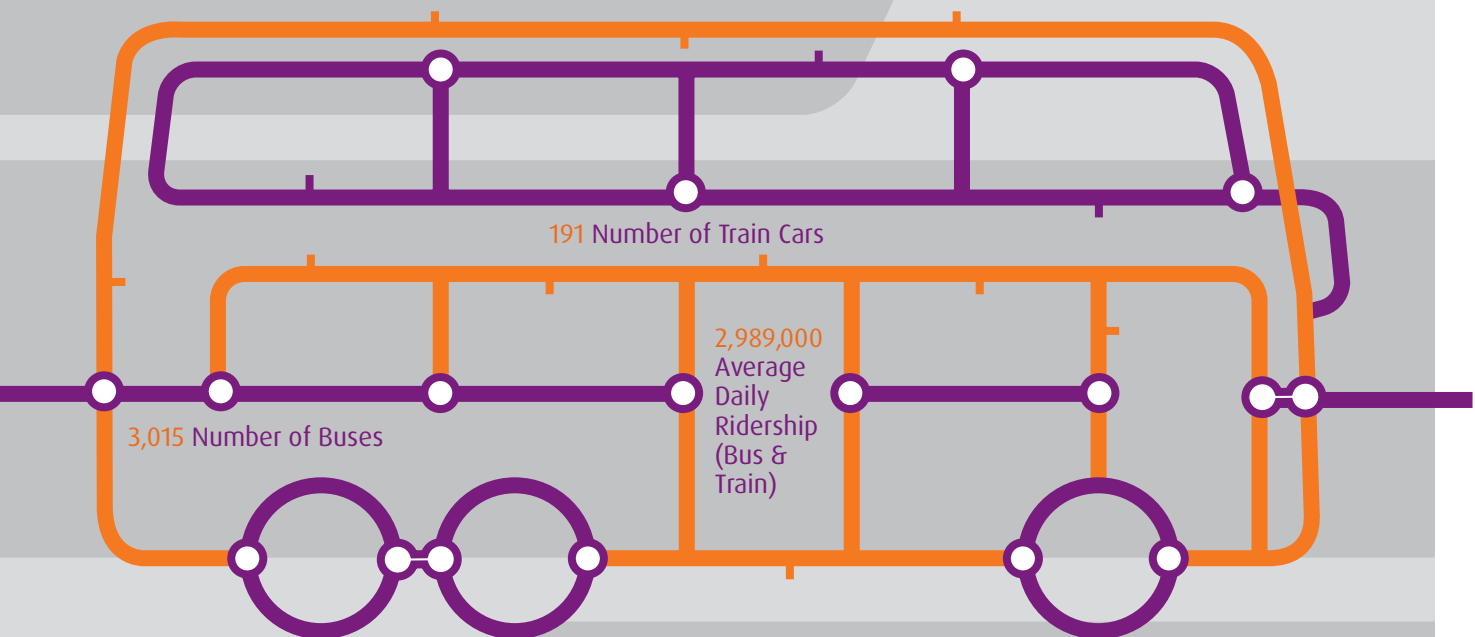




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Our Vision

Moving people in a safe, reliable and affordable way

Our Mission

To achieve excellence for our customers, employees, shareholders and community. To this end, we are committed to delivering safe and reliable services at affordable prices, being an employer of choice, creating significant shareholder value and becoming a socially responsible corporate role model

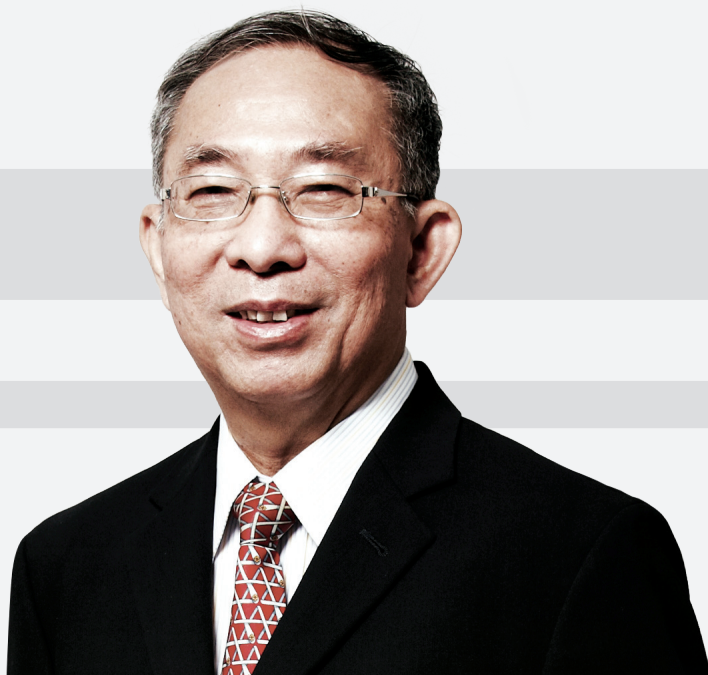
Our Beliefs

To achieve our Vision and Mission, we are guided by the following beliefs:

We will:

- Be driven by our customers' needs
- Strive for excellence in everything we do
- Act with integrity at all times
- Treat people with fairness and respect
- Maintain safety as a top priority
- Collaborate with our partners for a win-win outcome
- Give our shareholders a reasonable return

Chairman's Statement



Demand for our bus and rail services continued to grow during the year as the resident population in Singapore increased.

Introduction

The public transport industry came under intense scrutiny in 2011 with two major events taking place – the General Elections in May and the major North South MRT disruptions in December, which prompted the Government to set up a Committee of Inquiry (COI).

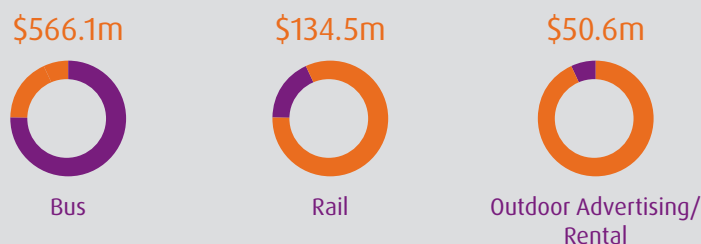
The General Elections brought the issues of overcrowdedness in trains and buses into sharp focus while the COI was set up to look into the causes of the disruptions on the North South MRT Line and review the emergency preparedness and communications plans for effective management of future incidents.

Against this backdrop, oil prices continue to soar. The difficulties we have faced in the past in the recruitment of Bus Captains continued to pose a challenge.

Despite these challenges, we did not lose sight of our commitment to our Commuters, the Authorities, the Communities we operate in and our Shareholders.

In such a challenging and difficult environment, we were happy to have been awarded the licence to operate Singapore's newest MRT line - the Downtown Line (DTL). This is the first major contract under the new Land Transport Masterplan. With it, we will increase our rail network from 40km to 82km, accounting for about 36% of the total rail system in Singapore.

REVENUES AT A GLANCE



Serving Our Customers

Demand for our bus services during the year continued to grow as the size of the resident population in Singapore increased. In all, our buses made more than 913.2 million passenger trips, 6% more than the previous year.

We continued to add more efficient, more comfortable and more environmentally friendly buses to our fleet. Since 2006, we have been investing some \$854 million to purchase 2,050 new buses. This includes the 600 buses that were ordered in 2010. In 2011, we took delivery of 337 new buses which consisted of 150 award-winning through low-floor, single deck Citaro buses from Mercedes Benz and 187 double deck Volvo buses, all of which are Euro 5-compliant. As a result, more than half of our fleet of 3,015 is now less than 6 years old. We continue to explore the feasibility of Green vehicles with our trial of two hybrid buses.

With the roll-out of more new buses, we have been able to add more wheelchair accessible bus (WAB) routes to cater to the needs of the physically disabled. A record 42 WAB services were rolled out during the year, bringing the total number of WAB services under our stable to 103, representing 53% of our basic bus services.

For the year, we also worked closely with the Land Transport Authority (LTA) to improve our commuters' experience by adding more trips and deploying bigger capacity buses on high demand routes. In all, 68 bus services were enhanced – more than double the 31 from the year before.

We also made further enhancements to our highly popular bus arrival information service, *iris* – extending it beyond the Short Message Service (SMS) and Internet services to

iPhone and Android users as well. These newly-introduced apps have been very well-received, attracting a sizeable 666,000 downloads during the year. We continue to add more features and information to these apps to make them even more useful to our commuters.

In our rail operations, ridership grew by 13.2% with more than 177.8 million passenger trips made. As demand on our North East Line (NEL) continued to grow, an order has been placed for 18 new trains to be delivered from 2015. These new trains will increase our train fleet by about 70%.

We also continued to surpass all the operating performance standards set by the Authorities by a strong margin through frequency and capacity enhancements.

On the eve of public holidays, we extended our train operating hours by half-an-hour to better serve our commuters. We also extended our operating hours on all the Fridays in December 2011 to cater to late night shoppers, and ran our service round the clock one Sunday in December to provide connectivity for participants and volunteers in a national marathon.

During the year, we also began revenue operations at our last unopened NEL station, Woodleigh, bringing the entire 16-station line to full operation. We also opened the Damai Station on the Punggol East Light Rail Transit (LRT) system and operated train service in both directions throughout the day as all the seven stations have opened.

In the pursuit of service excellence and safe practices for our staff, we broke new ground by continually innovating the way that we do things. To this end, we developed a

device which enables our train brakes to be released quickly in the event the train stalls. This means a quicker return to the depot and a faster return to normal service. The device so impressed judges at the National Workplace Safety and Health Awards that it was named one of the winners in the Innovation Category.

On the customer service front, in spite of the operational challenges that we face, we did not let up on the training of our staff to provide good service to our customers. Our 7,451 staff, including more than 5,300 Bus Captains as well as support staff, have completed the three-year CARES programme which focuses on providing CARing, RELiable and Safe services to our commuters.

Financial Results

Despite a drop in average fares as a result of the introduction of Distance Fares, revenue from both our bus and rail operations increased during the year as ridership grew. Revenue increased by 4.2% or \$30.2 million to \$751.1 million in 2011. Revenue from bus operations increased by 3.1% to \$566.1 million while revenue from rail operations grew by 10.5% to \$134.4 million. This was achieved on the back of a 12.9% increase in ridership on the NEL and a 15.7% increase on the Sengkang and Punggol LRT Systems.

On the other hand, revenue from the advertisement business saw a marginal drop of 0.3% to \$36.2 million. Revenue from the rental business, however, increased by 3.9% or \$0.5 million to \$14.4 million as a result of higher income received from roadshows held at the bus interchanges.

The increase in revenue of \$30.2 million at the Company level was however offset by a hefty increase in operating expenses of \$49.3 million due mainly to fuel and electricity costs, and manpower costs. As a result, our bus operations incurred an operating loss of \$6.0 million. Operating profit for our rail operations, on the other hand, grew by \$2.2 million to \$19.7 million. At the Company level, operating profit fell by 29.4% or \$19.0 million to \$45.7 million. Consequently, net profit attributable to shareholders fell by 32.4% from \$54.3 million to \$36.7 million.

Earnings per share was 11.89 cents, 32.6% lower than the 17.63 cents previously while net asset value per ordinary share increased by 3.9% to 107 cents. As at 31 December 2011, total equity for the Company increased by 4.8% to \$331.6

million due mainly to profits generated from operations which were partially offset by the payment of dividends.

As at 31 December 2011, we have drawn down \$100 million of our \$250 million Multicurrency Medium Term Note programme to fund our purchase of new buses.

Your Directors have proposed a tax-exempt one-tier final dividend of 2.8 cents per share. Together with the tax-exempt one-tier interim dividend of 3.1 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out for 2011 will be 5.9 cents per share, 33% lower than the previous year, in light of the lower profit.

Bus Services Enhancement Programme

In March 2012, the Government announced that it would inject \$1.1 billion over 10 years to ramp up bus capacity under a new Bus Services Enhancement Programme (BSEP). Under this programme, it will fund 550 buses while the public transport operators will add 250 buses. In all, bus capacity will be increased by a total of 800 buses.

By end of 2014, these additions are expected to increase bus capacity by reducing the average loading level from 95% to 85% on the more crowded stretches of bus routes during peak hours. The frequency of feeder services will also be improved as we are expected to deliver higher service levels beyond what is required in the current Quality of Service standards. We are fully cognizant of the responsibilities that come as a result of this funding and will work hard at improving service levels.

The Authorities will also be adding 40 new bus routes to improve connectivity and another eight routes to parallel stretches of the existing rail network. We will be working with the LTA to roll out a significant number of these new services.

On fares, the Public Transport Council's Review Committee will be reviewing the fare formula in 2012. It will establish a framework to continue to achieve a good balance between affordable public transport fares and sustainable public transport operations that are both productive and efficient. With the review taking place this year, the fare adjustment exercise will be suspended which means that there will be no fare adjustment in 2012.

The Year Ahead

The operating environment will continue to be a challenging one as fuel and energy costs continue to escalate. More commuters are also expected. However, we will continue to work at improving productivity and keeping costs contained.

With even more buses due to be added over the next few years, the urgency to recruit more Bus Captains becomes more pronounced. We will continue to work with the Union and other relevant agencies to attract more Singaporeans to this profession. Besides Bus Captains, the recruitment of staff in preparation for the launch of the DTL in 2013 will also keep us busy in the year ahead.

In the aftermath of the major MRT disruptions on the North-South Line, we have reviewed and made refinements to our rail emergency preparedness plans. We will continue to review these plans regularly and train our staff to be better prepared to handle contingencies. This was put to the test on 15 March 2012 when revenue service on part of our NEL was disrupted after two stainless steel cables connecting to the overhead power supply system near the Outram Park Station were found to have snapped. This was detected prior to the start of revenue service and our engineers immediately set about replacing the cables. To minimise inconvenience to commuters, free shuttle buses were deployed and free bus rides were also offered on regular bus services that were passing through the affected stations. Goodwill Ambassadors were on hand to assist with commuters' queries and to help with crowd control. Regular announcements were made at all stations and updates given to keep all commuters informed.

Appreciation

I wish to thank the Chief Executive Officer (CEO), Mr Gan Juay Kiat, and his team of Management and Staff, for their hard work and commitment. 2011 has been a challenging year for the Company, but the team remained steadfast and performed admirably. I would also like to thank our Deputy Chairman, Mr Kua Hong Pak, who is also the Managing Director and Group Chief Executive Officer of ComfortDelGro Corporation Limited, our parent company, for providing guidance to the CEO and his team.

My deepest gratitude goes out to my fellow Directors for their valuable advice, understanding and insights.

I would also like to express my appreciation to the National Transport Workers' Union, Authorities, as well as the Advisors and Grassroots Leaders, for their cooperation, assistance and support.

To our loyal Shareholders, we promise to continue working harder to drive shareholders' value while delivering uncompromised service to Customers and earning the trust and confidence of our Regulators.

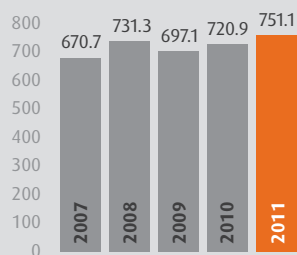
And finally to our Customers, thank you for your unstinting support and kind patronage. We will continue to improve our services and find ways to serve you better.

LIM JIT POH

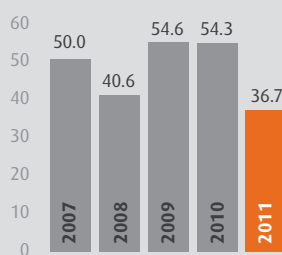
Chairman

Financial Highlights

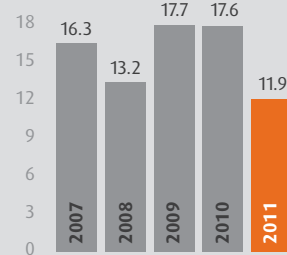
REVENUE (\$'mil)



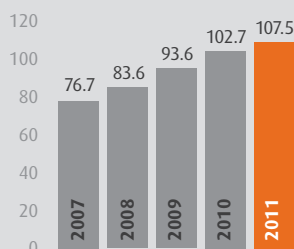
PROFIT ATTRIBUTABLE TO SHAREHOLDERS (\$'mil)



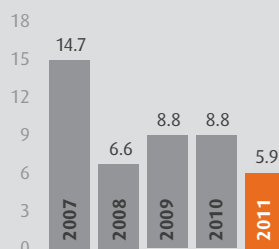
EARNINGS PER ORDINARY SHARE (cents)



NET ASSET VALUE PER ORDINARY SHARE (cents)



TOTAL DIVIDEND PER ORDINARY SHARE (cents)



FINANCIAL SUMMARY

	2007	2008	2009	2010	2011
Revenue (\$'mil)	670.7	731.3	697.1	720.9	751.1
Operating profit (\$'mil)	53.2	47.1	62.2	64.7	45.7
Operating expenses (\$'mil)	617.5	684.2	634.9	656.2	705.4
Profit attributable to shareholders (\$'mil)	50.0	40.6	54.6	54.3	36.7
EBITDA (\$'mil)	87.9	78.6	102.7	112.1	93.4
Issued capital (\$'mil)	91.3	92.3	92.3	93.0	93.9
Capital and reserves (\$'mil)	235.5	257.2	288.1	316.6	331.6
Capital disbursement (\$'mil)	64.5	146.7	164.3	92.0	169.6
Internal funds generated (\$'mil)	87.5	77.2	101.2	117.6	91.2
Earnings per ordinary share (cents)	16.3	13.2	17.7	17.6	11.9
Net asset value per ordinary share (cents)	76.7	83.6	93.6	102.7	107.5
Return on shareholders' equity (%)	19.7	16.5	20.0	18.0	11.3
Total dividend per ordinary share (cents)	14.7	6.6	8.8	8.8	5.9
Dividend cover (number of times)	1.1	2.0	2.0	2.0	2.0

VALUE-ADDED FOR THE COMPANY

	2007		2008		2009		2010		2011	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital										
– dividends and term loan interest	45,229	11.7	20,310	5.3	27,079	6.7	27,488	6.5	24,535	5.9
Taxation to the government	21,513	5.6	23,960	6.3	22,355	5.5	25,126	6.0	23,073	5.6
Retained earnings	37,853	9.8	48,810	12.8	67,528	16.6	74,054	17.7	61,520	14.8
Employees										
– salaries and other staff costs	280,819	72.9	287,743	75.6	289,113	71.2	292,780	69.8	305,525	73.7
Total value-added	385,414	100.0	380,823	100.0	406,075	100.0	419,448	100.0	414,653	100.0
Value-added per employee (\$'000)	53.5		53.9		54.5		56.8		56.0	

Corporate Information

BOARD OF DIRECTORS

LIM JIT POH

Chairman

KUA HONG PAK

Deputy Chairman

GAN JUAY KIAT

Chief Executive Officer

CHEONG YIP SENG

CHIN HARN TONG

JOHN DE PAYVA

TAN KONG ENG

WEE SIEW KIM

WONG CHIN HUAT, DAVID

AUDIT COMMITTEE

WEE SIEW KIM

Chairman

CHIN HARN TONG

TAN KONG ENG

REMUNERATION COMMITTEE

CHIN HARN TONG

Chairman

JOHN DE PAYVA

LIM JIT POH

NOMINATING COMMITTEE

JOHN DE PAYVA

Chairman

CHEONG YIP SENG

WONG CHIN HUAT, DAVID

SERVICE QUALITY COMMITTEE

WONG CHIN HUAT, DAVID

Chairman

CHEONG YIP SENG

JOHN DE PAYVA

WEE SIEW KIM

CORPORATE DIRECTORY

Registered Office

205 Braddell Road

Singapore 579701

Mainline: (65) 6284 8866

Facsimile: (65) 6287 0311

Website: www.sbstransit.com.sg

Company Registration Number: 199206653M

Joint Company Secretaries

KUA ZHIZHEN, JEAN

CHAN WAN TAK, WENDY

Share Registrar

B.A.C.S. Private Limited

63 Cantonment Road

Singapore 089758

Auditors

Deloitte & Touche LLP

Public Accountants and

Certified Public Accountants

6 Shenton Way #32-00

DBS Building Tower 2

Singapore 068809

Partner-in-Charge:

TOH YEW KUAN, JEREMY

Date of Appointment:

1 November 2011

Board of Directors

LIM JIT POH

Chairman (Non-Executive & Non-Independent)



Mr Lim Jit Poh was appointed non-executive Chairman and Director of SBS Transit Ltd in 2003. He is a member of the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited, VICOM Ltd, Ascott Residence Trust Management Limited and China Printing & Dyeing Holding Limited (under Judicial Management). These are listed companies with business interests in land transport, vehicle inspection and technical testing, hospitality trust and manufacturing. Mr Lim is also a Director of Maybank Kim Eng Holdings Limited, a wholly-owned subsidiary of Malayan Banking Berhad, Chairman of Surbana Corporation Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited, and several non-listed companies owned by the Singapore Labour Foundation and the National Trades Union Congress (NTUC).

