SBS Transit Ltd Annual Report 2008

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Driven

Our Vision

Moving people in a safe, reliable and affordable way.

Contents

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.

Five-Year Compound Annual Growth Rate (CAGR)

+5.8%
Turnover
was $717.0 million in 2008,
up from $539.6 million in 2003

+1.8%
EBITDA*
was $78.6 million in 2008,
up from $71.9 million in 2003

+13.6%
Operating Profit
was $47.1 million in 2008,
up from $24.8 million in 2003

+0.3%
Net Asset Value Per Ordinary Share
was 83.6 cents in 2008, up from 82.3 cents in 2003

+16.4%
Net Profit
was $40.6 million in 2008,
up from $19.0 million in 2003

+17.8%
Total Shareholder Return

*Refers to earnings before interest, taxation, depreciation and amortisation

"We persevered and managed to grow our topline during the year despite the various roadblocks."

Annual Turnover
$717 million

2008 goes down in history as one of our most challenging years yet due to a confluence of factors – fuel prices that were trading at record highs for most parts of the year, service standards that were being raised by the Authorities, and a continued shortage in the supply of Bus Captains.

But we persevered and managed to grow our topline during the year despite the various roadblocks. In fact, bus and train ridership recorded new highs during the year, thanks to population growth and the introduction of new services and routes.

The year also saw the unveiling of the new Land Transport Masterplan which maps out major policy changes aimed at encouraging more people to take public transport. These will have significant implications for us.

Challenges

For the first eight months of the year, fuel and electricity costs remained high. To counter the increase in costs, we took opportunities to hedge against oil price volatilities wherever possible and looked at ways to cut back on costs and expenses – all of which helped to partially offset the mammoth 43.1% increase in fuel and electricity costs to $184.1 million.

Even as we worked to counter the rise in costs, we had to put in added resources to meet new Quality of Service Standards which the Public Transport Council (PTC) had put in place. In particular, we had to achieve a new target of having a scheduled frequency of 10 minutes or less for 85% of our feeder services. This meant added investments in buses and a consequent increase in the need for Bus Captains. In 2008, we placed an order for another 400 buses at a total cost of $147.0 million. These new Euro V buses from Scania will be Asia's first European Enhanced Environmentally Friendly vehicles, delivering better emission performance than the standard Euro V models. The latest investment brings the total number of new buses purchased in the last four years to 1,100. In all, we would have invested $427.0 million in new buses, comprising 40% of our total fleet by the end of 2009. As the new buses come on stream, the need for more and better Bus Captains increases. Unfortunately, supply has not been able to keep up. We therefore stepped up our staff referral schemes and recruitment efforts. By the end of the year, we had managed to hire 325 experienced bus drivers from China to join us as Bus Captains.

During the year, we raised the retirement age of our Bus Captains from 62 to 65 in support of the National Trades

Chairman's Statement

Union Congress' (NTUC's) move towards the re-employment of older workers. We also rehired good Bus Captains who were older than 65 years old. This not only won us praise from NTUC Secretary-General, Mr Lim Swee Say, but it also enabled us to retain some 50 older Bus Captains who would otherwise have had to retire.

These efforts have progressively helped to ease the tight supply of Bus Captains we have been facing.

Serving Our Commuters

We introduced 20 new bus routes during the year – 19 of which were premium services that offer seating-room only for a more comfortable and direct travel experience. In all, we now run 33 premium bus services.

On the North East Line, we added 85 trips to cater to increased passenger demand. This has not only reduced waiting time but also made it less crowded for our commuters on board.

Our in-house developed intelligent route information system, known as *iris* NextBus, is very popular among commuters. This system, which informs commuters when their next two buses will arrive at their bus stops, helps to reduce waiting time and gives commuters better control of their journey.

Commuters also benefited from the new initiatives that the Authorities have introduced to make public transport a choice mode of travel. Besides the extension of full-day bus lanes to more locations, CCTV cameras were also installed on some of our buses to deter motorists from straying into bus lanes. A bold new scheme was also launched which made it mandatory for motorists to give way to public buses. This helped to improve travel times.

The PTC also implemented the Penalty Fee this year to discourage commuters from underpayment or non-payment when using public transport. In all, over 380 of our staff were trained and appointed as Public Transport Officials to perform checks on commuters and issue fines to fare evaders on behalf of the PTC.

