

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Results for the First Quarter ended 30 June 2014

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the first quarter ended 30 June 2014 ("1Q FY2015").

1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group		
	Apr - Jun 2014	Apr - Jun 2013	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue	297,134	284,796	4.3
- Rail	160,348	156,147	2.7
- Bus	58,073	53,593	8.4
- Non-Fare	78,713	75,056	4.9
Other operating income	12,780	9,542	33.9
- Rail	4,022	3,586	12.2
- Bus	8,213	4,847	69.4
- Non-Fare	545	1,109	(50.9)
	309,914	294,338	5.3
Staff costs	(119,036)	(112,709)	5.6
- Rail	(64,961)	(63,093)	3.0
- Bus	(36,453)	(31,288)	16.5
- Non-Fare	(17,622)	(18,328)	(3.9)
Depreciation of property, plant and equipment	(47,371)	(42,349)	11.9
- Rail	(26,748)	(23,788)	12.4
- Bus	(6,373)	(6,258)	1.8
- Non-Fare	(14,250)	(12,303)	15.8
Amortisation of asset-related grants	2,447	2,439	0.3
- Rail	2,344	2,404	(2.5)
- Bus	39	23	69.6
- Non-Fare	64	12	433.3
Repairs and maintenance costs	(28,248)	(26,479)	6.7
- Rail	(16,282)	(14,680)	10.9
- Bus	(6,888)	(6,746)	2.1
- Non-Fare	(5,078)	(5,053)	0.5
Electricity and diesel costs	(39,793)	(42,874)	(7.2)
- Rail	(26,511)	(31,016)	(14.5)
- Bus	(13,088)	(11,691)	11.9
- Non-Fare	(194)	(167)	16.2
Other operating expenses	(48,604)	(50,160)	(3.1)
- Rail	(27,932)	(27,898)	0.1
- Bus	(9,159)	(10,332)	(11.4)
- Non-Fare	(11,513)	(11,930)	(3.5)
Total expenses	(280,605)	(272,132)	3.1
- Rail	(160,090)	(158,071)	1.3
- Bus	(71,922)	(66,292)	8.5
- Non-Fare	(48,593)	(47,769)	1.7
Profit/(Loss) from operations	29,309	22,206	32.0
- Rail	4,280	1,662	157.5
- Bus	(5,636)	(7,852)	28.2
- Non-Fare	30,665	28,396	8.0
Finance costs	(2,807)	(2,601)	7.9
Interest and investment income	536	599	(10.5)
Share of results of associate (net of tax)	126	(150)	184.0
Profit before income tax	27,164	20,054	35.5
Income tax expense	(4,893)	(3,726)	31.3
Profit after taxation	22,271	16,328	36.4
Attributable to:			
Equity holders of SMRT	22,363	16,349	36.8
Non-controlling interest	(92)	(21)	(338.1)
Profit for the period	22,271	16,328	36.4

1(a)(ii) CONSOLIDATED INCOME STATEMENT (cont'd)

	The Group		
	Apr - Jun 2014	Apr - Jun 2013	Increase/ (Decrease) %
EBITDA (\$'000)	74,233	62,116	19.5
EBITDA margin	25.0%	21.8%	3.2
EBIT margin	9.9%	7.8%	2.1
PAT margin	7.5%	5.7%	1.8
Interest coverage (x)	26.4	23.9	10.7
Earnings Per Share (EPS) (cents)			
- basic	1.5	1.1	36.7
- diluted	1.5	1.1	36.8
Economic Value Added (EVA) (\$'000)	7,192	3,160	127.6
Return On Equity (ROE)	11.0%	8.4%	2.6

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

	The Group	
	Apr - Jun 2014 \$'000	Apr - Jun 2013 \$'000
<i>After Charging/(Crediting) :-</i>		
- Impairment loss made for trade receivables	208	140
- Allowance for obsolete inventories	60	283
- Inventory written off	34	1
- Foreign exchange loss	132	73
- Loss/(Gain) on disposal of property, plant and equipment	424	(504)
- Property, plant and equipment written off	177	2
- Under provision of current tax in respect of prior years	-	4

