(26,637)
Total transactions with owners	2,428	-	-	-	(1,562)	(26,637)	(25,771)	-	(25,771)
At 30 Sep 2015	171,571	4,546	(205)	(3,346)	2,702	700,467	875,735	(578)	875,157

* 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 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 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
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	25,273	25,273	(433)	24,840
Other comprehensive income/(loss), net of tax*	-	2,406	-	(36)	-	-	2,370	-	2,370
Total comprehensive income/(loss)	-	2,406	-	(36)	-	25,273	27,643	(433)	27,210
Transactions with owners of the Company, recorded directly in equity									
Issue of performance shares	903	-	-	-	(903)	-	-	-	-
Value of employee services received for share-based payment	-	-	-	-	376	-	376	-	376
Dividends paid	-	-	-	-	-	(18,258)	(18,258)	-	(18,258)
Proceeds from unclaimed dividends	-	-	-	-	-	35	35	-	35
Total transactions with owners	903	-	-	-	(527)	(18,223)	(17,847)	-	(17,847)
At 30 Sep 2014	169,143	515	774	(83)	1,978	660,696	833,023	(617)	832,406

* 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
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	869	869
Transactions with owners, recorded directly in equity				
Issue of performance shares	2,428	(2,428)	-	-
Value of employee services received for share-based payment	-	866	-	866
Dividends paid	-	-	(26,637)	(26,637)
Total transactions with owners	2,428	(1,562)	(26,637)	(25,771)
At 30 Sep 2015	171,571	2,702	190,086	364,359
	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
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	982	982
Transactions with owners, recorded directly in equity				
Issue of performance shares	903	(903)	-	-
Value of employee services received for share-based payment	-	376	-	376
Dividends paid	-	-	(18,258)	(18,258)
Proceeds from unclaimed dividends	-	-	35	35
Total transactions with owners	903	(527)	(18,223)	(17,847)
At 30 Sep 2014	169,143	1,978	211,242	382,363

1(f)(ii) As at 30 September 2015, 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 2Q FY2016 and as at 30 September 2015 (30 September 2014: Nil).

As at 30 September 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 5,755,652 (30 September 2014: 1,322,000).

2. AUDIT

The figures for the quarters and periods ended 30 September 2015 and 30 September 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 (2Q FY2016 AND 1H FY2016 AGAINST PREVIOUS CORRESPONDING PERIODS)**

4.1 **Overview**

Group **revenue** increased by \$14.8 million (4.7%) in 2Q FY2016 and \$37.9 million (6.2%) in 1H FY2016 compared to previous corresponding periods across all segments, except Engineering Services attributed to completion of overseas consultancy projects in prior year.

Train and LRT operations suffered a combined loss of \$4.0 million and \$9.3 million in 2Q FY2016 and 1H FY2016 respectively. Bus operations, on the other hand, recorded an operating profit of \$2.6 million in 2Q FY2016 and \$4.0 million in 1H FY2016 compared to a loss in the previous corresponding periods. Overall, the Group's **Fare business** recorded operating losses of \$1.4 million in 2Q FY2016 and \$5.3 million in 1H FY2016.

Operating profit from the Group's **Non-Fare business** increased by \$5.9 million (21.7%) in 2Q FY2016 and \$7.5 million (13.2%) in 1H FY2016, due largely to improved profitability of Taxi, Rental and Advertising segments.

As a result, Group **operating profit** decreased by \$0.8 million (2.4%) in 2Q FY2016 and \$2.4 million (3.9%) in 1H FY2016 compared to previous corresponding periods as operating expenses outpaced revenue growth.

Group **profit attributable to equity holders of SMRT** was higher by \$0.5 million (1.9%) in 2Q FY2016 compared to 2Q FY2015, but lower by \$1.8 million (3.7%) in 1H FY2016 compared to 1H FY2015.

4.2 **Explanatory notes to Consolidated Income Statement**

Other operating income increased by \$5.2 million (42.3%) in 2Q FY2016 and \$8.7 million (34.7%) in 1H FY2016, due mainly to higher BSEP grants to cover the increased operating costs incurred by a larger BSEP fleet, and higher training grants.

Staff costs increased by \$8.3 million (6.7%) in 2Q FY2016 and \$18.2 million (7.5%) in 1H FY2016 due mainly to increased headcount in Rail and Bus operations, and salary increments.

Depreciation increased by \$4.3 million (8.6%) in 2Q FY2016 and \$10.4 million (10.8%) in 1H FY2016 due mainly to capitalisation of a larger train fleet as well as new buses and taxis.