On the customer service front, 85% of our Bus Captains have completed our customised training programme. We formalised our commitment to customer excellence when we embarked on a Customer Centric Initiative with SPRING Singapore and the National Transport Workers' Union. Under this initiative, we undertake to train all our staff, including those in the support functions, to deliver the best-in-class service. We have also launched an in-house "CARES" programme which defines eight service standards that all our people must embrace in our united pursuit of service excellence.

It is encouraging that our commitment has not gone unnoticed. Senior Bus Captain Hoy Man Lin, our Superstar in the 2007 Excellent Service Awards, brought us top honours when he was crowned the Customer Service Professional of the Year in the public service category by the Asia Pacific Customer Service Consortium. Many of our other staff have also taken upon themselves to deliver good customer service each and every day. Their efforts have paid off through the various awards and commendation letters they have received.

Our Business Principles

As a listed public transport operator, we are always mindful to balance the needs of the commuters we serve with our responsibility as a public listed company. We work hard at serving our customers while ensuring that shareholders are reasonably rewarded.

In 2008, inflation and significant cost increases in areas like manpower and fuel and electricity costs made it difficult for us to keep fares unchanged. In September 2008, the PTC approved a net 0.9% increase in fares. To ensure that needy families were not severely affected by the increase in fares, we contributed $350,000 worth of transport vouchers to them. We also continued to offer senior citizens concessionary travel. In all, we extended $3.6 million worth of assistance schemes.

The economic situation however took a decided turn for the worse in 2009. In January 2009, the Singapore Government unveiled new measures aimed at helping businesses tide through the current difficult economic conditions. Besides a reduction in corporate tax by one percentage point, the Government has also introduced a Jobs Credit Scheme which will help employers offset wage costs. As a responsible corporate citizen, we have written to the PTC to advise that we will not be seeking a fare increase this year. In addition, we have announced that we are reducing bus and train fares by an average of 5.1% from 1 April 2009 to 30 June 2010 as part of our efforts to help commuters alleviate cost pressures.

Financial Results

SBS Transit's turnover in 2008 increased by 8.6% from $660.2 million to $717.0 million while net profit fell by 18.9% to $40.6 million.

Turnover from bus operations alone increased by 6.8% from $535.4 million to $572.0 million. This was achieved on the back of a 5.7% increase in ridership due mainly to population growth and the Government's push to promote the use of public transport. Operating profit for bus operations however decreased by 66.8% from $25.6 million to $8.5 million as a result of higher fuel cost, partially offset by higher bus fare revenue.

Turnover from our rail operations increased by 15.8% from $87.6 million to $101.5 million. Ridership for the North East Line and the two LRT systems grew by 15.5% and 14.4% respectively as compared to 2007. As a result, the rail operations posted an operating profit of $10.4 million – an increase over the $4.1 million it achieved in 2007. Turnover from the advertisement business was $30.9 million, an increase of 2.2% due mainly to an increase in rail advertisements. Operating profit also rose 5.3% to $19.3 million in 2008.

Turnover from our rental business increased by 82.9% from $6.9 million to $12.7 million due largely to more new shops being leased out at the bus interchanges. As a result, operating profit increased 69.3% to $8.9 million for the year in review.

Earnings per share was 13.19 cents, 3.18 cents less than the 16.37 cents in 2007. Net asset value per ordinary share stood at 84 cents, an increase of 7 cents from 2007. As at 31 December 2008, total equity for the Group increased by 9.2% to $257.2 million, due mainly to profits generated from operations, partially offset by the payment of dividends.

The Directors have proposed a final tax-exempt ordinary dividend of 3.6 cents per share for the approval of Shareholders. Together with the net interim ordinary dividend of 3.0 cents per share, the total net ordinary dividend to be paid out for 2008 will be 6.6 cents per share.

The Year Ahead

In Singapore, the land transport industry is about to undergo a massive revamp following the release of the Land Transport Masterplan. The key initiatives of the Plan are the introduction of distance-based through fares, more bus lanes, improved service times, an expanded Electronic Road Pricing (ERP) network, lower growth in Certificates of Entitlement (COEs), greater contestability in both bus and rail, and substantial investment in rail infrastructure.