Mr Lim was a former top civil servant and a Fulbright Scholar. He was awarded the Public Administration Medal by the Government of Singapore in 1972, as well as three awards by NTUC, namely the Friend of Labour Award in 1986, the Meritorious Service Award in 1990 and the Distinguished Service Award in 2000. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore. Mr Lim is a Trustee of the Singapore National Employers' Federation.

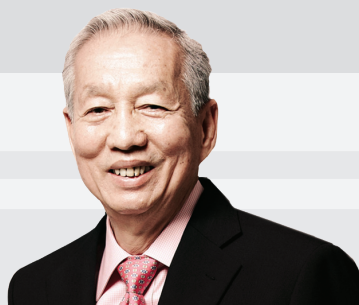
In his previous employment as Executive Director of two public listed companies, Mr Lim had been directly involved in negotiations with business partners and relevant authorities on various joint venture projects in the ASEAN region, as well as in China, Hong Kong, United Kingdom, Australia and Mauritius. He was also involved in the management of these operations. Mr Lim was a Council Member of the Singapore Chinese Chamber of Commerce and Industry and the National University of Singapore, and a Member of the Singapore British Business Council. He was also very active in community work being Chairman of a community centre management committee. Presently, he is a Member of the Board of Management of Pei Chun Public School.

Mr Lim holds a Bachelor of Science (Hons) in Physics from the University of Singapore and a Master of Education from the University of Oregon, USA.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lim will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2012. He is a non-independent Director of the Company.

KUA HONG PAK

Deputy Chairman (Non-Executive & Non-Independent)



Mr Kua Hong Pak was appointed the Executive Director of SBS Transit Ltd in 2002. In 2003, he was appointed Deputy Chairman of the Company. Mr Kua is presently the Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited and Deputy Chairman of VICOM Ltd. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited, where he managed its Singapore and overseas operations in the United States, United Kingdom, China, Japan, Hong Kong and Australia.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd, PSA Corporation Limited and StarHub Ltd. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991 and Public Service Star in

1996 by the President of the Republic of Singapore and re-appointed a Justice of the Peace in 2010. He was awarded the Medal of Commendation in 2005 and the Medal of Commendation (Gold) in 2010 by the National Trades Union Congress.

Mr Kua holds a Bachelor of Accountancy from the University of Singapore and is a Fellow of the United Nations Asian Institute. He also attended the Advanced Management Programme at the Harvard Business School.

Mr Kua was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2010. He is a non-independent Director of the Company.



GAN JUAY KIAT

Chief Executive Officer & Director

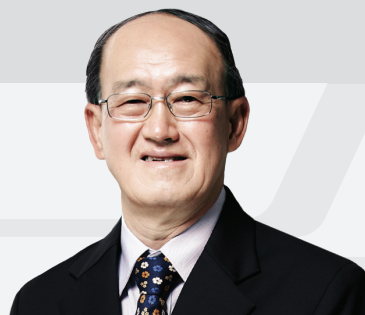
Mr Gan Juay Kiat was appointed Chief Executive Officer of SBS Transit Ltd on 1 March 2010. Mr Gan first joined ComfortDelGro Corporation Limited as Group Corporate Planning Officer in February 2006. Subsequently, he was also appointed the Chief Executive Officer and Director of ComfortDelGro Bus Pte Ltd. In April 2007, he assumed the role of Chief Operating Officer of SBS Transit Ltd, and was appointed Executive Director on 1 March 2009.

Prior to joining the ComfortDelGro Group, Mr Gan was the Chief Corporate Officer at the Ascott Group and Senior Vice President (Corporate Planning) at Capitaland Limited.

Mr Gan started his career in the Singapore Armed Forces where he held several senior command and staff appointments. He moved on to join General Electric Company as a Divisional Director, and later to Times Publishing Limited as Senior Vice President (Retail & Distribution).

Mr Gan was a President's Scholar and SAF (UK) Scholar in 1976. He holds a Bachelor of Arts (Engineering Tripos) from the University of Cambridge, United Kingdom.

Pursuant to Article 97 of the Company's Articles of Association, Mr Gan will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2012. He is a non-independent Director of the Company.



CHEONG YIP SENG

Director (Non-Executive & Independent)

Mr Cheong Yip Seng has been a non-executive Director of SBS Transit Ltd since 1997. He is an independent Director of the Company. Mr Cheong is a member of both the Nominating Committee and Service Quality Committee. Mr Cheong was the Editor-in-Chief of the English/Malay Newspapers Division of Singapore Press Holdings Limited (SPH) from 1987 to 2006. In 2007, he became an Editorial Advisor to SPH until June 2008.

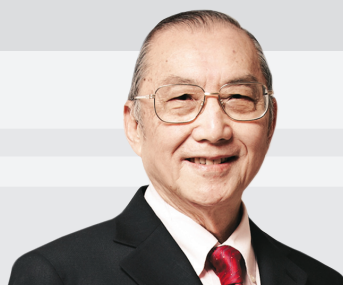
He was Chairman of the Advisory Committee on the Impact of New Media on Society from April 2007 to April 2009. He had served on the Board of Trustees, National University of Singapore, and the Board of the Building and Construction Authority. He is also Singapore's non-resident Ambassador to Chile.

Mr Cheong was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 26 April 2011.

Board of Directors

CHIN HARN TONG

Director (Non-Executive & Independent)



Mr Chin Harn Tong has been a non-executive Director of SBS Transit Ltd since 1993. He is an independent Director of the Company. Mr Chin is the Chairman of the Remuneration Committee and a member of the Audit Committee. He is also a Director of CityCab Pte Ltd. He had previously been the Secretary, Executive Director and Advisor of NTUC Comfort (1971-1986).

Mr Chin is the Advisor to the North-East Community Development Council and the Singapore Stevedores' Union. He was a member of Parliament for Aljunied from 1972 to 1996. He was also the Political Secretary, Parliamentary Secretary and Senior Parliamentary Secretary between 1976 and 1988.

Mr Chin was awarded the Public Administration Medal by the Government of Singapore in 1971, the Friend of Labour Award in 1971 and the Meritorious Service Award by the National Trades Union Congress (NTUC) in 2000. He was also appointed a Justice of the Peace in 1998.

Mr Chin holds a Bachelor of Arts from the Nanyang University (1963). In 1970, he was awarded the Colombo Plan Fellowship in Industrial Relations, Australia and was subsequently seconded to the NTUC and was promoted to the Government's Administrative Service.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Chin will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2012.

JOHN DE PAYVA

Director (Non-Executive & Independent)



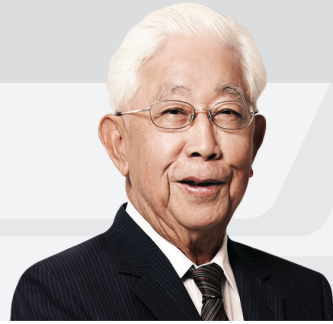
Mr John De Payva has been a non-executive Director of SBS Transit Ltd since 1999. He is an independent Director of the Company. Mr De Payva is the Chairman of the Nominating Committee and a member of both the Remuneration Committee and Service Quality Committee.

Mr De Payva is the President Emeritus of the National Trades Union Congress (NTUC). He is also an Executive Director and Secretary-General Emeritus of the Singapore Manual and Mercantile Workers' Union since January 1988 and a Director of NTUC Fairprice Co-operative Ltd and a Member of Board of Governors of OTC-ILS.

Mr De Payva holds a Diploma in Industrial Relations from the Singapore Institute of Labour Studies.

Mr De Payva was awarded the Public Star Medal in 1998 and Public Service Star in 2004 by the President of the Republic of Singapore. He was also being awarded the Meritorious Service Medal in the National Day Awards 2011.

Mr De Payva was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 26 April 2011.

**TAN KONG ENG**

Director (Non-Executive & Independent)

Mr Tan Kong Eng has been a non-executive Director of SBS Transit Ltd since 1992. He is an independent Director of the Company. Mr Tan is a member of the Audit Committee.

Mr Tan was the Managing Director of DelGro Corporation Limited between 1973 and 1994 and retired in 1994. He is currently a Director of Glory & Company Private Limited and Changi Bus Company (Private) Limited.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Tan will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2012.

**WEE SIEW KIM**

Director (Non-Executive & Independent)

Mr Wee Siew Kim has been a non-executive Director of SBS Transit Ltd since 2003. He is an independent Director of the Company. Mr Wee is the Chairman of the Audit Committee and a member of the Service Quality Committee.

Mr Wee is currently Group Chief Executive Officer (CEO), NIPSEA Group of Companies. He is also a Director in Changi Airports International Pte Ltd.

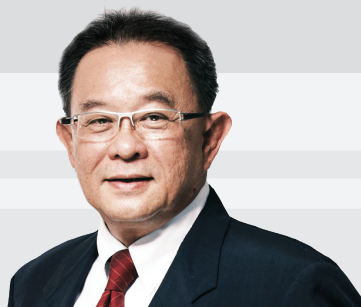
Mr Wee was previously the Deputy CEO of Singapore Technologies Engineering Ltd. Prior to this, Mr Wee held several positions within

Singapore Technologies Engineering including being the President of Singapore Technologies Aerospace Ltd.

Mr Wee holds a Bachelor of Science (Aeronautical Engineering) (Hons) from the Imperial College of Science and Technology and a Master in Business Administration from the Graduate School of Business, Stanford University.

Mr Wee was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2010.

Board of Directors



WONG CHIN HUAT, DAVID

Director (Non-Executive & Non-Independent)

Mr Wong Chin Huat, David has been a non-executive Director of SBS Transit Ltd since 1997. He is the Chairman of the Service Quality Committee and a member of the Nominating Committee.

Mr Wong is the Senior Partner of Ramdas and Wong, a position he has held since June 1974.

Mr Wong is also a Director of ComfortDelGro Corporation Limited and two other listed companies. He also serves as a Member of the Public Service Commission. He is presently the Chairman of the National Trades Union Congress (NTUC) U-Care Fund Board of Trustees. He was a Director of the Singapore Labour Foundation (SLF) from 30 November 2001 till 24 September 2010.

Mr Wong was awarded the Friend of Labour Award in 1989, the Meritorious Service Award in 1995, the Distinguished Service Award in 2001 and the Distinguished Service (Star) Award in 2010 by NTUC.

Mr Wong also received a Certificate of Appreciation from SLF for services rendered as a Director of Pasir Ris Resort Services Pte Ltd in 1989. In 1991, he was awarded the Public Service Star and in 2005, the Public Service Star (Bar) by the President of the Republic of Singapore for community and social services rendered.

Mr Wong holds a LL.B (Hons) from the University of Singapore and a LL.M from the University of London.

Pursuant to Article 97 of the Company's Articles of Association, Mr Wong will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2012. He is a non-independent Director of the Company.

Key Management

WOON CHIO CHONG

Executive Vice President, Bus Development



Mr Woon Chio Chong joined SBS Transit as a Planning Officer on 16 August 1976 and rose through the ranks with stints in Planning and Operations. He was promoted to the position of Senior Vice President of Service Development on 1 July 1995, and subsequently appointed Executive Vice President (Bus Operations) on 1 July 2000. On 1 November 2008, he was re-designated as Executive Vice President (Bus Development), where he is responsible for the development of bus routes, operations support, bus training and service quality for the bus division. He also oversees the Security department in the Company. Mr Woon holds a Bachelor of Science (Hons) degree in Information Science from the Victoria University of Wellington, New Zealand.

WONG WAI KEONG

Executive Vice President, Rail



Mr Wong Wai Keong joined SBS Transit as Deputy Director, Engineering (Rail) on 1 April 2000. He became Director, Engineering (Rail) on 1 October 2001 and was appointed Senior Vice President (Rail) on 10 December 2005. In January 2012, Mr Wong assumed the position of Executive Vice President for the Rail Business Area.

Mr Wong has extensive experience working in the rail industry. Prior to joining SBS Transit, he was with the Mass Rapid Transit Corporation and the Land Transport Authority for some 16 years until March 2000.

Mr Wong holds a Bachelor of Engineering (Hons) in Electrical and Electronic Engineering from the University of Birmingham, United Kingdom. He is a Professional Engineer accredited with the Singapore Professional Engineers Board. A Chartered Engineer, he is also a member of the United Kingdom's Institution of Engineering and Technology.

Mr Wong was awarded the Public Administration Medal (bronze) in 1996 by the Singapore Government for his outstanding contributions to the development of the local rail network.

ENG SOK YONG

Senior Vice President, Corporate Development



Ms Eng Sok Yong was appointed Senior Vice President of Corporate Development in SBS Transit in February 2007. Prior to this, she was the Group Director of Policy and Planning at the Land Transport Authority, where she was in charge of its corporate communications, policy development, infrastructure and strategic planning departments. She had previously served as Assistant Director in the Ministry of Trade and Industry, where she was responsible for Singapore's multi-lateral negotiations in the World Trade Organisation. Ms Eng, who was a Public Service Commission (PSC) Scholar, holds a Master of Science from the London School of Economics.

NG YEW LIN, LINDA

Senior Vice President, Finance



Ms Ng Yew Lin, Linda was appointed Senior Vice President of Finance in SBS Transit on 1 Jan 2008. She had joined Waterbank Properties, a subsidiary of ComfortDelGro Corporation Limited, as a Manager in Finance and Administration in 1996. On 1 October 2001, she was appointed Director of Finance for SBS Transit. Prior to joining the Company, she had held appointments in Keppel Land Ltd, Tandem Computers International Inc., Singapore Computer Systems Ltd and Ernst & Young. She holds a Bachelor of Accountancy from the National University of Singapore, and is a Certified Public Accountant (Singapore) of the Institute of Certified Public Accountants of Singapore.

Key Management



TAN I-LIN, TAMMY

Senior Vice President, Corporate Communications

Ms Tan I-Lin, Tammy is Senior Vice President of Corporate Communications of SBS Transit. She is also the Group Corporate Communications Officer and Spokesman for ComfortDelGro Corporation Limited, SBS Transit's parent company. She is responsible for all corporate communications functions, including promoting the Group's image, overseeing the Group's various publications, coordinating requests for sponsorships and donations, and liaising with the media community. Ms Tan started her career with Singapore Press Holdings in 1995, and had held several positions within The Straits Times, including Deputy Money Editor and Deputy News Editor. She holds a Bachelor of Social Science (Hons) from the National University of Singapore.



POH EE HUAT

Vice President, Engineering and Supplies

Mr Poh Ee Huat joined SBS Transit as Senior Maintenance Engineer in September 1989. He assumed the position of Director, Engineering (Bus) on 1 September 1998, where he was in charge of the engineering and supplies operations of the Bus Business. He was also a key member of the North East Line (NEL) project team in charge of securing the NEL, Punggol and Sengkang LRT business, and the initial set up of the Rail Business area. He was appointed General Manager, Fleet Management One on 1 July 2002. Subsequently, he was appointed General Manager of Engineering and Supplies on 1 June 2006. Prior to joining SBS Transit, Mr Poh was a Project Engineer with the Republic of Singapore Air Force. He holds a Bachelor of Engineering (Hons) in Mechanical Engineering, and a Master of Science (Industrial Engineering) from the National University of Singapore.



KUA ZHIZHEN, JEAN

Joint Company Secretary

Ms Kua Zhizhen, Jean is the Joint Company Secretary of SBS Transit. She also holds a similar appointment in ComfortDelGro Corporation Limited, which is SBS Transit's parent company. She joined the Group in July 2011 as Group Legal Officer. She started her career in 2005 as a Deputy Public Prosecutor/State Counsel in the Attorney-General's Chambers. Prior to joining the Group, she was a Magistrate at the Subordinate Courts. Ms Kua holds a Bachelor of Laws and Master of Laws from the London School of Economics. She also obtained a Graduate Diploma in Singapore Law from the National University of Singapore.