1(b) EARNINGS PER ORDINARY SHARE

	The Group		
	Apr - Jun 2014	Apr - Jun 2013	Increase/ (Decrease) %
Earnings per ordinary share (cents)*:-			
(a) Basic	1.5	1.1	36.7
- Weighted average number of shares for basic EPS ('000)	1,521,508	1,520,981	
(b) Fully Diluted	1.5	1.1	36.8
- Weighted average number of shares for diluted EPS ('000)	1,523,846	1,524,238	

* To the nearest 0.1 cents

1(c)(i) BALANCE SHEETS

Notes	The Group		The Company	
	As at	As at	As at	As at
	30 Jun 2014	31 Mar 2014	30 Jun 2014	31 Mar 2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	1,703,877	1,641,769	10,685	11,537
Intangible asset	13,614	13,614	-	-
Investments in subsidiaries	-	-	325,823	325,823
Interest in associate	51,160	52,629	-	-
Other investments	20,963	20,713	-	-
	<u>1,789,614</u>	<u>1,728,725</u>	<u>336,508</u>	<u>337,360</u>
Current assets				
Inventories	87,640	84,325	-	-
Trade and other receivables	133,421	98,938	82,996	78,965
Other investments	5,000	5,000	-	-
Fixed deposits with banks and financial institutions	48,498	8,615	-	-
Cash at banks and in hand	158,746	146,909	5,066	5,682
	<u>433,305</u>	<u>343,787</u>	<u>88,062</u>	<u>84,647</u>
Total assets	(a) <u>2,222,919</u>	<u>2,072,512</u>	<u>424,570</u>	<u>422,007</u>
Equity attributable to equity holders of SMRT				
Share capital	168,240	168,240	168,240	168,240
Reserves	1,341	2,229	2,505	1,977
Accumulated profits	653,646	631,283	228,483	227,759
	<u>823,227</u>	<u>801,752</u>	<u>399,228</u>	<u>397,976</u>
Non-controlling interest	(184)	(92)	-	-
Total equity	<u>823,043</u>	<u>801,660</u>	<u>399,228</u>	<u>397,976</u>
Non-current liabilities				
Interest-bearing borrowings	583,312	480,017	-	-
Provisions	28	25	-	-
Deferred tax liabilities	158,054	155,808	1,309	1,435
Fuel equalisation account	20,312	20,312	-	-
Deferred grants	47,268	48,949	30	42
Trade and other payables	77,010	-	-	-
	<u>885,984</u>	<u>705,111</u>	<u>1,339</u>	<u>1,477</u>
Current liabilities				
Interest-bearing borrowings	156,725	156,393	-	-
Trade and other payables	300,887	355,183	23,439	22,302
Provisions	49,703	50,263	264	252
Current tax payable	6,577	3,902	300	-
	<u>513,892</u>	<u>565,741</u>	<u>24,003</u>	<u>22,554</u>
Total liabilities	(b) <u>1,399,876</u>	<u>1,270,852</u>	<u>25,342</u>	<u>24,031</u>
Total equity and liabilities	<u>2,222,919</u>	<u>2,072,512</u>	<u>424,570</u>	<u>422,007</u>

Notes to Balance Sheets:

- (a) Total assets increased by \$150.4 million (7.3%) due mainly to higher property, plant and equipment (\$62.1 million), cash and cash equivalents (\$51.7 million), and trade and other receivables (\$34.5 million).

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

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

- (b) Total liabilities increased by \$129.0 million (10.2%) due mainly to higher interest-bearing borrowings (\$103.6 million) and trade and other payables (\$22.7 million).

The higher interest-bearing borrowings was due mainly to the issuance of \$100.0 million 3.072% 10-year fixed rate notes in June 2014.

The higher trade and other payables was due mainly to higher accruals for property, plant and equipment.