Repairs and maintenance costs increased by \$1.3 million (4.3%) in 2Q FY2016 and \$6.8 million (11.7%) in 1H FY2016 due mainly to more trains undergoing scheduled overhaul and rigorous maintenance regime in Train and LRT operations in view of the ageing systems, as well as a larger bus and taxi fleet.

Electricity and diesel costs decreased by \$3.9 million (9.8%) in 2Q FY2016 and \$9.2 million (11.5%) in 1H 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 \$10.8 million (20.4%) in 2Q FY2016 and \$22.8 million (22.4%) in 1H FY2016, due mainly to full period 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, expenses associated with costs for schemes introduced by LTA (including travel discounts) to incentivise commuters to shift their travel times away from peak hours, as well as higher equipment maintenance relating mainly to planned upgrade of enterprise-wide infocomm system. The higher other operating expenses included provision for penalties and bus chartering expense relating to train disruptions.

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 to improved financial performance of Shenzhen Zona, which increased \$1.5 million in 2Q FY2016 and \$2.4 million in 1H FY2016.

5. **REVIEW OF SEGMENT PERFORMANCE (2Q FY2016 AND 1H FY2016 AGAINST PREVIOUS CORRESPONDING PERIODS)**

A segmental breakdown by business is provided under note 9.

	Second Quarter			Year-to-date		
	2Q FY2016 \$'000	2Q FY2015 \$'000	Increase / (Decrease) %	1H FY2016 \$'000	1H FY2015 \$'000	Increase / (Decrease) %
<u>Fare business</u>						
Revenue	235,512	228,449	3.1	467,092	446,870	4.5
Operating profit/(loss)	(1,439)	5,485	(126.2)	(5,258)	4,355	(220.7)
<u>Train operations</u>						
Revenue	169,603	165,241	2.6	337,189	323,129	4.4
Operating profit/(loss)	(2,821)	7,623	(137.0)	(6,507)	12,583	(151.7)
<u>LRT operations</u>						
Revenue	2,676	2,489	7.5	5,298	4,949	7.1
Operating loss	(1,186)	(705)	(68.2)	(2,793)	(1,271)	(119.7)
<u>Bus operations</u>						
Revenue	63,233	60,719	4.1	124,605	118,792	4.9
Operating profit/(loss)	2,568	(1,433)	279.2	4,042	(6,957)	158.1
<u>Non-Fare business</u>						
Revenue	93,245	85,548	9.0	181,969	164,261	10.8
Operating profit	33,067	27,165	21.7	64,615	57,071	13.2
<u>Taxi operations</u>						
Revenue	37,567	35,081	7.1	75,409	69,523	8.5
Operating profit	4,464	3,388	31.8	9,960	7,544	32.0
<u>Rental</u> ³						
Revenue	33,348	30,123	10.7	66,234	55,956	18.4
- Rail	26,329	25,770	2.2	52,449	50,888	3.1
- Others	7,019	4,353	61.2	13,785	5,068	172.0
Operating profit	20,542	19,047	7.8	41,657	39,092	6.6
<u>Advertising</u> ⁴						
Revenue	10,983	9,365	17.3	19,752	18,722	5.5
Operating profit	7,413	5,194	42.7	12,306	10,801	13.9
<u>Engineering Services</u>						
Revenue	3,530	3,684	(4.2)	5,919	6,499	(8.9)
Operating loss	(124)	(923)	86.6	(622)	(696)	10.6
<u>Other Services</u>						
Revenue	7,817	7,295	7.2	14,655	13,561	8.1
Operating profit	772	459	68.2	1,314	330	298.2
<u>Investment holding & Support Services / Consolidation elimination & adjustments</u>						
Revenue	-	-	n.m.	-	-	n.m.
Operating profit	890	662	34.4	843	1,195	(29.5)
<u>Total</u>						
Revenue	328,757	313,997	4.7	649,061	611,131	6.2
Operating profit	32,518	33,312	(2.4)	60,200	62,621	(3.9)

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 \$4.4 million (2.6%) in 2Q FY2016 and \$14.1 million (4.4%) in 1H FY2016 due to higher ridership and average fare. Despite an increase in fare revenue and lower electricity tariff, higher costs to support an expanded and ageing network, larger fleet, efforts to improve rail reliability as well as increased repairs and maintenance related expenditure, continued to weigh on Train operations' performance as it suffered an operating loss of \$2.8 million and \$6.5 million in 2Q FY2016 and 1H FY2016 respectively.

Notwithstanding the higher revenue, **LRT operations** suffered higher operating losses of \$1.2 million in 2Q FY2016 and \$2.8 million in 1H FY2016 compared to previous corresponding periods, due mainly to higher operating costs associated with the addition of new trains to the fleet.