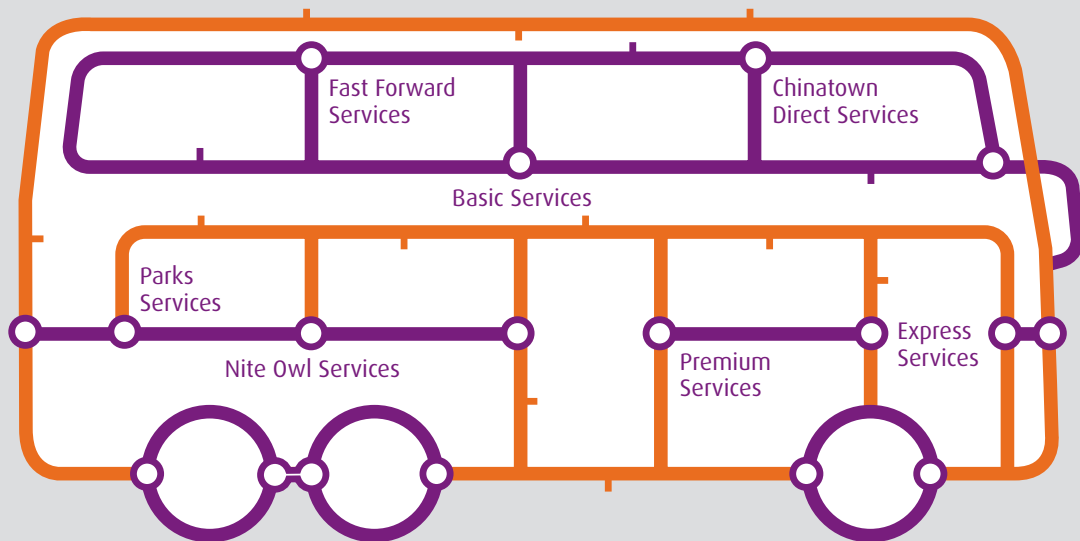
CHAN WAN TAK, WENDY

Joint Company Secretary

Ms Chan Wan Tak, Wendy is the Company Secretary of SBS Transit. She also holds a similar appointment with ComfortDelGro Corporation Limited, which is SBS Transit's parent company. She joined the Group in September 2007 as Vice President of Group Finance. Prior to this, Ms Chan was Vice President of Finance and Operations at k1 Ventures Limited. She had also been with Deloitte & Touche LLP as Senior Audit Manager. Ms Chan holds a Bachelor of Accounting & Finance (Hons) from the University of Glamorgan, United Kingdom. She is a non-practising Member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Chartered Association of Certified Accountants.

Operations Review

Bus



Bus

Revenue (\$'mil)
566.1

EBITDA (\$'mil)
39.7

Average Daily Ridership ('000)
2,502

Fleet Size
3,015

Total Number Of Employees
6,595

Bus

With a fleet of over 3,000 buses, we are Singapore's largest scheduled bus operator with a 75% share of the market. In 2011, we operated 248 bus routes which consisted of 194 basic bus services, 31 premium bus services and 23 niche bus services.

Demand for our bus services during the year continued to grow as the size of the resident population in Singapore increased. In all, our buses made more than 913.2 million passenger trips, 6% more than the previous year.

To cope with rising ridership on high demand routes, we added more trips and deployed double deck buses to increase the capacity on 59 services as compared to 26 services in 2010. We also worked with the Land Transport Authority to introduce two new bus routes and amended 34 others to meet the changing travel needs of commuters.

On the eve of public holidays, we extended the operating hours of selected bus services to better meet commuters' needs. In addition we also supported major events, for example, during the F1 Singapore Grand Prix, we scheduled four late-night bus services to help spectators make their way home.

Operations Review

Bus

Our premium bus services, which take commuters from their homes in the heartlands direct to the Central Business District, continued to rise in popularity. As a result, we added more trips to about a-third of these services.

The needs of passengers-in-wheelchairs were also not forgotten as we introduced another 42 Wheelchair Accessible Bus services (WAB) – our largest annual rollout since the launch of this service in June 2006. With this, we now operate 103 WAB services, accounting for more than half of our basic bus services.

The introduction of WAB services would not have been possible without the roll-out of new buses. In 2011, we added 150 award-winning through low-floor, single deck Citaro buses from Mercedes Benz and 187 double deck Volvo buses to our fleet. In addition to being wheelchair-friendly, these buses are also very environmentally friendly, having complied with international Euro 5 standards. The addition of new buses means that more than half of our fleet is now less than six years old. Our total investment in new buses since 2006 stands at \$854 million.

As part of Singapore's Land Transport Masterplan, two new air-conditioned interchanges – Serangoon and Clementi – aimed at enhancing commuters' travel experiences, were unveiled during the year. Two older interchanges, Bedok and Jurong East, were also relocated to temporary sites to facilitate the development of new integrated bus interchanges. Significantly, all relocation activity took place overnight, without any disruption to bus operations.

Iris, our Intelligent Route Information System which was launched in 2007, continued to be widely used by commuters. With the proliferation of iPhones and smartphones in Singapore, we launched *iris* apps for both iPhone and Android users to better meet their needs for travel information. In 2011, some 666,000 downloads were made for our apps, with users accessing these apps no fewer than 1.6 million times a day. Our *iris* Short Message Service has also retained its popularity, with information requests averaging 21,000 a day. Going forward, we will add more features to our apps – including information on route diversions and traffic congestions.

Our continued pursuit of innovation and excellence has made us very popular amongst international delegates. In 2011, we hosted more than 100 delegates from government departments and transport agencies around the world.

In the area of service delivery, we continued to work hard to meet commuters' rising expectations. Based on the Public Transport Council's Quality of Service Standards, we met and maintained the standards in several aspects such as the accident rate and the number of bus breakdowns. We will continue to work at improving our service delivery standards, especially in the areas of headway and loading.

Recognising the need to be well prepared for any contingency, we regularly reviewed and fine-tuned our Business Continuity Management Plans. We held several exercises during the year to familiarise ourselves with Standard Operating Procedures in the event of a major disruption to an interchange operation. We also conducted a review of our joint incident management plans with our rail operations. In the event of a train service disruption, we will operate free shuttle bus services to parallel the NEL route. Besides this, our buses will also provide free rides to passengers along designated bus stops at affected MRT stations. This will require close coordination between our bus and train operations to minimise the impact to our commuters. We are now working towards having our Business Continuity Programme certified according to the Singapore Standard SS 540.

In March 2012, the Finance Minister announced that the Government would inject \$1.1 billion over 10 years to ease the situation of overcrowding and long waiting times for buses by providing public transport operators with 550 buses. We will be working closely with the LTA to roll out these new buses and routes with the aim of enhancing our commuters' travel experience.

Operations Review

Rail



Rail

Revenue (\$'mil)

134.5

EBITDA (\$'mil)

20.3

Average Daily Ridership ('000)
(North East Line)

427

Average Daily Ridership ('000)
(Punggol LRT/Sengkang LRT)

60

Total Number Of Employees

770

Rail

Demand for our rail services remained strong in 2011, recording a double-digit growth of 13.2% over the previous year with more than 177.8 million passenger trips made.

Average daily ridership on the North East Line (NEL) grew by 12.9% to 427,395 while that of the Punggol and Sengkang LRT systems increased by 15.7% to 59,828.

To cater to ridership growth, we added 170 more trips a week on the NEL and extended our operating hours by 30 minutes on the eve of all public holidays to better serve commuters' needs. We also operated our trains overnight one Sunday morning in December to provide connectivity

for participants and volunteers of the Standard Chartered Singapore Marathon. In all, we operated a total of 164,943 train trips on the NEL in 2011, 10.7% more than the previous year. With demand for NEL services growing, an order has been placed for 18 new trains to be delivered from 2015. These new trains will increase our train fleet by about 70%.

We also added more train trips for our increasingly popular LRT service. In all, more than 45,000 train trips were added during the year, bringing the total number of trips operated to 364,274, 14% more than in 2010. Going forward, the LTA has announced that a new two-car train system will be introduced on both the Punggol and Sengkang LRT to meet growing demand.

Operations Review

Rail

In June, we began operations at Woodleigh, our last unopened NEL station, and Damai Station, which is the last stop on the Punggol East LRT Loop.

To ensure that our trains continued to operate smoothly, we sent our NEL trains for a major overhaul during the year. Components such as the bogies, air-conditioners, pantographs, inter-car connecting couplers and air compressors were overhauled and the wheel and axle bearings replaced as part of this critically-important maintenance programme to keep our fleet in good working condition.

As a result of our efforts, we have consistently surpassed the operating performance standards set by the LTA by sizeable margins. For instance, in the area of train service availability, we chalked up an average of 99.94% against the 98% benchmark stipulated by the LTA. Likewise, we achieved 99.15% in train schedule adherence at the terminal stations, well above the stipulated level of 96%.

In terms of infrastructure improvements, we worked with the LTA to install additional lifts at three stations – Boon Keng, Kovan and Clarke Quay – to further enhance barrier-free access for passengers with special needs. At the Sengkang LRT Town Centre Station, we also worked with the Authorities to install permanent glass barricades at the platforms for commuters' safety.

In our never-ending pursuit of excellence, we designed a brake isolation device for our NEL trains to reduce the time that it would take to release the brakes of a stalled train in the tunnel. Not only does the device improve efficiency, it also makes it safer for our staff when they perform train recovery procedures. Significantly, the device minimises the inconvenience caused to passengers by ensuring that stalled trains are returned quickly to the depot so that normal train services can resume speedily. So innovative is the device that it was awarded a prize at the 2011 National Workplace Innovation and Health Awards ceremony.

Even as we look at improving our operational efficiencies, we have not forgotten the need for emergency

preparedness. This was underscored by the major disruptions on the North South MRT Line which took place in December 2011. To this end, we have reviewed and fine-tuned our emergency plans and are conducting sessions to train and familiarise our staff with these procedures. Concurrently, we will also continue to review our plans to ensure their relevance in our dynamic operating environment.

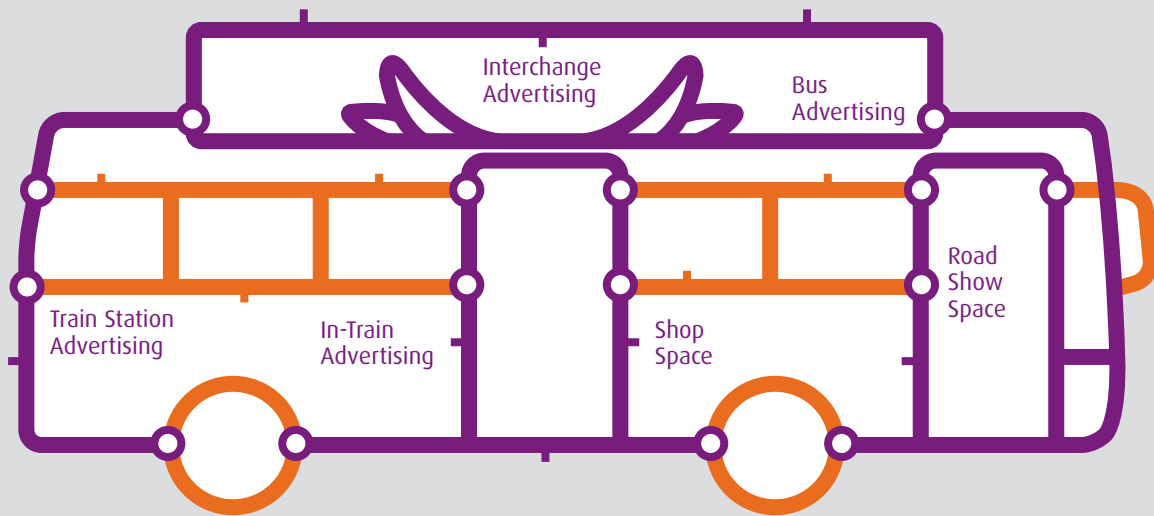
2011 will also go down as a special year in our rail history, thanks to our successful bid for Singapore's fifth MRT system – the Downtown Line (DTL). The 42-km line will commence operations in three phases starting from 2013 and will comprise 34 stations. Significantly, it will more than double our rail network from 40km to 82km and increase our share of Singapore's total rail network to 36%.

In a year where we celebrated our eighth year of operation, we also marked another milestone when we welcomed our 888 millionth passenger, Mr Ang Siyaw Nang, who received a Season Pass for unlimited free travel across all basic bus and train services for a year on top of \$2,000 worth of shopping vouchers and a foldable bicycle.

Our successes in running one of the world's first fully underground, driverless heavy rail system continued to attract visits from government officials and other train operators from around the world. For the year, we hosted more than 160 local and international guests including our own Transport Minister, Mr Lui Tuck Yew, and Australia's Shadow Minister for Communications and Broadband, Mr Malcolm Turnbull.

Operations Review

Outdoor Advertising/Rental



Outdoor Advertising/Rental

Revenue (\$'mil)

50.6

EBITDA (\$'mil)

33.4

Total Number Of Employees

86

Outdoor Advertising/Rental

Moove Media, which is the advertising arm of our parent company, ComfortDelGro Corporation Limited, continued to capture the attention of both advertisers and the public with its innovative advertising initiatives.

In one of its creative campaigns with BBC Knowledge, it brought an "Arctic polar bear" into some of our NEL stations. The three-dimensional life-like display quickly became a "hot" spot for many camera-toting commuters and helped to effectively promote awareness of BBC Knowledge's wildlife programmes. This campaign was also shortlisted for an award at the Festival of Media Asia 2011.

At the Sengkang NEL Station, Moove Media partnered the Health Promotion Board to transform the station into a "healthy lifestyle centre" to encourage commuters to engage in 150 minutes of exercise each week. Attractive stickers with various messages adorned the station to serve as constant reminders to step up to a healthier lifestyle.

Demand for roadshow spaces at our bus interchanges continued to be strong and contributed to the increase in rental revenue which grew by 3.9% or \$0.5 million to \$14.4 million for the year.

Sustainability Report

At SBS Transit, we do not just make decisions with our head – we make them with our heart as well. This is why we have been, and continue to be, firmly committed to enhancing the welfare of those in need as well as doing our part to protect the environment.

HUMAN SUSTAINABILITY

Helping the Community

In 2011, we contributed close to \$70,000 in cash to support various charitable causes and community projects. We also handed out \$350,000 worth of transport vouchers to help low income families cope with the fare adjustments which had been implemented in October 2011 and extended the concessionary hours of travel on all basic bus and train services for senior citizens throughout the day.

We also reached out to the community by offering free travel to the elderly residents of Kwong Wai Shiu Hospital and donating an old bus to the National Library Board to replace its “Molly Bus” – a mobile library which brings the joy of reading to those who are less mobile.

Giving back to the community also means spending time with those less fortunate than us. In partnership with the Lions Befrienders of Singapore, our staff volunteered their time to accompany elderly folks on outings to the Singapore Flyer and a shopping spree at a hypermarket. They also gave a fresh coat of paint to the Lions Befrienders’ activity centre in Bendemeer Road.

Promoting Graciousness, Safety and Security

As a responsible public transport operator, safety and security is not something that we compromise with. The safety of our customers, our staff, and other road users is of paramount importance to us and this is reflected in our policies, procedures, training and community engagement programmes.

In line with this, we continued with the second cycle of our “Driving Skills Enhancement Programme” using the VigilVanguard system. This system uses motion sensors, cameras and mapping software to analyse and provide an objective assessment of a Bus Captain’s driving performance. It also identifies areas for improvement so that Bus Captains can deliver safer and smoother rides for our passengers. By the end of 2011, 73% of our Bus Captains have undergone the programme.

We also worked with the LTA to install permanent glass barricades at the platform of our Sengkang Town Centre LRT station as an added safety feature.

Our NEL depot was gazetted by the Government as a protected area in August 2011 in line with the tightened security measures and procedures that have been in place since June 2010. Stringent security measures have also been adopted at our bus depots and interchanges as well as at our train stations. The number of Transit Security Officers at our train stations has increased while the perimeter fencing at our bus depots has been replaced with steel welded mesh to make it more difficult for trespassers to climb over or cut through. On board our buses, we continued to install closed-circuit television systems as a deterrent to crime and for better incident management. To date, close to two-thirds of our buses are installed with a CCTV system.

In partnership with the Public Transport Security Committee, we continued to encourage commuters to be vigilant to potential security threats. A new set of publicity posters

were rolled out at all our bus interchanges and train stations, and security videos continued to be played at our train stations at regular intervals throughout the day.

We continued to reach out to the community through talks and visits. In 2011, we conducted 83 sessions which reached out to over 50,000 primary and secondary school students. At these sessions, we focused on safety, security and graciousness in public transport. We also took pains to explain common occurrences like bus bunching so that young commuters can be better informed.

Residents living along the north-east corridor were also invited to participate in our train safety and evacuation programmes which are held four times a year. Since the programme started in 2008, about 3,000 residents, in groups of about 200 each, have been briefed on the security measures and practices that are in place at our stations and on board trains. They also participated in a train evacuation drill at our NEL depot.

We also partnered institutions and organisations to promote gracious behaviour on our trains. For the year, Temasek Polytechnic rolled out a "A Kind Act Makes Two Hearts Smile" campaign which involved 60 of its students. At the Dhoby Ghaut NEL station, they guided commuters to less crowded areas on the platform and requested that they give way to alighting passengers. The students also encouraged commuters to give up their seats to those who needed them more.

TALENT SUSTAINABILITY

Training and Development

We believe that we are only as good as our people. That is why we continue to invest in the training and development of our staff. In 2011, we provided a total of 24,521 training places which averaged 59.9 hours per staff as compared to 58.1 hours the year before.

As we took delivery of new bus models, it is important for us to familiarise our Bus Captains with their new features for safe and effective driving. Operations training for the new double deck Volvo Wright buses was introduced in 2010 while the familiarisation programme for the Mercedes Benz Citaro single deck buses was launched in 2011. Currently, close to 1,700 Bus Captains have attended training for the new Volvo bus model and about 1,500 Bus Captains for the Citaro buses.

Our Continual Operations Training continued into its second year to help refresh the knowledge and skills of our Bus Captains in handling on board incidents and customer service issues more effectively. In 2011, about 2,000 Bus Captains have attended this training.

To improve the communication skills of our Bus Captains, we tailored conversational English Language courses for our local and Malaysian Bus Captains. To date, more than 770 Bus Captains have attended these programmes. Separately, our Bus Captains from China attend a more intensive English language programme which is part of their mandatory training curriculum.