As at 30 June 2014, the Group was in a net current liabilities position. Included in current liabilities are deposits from commercial tenants of \$37.6 million and provisions of \$49.7 million. These current liabilities, because of their nature, are not expected to result in significant cash outflow from the Group within the next 12 months. In addition, the Group's \$150.0 million fixed rate notes is due in October 2014. The Group has sufficient undrawn bank financing facilities as well as multicurrency medium term note programmes to meet commitments and to repay debts as and when they fall due.

1(c)(ii) GROUP'S BORROWINGS

	As at 30 Jun 2014 \$'000	As at 31 Mar 2014 \$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured SGD fixed rate loan - at 6.0% per annum	2,635	2,343
Unsecured SGD fixed rate loan - at 4.0% per annum	4,090	4,050
Unsecured quoted SGD fixed rate notes - at 2.42% per annum due October 2014	150,000	150,000
Total unsecured borrowings	154,090	154,050
	156,725	156,393
<u>Amount repayable after one year</u>		
Secured SGD fixed rate loan - at 6.0% per annum	33,312	30,017
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	-
Total unsecured borrowings	550,000	450,000
	583,312	480,017

Details of any collaterals

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

Net Gearing

	The Group	
	As at 30 Jun 2014	As at 31 Mar 2014
Net gearing	0.65	0.60

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

	The Group		The Company	
	As at 30 Jun 2014	As at 31 Mar 2014	As at 30 Jun 2014	As at 31 Mar 2014
Net asset value per ordinary share (cents)	54.1	52.7	26.2	26.2
Net tangible asset per ordinary share ¹ (cents)	53.2	51.8	26.2	26.2
Number of shares at end of period (excluding treasury shares) ² ('000)	<u>1,521,508</u>	<u>1,521,508</u>	<u>1,521,508</u>	<u>1,521,508</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
	2014	2013
	\$'000	\$'000
Notes		
Operating activities		
Profit before income tax	27,164	20,054
<i>Adjustments for:</i>		
Amortisation of asset-related grants	(2,447)	(2,439)
Changes in fair value of financial instruments	-	76
Depreciation of property, plant and equipment	47,371	42,349
Dividend income	(206)	(206)
Interest expense	2,807	2,601
Interest income	(330)	(393)
Loss/(Gain) on disposal of property, plant and equipment	424	(504)
Property, plant and equipment written off	177	2
Provisions made	4,334	4,205
Share-based payment expenses	528	885
Share of results of associate	(126)	150
Bus Service Enhancement Programme Grant	(5,273)	(2,566)
	<u>74,423</u>	<u>64,214</u>
<i>Changes in working capital:</i>		
Inventories	(3,315)	(10,506)
Trade and other receivables	(30,165)	(16,082)
Trade and other payables	(1,086)	(19,874)
Cash generated from operations	<u>39,857</u>	<u>17,752</u>
Income taxes refunded	74	970
Interest paid	(5,082)	(5,083)
Cash flows from operating activities	(a) <u>34,849</u>	<u>13,639</u>
Investing activities		
Dividends received	206	206
Interest received	138	197
Purchase of property, plant and equipment	(94,252)	(462,235)
Proceeds from disposal of:		
- property, plant and equipment	306	693
Cash flows from investing activities	(b) <u>(93,602)</u>	<u>(461,139)</u>
Financing activities		
Proceeds from issue of shares under share option plan	-	8
Proceeds from issuance of unsecured quoted notes	100,000	-
Proceeds from borrowings	4,353	10,460
Grants received	6,244	5,126
Cash flows from financing activities	(c) <u>110,597</u>	<u>15,594</u>
Net increase/(decrease) in cash and cash equivalents	(d) 51,844	(431,906)
Cash and cash equivalents at beginning of the period	155,524	546,294
Effect of exchange rate fluctuations on cash held	(124)	205
Cash and cash equivalents at end of the period	<u>207,244</u>	<u>114,593</u>
<u>Cash and cash equivalents at end of the period comprise:</u>		
Fixed deposits with banks and financial institutions	48,498	28,636
Cash at banks and in hand	158,746	85,957
	<u>207,244</u>	<u>114,593</u>