Revenue from **Bus operations** increased by \$2.5 million (4.1%) in 2Q FY2016 and \$5.8 million (4.9%) in 1H FY2016 compared to previous corresponding periods, due to increased ridership and average fare. Bus operations registered an operating profit of \$2.6 million in 2Q FY2016 and \$4.0 million in 1H FY2016 compared to losses in the previous corresponding periods, due mainly to higher revenue and lower diesel costs, partially offset by higher staff costs, depreciation and other operating costs.

Taxi revenue increased by \$2.5 million (7.1%) in 2Q FY2016 and \$5.9 million (8.5%) in 1H FY2016 due to a larger and newer fleet. As a result, operating profit increased by \$1.1 million (31.8%) in 2Q FY2016 and \$2.4 million (32.0%) in 1H FY2016.

Rental revenue increased by \$3.2 million (10.7%) in 2Q FY2016 and \$10.3 million (18.4%) in 1H FY2016 due mainly to rental revenue from the Kallang Wave mall. Consequently, operating profit increased by \$1.5 million (7.8%) in 2Q FY2016 and \$2.6 million (6.6%) in 1H FY2016.

Advertising operating profit increased by \$2.2 million (42.7%) in 2Q FY2016 and \$1.5 million (13.9%) in 1H FY2016 due mainly to increased advertising on trains and buses.

Engineering Services revenue decreased by \$0.2 million (4.2%) in 2Q FY2016 and \$0.6 million (8.9%) in 1H FY2016 due mainly to completion of certain overseas consultancy projects. Lower operating loss of \$0.1 million recorded in 2Q FY2016 and \$0.6 million in 1H FY2016 was due to profit contribution from Singapore Rail Engineering.

Revenue of **Other Services** increased by \$0.5 million (7.2%) in 2Q FY2016 primarily from higher charter revenue. Revenue increased by \$1.1 million (8.1%) in 1H FY2016 due to higher revenue from external fleet maintenance as well as higher charter revenue. As a result, operating profit increased by \$0.3 million (68.2%) and \$1.0 million (298.2%) in 2Q FY2016 and 1H FY2016 respectively.

6. **REVIEW OF PROSPECTS STATEMENT**

The results for 2Q FY2016 are consistent with the prospects statement issued during the announcement of the 1Q FY2016 results.

7. **PROSPECTS**

The Group is expected to face continuing challenges in the rail operating landscape. Operating expenses will continue to increase due to intensive maintenance and renewal programmes of the ageing network. That notwithstanding, the Group is fully committed in its efforts to further strengthen performance in rail reliability, maintainability, availability, capacity and safety.

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

Bus operations results is expected to improve compared to FY2015 due mainly to higher revenue and lower energy prices. We are in discussion with the authorities on the contract terms for the remaining bus services beyond the license expiry in August 2016.

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**

(a) Current Financial Period Reported on

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.50
Tax rate	Tax exempt one-tier

(b) Previous Corresponding Period Reported

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.50
Tax rate	Tax exempt one-tier

(c) Notice of Books Closure

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 13 November 2015 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 12 November 2015 will be registered to determine members' entitlements to the proposed interim dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 12 November 2015 will be entitled to the proposed interim dividend. Payment of the interim dividend will be made on 26 November 2015.

9. SEGMENT INFORMATION

	-----Rail-----		Bus	Taxi			Engineering	Other	Investment	Consolidation	
	Train	LRT	operations	operations	Rental ⁵	Advertising ⁶	Services	Services	holding and	elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	support services	& adjustments	\$'000
Revenue and expenses											
2Q FY2016											
Revenue											
- external customers	169,603	2,676	63,233	37,567	33,348	10,983	3,530	7,817	-	-	328,757
- inter-segment	-	-	824	-	-	546	5,430	286	18,023	(25,109)	-
Operating expenses (net of other income)	(145,921)	(3,398)	(53,411)	(21,793)	(9,404)	(3,436)	(9,057)	(7,263)	(15,493)	24,072	(245,104)
Depreciation and amortisation	(26,503)	(464)	(8,078)	(11,310)	(3,402)	(680)	(27)	(68)	(638)	35	(51,135)
Segment operating results	(2,821)	(1,186)	2,568	4,464	20,542	7,413	(124)	772	1,892	(1,002)	32,518
Finance costs											(3,170)
Interest income											239
Investment income											-
Share of results of associates and joint ventures (net of tax)											1,374
Income tax expense											(5,193)
Profit after taxation											25,768
Non-controlling interest											(24)
Profit for the period attributable to equity holders of SMRT											25,744
2Q FY2015											
Revenue											
- external customers	165,241	2,489	60,719	35,081	30,123	9,365	3,684	7,295	-	-	313,997
- inter-segment	-	-	25	-	-	50	159	135	16,897	(17,266)	-
Operating expenses (net of other income)	(132,193)	(3,135)	(55,781)	(21,708)	(7,776)	(3,509)	(4,762)	(6,933)	(15,260)	17,266	(233,791)
Depreciation and amortisation	(25,425)	(59)	(6,396)	(9,985)	(3,300)	(712)	(4)	(38)	(930)	(45)	(46,894)
Segment operating results	7,623	(705)	(1,433)	3,388	19,047	5,194	(923)	459	707	(45)	33,312
Finance costs											(3,440)
Interest income											303
Investment income											-
Share of results of associate (net of tax)											16
Income tax expense											(5,351)
Profit after taxation											24,840
Non-controlling interest											433
Profit for the period attributable to equity holders of SMRT											25,273