During the year, we also worked with the Workforce Development Agency to develop a Workforce Skills Qualifications framework aimed at raising the professionalism of public transport workers. Launched in April 2011, it spells out the competency required for the workforce in both the bus and train industry. An estimated 2,000 staff are expected to undergo this certification programme which will be rolled out progressively over the next three years.

On the customer service front, all our 7,451 staff, including more than 5,300 Bus Captains and support staff, have completed a three-year CARES Programme which is anchored in eight service standards. Another 300 staff on external contracts have also been put through this course.

As a result of these collective efforts, the number of compliments we received in 2011 increased by 21% compared to 2009 when the CARES Programme first started. In fact, the number of compliments we received exceeded the number of complaints received during the year.

At the national level, a total of 1,214 of our staff received the Excellent Service Awards (EXSA) which recognise outstanding customer service. Another 68 staff were also honoured at the Transport Gold Awards for being courteous to commuters.

Even the efforts of outstanding individuals who performed backend functions in support of our operations were given due recognition. Mr Heng Fook Juan, a logistic personnel in our fleet management department, was named joint winner of the 2011 Passion! Award, an award organised by our parent, ComfortDelGro Corporation, for all its staff around

the world. Mr Heng was also conferred the “Model Worker Award” by the National Trades Union Congress (NTUC) at its May Day Partnership Award.

As part of succession planning, we conducted several management development courses in 2011 including “Corporate Negotiation Skills Training”, “People Leadership” and “Self-Management”.

Commitment to Excellence

As a Company, we are committed to adopting international best practices in our business management. In 2011, we successfully renewed certifications for the Singapore Quality Class (SQC) and the People Developer (PD) standards.

The NTUC also awarded us with the “Best Sourcing Initiative” at its May Day Partnership Award for our best practice in the procurement of our cleaning services.

Our 2010 Annual Report was also honoured at the Singapore Corporate Awards organised by the Business Times. Among companies with \$300 million to \$1 billion in market capitalisation, our Annual Report was ranked among the top in both design and content.

Recruitment and Retention

The recruitment of Bus Captains continues to pose a challenge. In 2011, we increased the frequency of our roadshows at our bus interchanges to three times a week and aggressively marketed the profession through full-body bus advertisements. We also worked with the NTUC’s Employment and Employability Institute and the Chinese Development Assistance Council to attract more Singaporeans to join us. To attract Malaysians, we conducted fortnightly recruitment drives to Johor Bahru and other Malaysian cities like Penang.

As at December 2011, we have more than 5,300 Bus Captains, of which 61% are Singaporeans and Permanent Residents, 26% Malaysians and the rest Chinese nationals.

With the Government announcing in 2012 that it will be ramping up bus capacity over the next five years, the urgency to recruit more Bus Captains will become more pronounced. At the same time, we will also be recruiting staff for the DTL in the year ahead.

ENVIRONMENTAL SUSTAINABILITY

Climate change is one of the most pressing challenges of our generation. Therefore, we believe in operating responsibly and embracing sustainable practices to minimise the impact that our operations have on the environment.

In 2011, we took delivery of 337 buses that are Euro 5-compliant. This brings the total number of environmentally friendly buses in our fleet to 1,468.

During the World Car Free Day, we continued to encourage commuters to join us in our Green efforts. In partnership with the Automobile Association of Singapore, we incentivised motorists to leave their cars at home and use public transport for a day by offering them complimentary bus rides.

As a Company, staff are also encouraged to take public transport on the first work day of every month.

Other Green initiatives implemented during the year were focused on reducing electricity and water wastage. At our NEL train washing plant, we have a recycling system which reuses approximately 70% of the water used for washing the exterior of our trains.

We also conducted trials to reduce the use of energy by using solar-powered street lamps for our train depot and LED lighting on the platform of our LRT station. If the results are positive, we will roll out these initiatives on a wider scale for better energy management.

Corporate Governance

As a land transport provider with a vision of moving people in a safe, reliable and affordable way, we, at SBS Transit, realise that a fundamental measure of our success is the shareholder value we create over the long-term.

From the very beginning, our emphasis has been on the long-term and as a result, we may make decisions and weigh trade-offs differently from some other companies. Accordingly, it is important for you, our Shareholder, to understand our fundamental management and decision making approach, so that you may ensure that it is consistent with your own investment philosophy. We will continue to:

- Focus relentlessly on our customers;
- Make sound investment decisions based on long-term value creation, rather than short-term profitability considerations;
- Spend wisely and maintain our lean culture as we understand the importance of continually reinforcing cost-consciousness; and
- Focus on hiring and retaining versatile and talented employees.

CORPORATE GOVERNANCE STATEMENT

SBS Transit strongly believes that good corporate governance makes good business. To this end, the Company has taken steps to maintain the highest standards of corporate governance, professionalism and integrity, as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of. Our adherence to the principles and guidelines of the Code of Corporate Governance 2005 (the Code) is absolute, and we spare no effort in ensuring that these are upheld by each and every one in the Company. We have also adopted a Code of Business Conduct, which sets out the principles and policies upon which our businesses are to be conducted, as well as implemented a Whistle Blowing Policy, which serves to prevent the occurrence of unethical or illegal conduct

or behaviour, whilst protecting the whistleblowers from reprisal within the limits of the law.

This report sets out the corporate governance practices that were in place during the year with specific reference to the Code.

1. BOARD MATTERS

In choosing directors, the Company seeks individuals who have very high integrity, business savvy, shareholder orientation, and a genuine interest in the Company.

The Board's Conduct of Its Affairs

At the helm in the decision making process of the Company is the Board of Directors. The Board is headed by the non-executive Chairman, Mr Lim Jit Poh, and is responsible for:

- Guiding the strategic directions and goals of the Company;
- Ensuring that appropriate and adequate systems of internal control, risk management processes and financial authority limits are in place;
- Assessing and approving key business strategies, funding and investment initiatives and other corporate actions, including approval of the Company's Annual Budget and Capital Expenditure, and the release of the Company's quarterly and full-year financial results; and
- Monitoring Management performance.

The Board has delegated the day-to-day management of the Company to the Management headed by the Chief Executive

Officer (CEO), Mr Gan Juay Kiat, while reserving certain key issues and policies for its approval.

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision making, four committees are formed namely, the Audit Committee (AC), the Nominating Committee (NC), the Remuneration Committee (RC) and the Service Quality Committee. Each Committee is governed and regulated by its own terms of reference, which set out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the Committee is to operate and how decisions are to be taken. Ad hoc committees are also formed to look at specific issues from time to time.

A total of four scheduled Board Meetings are held every year for the purpose of approving the release of the Company's financial results every quarter and the Company's Annual Budget. The quarterly and full-year Board Meetings are held within 45 days after the end of each quarter and the financial year respectively. The Company's Annual Budget is approved at the Board Meeting convened for the third quarter's results. Ad hoc Board and Committee Meetings

are also held from time to time as and when the need arises. Directors, who are unable to attend the Meetings in person, can still participate in the discussions through teleconferencing. Decisions of the Board and Board Committees may also be obtained via circular resolutions. Directors are free to seek clarifications and explanations from Management on the Board papers.

Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Company's businesses. Site visits for the Board are also organised almost every year to enable Directors to learn more about the Company's operations. During such visits, Directors spend time with Management to discuss key strategies and policies. Such meetings help Directors become better equipped to make informed decisions relating to the future direction of the Company.

Directors are also furnished regularly with investor relations reports which summarise the analysts' views and provide updates on investors relations activities, updates on corporate governance practices, and articles relating to changes in laws relevant to the Company's businesses and operating environments.

Attendance of Directors at Board and Committee Meetings in 2011

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee		Investment Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	4	4	-	-	1	1*	2	2	-	-
Kua Hong Pak	4	4	-	-	1	1*	2	2*	-	-
Cheong Yip Seng	4	4	-	-	1	1	-	-	3	1
Chin Harn Tong	4	4	4	4	-	-	2	2	-	-
Gan Juay Kiat	4	4	4	4*	-	-	2	2*	3	3*
John De Payva	4	4	-	-	1	1	2	2	3	3
Tan Kong Eng	4	4	4	4	-	-	-	-	-	-
Wee Siew Kim	4	4	4	3	-	-	-	-	3	1
Wong Chin Huat, David	4	4	-	-	1	1	-	-	3	3

* Attended Meetings by invitation of the Committee.

Directors are free to request for sponsorship from the Company to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors.

The Board periodically reviews the adequacy of internal controls and financial authority limits to ensure that while there is delegation of authority, there are sufficient checks and balances in place to monitor such delegation.

Board Composition and Balance

There is a strong element of independence in the Board. The Board presently comprises one CEO and eight non-executive Directors. Of the eight non-executive Directors, five of them are considered by the NC to be independent. This composition exceeds the Code's requirement of at least one-third of the Board of Directors to comprise independent Directors.

The Directors are individuals with a broad diversity of expertise and experience, both domestically and internationally. For details on the Board, please refer to the profiles of the Directors at the start of this Annual Report.

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the Code, and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is directly associated with a substantial Shareholder as non-independent. Mr Lim Jit Poh, Mr Kua Hong Pak and Mr Wong Chin Huat, David are deemed as non-independent as they are also Directors of ComfortDelGro Corporation, a substantial Shareholder.

Chairman and CEO

The roles of the Chairman and the CEO have been kept separate and distinct. This is a deliberate policy and one that is strictly adhered to. This ensures Management accountability and Board independence. The Chairman is responsible for the effective functioning of the Board, while the CEO is responsible for the operations and management of the Company. The CEO reports to the Deputy Chairman. The Chairman, Deputy Chairman and the CEO are not related.

The Chairman leads the Board and facilitates effective and comprehensive Board discussions and decision making on strategic issues. The Chairman oversees the translation of the Board's decision into executive action. With the assistance of the Company Secretaries, the Chairman ensures the accuracy and timeliness of information flow between the Board and Management, effective shareholder communication and high standards of corporate transparency.

The CEO is given full executive responsibility for the management of the Company's businesses and the implementation of the Company's strategies and policies.

Board Membership and Board Performance

Board renewal is an ongoing process to ensure good governance and to maintain relevance in the changing business environment. The NC is responsible for regularly reviewing the composition of the Board, identifying and proposing suitable candidates for appointment to the Board.

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Chairman of the NC is not associated with any substantial Shareholder. The Company Secretaries are the Secretaries to the NC. Appointments and re-appointments of Directors to the Board of the Company are subject to the approvals of the Land Transport Authority and the Public Transport Council.

The Articles of Association of the Company provide that one-third of the Board of Directors, including the CEO, are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended for re-election. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. For the forthcoming AGM, Mr Wong Chin Huat, David and Mr Gan Juay Kiat are due for re-election pursuant to Article 97, and Mr Lim Jit Poh, Mr Chin Harn Tong and Mr Tan Kong Eng are due for re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50.

From time to time, new Directors may be identified for appointment to the Board after the NC evaluates and assesses their suitability based on their qualifications, working experiences and expertise. Upon appointment as

a Director, the Board Chairman will send an official letter of appointment to the Director, which clearly explains his role, duties and responsibilities. Management will then conduct a comprehensive orientation programme for the Director, where key aspects of the businesses, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Company's operations. When a Director is appointed to a Board Committee, he is provided with its charter.

The NC subscribes to the view that while it is important for Directors to devote sufficient time and attention to the affairs of the Company, the issue of multiple board representations should be left to the judgement and discretion of each Director. To focus on Directors' attendance at Board Meetings per se may not be an adequate evaluation of the contribution of Directors. Instead, their abilities to provide strategic networking to enhance the businesses of the Company, availability for guidance and advice outside the scope of formal Board Meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors. While the NC will not stipulate the maximum number of boards each Director may be involved in, the NC will continue to monitor the contributions and the performance of each Director, and to assess whether each Director has devoted sufficient time and attention to the affairs of the Company.

As a policy, the CEO, being an executive of the Company, will have to seek the approval of the Chairman before accepting any directorships of companies not within the ComfortDelGro Group. In considering whether or not to grant the approval, the Chairman will consider the time commitment of the CEO, and whether the new external directorships will provide strategic fit and networking to the businesses of the Company. The Chairman will also ensure that the CEO will not accept appointments to the boards of competitors.

The effectiveness of the Board is monitored by the NC annually in terms of overall performance and growth of the Company, thus achieving an adequate return for Shareholders, preventing conflicts of interest and balancing the competing demands of the Company. In evaluating the contributions and performance of each individual Director, factors taken into consideration include attendance at Board Meetings and activities, contributions in specialist areas and maintenance of independence.

In the last quarter of the year, each Director fills in a Board Performance Evaluation Form, which includes questions on the Board's composition, the Board's contributions, contributions from Committees and conduct of proceedings and whether these enable Directors to discharge their duties effectively. The answers are collated and the findings then presented by the Chairman to the Board during its Meeting.

Access to Information

Prior to each Board Meeting and where needed, Management provides Directors with timely, pertinent and complete information. The Board also receives regular investor relations reports covering investor relations activities and updates of analysts' views and comments. This enables the Board to make informed and sound decisions and be kept abreast of key challenges and opportunities, as well as developments for the Company.

The Board has full access to the Senior Management team. The Company Secretaries have defined roles and responsibilities. They assist in scheduling Board and Committee Meetings and prepare the agenda in consultation with the Chairman and CEO. The Company Secretaries attend the Board and Committee Meetings of the Company and prepares Minutes of Board and Committee proceedings. The Company Secretaries keep the Directors informed of any significant developments, or events relating to the Company and ensures compliance with all relevant rules and regulations. In September 2011, Singapore Exchange (SGX) announced amendments to the Listing Rules to strengthen corporate governance practices. The Board was kept informed by the Company Secretaries on the key changes to the Listing Rules and their implications to the Company.

Should there be a need to obtain independent professional advice on matters relating to the businesses of the Company or issues affecting the duties of the Directors, the Company will arrange for the appointment of the relevant professional advisers at its own cost.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure of Remuneration

SBS Transit recognises the importance of having a committed and talented workforce to manage and grow the businesses in an increasingly competitive environment. The Company therefore places great emphasis on motivating

staff through engagement, recognition and a proper alignment of reward to performance.

The RC plays a key role in the Company's remuneration policies. Besides providing the Board with an independent assessment and review of Directors' remuneration, it also reviews the remuneration framework and strategy for executive compensation from time to time, with the purpose of developing talent and building leadership, to ensure the Company's success.

In accordance with the Code, the RC comprises three non-executive Directors, of whom two including the Chairman, are independent. Members of the RC are also independent of Management and free from any business or other relationships, which may materially interfere with the exercise of independent judgment. The Company Secretaries are the Secretaries to the RC.

The terms of reference of the RC are to:

- (i) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution; and
- (ii) Review the remuneration of senior management staff to ensure that the overall remuneration package is attractive to retain and motivate key executives.

In the discharge of its responsibilities, the RC has sought expert advice from an external international human resource consultancy firm.

The remuneration packages of the CEO and executives of the Company comprise fixed and variable components. The variable component, in the form of year-end performance bonuses and stock options, form a significant proportion of the remuneration packages and is dependent on the profitability of the Company and individual performance. Subject to market conditions and the operating environment, the Company targets a total compensation package with fixed to variable component ratios of 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for senior management staff. The Company believes that a higher proportion of performance related component would ensure greater alignment of interests of the executives with those of Shareholders. This remuneration framework is based on the findings and

recommendations of an international human resource consultancy firm appointed by the ComfortDelGro Group.

The structure for the payment of Directors' fees for non-executive Directors is based on a framework comprising basic fees and additional fees for serving on Board Committees, and also for undertaking additional services for the Company. The fees are subject to the approval of Shareholders at the AGM. The CEO does not receive Director's fees for his Board Directorship with the ComfortDelGro Group.

The non-executive Directors of the Company are appointed pursuant to, and hold office in accordance with, the Articles of Association. They had been granted options under the SBS Transit Share Option Scheme before the said scheme expired on 8 June 2010.

The remuneration of the Directors and the key executives of the Company (who are not Directors) for the Financial Year 2011 can be found on pages 72 and 73 of this Annual Report. Information on the SBS Transit Share Option Scheme can be found on pages 40 to 42 of this Annual Report.

During the Financial Year 2011, no key executive was an immediate family member of any Director of the Company.

Procedures Adopted by RC

In 2011, the RC held two meetings. All decisions by the RC are made by a majority of votes of the RC members who are present and voting. The RC decisions also exclude the vote, approval or recommendation of any members with a conflict of interest in relation to the subject matter under consideration. The CEO is not present at any RC discussions relating to his own compensation, terms and conditions of service and the review of his performance. He is, however, in attendance when the compensation and incentive policies of senior management staff are discussed.

3. ACCOUNTABILITY AND AUDIT

Accountability

The Board has overall accountability to the Shareholders of the Company and ensures that the Company is well managed and guided by strategic objectives. The Company's operating performance and financial results are reported each quarter via SGXNET with an accompanying negative assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading. The Company believes that prompt and full compliance

with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

The Company has adopted an internal code based on the SGX's guidelines to provide guidance to the Directors and executives of the Company in relation to dealings in the securities of the Company, ComfortDelGro Corporation Limited and VICOM Ltd. Directors and executives of the Company are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and/or VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results. All Directors and executives are notified by letters of the trading blackout periods before the start of the financial year.

All Directors and executives of the Company are also told that they must not deal in (i) the securities of the Company, ComfortDelGro and/or VICOM on short-term consideration and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities.

Audit Committee

The Company's AC comprises three non-executive independent Directors. The Board has reviewed and is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities.

The roles of the AC include the following:

- (i) Review the effectiveness of the Company's internal audit function, internal controls, including financial, operational, compliance and risk management;
- (ii) Review the quarterly and annual financial statements, and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance, and recommend to the Board the acceptance of such financial statements;
- (iii) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-

audit services performed by External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;

- (iv) Review Interested Person transactions;
- (v) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;
- (vi) Review the audit plans of the Internal and External Auditors; and
- (vii) Review the effectiveness of the Company's Whistle Blowing Policy, which has been put in place for staff to raise concerns in confidence, about possible improprieties in matters of financial reporting or other matters and ensure that an independent investigation and appropriate follow-up actions are taken. The Whistle Blowing Policy is described in more detail on page 34 of this Annual Report.

In the performance of its duties, the AC has explicit authority to investigate the affairs falling within its terms of reference, with full access to and cooperation from Management, discretion to invite any Director to attend its Meetings, and reasonable resources to enable it to discharge its duties properly. The Company Secretaries are the Secretaries of the AC.