Notes to Consolidated Statement of Cash Flows:

- (a) Net cash inflow from operating activities of \$34.8 million for 1Q FY2015 was higher compared to \$13.6 million for 1Q FY2014, due mainly to higher profitability and lower working capital cash outflow.
- (b) Net cash outflow from investing activities of \$93.6 million for 1Q FY2015 was lower compared to \$461.1 million for 1Q FY2014, due mainly to lower payment for purchase of property, plant and equipment.
- (c) Net cash inflow from financing activities of \$110.6 million for 1Q FY2015 was higher compared to \$15.6 million for 1Q FY2014, due mainly to proceeds from issuance of \$100.0 million fixed rate notes in June 2014.
- (d) Net increase in cash and cash equivalents of \$51.8 million in 1Q FY2015 compared to a net decrease in 1Q FY2014 was due to lower net investing cash outflow, and higher net financing and operating cash inflow.

1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Group	
Apr - Jun 2014	Apr - Jun 2013
\$'000	\$'000
Profit for the period	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	258
Effective portion of changes in fair value of cash flow hedge, net of tax	(309)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	-
Currency translation differences arising from consolidation	501
	(190)
	2,805
Other comprehensive (loss)/income for the period, net of tax	(1,416)
Total comprehensive income for the period	20,855
	19,135
Attributable to:	
Equity holders of SMRT	20,947
Non-controlling interest	(92)
	20,855
	19,135

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 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
	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 2013	167,496	(2,878)	1,547	(283)	2,560	599,806	768,248	312	768,560
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	16,349	16,349	(21)	16,328
Other comprehensive income/(loss), net of tax*	-	2,805	(309)	311	-	-	2,807	-	2,807
Total comprehensive income/(loss)	-	2,805	(309)	311	-	16,349	19,156	(21)	19,135
Transactions with owners of the Company, recorded directly in equity									
Issue of shares under SMRT ESOP	8	-	-	-	-	-	8	-	8
Value of employee services received for share-based payment	-	-	-	-	885	-	885	-	885
Total transactions with owners	8	-	-	-	885	-	893	-	893
At 30 Jun 2013	167,504	(73)	1,238	28	3,445	616,155	788,297	291	788,588

* Details of other comprehensive income 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 2014	168,240	1,977	227,759	397,976
Total comprehensive income 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
	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 Apr 2013	167,496	2,560	235,207	405,263
Total comprehensive income for the year				
Loss for the period	-	-	(15,286)	(15,286)
Transactions with owners, recorded directly in equity				
Issue of shares under SMRT ESOP	8	-	-	8
Value of employee services received for share-based payment	-	885	-	885
Total transactions with owners	8	885	-	893
At 30 Jun 2013	167,504	3,445	219,921	390,870

- 1(f)(ii)** The total number of issued shares excluding treasury shares of the Company as at 30 June 2014 and 31 March 2014 were 1,521,508,246 and 1,521,508,246 respectively.

The Company did not hold any treasury shares in 1Q FY2015 and as at 30 June 2014 (30 June 2013: Nil).

As at 30 June 2014, there was no outstanding share option under the SMRT Corporation Employee Share Option Plan (“SMRT ESOP”) (30 June 2013: 305,050).

As at 30 June 2014, 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 2,337,700 (30 June 2013: 3,081,700).

2. AUDIT

The figures for the quarters ended 30 June 2014 and 30 June 2013 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 2014.

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 2014. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

- Amendment to FRS 32 – Offsetting Financial Assets and Financial Liabilities
- FRS 27 (Revised) – Separate Financial Statements
- FRS 28 (Revised) – Investments in Associates and Joint Ventures
- FRS 110 – Consolidated Financial Statements
- FRS 111 – Joint Arrangements
- FRS 112 – Disclosure of Interests in Other Entities

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 FY2015 AGAINST PREVIOUS CORRESPONDING PERIOD)**

4.1 **Overview**

Group revenue increased by \$12.3 million (4.3%) in 1Q FY2015 compared to previous corresponding period across all segments except LRT, Engineering Services and Other Services.