All these are intended to achieve the Government's declared objective of increasing public land transport usage during the morning peak hours from the present 63% to 70% by 2020.

Significantly, they will have a major impact on our operations going forward. The introduction of greater competition in the rail sector will, for example, present opportunities to us. We are confident that our years of experience in bus operations and our strong track record in the operation of the North East Line will stand us in good stead. In fact, we are well accustomed to the concept of contestability as we have been studying its implications and have tapped on the experience of our sister companies in London and Sydney where our parent, ComfortDelGro Corporation Limited, operates.

In support of the Government's push to promote public transport, we will continue to do more to serve our commuters by rolling out new services and buses. Passengers-in-wheelchairs will not be forgotten as more wheelchair-accessible bus routes will be introduced. We will also work with the Authorities to make the infrastructure at interchanges and bus stops more disabled-friendly. We will also continue in our Green efforts through better emissions control and better use of energy and fuel.

At the same time, we will work harder to enhance our service delivery standards to meet the PTC's Quality of Service Standards. In 2009, we are expected to operate 80% of our basic bus services and 90% of our feeder services on a scheduled frequency of 10 minutes or less.

On the positive side, oil prices have eased and we expect it to remain so as global demand has fallen drastically due to the worldwide recession. Our need for more Bus Captains will be better met as more Singaporeans look for employment opportunities.

The economic outlook remains uncertain and the ride ahead is expected to be a bumpy one but we will persevere as we always have.

Appreciation

I wish to thank management and staff for their hard work and commitment. It has been a difficult year but the team has persevered and performed admirably under the guidance of the Deputy Chairman, Mr Kua Hong Pak, who is also Managing Director/Group Chief Executive Officer of ComfortDelGro. I also wish to congratulate Mr Gan Juay Kiat, who was our Chief Operating Officer, on his new appointment as Executive Director from 1 March 2009.

I would also like to express my deepest appreciation to my fellow Directors for their continued guidance. To the National Transport Workers' Union, Authorities, Advisors and Grassroots Leaders, thank you for your cooperation and assistance.

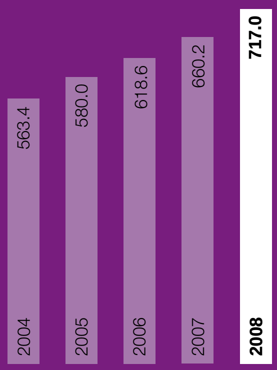
To our loyal Shareholders, thank you for your invaluable support and understanding.

And finally to our Customers, thank you for your patronage and cooperation.

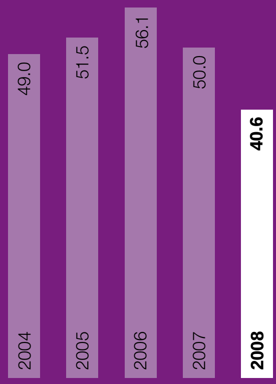
Lim Jit Poh
Chairman

Financial Highlights

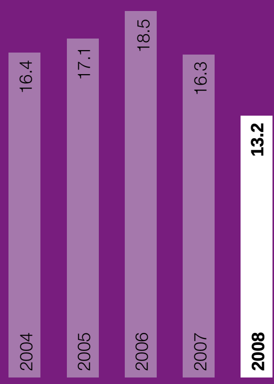
Turnover ($'mil)



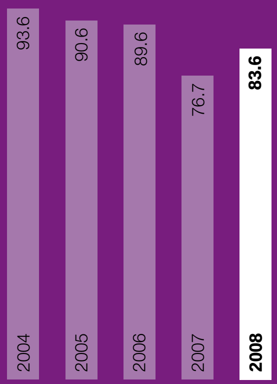
Profit After Tax ($'mil)



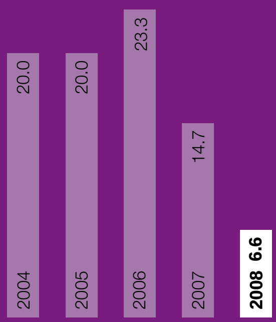
Earnings Per Ordinary Share (cents)



Net Asset Value Per Ordinary Share (cents)



Net Dividend Per Ordinary Share (cents)