The AC also meets with the External and Internal Auditors in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the AC. Prior to the re-appointment of the External Auditors, the AC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority. Having satisfied itself that the independence of the External Auditors, Deloitte & Touche LLP, is not impaired by their provision of non-audit services to the Company and that Rule 712 of the SGX-ST Listing Manual has been complied with, the AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as the Company's External Auditors at the next AGM. As a further safeguard of Deloitte & Touche LLP's independence, the Company requires that the Deloitte & Touche LLP's partner-in-charge of auditing the Company be changed every five years in compliance with the Code.

Internal Audit

The internal audit function of the Company is performed by the ComfortDelGro Group Internal Audit Department comprising suitably qualified and experienced staff and is headed by the Group Internal Audit Officer (GIAO). She reports functionally to the Chairman of the AC.

The ComfortDelGro Group Internal Audit Department adopts a risk-based approach in its continuous audit work. Based on the audit plan, it provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Company. The audit plan is developed by the ComfortDelGro Group Internal Auditors in consultation with, but independent of the Management, and is subject to the AC's approval before the start of each financial year. Quarterly internal audit summary reports are also prepared and submitted to the AC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the AC and the CEO for improvements to be made. The independence of the ComfortDelGro Group Internal Auditors' function is ensured as the AC meets with the GIAO at least once a year without the presence of Management.

The activities and organisational structure of the ComfortDelGro Group Internal Audit Department are monitored and reviewed by the AC periodically to ensure that it has the necessary resources to adequately perform its functions, and that there are no unjustified restrictions and limitations placed on the performance of its duties.

The ComfortDelGro Group Internal Audit Department has adopted and met the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Internal Controls and Risk Management

Risk management is an important and integral part of SBS Transit's strategic planning and decision making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. A detailed description of the Company's approach to internal controls and risk management is set out on pages 32 to 35 of this Annual Report.

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Any material non-compliance and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors. The recommendations are followed up as part of the Company's continuous review of the system of internal controls.

Based on these reviews, the Board is of the view, with the concurrence of the AC, that there are adequate internal controls in place within the Company to address its financial, operational and compliance risks and to provide reasonable assurance against material financial misstatements or loss.

4. COMMUNICATIONS WITH SHAREHOLDERS

Regular, Effective and Fair Communications with Shareholders

At SBS Transit, we are committed to actively engaging our Shareholders and have put in place an investor relations programme to promote regular, effective and fair communications with Shareholders and the investment community. The ComfortDelGro Group Investor Relations (IR) team works with Senior Management to proactively carry out this engagement programme.

The Company notifies the Shareholders in advance of the date of release of its financial results through the Company's regularly updated website at www.sbstransit.com.sg, as well as an SGXNET announcement. Communication with Shareholders is conducted through announcements to the SGX and press releases, media and analyst briefings after the announcement of the full-year results, as well as the posting of announcements and releases on the Company's website. Investors may send in their requests or queries through the feedback channel provided on the website. The ComfortDelGro Group's IR team is accessible throughout the year to address Shareholders' queries. The contact details of ComfortDelGro Group Investor Relations & Special Projects Officer (GIRSPO) can be found on the website.

The Company does not participate in selective disclosure in the communication of material information. Communication with the SGX is handled by the Company Secretaries, while communication with Shareholders, analysts and fund managers is handled by the ComfortDelGro GIRSPO. Specific guidelines have been laid down for compliance

in respect of all public communication. In addition, the Company has also put in place operational procedures to respond promptly to queries from the SGX on any unusual trading activities in its securities.

Greater Shareholders' Participation at AGM

The Company views the AGM as a good opportunity for investors to meet the Board and senior management staff. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. All registered Shareholders are invited to attend and participate actively in the AGM and are given the opportunity to seek clarification or question the Company's strategic direction, business, operations, performance and proposed resolutions.

The Chairman of the various Board Committees, as well as the External Auditors are present to address any questions or feedback raised by the Shareholders at the AGM, including those pertaining to the proposed resolutions before the resolutions are voted on.

The Board had, since 2008, voluntarily lowered its general authority to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 by reducing the limit for non-pro rata shares issues from 20% to 10% of the issued shares in the capital of the Company. As this general authority to issue shares was a routine resolution which had been sought by the Company since its incorporation and no issue of shares had as yet been exercised, the Board had, in 2009, decided to remove and stop seeking the general authority to issue shares to address concerns from the Shareholders that if this general authority to share issue were mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

The Articles of Association of the Company provide for voting in person and by proxy at the AGM of the Company. Each Shareholder is allowed to appoint up to two proxies to vote on his behalf at the Shareholders' Meetings through proxy forms sent in advance. Investors, who hold shares through nominees such as the Central Provident Fund and custodian banks, are allowed to attend the AGM as observers subject to availability of seats. Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct resolution.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, the Company has also taken various additional measures to enhance corporate governance and improve transparency, including:

- (i) The Company has taken steps to ensure that its Notice of AGM is issued to Shareholders at least 28 days before the AGM is held – two weeks earlier than is required by the Companies' Act; and
- (ii) The Company sends electronic annual reports (by way of a CD-ROM) to all Shareholders (including foreign Shareholders) at least 21 days before the AGM to ensure that all Shareholders have adequate time to review the annual reports before the AGM. Upon request, hardcopies are also provided to Shareholders.

5. ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

The Company has also undertaken various additional measures to enhance corporate governance, as follows:

Corporate Gifts/Entertainment Policy

Whilst business gifts and entertainment are courtesies that build goodwill and sound working relationships among business partners, the Company does not tolerate the improper use of gifts or entertainment to gain any special advantage in a business relationship.

The Company discourages the receipt of gifts or acceptance of entertainment, loans or other favours as they may compromise an employee's ability to make objective, independent and fair business decisions. Offering excessive gifts in whatever form or entertainment to others can also be open to misinterpretation. Employees are therefore not permitted to offer or accept any gifts or entertainment without first seeking their supervisor's authorisation. Where business entertainment is deemed appropriate, they will be moderately scaled to facilitate the achievement of business goals and objectives.

Employees, who receive gifts directly or indirectly in relation to their course of employment with the Company, are expected to notify their supervisors and declare such gifts to the Human Resource Department. All gifts declared are processed through structured corporate procedures to ensure proper accountability.

Business gifts and entertainment presented on the Company's behalf are consistent with generally accepted business practices and ethical standards, and do not violate any applicable laws, regulations or policies of any country or company in which we have dealings with.

Information Protection Policy

The Company has also implemented an information protection policy to ensure that all documents and data information are properly safeguarded. Information is classified into secret, confidential, restricted and unrestricted use based on its nature, contents and implications. Processes and systems used to store, process or communicate the information provide protection from unauthorised disclosure and use.

Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro Corporation Limited for the use of the premises.

There is no Shareholders' mandate for Interested Person transactions pursuant to Rule 920 of the Listing Manual.

INTERESTED PERSON TRANSACTIONS

Listing Manual – Rule 907

Name of Interested Person	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) \$'mil
ComfortDelGro Corporation Limited and associates	6.6

The aggregate value of the above transactions does not include the aggregate value of \$2.4 million from the renewal of the Licence Agreement disclosed in the Introductory

Risk Management

Risk management is an important and integral part of the Company's strategic planning and decision making process.

Although risks cannot be eliminated completely, an effective risk identification and management process reduces the uncertainties surrounding the achievement of the Company's business objectives and allows the Company to take advantage of opportunities that may arise. The Company's approach to risk management is underpinned by several key principles:

- The risk management process is a continuous, iterative and developing one, as the Company's business and its operating environment are dynamic. Risk assessment and risk management practices are updated regularly to manage risks proactively in line with market changes.
- We promote and inculcate risk awareness among all our employees by integrating risk management processes into day-to-day business operations. Regular exercises, continuous education and training, as well as communications through various forums on risk management promote risk-consciousness across the Company.
- Ownership of the risk management process is clearly defined and assigned to the departments and individuals. Managers at each level have intimate knowledge of their responsibilities and assume ownership of risk management, with stewardship retained at Senior Management.

The Company's business has significant everyday interactions with many passengers, customers and members of the public. The different departments have different risk profiles and they have different programmes to manage the risks. These programmes are tested and stressed periodically to ensure that they remain relevant and meet changing business requirements. Some of the key risks faced by the Company, the relevant mitigating factors and how they are managed are set out below.

FINANCIAL RISKS

The Company has established internal control systems to safeguard its assets and regularly reviews the effectiveness of these controls to improve and fortify financial discipline. All policies and procedures on financial matters, including approval limits and authority, are clearly defined in the Financial Procedures Manual.

Financial Authority Limits

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Board down to the Chief Executive Officer (CEO) and the Heads of Departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval. To ensure that the Company's funds continue to be managed prudently, the Board periodically reviews the mandate that it delegates to Management.

Budgetary Control

A robust and challenging Annual Budget is prepared and approved by the Board prior to the commencement of each new financial year. Material variations between actual and budgeted performance are reviewed on a monthly basis and justifications provided. Specific approvals are required for unbudgeted expenditures exceeding a relevant threshold. The capital expenditure budget is approved in principle by the Board as part of the Annual Budget. Each capital expenditure is still subjected to rigorous justification and review before it is incurred in accordance with the Company's financial authority limits. Tight control on hiring is exercised through the headcount budget.

Financial Risk Management

The Company recognises that prudent management of financial risks is an important aspect in the creation of shareholder value. The main areas of financial risks faced by the Company are foreign exchange rate risk, interest rate risk, credit risk, counter-party risk, liquidity risk and fuel price risk. It is the Company's policy not to participate in financial derivative instruments, except for use as hedging instruments, where appropriate. Sensitivity analysis and reviews of the Company's exposure to financial risks under changing market conditions are carried out regularly.

A detailed description of the financial risks and how the Company manages them are set out in the Notes to the Financial Statements on pages 80 to 83.

Economic Cycle

Macro economic conditions may impact the business in terms of customer demand and the cost of providing the services. We manage these risks by continuously scanning and monitoring political and economic issues. We monitor demand trends and operating margins closely. Expenses are managed in the light of revenue patterns and changing market conditions. Revenue risks are also mitigated by diversifying revenue streams to non-fare sources.

OPERATIONAL RISKS

Operational risks may arise from failures in internal controls, operational processes or the supporting systems. The Company has put in place operating manuals, standard operating procedures, authority guidelines and a regular reporting framework to manage these risks.

Safety

Managing the safety and security of our customers, our staff and the public is the cornerstone of the Company's safety and security plan. We run safety awareness programmes to instil a safety and security conscious culture in employees at all levels. Safety audits are conducted regularly as part of the management and review process to ensure that safety standards are maintained. The Company works closely with the relevant authorities to ensure that the security of our bus and train services and facilities are not compromised. We regularly carry out drills and exercises internally, as well as with external agencies. Fences and other security features

are enhanced at operating facilities and security guards deployed to patrol the facilities. Members of the public are encouraged to look out for suspicious objects or persons.

Environmental

Accidents and natural events can cause pollution or other environmental risks. To limit these risks, we engage in active environmental risk management, ensuring that we target the problems that could arise and implement preventive measures. For example, systems and processes are put in place to ensure that fuel leakage is minimised. The use of dangerous and harmful chemicals is carefully audited. Other ways in which the Company works to protect the environment can be found in the Sustainability Report section of this Annual Report.

Human Resource

The Company's ability to continue to develop and grow the business depends on the quality of its employees. We have in place various programmes and processes that focus on several key areas, including succession planning, building management bench strength and talent management, recruitment and retention, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. We ensure that employees are selected based on merit, that they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. All terms and conditions of employment, along with policies and procedures, comply with the relevant regulations.

Property and Liability

The Company's exposure to property and liability risks is constantly being monitored and reviewed. Together with external risk management consultants, we ensure sufficiency of coverage and maintain an optimal balance between risks that are retained internally and risks that are placed out with underwriters.

Business Continuity

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, we have put in place a Business Continuity Plan

(BCP) to mitigate the risks of disruption and catastrophic loss to our operations, people and assets. The BCP is developed by the various departments under the guidance of the Business Continuity Management Committee.

The BCP includes identification and planning of alternate recovery centres, operational procedures to maintain communication, measures to ensure continuity of critical business functions and recovery of information database. We update and test the BCP regularly. Drills and emergency response exercises are conducted to familiarise employees with the crisis management plans. The BCP enhances the Company's operational readiness and resilience to potential business disruptions.

COMPLIANCE RISKS

The Company operates in a regulated environment. These regulations include pricing, service standards, licences to operate and transport policies, which are stipulated by the relevant regulatory authorities. We work closely with the regulatory authorities as part of our risk management process to keep abreast of developments and policies that may affect our business and the competitive landscape. We manage our operations well and effectively to ensure that standards are met, thereby reducing significantly the risk of licences being withdrawn.

STRATEGIC RISKS

We evaluate each new investment proposal to ensure that it is in line with the Company's strategy and investment objective, and it can meet the relevant hurdle rates of return. This assessment includes macro and project specific risks analysis covering feasibility study, due diligence, financial modelling and sensitivity analysis of key investment assumptions and variables. To ensure that the rate of return on any new investment or business opportunity commensurate with the risk exposure taken, the new investment opportunity is evaluated in terms of (a) profitability; (b) return on investment; (c) pay back period; (d) cash flow generation; (e) potential for internal and external growth; and (f) investment climate and political stability of the country. The investment proposal has to be approved according to the financial authority limits approved by the Board.

AUDIT PROCESS

The Internal and External Auditors conduct reviews in accordance with their audit plans to assess the adequacy of the internal controls that are in place. Non-compliance and recommendations for improvements are reported to the Audit Committee, which reviews the effectiveness of the actions taken to mitigate the risks. In the course of their audit, the Internal and External Auditors highlight to the Audit Committee and Management areas where there are material deficiencies and weaknesses, or the occurrence or potential occurrence of significant risk events, and propose mitigating measures and treatment plans. The recommendations are followed up as part of the Company's continuous review of the system of internal controls.

CODE OF BUSINESS CONDUCT AND WHISTLE BLOWING POLICY

The Company has adopted a Code of Business Conduct, which sets out the principles and policies upon which our business is conducted, as well as implemented a Whistle Blowing Policy to provide a mechanism for employees to raise concerns through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. Employees are given a Company handbook detailing how they can go about raising their concerns. Incidents can also be reported through a direct link to the CEO, the ComfortDelGro Group Human Resource Officer or the ComfortDelGro Group Internal Audit Officer on the Company's Intranet.

All cases are investigated and dealt with promptly and thoroughly. A committee, headed by an officer appointed by the CEO, will oversee all investigations. In cases where the laws have been infringed, the relevant regulatory authorities will be informed. The Audit Committee will also be informed of the outcome of all investigations. Where appropriate, internal control measures are improved or additional measures put in place to prevent recurrence of the incidents.

OPINION OF THE BOARD

Risk management is an important and integral part of SBS Transit's strategic planning and decision making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly

defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit Committee, that there are adequate internal controls in place within the Company to address its financial, operational and compliance risks.

Financial Calendar

2011

Announcement of 2010 Full Year Results	11 February 2011
Annual General Meeting	26 April 2011
Announcement of 1st Quarter 2011 Results	12 May 2011
Payment of 2010 final dividend (4.3 cents/share)	13 May 2011
Announcement of 2nd Quarter 2011 Results	11 August 2011
Payment of 2011 interim dividend (3.1 cents/share)	31 August 2011
Announcement of 3rd Quarter 2011 Results	11 November 2011

2012

Announcement of 2011 Full Year Results	10 February 2012
Annual General Meeting	26 April 2012
Announcement of 1st Quarter 2012 Results	11 May 2012*
Payment of 2011 final dividend (2.8 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	14 May 2012
Announcement of 2nd Quarter 2012 Results	10 August 2012*
Announcement of 3rd Quarter 2012 Results	9 November 2012*

* Provisional – Updates will be posted on www.sbstransit.com.sg

Report Of The Directors

The Directors present their annual report together with the audited financial statements of the Company for the Financial Year ended 31 December 2011.

1 DIRECTORS

The Directors of the Company in office at the date of this report are:

Lim Jit Poh	<i>(Chairman)</i>
Kua Hong Pak	<i>(Deputy Chairman)</i>
Gan Juay Kiat	<i>(Chief Executive Officer)</i>
Cheong Yip Seng	
Chin Harn Tong	
John De Payva	
Tan Kong Eng	
Wee Siew Kim	
Wong Chin Huat, David	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Names of Directors and Companies in which interests are held	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have interest		
	At 1 January 2011	At 31 December 2011	At 21 January 2012	At 1 January 2011	At 31 December 2011	At 21 January 2012
Interest in the Company						
(a) Ordinary shares						
Lim Jit Poh	200,000	200,000	200,000	-	-	-
Cheong Yip Seng	185,000	185,000	185,000	-	-	-
Chin Harn Tong	210,000	210,000	210,000	-	-	-
Tan Kong Eng	214,800	214,800	214,800	691,548	691,548	691,548
Wee Siew Kim	55,000	-	-	-	-	-
Wong Chin Huat, David	215,000	215,000	215,000	-	-	-

Report Of The Directors

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Names of Directors and Companies in which interests are held	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have interest		
	At 1 January 2011	At 31 December 2011	At 21 January 2012	At 1 January 2011	At 31 December 2011	At 21 January 2012
Interest in the Company (Cont'd)						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	400,000	300,000	300,000	-	-	-
Kua Hong Pak	360,000	270,000	270,000	-	-	-
Gan Juay Kiat	240,000	240,000	240,000	-	-	-
Cheong Yip Seng	200,000	150,000	150,000	-	-	-
Chin Harn Tong	260,000	195,000	195,000	-	-	-
John De Payva	260,000	195,000	195,000	-	-	-
Tan Kong Eng	200,000	150,000	150,000	-	-	-
Wee Siew Kim	260,000	195,000	195,000	-	-	-
Wong Chin Huat, David	180,000	130,000	130,000	-	-	-
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	844,425	1,044,425	1,044,425	-	-	-
Kua Hong Pak	2,824,530	2,824,530	2,824,530	-	-	-
Tan Kong Eng	64,162	64,162	64,162	9,244,095	9,244,095	9,244,095
Wong Chin Huat, David	100,000	100,000	100,000	-	-	-
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	1,120,000	1,160,000	1,160,000	-	-	-
Kua Hong Pak	7,200,000	7,200,000	7,200,000	-	-	-
Gan Juay Kiat	870,000	1,170,000	1,170,000	-	-	-
Wong Chin Huat, David	560,000	580,000	580,000	-	-	-
Interest in related company, VICOM Ltd						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	-	-	-
Kua Hong Pak	54,000	54,000	54,000	-	-	-
Cheong Yip Seng	10,000	10,000	10,000	-	-	-

Report Of The Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

5 SHARE OPTIONS

SBS Transit Share Option Scheme ("SSOS")

- a) The SSOS was approved by the shareholders of the Company on 9 June 2000. The SSOS is administered by the Remuneration Committee comprising Messrs Chin Harn Tong, John De Payva and Lim Jit Poh.
- b) The SSOS provides the Company with a means whereby (i) employees of the Company of the rank of Executive and above, and (ii) certain categories of persons who are not employees but who work closely with the Company, are given an opportunity to participate in the equity of the Company. A person who is a controlling shareholder of the Company or an associate (as defined in the Singapore Exchange Securities Trading Listing Manual) of a controlling shareholder of the Company is not eligible to participate in the SSOS.
- c) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in an option may be adjusted in certain events under the rules of the SSOS. The consideration for the grant of an option is \$1.00. The option may be exercised at any time after the first anniversary of the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee. The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company, subject to certain exceptions at the discretion of the Remuneration Committee.
- d) Participants of the SSOS are not restricted from participating in other share option schemes, whether implemented by the Company or otherwise.