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.

9. SEGMENT INFORMATION (cont'd)

	-----Rail-----										
	Train	LRT	Bus	Taxi	Rental ⁷	Advertising ⁸	Engineering	Other	Investment	Consolidation	Total
	\$'000	\$'000	operations	operations	\$'000	\$'000	Services	Services	holding and	elimination	\$'000
			\$'000	\$'000			\$'000	\$'000	support services	& adjustments	\$'000
Revenue and expenses											
1H FY2016											
Revenue											
- external customers	337,189	5,298	124,605	75,409	66,234	19,752	5,919	14,655	-	-	649,061
- inter-segment	-	-	1,057	-	-	713	7,731	556	33,057	(43,114)	-
Operating expenses (net of other income)	(290,771)	(7,369)	(105,635)	(42,770)	(17,780)	(6,797)	(14,227)	(13,772)	(29,182)	41,659	(486,644)
Depreciation and amortisation	(52,925)	(722)	(15,985)	(22,679)	(6,797)	(1,362)	(45)	(125)	(1,609)	32	(102,217)
Segment operating results	(6,507)	(2,793)	4,042	9,960	41,657	12,306	(622)	1,314	2,266	(1,423)	60,200
Finance costs											(6,304)
Interest income											506
Investment income											155
Share of results of associates and joint ventures (net of tax)											2,106
Income tax expense											(10,727)
Profit after taxation											45,936
Non-controlling interest											(60)
Profit for the period attributable to equity holders of SMRT											45,876
1H FY2015											
Revenue											
- external customers	323,129	4,949	118,792	69,523	55,956	18,722	6,499	13,561	-	-	611,131
- inter-segment	-	-	137	-	-	137	297	283	28,793	(29,647)	-
Operating expenses (net of other income)	(260,778)	(6,100)	(113,156)	(42,499)	(10,569)	(6,632)	(7,484)	(13,432)	(25,689)	29,647	(456,692)
Depreciation and amortisation	(49,768)	(120)	(12,730)	(19,480)	(6,295)	(1,426)	(8)	(82)	(1,818)	(91)	(91,818)
Segment operating results	12,583	(1,271)	(6,957)	7,544	39,092	10,801	(696)	330	1,286	(91)	62,621
Finance costs											(6,247)
Interest income											633
Investment income											206
Share of results of associate (net of tax)											142
Income tax expense											(10,244)
Profit after taxation											47,111
Non-controlling interest											525
Profit for the period attributable to equity holders of SMRT											47,636

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

⁸ 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 2Q FY2016 and 1H 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)	
	2Q FY2016	1H FY2016	2Q FY2016	1H FY2016
	\$'000	\$'000	\$'000	\$'000
<u>Sale of Goods and Services</u>				
MediaCorp Pte Ltd	641	641	-	-
Singapore Telecommunications Ltd ⁽¹⁾	270	880	-	-
SIA Engineering Company Limited	170	170	-	-
<u>Purchases of Goods and Services</u>				
Singapore Technologies Kinetics Ltd	7,442	7,782	-	-
Singapore Telecommunications Ltd ⁽¹⁾	-	366	-	-
NCS Communications Engineering Pte Ltd ⁽¹⁾	985	985	-	-
Power Automation Pte Ltd	349	349	-	-
Starhub Ltd	-	161	-	-
Total	9,857	11,334	-	-

(1) Part of SingTel Group

BY ORDER OF THE BOARD

Ms Jacquelin Tay Gek Poh
Company Secretary
SMRT Corporation Ltd

27 October 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 2Q FY2016 and 1H 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

27 October 2015