Operating profit increased by \$7.1 million (32.0%) in 1Q FY2015 compared to 1Q FY2014, due mainly to lower operating loss from Fare business and better performance from Non-Fare business, namely Taxi Rental and Advertising.

Group profit attributable to equity holders of SMRT was higher by \$6.0 million (36.8%) in 1Q FY2015 compared to 1Q FY2014.

4.2 **Explanatory notes to Consolidated Income Statement**

Other operating income increased by \$3.2 million (33.9%) in 1Q FY2015 due mainly to higher BSEP grants. BSEP grants were utilized to recover part of the increased operating costs incurred for BSEP buses.

Staff costs increased by \$6.3 million (5.6%) in 1Q FY2015 due to increased headcount in Train and Bus operations to support a larger fleet and heightened operational requirements.

Depreciation increased by \$5.0 million (11.9%) in 1Q FY2015 due mainly to capitalisation of a newer taxi as well as a larger bus and train fleet, and full quarter impact of operating assets taken over from LTA.

Repairs and maintenance costs increased by \$1.8 million (6.7%) in 1Q FY2015 due mainly to scheduled overhaul of trains and higher cleaning costs.

Electricity and diesel costs decreased by \$3.1 million (7.2%) in 1Q FY2015 due mainly to lower average electricity tariff partially offset by higher diesel cost and consumption.

Finance costs were higher in 1Q FY2015 due to the interest cost from the issuance of \$100 million fixed rate notes in June 2014.

5. **REVIEW OF SEGMENT PERFORMANCE (1Q FY2015 AGAINST PREVIOUS CORRESPONDING PERIOD)**

A segmental breakdown by business is provided under note 9.

	First Quarter		Increase / (Decrease) %
	1Q FY2015 \$'000	1Q FY2014 \$'000	
<u>Fare business</u>			
Revenue	218,421	209,740	4.1
Operating loss	(1,130)	(5,509)	79.5
<u>Train operations</u>			
Revenue	157,888	153,521	2.8
Operating profit	4,960	2,861	73.4
<u>LRT operations</u>			
Revenue	2,460	2,626	(6.3)
Operating loss	(566)	(551)	(2.7)
<u>Bus operations</u>			
Revenue	58,073	53,593	8.4
Operating loss	(5,524)	(7,819)	29.4
<u>Non-Fare business</u>			
Revenue	78,713	75,056	4.9
Operating profit	29,906	25,477	17.4
<u>Taxi operations</u>			
Revenue	34,442	32,954	4.5
Operating profit	4,156	2,253	84.5
<u>Rental</u> ³			
Revenue	25,833	23,478	10.0
Operating profit	20,045	17,675	13.4
<u>Advertising</u> ⁴			
Revenue	9,357	8,232	13.7
Operating profit	5,607	4,750	18.0
<u>Engineering Services</u>			
Revenue	2,815	3,686	(23.6)
Operating profit	227	798	(71.6)
<u>Other Services</u>			
Revenue	6,266	6,706	(6.6)
Operating (loss)/profit	(129)	1	(13,000.0)
<u>Investment holding & Support Services /</u>			
<u>Consolidation elimination & adjustments</u>			
Revenue	-	-	n.m.
Operating profit	533	2,238	(76.2)
<u>Total</u>			
Revenue	297,134	284,796	4.3
Operating profit	29,309	22,206	32.0

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 (2.8%) in 1Q FY2015 due mainly to higher ridership and average fare. Operating profit increased by \$2.1 million (73.4%) in 1Q FY2015 on the back of higher revenue and lower electricity costs partially offset by higher depreciation, staff costs, repairs and maintenance and the \$1.6 million penalty imposed by LTA.

Revenue from **Bus operations** increased by \$4.5 million (8.4%) in 1Q FY2015 due to increased ridership and average fare. A lower operating loss at \$5.5 million in 1Q FY2015 was recorded due mainly to higher revenue partially offset by higher staff and diesel costs.