Report Of The Directors

5 SHARE OPTIONS (CONT'D)

- e) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2011 are as follows:

Date of grant	Number of options to subscribe for ordinary shares				Outstanding at 31 December 2011	Subscription price per share	Expiry date
	Outstanding at 1 January 2011	Granted	Exercised	Cancelled/ Lapsed			
6 September 2001	119,000	-	-	(119,000)	-	\$1.60	6 September 2011
22 August 2003	85,000	-	-	-	85,000	\$1.29	22 August 2013
10 December 2003	35,000	-	-	-	35,000	\$1.22	10 December 2013
19 July 2004	161,250	-	(11,250)	-	150,000	\$1.60	19 July 2014
24 February 2005	333,750	-	-	(22,500)	311,250	\$2.29	24 February 2015
28 July 2005	346,250	-	-	(30,000)	316,250	\$2.23	28 July 2015
18 November 2005	318,750	-	-	-	318,750	\$2.16	18 November 2015
13 July 2006	1,160,000	-	-	(57,500)	1,102,500	\$2.15	13 July 2016
13 July 2006	535,000	-	-	(535,000)	-	\$2.15	13 July 2011
22 June 2007	1,700,000	-	-	(52,500)	1,647,500	\$3.40	22 June 2017
22 June 2007	550,000	-	-	-	550,000	\$3.40	22 June 2012
25 June 2008	1,915,000	-	-	(60,000)	1,855,000	\$2.18	25 June 2018
25 June 2008	550,000	-	-	-	550,000	\$2.18	25 June 2013
25 June 2009	1,830,000	-	(512,500)	-	1,317,500	\$1.58	25 June 2019
25 June 2009	485,000	-	-	-	485,000	\$1.58	25 June 2014
	10,124,000	-	(523,750)	(876,500)	8,723,750		

Report Of The Directors

5 SHARE OPTIONS (CONT'D)

- f) There were no share options granted to Directors of the Company during the financial year. Details of the SSOS options granted to Directors of the Company since the commencement of the SSOS were as follows:

Director	Number of options to subscribe for ordinary shares			
	Aggregate options granted since the commencement to 31 December 2011	Aggregate options exercised since the commencement to 31 December 2011	Aggregate options lapsed since the commencement to 31 December 2011	Aggregate options outstanding as at 31 December 2011
Lim Jit Poh	780,000	380,000	100,000	300,000
Kua Hong Pak	690,000	150,000	270,000	270,000
Gan Juay Kiat	240,000	–	–	240,000
Cheong Yip Seng	455,000	255,000	50,000	150,000
Chin Harn Tong	470,000	210,000	65,000	195,000
John De Payva	495,000	135,000	165,000	195,000
Tan Kong Eng	410,000	210,000	50,000	150,000
Wee Siew Kim	515,000	255,000	65,000	195,000
Wong Chin Huat, David	475,000	295,000	50,000	130,000

The terms of the options granted to the Directors during the financial year are disclosed in paragraph 5(c) above.

- g) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. No participants to the SSOS are controlling shareholders of the Company.
- h) None of the Directors or employees of the Company received 5% or more of the total number of options available under the SSOS, for the financial year ended 31 December 2011.
- i) The SSOS expired on 8 June 2010 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the SSOS and the respective grants.

6 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises three non-executive and independent Directors:

Wee Siew Kim (Chairman)
Chin Harn Tong
Tan Kong Eng

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50.

Report Of The Directors

6 AUDIT COMMITTEE (CONT'D)

In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the scope and results of their respective audits. The Audit Committee has reviewed the independence of the external auditors, Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

In addition, the Audit Committee reviewed the financial statements of the Company before their submission to the Board of Directors of the Company.

The Audit Committee has recommended to the Board of Directors, the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Singapore
10 February 2012

Statement Of Directors

In the opinion of the Directors, the accompanying financial statements set out on pages 46 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011, and of the results, changes in equity and the cash flows of the Company for the financial year ended 31 December 2011 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Singapore
10 February 2012

Independent Auditors' Report to the Members of SBS Transit Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SBS Transit Ltd (the "Company") which comprise the statement of financial position of the Company as at 31 December 2011, and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 84.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore
10 February 2012

Statement Of Financial Position

31 December 2011

	Note	2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Short-term deposits and bank balances	5	5,540	67,063
Trade receivables	6	10,385	9,398
Other receivables and prepayments	7	29,428	44,944
Inventories		30,347	29,144
Total current assets		75,700	150,549
Non-current assets			
Subsidiary	8	-	-
Associate	9	-	-
Available-for-sale investments	10	11,105	10,790
Vehicles, premises and equipment	11	657,977	535,832
Total non-current assets		669,082	546,622
Total assets		744,782	697,171

Statement Of Financial Position

31 December 2011

	Note	2011 \$'000	2010 \$'000
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	28,500	-
Trade and other payables	13	122,831	129,200
Trade payables for buses		20,099	16,588
Deposits received	14	2,286	1,658
Insurance premiums payable and provision for accident claims	15	32,938	34,418
Fuel price equalisation account		19,992	19,992
Income tax payable		1,462	320
Total current liabilities		228,108	202,176
Non-current liabilities			
Borrowings	12	100,000	100,000
Deposits received	14	2,984	3,067
Deferred tax liabilities	16	49,445	42,831
Provision for service benefits and long service awards	17	12,622	12,538
Fuel price equalisation account		19,992	19,992
Total non-current liabilities		185,043	178,428
Capital and reserves			
Share capital	18	93,875	92,973
Capital reserves	19	2,024	1,867
Accumulated profits		235,732	221,727
Total equity		331,631	316,567
Total liabilities and equity		744,782	697,171

See accompanying notes to the financial statements.

Income Statement

Year Ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Revenue	20	751,106	720,880
Staff costs	21	(305,525)	(292,780)
Repairs and maintenance		(90,499)	(89,703)
Fuel and electricity costs		(171,397)	(134,091)
Premises costs		(28,442)	(32,720)
Depreciation expense		(47,692)	(47,375)
Other operating expenses		(61,862)	(59,492)
Total operating expenses		(705,417)	(656,161)
Operating profit	22	45,689	64,719
Net income from investments	23	521	565
Finance costs		(1,701)	(400)
Share of profit in associate	9	–	144
Profit before taxation		44,509	65,028
Taxation	24	(7,833)	(10,750)
Profit attributable to shareholders		36,676	54,278
Earnings per share (in cents):			
Basic	25	11.89	17.63
Diluted	25	11.87	17.61

See accompanying notes to the financial statements.

Comprehensive Income Statement

Year Ended 31 December 2011

	2011 \$'000	2010 \$'000
Profit attributable to shareholders	36,676	54,278
Other comprehensive income:		
Fair value gain on available-for-sale investments	315	470
Total comprehensive income for the year attributable to shareholders of the Company	36,991	54,748

See accompanying notes to the financial statements.

Statement Of Changes In Equity

Year Ended 31 December 2011

	Share capital (Note 18) \$'000	Capital reserves (Note 19) \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2010	92,310	1,391	194,400	288,101
Total comprehensive income for the year	-	470	54,278	54,748
Recognition of share-based payments	-	182	-	182
Exercise of share options	663	(53)	-	610
Payment of dividends (Note 29)	-	-	(27,088)	(27,088)
Others	-	(123)	137	14
Balance at 31 December 2010	92,973	1,867	221,727	316,567
Total comprehensive income for the year	-	315	36,676	36,991
Exercise of share options	902	(73)	-	829
Payment of dividends (Note 29)	-	-	(22,834)	(22,834)
Others	-	(85)	163	78
Balance at 31 December 2011	93,875	2,024	235,732	331,631

See accompanying notes to the financial statements.

Cash Flow Statement

Year Ended 31 December 2011

	2011 \$'000	2010 \$'000
Operating activities		
Profit before taxation	44,509	65,028
Adjustments for:		
Depreciation expense	47,692	47,375
Fuel price equalisation account	–	5,909
Finance costs	1,701	400
Share-based payment expense	–	182
Gain on disposal of available-for-sale investments	–	(30)
Net gain on disposal of vehicles and equipment	(2,165)	(587)
Interest income	(521)	(535)
Share of profit in associate	–	(144)
Operating cash flows before movements in working capital	91,216	117,598
Trade receivables	(987)	(917)
Other receivables and prepayments	15,270	(12,271)
Inventories	(1,203)	1,454
Trade payables	(6,149)	(7,041)
Trade payables for buses	3,511	(26,727)
Deposits received	545	779
Provision for service benefits and long service awards	84	29
Insurance premiums payable and provision for accident claims	(1,480)	(903)
Cash generated from operations	100,807	72,001
Income tax paid	(77)	(998)
Net cash from operating activities	100,730	71,003

Cash Flow Statement

Year Ended 31 December 2011

	2011 \$'000	2010 \$'000
Investing activities		
Interest received	544	664
Proceeds from disposal of:		
Vehicles and equipment	2,188	1,123
Available-for-sale investments	-	5,030
Proceed from divestment of associate	-	1,731
Purchase of vehicles, premises and equipment	(169,608)	(91,982)
Net cash used in investing activities	(166,876)	(83,434)
Financing activities		
Short term loans raised	28,500	-
Proceeds from share issue	829	610
Proceeds from long-term loans	-	100,000
Interests paid	(1,950)	(99)
Dividends paid	(22,834)	(27,088)
Others	78	14
Net cash from financing activities	4,623	73,437
Net (decrease) increase in cash and cash equivalents	(61,523)	61,006
Cash and cash equivalents at beginning of year	67,063	6,057
Cash and cash equivalents at end of year (Note 5)	5,540	67,063

See accompanying notes to the financial statements.

Notes To The Financial Statements

31 December 2011

1 GENERAL

The Company (Registration No. 199206653M) is incorporated in Singapore with its registered office and principal place of business at 205 Braddell Road, Singapore 579701. The Company is listed on the Official List of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of the provision of public transport services, namely bus and rail services.

The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

The financial statements of the Company for the year ended 31 December 2011 were authorised for issue by the Board of Directors on 10 February 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRSs”).

ADOPTION OF REVISED FINANCIAL STANDARDS – In the current financial year, the Company has adopted all the revised FRSs that are relevant to its operations and effective for annual periods beginning on 1 January 2011.

The following are the revised FRSs that are relevant to the Company:

FRS 24 (Revised)	–	Related Party Disclosures
Improvements to FRS 1	–	Presentation of Financial Statements
Improvements to FRS 107	–	Financial Instruments: Disclosures

The adoption of these revised FRSs has no material effect on the amounts reported for the current or prior years.

REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED – The Company has not applied the following accounting standards that are relevant to the Company and have been issued as at the end of the reporting period but are not yet effective:

FRS 113	–	Fair Value Measurement
Amendments to FRS 1	–	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)

These standards are not expected to have any material impact on the Company’s financial statements when they are adopted.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Investments are classified into the following specified categories: held-for-trading investments at fair value through profit or loss ("FVTPL") and available-for-sale investments. The classification depends on the nature and purpose of the investment and is determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss ("FVTPL")

Held-for-trading investments are classified as FVTPL where it has been acquired principally for the purpose of selling in the near future. Hedging instruments that are not designated for a hedge relationship and/or are ineffective in a hedge relationship are classified as FVTPL. Financial assets that are classified as FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

(b) Available-for-sale investments

Certain investments held by the Company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of provision for impairment, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and revaluation reserve is included in profit or loss for the period.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade and other receivables". Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method less provision for impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Provision for impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of provision for impairment at each end of the reporting period. Financial assets are reduced by the provision for impairment where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced by the provision for impairment.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The carrying amount of the financial asset is reduced by the provision for impairment directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of provision for impairment decreases and the decrease can be related objectively to an event occurring after the provision for impairment was recognised, the previously recognised provision for impairment is reversed through profit or loss to the extent the carrying amount of the investment at the date the provision for impairment is reversed does not exceed what the amortised cost would have been had the provision for impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the cost (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Hedging instruments and hedge accounting

The Company uses hedging instruments to manage its exposure to fuel price, interest rate and foreign exchange rate risk. The Company uses hedging instruments such as forwards and options, to manage these risks. The use of hedging instruments is governed by the Company's policies which provide written principles on the use of financial instruments consistent with the Company's risk management strategy (see Note 28).

Hedging instruments are initially recognised at fair value on the contract date, and are subsequently remeasured to their fair value at each end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the hedging instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates its hedging instruments as either fair value hedges or cash flow hedges.

The fair value of hedging instrument is classified as a non-current asset or a non-current liability if the maturity of the hedge relationship exceeds 12 months and as a current asset or current liability if the maturity of the hedge relationship is within 12 months.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objective and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The Company designates any interest rate swap for hedging of interest rate risk arising from borrowings as cash flow hedges. Hedges of fuel price risk are designated as fair value hedges. Hedges of foreign currency risk of a firm commitment are designated as fair value hedges.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Note 28(b) contains details of the fair values of the hedging instruments.

(a) Fair value hedge

Changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss or when hedge accounting is discontinued.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

INVENTORIES – Inventories consist mainly of parts, accessories and consumable stores required for the operation and maintenance of vehicles and certain equipment. Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

VEHICLES, PREMISES AND EQUIPMENT – Vehicles, premises and equipment are stated at cost, less accumulated depreciation and any provision for impairment.

Capital projects comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other vehicles, premises and equipment, commence when the assets are available for use.

Depreciation is charged so as to write off the cost of the assets, other than capital projects in progress, over the estimated useful lives on a straight-line method, on the following bases:

	Number of years
Buses	17, 19 - 20 (2010 : 17 years)
Bus grooming and other accessories (classified under buses)	2 to 8
Leasehold land and buildings	over terms of leases which are between 4 to 28 years
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	3 to 5
Motor vehicles	5 to 10
Furniture, fittings and equipment	7

The estimated useful lives, residual values (where expected to be significant) and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. During the financial year, Management reviewed the useful lives of the buses from 17 years to 19 or 20 years to reflect more appropriately its useful life. As a result of the change, depreciation expense was lower and consequently, profit before tax was higher by \$5,542,000 for the Company for the financial year ended 31 December 2011.

The gain or loss arising on disposal or retirement of an item of vehicles, premises and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Transfers of vehicles, premises and equipment within the ultimate holding company's group of companies are stated at cost less accumulated depreciation of the vehicles, premises and equipment transferred.

Fully depreciated vehicles, premises and equipment are retained in the financial statements until they are no longer in use.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF ASSETS – At each end of the reporting period, the Company reviews the carrying amounts of its tangible assets, if any, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the provision for impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. A provision for impairment is recognised immediately in profit or loss.

Where provision for impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no provision for impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of a provision for impairment is recognised immediately in profit or loss.

PROVISIONS – Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

FUEL PRICE EQUALISATION ACCOUNT – At the direction of the Public Transport Council (“PTC”), a fuel price equalisation account (“FPEA”) has been set up to account for diesel price and electricity tariff adjustment charge for the purpose of mitigating the effects of any increase in fuel price and electricity tariff.

Annual contributions to the FPEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a draw down as may be catered for by the purpose of the FPEA mechanism, provided that the amount drawn does not exceed half of the available FPEA balance.

PROVISION FOR ACCIDENT CLAIMS – Claims for accident, public liability and others are provided in the financial statements based on the claims outstanding and the estimated amounts payable.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SERVICE BENEFITS – These comprise the following:

(a) Retirement benefits – Under the Collective Agreement entered into by the Company with the Union, a retirement benefit subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the age of 62 years and on completion of at least five years of service. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

(b) Long service awards – Staff serving more than 15 years are entitled to long service awards of \$250 for 15 years of service, \$350 for 20 years, \$500 for 25 years and \$700 for 30 years. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

The provision for retirement benefits and long service awards is discounted using the market yield of Singapore Government Bonds at end of the reporting period.

(c) Apart from the retirement benefits described in (a) above, the Company participates in a defined contribution plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense as they fall due.

(d) Employee leave entitlements – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(e) Share-based payments – The Company issues equity-settled share-based payments to certain employees and directors. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on the best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant in arriving at the carrying amount of the asset.

Government grants in relation to expenses incurred are recognised as other operating income in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from rendering of services, that are of a short duration, is recognised as and when services are completed. Advertising production revenue is recognised when production is completed and advertising media revenue is recognised on a time proportionate basis over the term relevant contract.

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BORROWING COSTS – Borrowing costs incurred to finance the purchase of assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in profit or loss in the period which they are incurred.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

FOREIGN CURRENCY TRANSACTIONS – The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the company operates (its functional currency).

Notes To The Financial Statements

31 December 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts and options (please see above for details of the Company's accounting policies in respect of such hedging instruments).

3 KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in Note 2, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Company is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation.

(a) Accident claims

Claims for property damage and personal injury are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment trend are used as a basis to estimate the amounts in which the Company will have to pay to third parties for such claims. As at 31 December 2011, the provision for claims is \$13,636,000 (2010 : \$13,653,000) (Note 15).

(b) Insurance premium

With effect from 2008, the Company has undertaken personal injury insurance with a fixed annual premium per vehicle. However, the Company had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum amount as stipulated in the insurance policy for those years. An estimate of the liability for the period from 2000 to 2008 of \$19,302,000 (2010 : \$20,765,000) had been made based on the history of incurred claims per vehicle for each of the policy year (Note 15).