Financial Summary

	2004	2005	2006	2007	**2008**
Turnover ($'mil)	563.4	580.0	618.6	660.2	**717.0**
Revenue ($'mil)	572.5	590.3	628.6	670.0	**729.6**
Operating profit ($'mil)	52.5	57.0	57.0	53.2	**47.1**
Operating expenses ($'mil)	520.0	533.3	571.6	616.8	**682.6**
Profit after tax ($'mil)	49.0	51.5	56.1	50.0	**40.6**
EBITDA ($'mil)	80.1	81.7	81.7	87.9	**78.6**
Issued capital ($'mil)	74.5	75.6	83.4	91.3	**92.3**
Capital and reserves ($'mil)	278.7	274.1	271.7	235.5	**257.2**
Capital disbursement ($'mil)	10.8	18.4	84.0	64.5	**146.7**
Internal funds generated ($'mil)	80.6	81.8	81.6	87.5	**77.2**
Earnings per ordinary share (cents)	16.4	17.1	18.5	16.3	**13.2**
Net asset value per ordinary share (cents)	93.6	90.6	89.6	76.7	**83.6**
Return on shareholders' equity (%)	18.7	18.6	20.6	19.7	**16.5**
Net dividend per ordinary share (cents)	20.0	20.0	23.3	14.7	**6.6**
Dividend cover (number of times)	0.8	0.9	0.8	1.1	**2.0**

Value-Added for the Group

	2004		2005		2006		2007		**2008**	
	$'000	%	$'000	%	$'000	%	$'000	%	**$'000**	**%**
Suppliers of capital – dividends and term loan interest	62,139	17.2	61,202	17.2	69,167	18.8	45,229	11.7	**20,310**	**5.3**
Taxation to the government	20,851	5.8	22,752	6.4	22,793	6.2	21,513	5.6	**23,960**	**6.3**
Retained earnings	13,593	3.8	10,084	2.9	2,778	0.7	37,853	9.8	**49,826**	**13.0**
Employees – salaries and other staff costs	264,074	73.2	261,165	73.5	273,221	74.3	280,819	72.9	**287,743**	**75.4**
Total value-added	**360,657**	**100.0**	**355,203**	**100.0**	**367,959**	**100.0**	**385,414**	**100.0**	**381,839**	**100.0**
Value-added per employee ($'000)	51.1		50.2		51.4		53.5		**54.1**	

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, China Printing & Dyeing Holding Limited and Eng Kong Holdings Limited, as well as the Lead Independent Director of Kim Eng Holdings Limited. These are listed companies with business interests in stock broking, property trust, hospitality and manufacturing. Mr Lim is also a Director of several non-listed companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings (Private) Limited.

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 the National Trades Union Congress, namely Friend of Labour Award in 1986, Meritorious Service Award in 1990 and 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 serves as President of Orchid Country Club and 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.

Mr Lim 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 30 April 2008. 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. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited where he managed its Singapore and its 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, StarHub Ltd, Ringier Print (HK) Limited and Cabcharge Australia Limited. 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 2005. He was awarded a Medal of Commendation by the National Trades Union Congress in 2005.

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 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 26 April 2007. He is a non-independent Director of the Company.

Gan Juay Kiat
Executive Director

Mr Gan Juay Kiat was appointed Executive Director of SBS Transit Ltd on 1 March 2009.

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, overseeing the day-to-day operations of both the Bus and Rail Businesses.

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 in business development, corporate planning where he was appointed 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.

Pursuant to Article 103 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 27 April 2009. 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 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 from 1987 to 2006. In 2007, he became an Editorial Advisor to SPH until June 2008.

In April 2007, he was appointed Chairman of the Advisory Council on the Impact of New Media on Society. He is also a member of the Board of the Building and Construction Authority. He has been appointed Non-Resident Ambassador-designate to Chile.

Pursuant to Article 97 of the Company's Articles of Association, Mr Cheong will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2009.

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 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 27 April 2009.

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 the Remuneration Committee and Service Quality Committee.

Mr De Payva is the President of the National Trades Union Congress (NTUC). He is also a Director and Secretary-General of the Singapore Manual and Mercantile Workers' Union since January 1988 and a Director of NTUC Fairprice Co-operative Ltd, Hartawan Holdings Limited, NTUC Investment Co-operative Ltd and 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.

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 30 April 2008.