Taxi operating profit increased by \$1.9 million (84.5%) in 1Q FY2015 due to higher rental contribution from a newer fleet, and lower diesel tax related to a smaller diesel fleet.

Rental revenue increased by \$2.4 million (10.0%) in 1Q FY2015 due mainly to higher rental renewal rates. As a result, operating profit increased by \$2.4 million (13.4%) in 1Q FY2015.

Advertising revenue increased by \$1.1 million (13.7%) in 1Q FY2015 due mainly to increased advertising on trains and stations. Consequently, operating profit increased by \$0.9 million (18.0%) in 1Q FY2015.

Engineering Services revenue and operating profit decreased by \$0.9 million (23.6%) and \$0.6 million (71.6%) respectively in 1Q FY2015 due mainly to lower contribution from overseas consultancy projects.

6. REVIEW OF PROSPECTS STATEMENT

The results for 1Q FY2015 are consistent with the prospects statement issued during the announcement of the 4Q FY2014 results.

7. PROSPECTS

The Group Fare business environment will continue to be challenging as a result of heightened operational requirements. The effective fare adjustment of 1.6% which took effect from 6 April 2014 will partially mitigate the increase in operating costs. The Group will also strive to achieve further gains from its ongoing productivity improvement efforts.

The prospects for the Group are expected to improve with the impending regulatory changes in the land transportation industry.

The Group will continue to benefit from growth in its Non-Fare businesses with emphasis on building on its rail engineering capability, seizing out-of-network opportunities in Singapore, and international projects.

8. DIVIDENDS

No dividend will be declared for 1Q FY2015.

9. SEGMENT INFORMATION

	-----Rail-----		Bus	Taxi	Rental ⁵	Advertising ⁶	Engineering	Other	Investment	Consolidation	
	Train	LRT	operations	operations	\$'000	\$'000	Services	Services	holding and	elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	support services	& adjustments	\$'000
Revenue and expenses											
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											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
1Q FY2014											
Revenue											
- external customers	153,521	2,626	53,593	32,954	23,478	8,232	3,686	6,706	-	-	284,796
- inter-segment	-	-	33	-	-	20	210	198	15,664	(16,125)	-
Operating expenses (net of other income)	(129,304)	(3,149)	(55,210)	(22,701)	(3,002)	(2,927)	(3,095)	(6,861)	(12,556)	16,125	(222,680)
Depreciation and amortisation	(21,356)	(28)	(6,235)	(8,000)	(2,801)	(575)	(3)	(42)	(808)	(62)	(39,910)
Segment operating results	2,861	(551)	(7,819)	2,253	17,675	4,750	798	1	2,300	(62)	22,206
Finance costs											(2,601)
Interest income											393
Investment income											206
Share of results of associate											(150)
Income tax expense											(3,726)
Profit after taxation											16,328
Non-controlling interest											21
Profit for the period attributable to equity holders of SMRT											16,349

Management monitors the results of its business units for the purpose of making business decisions about resource allocation and performance assessment. In FY2014, the segments were restructured to reflect changes in business control and activities for bus operations, engineering services and other services. Management believes that the revised segment presentation is more relevant in evaluating the results of these segment operations.

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 FY2015 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 FY2015	1Q FY2015
	\$ '000	\$ '000
<u>Sale of Goods and Services</u>		
Certis CISCO Aviation Security Pte Ltd	268	-
Singapore Telecommunications Ltd ⁽¹⁾	25	-
SingTel Mobile Singapore Pte Ltd ⁽¹⁾	796	-
<u>Purchases of Goods and Services</u>		
Singapore Technologies Kinetics Ltd	119,687	-
Starhub Ltd	205	-
Total	120,981	-

(1) Part of SingTel Group

BY ORDER OF THE BOARD

Ms Jacquelin Tay Gek Poh
Company Secretary
SMRT Corporation Ltd

30 July 2014

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 FY2015 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 2014