Notes To The Financial Statements

31 December 2011

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(c) Retirement benefits

Retirement benefits subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the age of 62 years and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.36% to 2.37% (2010 : 0.32% to 3.44%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the best estimate of the Company's attrition rate, based on past experience. As at 31 December 2011, the provision for retirement benefits is \$9,895,000 (2010 : \$9,860,000) (Note 17).

(d) Long service awards

Staff with more than 15 years of service are entitled to long service awards of \$250 for 15 years of services, \$350 for 20 years, \$500 for 25 years and \$700 for 30 years. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.36% to 2.37% (2010 : 0.32% to 3.44%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the best estimate of the Company's attrition rate, based on past experience. As at 31 December 2011, the provision for long service awards is \$2,727,000 (2010 : \$2,678,000) (Note 17).

Useful lives of vehicles, premises and equipment

As described in Note 2, the Company reviews the estimated useful lives of vehicles, premises and equipment at the end of each annual reporting period. During the financial year, Management determined that the estimated useful lives of buses should be 17, 19 or 20 years (2010 : 17 years) due to newer models and more extensive refurbishment of the buses.

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company's immediate and ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are with related parties and other members of the ultimate holding company's group of companies and the effects of these on the basis determined between the parties are reflected in these financial statements.

Related parties include associate or joint venture of a member of the Group.

Notes To The Financial Statements

31 December 2011

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Significant intercompany and related party transactions during the financial year, other than those disclosed elsewhere in the notes to the financial statements are as follows:

	2011 \$'000	2010 \$'000
Purchases of inventories from a related company	27,123	33,322
Rental expense from:		
Ultimate holding company	2,444	2,427
Related companies	587	236
Purchase of goods and services from:		
Ultimate holding company	2,832	2,800
Related companies	1,216	871
Associate of the ultimate holding company	712	164
Firm of which a director is a member	20	37
Option costs from ultimate holding company	345	225
Sales of goods and services to:		
Ultimate holding company	(68)	(73)
Related companies	(2,673)	(3,187)
Rental income from related companies	(193)	(171)
Transfer of equipment to ultimate holding company	-	(4)

The amounts outstanding are unsecured, interest-free and are repayable on demand, unless otherwise stated. No guarantees have been given or received.

No expense has been recognised in the financial year for bad and doubtful debts in respect of the amounts owed by related companies.

5 SHORT-TERM DEPOSITS AND BANK BALANCES

	2011 \$'000	2010 \$'000
Cash and bank balances	5,540	4,054
Time deposits	-	63,009
Total	5,540	67,063

Notes To The Financial Statements

31 December 2011

6 TRADE RECEIVABLES

	2011 \$'000	2010 \$'000
Related companies (Note 4)	5	37
Outside parties	10,414	9,377
	10,419	9,414
Allowance for doubtful trade receivables from outside parties	(34)	(16)
Net	10,385	9,398

The amounts outstanding are interest-free and the average credit period is 7 to 30 days (2010 : 7 to 30 days).

Allowance has been made for estimated irrecoverable amounts which has been determined by reference to past default experience.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, there is no further credit provision required in excess of the allowance for doubtful trade receivables.

7 OTHER RECEIVABLES AND PREPAYMENTS

	2011 \$'000	2010 \$'000
Receivables from:		
Ultimate holding company (Note 4)	44	69
Related companies (Note 4)	475	501
Total	519	570
Downpayments for the purchase of		
vehicles, premises and equipment	17,927	35,470
Prepayments	4,882	4,439
Interest receivable	97	119
Staff advances	100	272
Security deposits:		
Related company (Note 4)	732	732
Outside parties	884	852
Others	4,287	2,490
Total	29,428	44,944

8 SUBSIDIARY

In 2010, the Company had investments in unquoted equity shares representing a 100% equity interest in Monteria Pte Ltd, incorporated in Singapore. The cost of investment in the subsidiary was \$2.

The subsidiary's role was to assume the rights and obligations under certain leases and related agreements previously entered into by a related company. The subsidiary was struck off during the year.

Notes To The Financial Statements

31 December 2011

9 ASSOCIATE

	2011 \$'000	2010 \$'000
Unquoted equity shares, at cost	-	-
Add: Share of post-acquisition reserves	-	-
Total	-	-

(a) In 2010, the Company divested its interest in the Associate, Transit Link Pte Ltd.

From 1 January 2010 up to the point of divestment, the associate earned a service fee of \$3,683,000 from the Company.

The associate's financial year end was 31 March and was audited by PricewaterhouseCoopers LLP. For the purpose of applying the equity method of accounting, the management accounts of the company for the period up to divestment were used.

(b) Summarised financial information in respect of the Company's associate in 2010 is set out below:

	2010 \$'000
Total assets	-
Total liabilities	-
Net assets	-
Company's share of associate's net assets	-
Revenue ⁽¹⁾	1,830
Profit for the year ⁽¹⁾	361
Company's share of associate's profit for the year ⁽¹⁾	144

⁽¹⁾ Information comprises transactions from 1 January 2010 up to date of divestment.

10 AVAILABLE-FOR-SALE INVESTMENTS

	2011 \$'000	2010 \$'000
Quoted investments, at fair value:		
Bonds in corporations	11,105	10,790

Quoted investments' fair values are based on closing market prices on the last market day of the financial year.

Notes To The Financial Statements

31 December 2011

11 VEHICLES, PREMISES AND EQUIPMENT

	Buses \$'000	Leasehold land \$'000	Leasehold buildings \$'000
Cost:			
At 1 January 2010	910,323	16,642	62,899
Additions	4,460	-	2
Disposals	(47,468)	-	-
Reclassifications	82,054	-	-
Transfer to/from related parties	-	-	-
At 31 December 2010	949,369	16,642	62,901
Additions	1,050	-	205
Disposals	(72,074)	-	-
Reclassifications	149,040	-	65
Transfer from related parties	-	-	-
At 31 December 2011	1,027,385	16,642	63,171
Accumulated depreciation:			
At 1 January 2010	511,548	4,560	31,704
Additions	33,993	594	3,083
Disposals	(46,938)	-	-
Transfer to/from related parties	-	-	-
At 31 December 2010	498,603	5,154	34,787
Additions	33,558	594	3,063
Disposals	(72,070)	-	-
Transfer from related parties	-	-	-
At 31 December 2011	460,091	5,748	37,850
Carrying amount:			
At 31 December 2011	567,294	10,894	25,321
At 31 December 2010	450,766	11,488	28,114

Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Capital projects in progress \$'000	Total \$'000
99,231	18,576	4,345	9,316	16,909	1,138,241
984	969	285	250	85,089	92,039
(734)	(568)	(406)	(154)	-	(49,330)
-	-	-	898	(82,952)	-
40	-	-	(14)	-	26
99,521	18,977	4,224	10,296	19,046	1,180,976
711	1,527	529	321	165,517	169,860
(2,466)	(369)	(279)	(176)	-	(75,364)
(2)	1,785	-	385	(151,273)	-
1	-	-	-	-	1
97,765	21,920	4,474	10,826	33,290	1,275,473
72,312	14,469	3,710	8,234	-	646,537
8,065	1,159	197	284	-	47,375
(734)	(568)	(406)	(152)	-	(48,798)
40	-	-	(10)	-	30
79,683	15,060	3,501	8,356	-	645,144
8,148	1,644	262	423	-	47,692
(2,466)	(359)	(279)	(167)	-	(75,341)
1	-	-	-	-	1
85,366	16,345	3,484	8,612	-	617,496
12,399	5,575	990	2,214	33,290	657,977
19,838	3,917	723	1,940	19,046	535,832

Notes To The Financial Statements

31 December 2011

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Note:

- (a) During the financial year, government grants amounting to \$1,953,000 (2010 : \$2,088,000) have been received from the government authorities to purchase certain assets. The grants received/receivable have been offset against the cost of the assets acquired to derive the carrying amount in accordance with the Company's accounting policy.
- (b) In 2010, included under Buses with total costs of \$48,245,000 and carrying amount of \$11,822,000 which were the subject of one cross border leasing transaction. The Company's legal obligation under this transaction had been legally defeased. During the financial year, the cross border leasing transaction has expired.
- (c) Details of leasehold land and buildings of the Company are as follows:

Location	Approximate land area	Tenure	Usage
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000	Bus depot
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	30 years from 1 January 1983	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	30 years from 1 January 1983	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,953 sq m	19 years from 1 March 1994	Bus depot

Notes To The Financial Statements

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12 BORROWINGS

	2011 \$'000	2010 \$'000
Current – Short term bank loans	28,500	–
Non-current – Medium Term Notes	100,000	100,000
Total	128,500	100,000

Short Term Bank Loans

Short term bank loans are for a tenure of 3 to 7 weeks, unsecured and bear interest at rates ranging from 0.34% to 0.39% per annum.

Medium Term Notes

On 24 May 2010, the Company established a \$250m Multicurrency Medium Term Note Programme (the “MTN Programme”). In 2010, the Company issued \$100m 5-year fixed rate unsecured notes due on 26 October 2015 from the MTN Programme. The notes bear an interest rate of 1.95% per annum payable on a semi-annual basis.

As at the end of the reporting period, the fair value of the notes approximates their carrying amount.

13 TRADE AND OTHER PAYABLES

	2011 \$'000	2010 \$'000
Payables to:		
Ultimate holding company (Note 4)	840	765
Related companies (Note 4)	2,858	4,320
Outside parties	34,781	35,527
Accruals	82,207	86,652
Deferred income	2,145	1,936
Total	122,831	129,200

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The amounts outstanding are interest-free and the average credit period is 30 days (2010 : 30 days).

Notes To The Financial Statements

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14 DEPOSITS RECEIVED

	2011 \$'000	2010 \$'000
Deposits received	5,270	4,725
Less: Due within 12 months	(2,286)	(1,658)
Due after 12 months	2,984	3,067

Deposits received from tenants in respect of leases of stalls and shoplots, are repayable on demand upon termination of the lease agreements. Deposits that are not expected to be repaid within the next twelve months after the end of the reporting period estimated based on past trend of termination of lease agreements are presented as a non-current liability. The carrying amount of the deposits approximates their fair value.

15 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	2011 \$'000	2010 \$'000
At beginning of year	34,418	35,321
Charge to profit and loss	1,924	3,776
Payments	(3,404)	(4,679)
At end of year	32,938	34,418

The balance comprises provision for:

Insurance premiums	19,302	20,765
Accident claims	13,636	13,653
	32,938	34,418

16 DEFERRED TAX LIABILITIES

	2011 \$'000	2010 \$'000
At beginning of year	42,831	30,772
Charge to profit and loss (Note 24)	6,614	12,059
At end of year	49,445	42,831

The balance comprises the tax effects of:

Excess of carrying amount over tax written down value	62,326	55,945
Other items	(12,881)	(13,114)
Net	49,445	42,831

Notes To The Financial Statements

31 December 2011

17 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	2011 \$'000	2010 \$'000
At beginning of year	12,538	12,509
Charge to profit and loss	765	688
Payments	(681)	(659)
At end of year	12,622	12,538
The balance comprises provision for:		
Retirement benefits	9,895	9,860
Long service awards	2,727	2,678
	12,622	12,538

18 SHARE CAPITAL

	2011 Number ('000) of ordinary shares	2010 Number ('000) of ordinary shares	2011 \$'000	2010 \$'000
Issued and paid up:				
At beginning of year	308,106	307,721	92,973	92,310
Exercise of share options	524	385	902	663
At end of year	308,630	308,106	93,875	92,973

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 21(b).

The Company has one class of ordinary shares which carry no right to fixed income.

19 CAPITAL RESERVES

	2011 \$'000	2010 \$'000
Share option reserve:		
At beginning of year	1,077	1,071
Recognition of share-based payments	-	182
Transfer to share capital on exercise of share options (Note 18)	(73)	(53)
Transfer to accumulated profits	(85)	(123)
At end of year	919	1,077
Revaluation reserve:		
At beginning of year	790	320
Gain on available-for-sale investments	315	470
At end of year	1,105	790
Total	2,024	1,867

Notes To The Financial Statements

31 December 2011

20 REVENUE

Revenue comprises the following amounts:

	2011 \$'000	2010 \$'000
Transport services:		
Bus	566,093	549,017
Includes fare revenue from:		
- Contactless Smart Card	522,434	500,604
- Cash	35,412	38,981
Rail	134,456	121,724
Advertisements	36,189	36,312
Rental	14,368	13,827
Total	751,106	720,880

21 STAFF COSTS

(a) Included in staff costs are:

(i) Directors' remuneration

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2011				
(\$500,000 - \$749,999)				
Gan Juay Kiat	47	48	5	100
2010				
(\$500,000 - \$749,999)				
Gan Juay Kiat	46	48	6	100

The remuneration of all the other non-executive Directors is below \$250,000 and comprised entirely of Directors' fees (Note 22).

Notes To The Financial Statements

31 December 2011

21 STAFF COSTS (CONT'D)

(ii) Key executives' remuneration

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2011				
(\$250,000 - \$499,999)				
No. of executives : 3	61	33	6	100
(below \$250,000)				
No. of executives : 2	65	35	–	100
2010				
(\$250,000 - \$499,999)				
No. of executives : 3	63	31	6	100
(below \$250,000)				
No. of executives : 2	67	33	–	100

The Code of Corporate Governance recommends the disclosure of the remuneration of the Company's top five key executives. The Board had considered this matter carefully and has decided against such disclosure. Given the wage disparities in the industry and the likely competitive pressures resulting from such disclosures, it is felt that the disadvantages of disclosure will outweigh the benefits.

(iii) The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Company. The total remuneration for the Directors and key executives comprising of short term benefits amounted to \$2,409,452 (2010 : \$2,210,873).

	2011 \$'000	2010 \$'000
(iv) Cost of contribution to Central Provident Fund	24,465	23,193

(b) Share-based payments

Equity-settled share option scheme

The Company has a share option scheme for employees of the Company of the rank of Executive and above, and certain categories of persons who are not employees but who work closely with the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is one year. If the options remain unexercised after a period of 10 years (five years for non-executive Directors) from the date of the grant, the options expire. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company, subject to certain exceptions at the discretion of the Remuneration Committee.

Notes To The Financial Statements

31 December 2011

21 STAFF COSTS (CONT'D)

Details of the share options outstanding during the year are as follows:

	2011		2010	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the year	10,124,000	2.29	11,877,500	2.28
Cancelled/Lapsed during the year	(876,500)	2.16	(1,368,000)	2.42
Exercised during the year	(523,750)	1.58	(385,500)	1.58
Outstanding at the end of the year	8,723,750	2.34	10,124,000	2.29
Exercisable at the end of the year	8,723,750	2.34	10,124,000	2.29

The weighted average share price at the date of exercise for share options during the year was \$2.00 (2010 : \$1.87). The options outstanding at the end of the year have a weighted average remaining contractual life of 4.8 years (2010 : 5.6 years). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Report of the Directors.

The SSOS expired on 8 June 2010 and hence no option has been granted since then.

The Company recognised total expenses of \$345,000 (2010: \$407,000) related to equity-settled share-based payment transactions (included in staff costs) during the year.

22 OPERATING PROFIT

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges (credits):

	2011 \$'000	2010 \$'000
Directors' fees	345	333
Cost of inventories recognised in repairs and maintenance expense	67,762	70,766
Net gain on disposal of vehicles and equipment	(2,165)	(587)
Insurance premiums payable and provision for accident claims	1,924	3,776
Provision for service benefits and long service awards	765	688
Audit fees:		
Paid to auditors of the Company	123	123
Non-audit fees:		
Paid to auditors of the Company	27	26
Professional fee paid to a firm of which a director is a member	20	37

Notes To The Financial Statements

31 December 2011

23 NET INCOME FROM INVESTMENTS

	2011 \$'000	2010 \$'000
Interest income:		
Bonds	441	498
Time deposits	80	37
Other investment income:		
Gain on disposal of available-for-sale investments	-	30
Total	521	565

24 TAXATION

	2011 \$'000	2010 \$'000
Current taxation	69	90
Deferred tax (Note 16)	6,614	12,059
Under (Over) provision of current tax in prior years	1,150	(1,399)
	7,833	10,750

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2010 : 17%) to profit before taxation as a result of the following differences:

	2011 \$'000	2010 \$'000
Profit before taxation	44,509	65,028
Less: Share of profit in associate	-	(144)
	44,509	64,884
Taxation charge at statutory rate	7,567	11,031
(Non-taxable) Non-allowable items	(827)	1,179
Tax-exempt income	(26)	(26)
Under (Over) provision in prior years	1,150	(1,399)
Other items	(31)	(35)
	7,833	10,750

Notes To The Financial Statements

31 December 2011

25 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Company's net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2011	2010
Profit attributable to shareholders of the Company (\$'000)	36,676	54,278
Weighted average number of ordinary shares in issue ('000)	308,516	307,818
Basic earnings per share (in cents)	11.89	17.63

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares which are the share options granted to employees and Directors. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares for the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution.

	2011	2010
Profit attributable to shareholders of the Company (\$'000)	36,676	54,278
Weighted average number of ordinary shares in issue ('000)	308,516	307,818
Adjustments for share options ('000)	345	368
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	308,861	308,186
Diluted earnings per share (in cents)	11.87	17.61

26 BUSINESS SEGMENT INFORMATION

The Company operates principally in Singapore.

Information reported to the Company's chief operating decision maker for purposes of resource allocation and assessment of segment performance are based on the following:

- (a) Bus : Income is generated substantially through bus fare collections.
- (b) Rail : Income is generated substantially through rail fare collections.
- (c) Advertisements : Income is generated through advertisements on the buses, trains and at Mass Rapid Transit ("MRT") and Light Rail Transit ("LRT") stations.
- (d) Rental : Income is generated through rental collections from commercial and shop space at bus interchanges and rail stations.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Company's profit and loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Notes To The Financial Statements

31 December 2011

26 BUSINESS SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and vehicles, premises and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire vehicles, premises and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Associate: Income from associate is not allocated as it is not specifically attributable to business segments, and correspondingly the investment in associate is not included as segment assets of the business segments.

	Bus \$'000	Rail \$'000	Advertisements \$'000	Rental \$'000	Total \$'000
2011					
REVENUE	566,093	134,456	36,189	14,368	751,106
RESULTS					
Segment results	(6,039)	19,649	21,758	10,321	45,689
Net income from investments					521
Finance costs					(1,701)
Profit before taxation					44,509
Taxation					(7,833)
Profit after taxation					36,676
OTHER INFORMATION					
Additions of vehicles, premises and equipment	166,321	1,178	1,976	385	169,860
Depreciation expense	45,717	622	342	1,011	47,692
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	692,201	25,831	8,648	4,077	730,757
Unallocated corporate assets					14,025
Total assets					744,782
LIABILITIES					
Segment liabilities	189,182	25,953	6,498	8,609	230,242
Unallocated corporate liabilities					182,909
Total liabilities					413,151

Notes To The Financial Statements

31 December 2011

26 BUSINESS SEGMENT INFORMATION (CONT'D)

	Bus \$'000	Rail \$'000	Advertisements \$'000	Rental \$'000	Total \$'000
2010					
REVENUE	549,017	121,724	36,312	13,827	720,880
RESULTS					
Segment results	14,884	17,462	22,036	10,337	64,719
Net income from investments					565
Finance costs					(400)
Share of profit in associate					144
Profit before taxation					65,028
Taxation					(10,750)
Profit after taxation					54,278
OTHER INFORMATION					
Additions of vehicles, premises and equipment	90,908	1,024	99	8	92,039
Depreciation expense	45,513	468	363	1,031	47,375
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	585,157	23,649	7,718	4,836	621,360
Unallocated corporate assets					75,811
Total assets					697,171
LIABILITIES					
Segment liabilities	189,882	28,486	6,136	8,133	232,637
Unallocated corporate liabilities					147,967
Total liabilities					380,604

Notes To The Financial Statements

31 December 2011

27 COMMITMENTS

As at 31 December 2011, the Company has the following commitments:

(a) Capital commitments contracted for but not provided for in the financial statements:

	2011 \$'000	2010 \$'000
Purchase of vehicles, premises and equipment	147,875	268,618

(b) Operating lease commitments:

The Company as lessee

	2011 \$'000	2010 \$'000
Minimum lease payment under operating leases included in the profit or loss (net of rebates)	7,796	7,346

At end of the reporting period, commitments in respect of the non-cancellable operating leases which fall due are as follows:

	2011 \$'000	2010 \$'000
Within one year	7,381	7,035
In the second to fifth year inclusive	642	6,914
Total	8,023	13,949

Operating lease payments represent rentals payable by the Company for office premises and bus depots. Leases are negotiated for periods up to 30 years and rental is fixed for an average of one year.

The Company as lessor

The Company rent out part of their bus spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was \$11,328,000 (2010 : \$11,192,000). The properties are managed and maintained by the Company.

At end of the reporting period, the Company contracted with tenants for the following future minimum lease payments:

	2011 \$'000	2010 \$'000
Within one year	9,563	7,695
In the second to fifth year inclusive	6,944	5,891
Total	16,507	13,586

Notes To The Financial Statements

31 December 2011

28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk, management policies and objectives

The main areas of financial risk faced by the Company are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and fuel price risk. The Company recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. It is the Company's policy not to participate in speculative financial instruments. The Company oversees financial risk management and regularly reviews its policy governing risk management practices.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Foreign currency exchange rate risk management

The Company is exposed to currency risk as a result of its purchases of buses, spare parts, fuel and any other purchases where the currency denomination differs from its functional currency (Singapore Dollar). Its exposures include United States Dollar ("USD"), Swedish Kroner ("SEK"), Euro ("EUR"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR") and Sterling Pound ("GBP"). The Company manages its foreign currency exposure through active currency management using hedging instruments such as forwards or options where necessary.

Foreign currency sensitivity

Based on sensitivity analysis performed, the exposure to changes in foreign exchange rates is minimal and hence the resulting impact on profit or equity of the Company is insignificant.

Interest rate risk management

The Company's primary interest rate risk relates to borrowings, investments in fixed income securities and deposits. The Company uses hedging instruments such as interest rate swaps and caps, where necessary, to achieve the desired interest rate profile in its effort to manage interest rate risk.

Summary quantitative data of the Company's interest-bearing financial instruments are disclosed in Section (d) of this note.

Interest rate sensitivity

Based on sensitivity analysis performed at end of the reporting period, the exposure to changes in interest rates is minimal and hence the resulting impact on the profit or other comprehensive income of the Company is insignificant.

Credit risk management

The Company has minimal credit risk arising from its public transport operations. Majority of its commuters use the contactless smart card where cash is collected upfront. Credit risk arises mainly from advertisement and rental revenue and is controlled via upfront deposits or strict credit terms and regular monitoring of advertisers' and tenants' financial standing. The Company enters into treasury transactions only with creditworthy institutions. Its investments in fixed income instruments are above investment grade as assigned by international credit-rating agencies. There is no significant concentration of credit risk. In determining the recoverability of a receivable, the Company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The carrying value of financial assets represents the maximum credit risk exposure of the Company.

Liquidity risk management

The Company regularly reviews its liquidity position comprising free cash flows from its operations and credit lines from banks and its MTN Programme to ensure its ability to access funding at any time at the best possible rates.

Notes To The Financial Statements

31 December 2011

28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Fuel price risk management

Fuel, comprising diesel and electricity, is part of the operating cost of the Company. The Company seeks to hedge the price risk associated with its fuel needs and uses hedging instruments, where necessary, to achieve the desired hedge outcome.

Based on sensitivity analysis performed and taking into account the fuel hedges in place, as at end of the reporting period, every one percentage point change in the rates of diesel and electricity using the closing rates as at end of the reporting period as a basis will impact the Company's annual fuel and electricity costs by \$1.31m (2010 : \$1.07m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2011.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, short term loans and other liabilities approximate the respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) quoted prices in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (Level 3).

The majority of the fair value of the Company's financial instruments are classified in Level 1. None of the fair value of the financial instrument are classified in Level 3. There are also no transfers between Levels 1 and 2 of the fair value hierarchy during the financial year.

(b) Hedging instruments

At end of the reporting period, the total notional amount of outstanding hedging instruments to which the Company is committed are as follows:

	2011 \$'000	2010 \$'000
Foreign currency forward contract	948	18,619
Fuel hedges	27,486	17,921

The Company uses forward contracts and options to manage the exposure to foreign exchange risks. These arrangements are designed to address foreign exchange risk on future purchases of goods and are accounted for as fair value hedges. As at 31 December 2011, the fair value of the Company's foreign exchange hedging instruments comprising \$4,000 of liabilities (2010 : \$811,000 of liabilities) is matched by an equivalent fair value adjustment on the hedged item.

Notes To The Financial Statements

31 December 2011

28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

The Company uses fuel hedges to hedge against fuel price risks. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as fair value hedges. As at 31 December 2011, the fair value of the Company's fuel hedging instruments comprising \$2,161,000 of assets (2010 : \$2,384,000 of assets) is matched by an equivalent fair value adjustment on the hedged item.

These amounts are based on market prices for equivalent instruments at the end of the reporting period.

(c) Capital risk management policies and objectives

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. The gross and net gearing of the Company and its implication on weighted average cost of capital are monitored in deciding the optimal capital structure. These objectives determine the Company's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt.

(d) The table below summarises the Company's assets, liabilities and financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts the Company's exposure to interest rate risk at year end.

	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000	Effective interest rate at year end %
2011					
Financial Assets					
Cash and bank balances:					
In functional currency:	5,295	-	-	5,295	-
In non-functional currencies:					
USD	122	-	-	122	-
GBP	40	-	-	40	-
Others	83	-	-	83	-
Total	5,540	-	-	5,540	
Available-for-sale investments:					
Bonds in functional currency	-	5,383	5,722	11,105	3.98 - 4.84
2011					
Financial Liabilities					
Short Term Bank Loans – unsecured					
	28,500	-	-	28,500	0.34 - 0.39
Medium Term Notes – unsecured	-	100,000	-	100,000	1.95

Notes To The Financial Statements

31 December 2011

28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000	Effective interest rate at year end %
2010					
Financial Assets					
Cash and bank balances:					
In functional currency:	3,865	-	-	3,865	-
In non-functional currencies:					
GBP	55	-	-	55	-
USD	51	-	-	51	-
Others	83	-	-	83	-
Total	4,054	-	-	4,054	

Time deposits:

In functional currency	63,009	-	-	63,009	0.17 – 0.45
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Short-term deposits and cash and bank balances comprise bank deposits with an original maturity of three months or less. The carrying amounts of these financial assets approximate their fair values.

	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000	Effective interest rate at year end %
Available-for-sale investments:					
Bonds in functional currency	-	5,250	5,540	10,790	3.98 - 4.84

2010

Financial Liabilities

Medium Term Notes – unsecured	-	100,000	-	100,000	1.95
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Notes To The Financial Statements

31 December 2011

29 DIVIDENDS

(a) During the financial year, the Company paid dividends as follows:

	2011 \$'000	2010 \$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 4.30 cents (2010 : 4.30 cents) per ordinary share	13,268	13,232
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 3.10 cents (2010 : 4.50 cents) per ordinary share	9,566	13,856
Total	22,834	27,088

(b) Subsequent to the end of the reporting period, the Directors of the Company recommend that a tax-exempt one-tier final dividend of 2.80 cents per ordinary share of the Company totalling \$8,642,000 be paid for the financial year ended 31 December 2011.

The dividends are subject to approval by shareholders at the forthcoming Annual General Meeting of the Company and hence the proposed dividends have not been accrued as a liability for the current financial year.

30 LICENCE CONDITION FOR RAIL SERVICES

A licence condition ("LC") dated 15 January 2003 was issued by Land Transport Authority ("LTA") to the Company under which the Company is licensed to operate the North-East MRT System, Punggol LRT System and Sengkang LRT System (collectively referred to as the "Licensed Systems").

The LC sets out the conditions governing the operation of the Licensed Systems and includes, among others, the following:

- (a) The licence is for an initial period of 30 years commencing 15 January 2003. The Company may apply to LTA to renew the licence for a further 30 years or any other period and upon terms and conditions as LTA may impose.
- (b) An annual licence fee computed based on 0.5% of the total annual fare and non-fare revenue, net of goods and services tax, is payable to LTA for the first 10 years. LTA may retain or modify the basis for the purpose of calculating the licence fee thereafter.
- (c) The Company and LTA shall jointly review the viability on the fifth anniversary of the date of the LC or such other period as may be agreed in writing between the Company and LTA. In this review, LTA shall determine the dates and time of the Company's purchase of the operating assets of the Licensed Systems and the amount is based on the net book value as recorded in the latest audited accounts of LTA. As at the date of this report, the Company and LTA have not commenced the review.
- (d) The Company may apply in writing to LTA for a grant to replace any eligible operating assets computed based on the difference between the purchase cost of the new assets and the purchase cost of the operating assets to be replaced.

The main categories of eligible operating assets are trains, maintenance vehicles, power supply equipment, supervisory control system, escalators and lifts, platform screen doors, environmental control system, tunnel ventilation system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system, depot workshop equipment, access management system and maintenance management system.

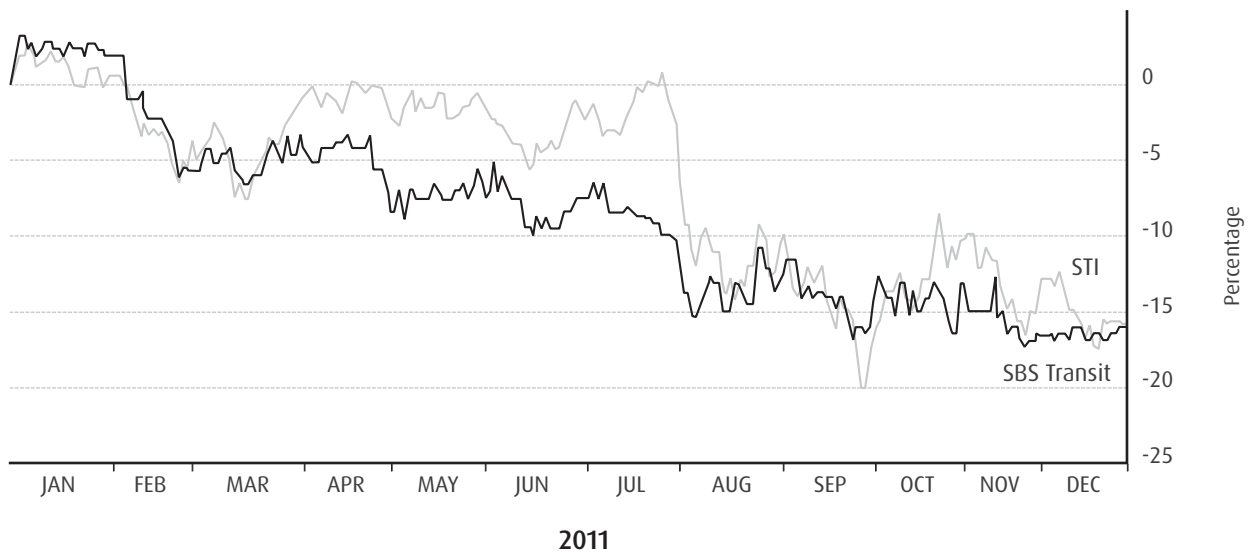
Share Price Movement Chart

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER



Source: Bloomberg Finance L.P.

COMPARISON OF PERFORMANCE OF SBS TRANSIT'S SHARE PRICE
AND THE STRAITS TIMES INDEX (STI)



Source: Bloomberg Finance L.P.

Shareholding Statistics

As at 5 March 2012

Number of shares issued : 308,629,766
 Class of shares : Ordinary shares
 Voting rights : One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,976	9.55	639,454	0.21
1,000 – 10,000	18,203	87.98	30,354,778	9.83
10,001 – 1,000,000	506	2.44	19,310,198	6.26
1,000,001 & Above	6	0.03	258,325,336	83.70
Total	20,691	100.00	308,629,766	100.00

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	75.21
BNP Paribas Securities Services Singapore	14,408,000	4.67
DBS Nominees Pte Ltd	5,212,100	1.69
United Overseas Bank Nominees Pte Ltd	3,090,180	1.00
Citibank Nominees Singapore Pte Ltd	2,017,884	0.65
OCBC Nominees Singapore Pte Ltd	1,471,660	0.48
Changi Bus Company (Private) Limited	691,548	0.22
Merrill Lynch (Singapore) Pte Ltd	627,300	0.20
CIMB Securities (Singapore) Pte Ltd	573,989	0.19
Raffles Nominees (Pte) Ltd	453,300	0.15
Tan Kay Yeong	293,000	0.10
Woon Chio Chong	275,000	0.09
Lim Jun Ying	250,000	0.08
Chiam Wei Jun Irvine	244,500	0.08
Loh Hon Seng Vincent	222,000	0.07
Wong Chin Huat	215,000	0.07
Tan Kong Eng	214,800	0.07
Tang Wee Loke	211,000	0.07
Chin Harn Tong @ Chee Han Tong	210,000	0.07
Lim Jit Poh	200,000	0.06
Total	263,006,773	85.22

Substantial Shareholders (as shown in the Register of Substantial Shareholders)	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	75.21

As at 5 March 2012, approximately 24.23% of the issued ordinary shares of SBS Transit is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Notice Of Annual General Meeting

SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 26 April 2012 at 3.00 p.m. for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the Financial Year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax-exempt one-tier final dividend of 2.8 cents per ordinary share in respect of the Financial Year ended 31 December 2011. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$345,000 for the Financial Year ended 31 December 2011. (FY2010: \$333,499). **(Resolution 3)**
4. To re-elect Mr Wong Chin Huat, David, a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Mr Gan Juay Kiat, a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 5)**
6. To re-appoint Mr Lim Jit Poh as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 6)**
7. To re-appoint Mr Chin Harn Tong as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 7)**
8. To re-appoint Mr Tan Kong Eng as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 8)**
9. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their remuneration. **(Resolution 9)**

SPECIAL BUSINESS:

10. To consider and, if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution: **(Resolution 10)**

"THAT the Directors of the Company be and are hereby authorised to allot and issue up to 8,723,750 shares pursuant to the exercise of the remaining share options under the SBS Transit Share Option Scheme." *

Notice Of Annual General Meeting

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 4 May 2012 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 2.8 cents per ordinary share for the Financial Year ended 31 December 2011.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 3 May 2012 will be registered before Shareholders' entitlements to the final dividend are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 3 May 2012 will rank for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Nineteenth Annual General Meeting of the Company, will be paid on 14 May 2012.

By Order of the Board

Kua Zhizhen, Jean / Chan Wan Tak, Wendy
Joint Company Secretaries
Singapore
28 March 2012

Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time appointed for the Annual General Meeting.

ADDITIONAL INFORMATION ON ORDINARY BUSINESS

Mr Chin Harn Tong and Mr Tan Kong Eng are Members of the Audit Committee. They are considered independent Directors of the Company. If re-appointed, Mr Chin Harn Tong and Mr Tan Kong Eng will continue as the Members of the Audit Committee respectively.

* EXPLANATORY NOTE ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 10 is to authorise the Directors to issue shares upon the exercise of options in accordance with the SBS Transit Share Option Scheme. This scheme was approved by Shareholders at the Extraordinary General Meeting held on 9 June 2000 and had a maximum duration of 10 years. This scheme expired on 8 June 2010 and the Company did not seek a renewal of the scheme. While the scheme has expired, the provisions of the scheme shall, in relation to the options granted and accepted and whether such options have been exercised (whether fully or partially) or not, remain in full force and effect.

SBS Transit Ltd

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 199206653M)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

- For investors who have used their CPF monies to buy SBS Transit Ltd shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who intend to exercise the voting rights attached to their SBS Transit Ltd shares purchased using their CPF monies are requested to contact their respective CPF Approved Nominees.

I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of SBS Transit Ltd (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding (%) (Note 2)

and/or (delete as appropriate)

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or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Thursday, 26 April 2012 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Directors' Report and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Wong Chin Huat, David as Director		
5.	Re-election of Mr Gan Juay Kiat as Director		
6.	Re-appointment of Mr Lim Jit Poh as Director		
7.	Re-appointment of Mr Chin Harn Tong as Director		
8.	Re-appointment of Mr Tan Kong Eng as Director		
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
10.	Authority to issue shares pursuant to exercise of options		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2012.

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total Number of Shares Held (Note 4)

Should a member wish to receive acknowledgement of receipt of the Proxy Form from the Company, please provide your email address and/or mobile phone number.

Email Address: _____ Mobile Phone No.: _____

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time set for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

THE COMPANY SECRETARIES

SBS Transit Ltd
205 Braddell Road
Singapore 579701

This flap for sealing

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SBS Transit Ltd



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Company Registration No. 199206653M