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. He is a member of the Audit Committee. Mr Tan was the Managing Director of DelGro Corporation Limited between 1973 and 1994. Mr Tan retired in 1994 and 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 27 April 2009.

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 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 is also the Member of Parliament for Ang Mo Kio GRC. He is presently Chairman of Singapore British Engineering Pte Ltd, SAS Components DB, and STSE Engineering Services Pte Ltd. He is also a Director of Singapore Technologies Kinetics Ltd, Singapore Technologies Electronics Limited, Singapore Technologies Aerospace Ltd, Singapore Technologies Marine Ltd, Singapore Technologies Dynamics Pte Ltd, Changi Airport International (CAI) Pte Ltd, DSO National Laboratories and Basketball Enterprises Singapore Pte Ltd (BES).

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 26 April 2007.

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 several other listed companies. He also serves as a member of the Public Service Commission and the Singapore Labour Foundation.

Mr Wong was awarded the Friend of Labour Award in 1989, the Meritorious Service Award in 1995 and the Distinguished Service Award in 2001 by the National Trades Union Congress. Mr Wong also received a Certificate of Appreciation from the Singapore Labour Foundation 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 27 April 2009. 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 Planning Officer on 16 August 1976 and rose through the ranks with stints in Planning and Operations. He was appointed 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. In addition, he also oversees the Security department in the Company. Mr Woon holds a Bachelor of Science (Hons) in Information Science from the Victoria University of Wellington, New Zealand.

Wong Wai Keong
Senior Vice President
Rail

Mr Wong Wai Keong joined SBS Transit as Deputy Director, Engineering (Rail) on 1 April 2000. He assumed the position of Director, Engineering (Rail) on 1 October 2001. He was appointed to his current position as Senior Vice President (Rail) on 10 December 2005. Mr Wong was previously with the Mass Rapid Transit Corporation and the Land Transport Authority (LTA), between November 1984 and 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 of the Singapore Professional Engineer Board and a Chartered Engineer of The Institute of Engineering and Technology, United Kingdom. He was awarded the Public Administration Medal in 1996.

Eng Sok Yong
Senior Vice President
Corporate Development

Ms Eng Sok Yong joined SBS Transit as Senior Vice President (Corporate Development) on 21 February 2007. She oversees the departments in the Support Area comprising Finance, Human Resource, Information Technology, Learning and Development, as well as Rental and Premises. Prior to joining SBS Transit, Ms Eng was the Group Director of Policy and Planning, Land Transport Authority (LTA). She was in charge of corporate communications, policy development, infrastructure and strategic planning in the LTA. Before this, she was Assistant Director in the Ministry of Trade and Industry, in charge of Singapore's multi-lateral negotiations in the World Trade Organisation. Ms Eng was a Public Service Commission (PSC) Scholar and 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 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 to the position of Director, 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.

Tan I-Lin, Tammy
Vice President (Special Grade)
Corporate Communications

Ms Tan I-Lin, Tammy is 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 liaising with the media and investment community. Ms Tan is also in charge of investor relations. She started her career with Singapore Press Holdings in 1995 and held several positions in 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 on 14 September 1989. He assumed the position of Director, Engineering (Bus) on 1 September 1998, where he was in charge of engineering and supplies operations of the Bus Business. He was also a key member of the North East Line (NEL) project team in securing the NEL, Punggol and Sengkang LRT business and initial set up of 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.


PREMIUM
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Bus

Basic Services **Premium Services** **Nite Owl Services** **Fast Forward Services** **Express Services** **Chinatown Direct Services** **Stadium Direct Services** **Parks Services**	Turnover ($'000) **571,985** EBITDA ($'000) **37,954**

With a total fleet of 2,885 buses, we are the largest scheduled bus operator in Singapore with a 75% share of the market. Every day, our buses ferry millions of people to and from work, school and play. In 2008, we made about 2.3 million daily passenger trips – up from the 2.2 million we made the year before.

The growth in bus ridership has indeed been sizeable over the past three years, thanks to new services being launched and an increase in population size.

In 2008, we introduced 20 new bus routes – 19 of which were Premium Bus Services that offer commuters a faster and more comfortable ride between the suburbs and the Central Business District. We remain the industry's largest provider of Premium Bus Services with 33 routes operating.

The Nite Owl services, which cater to the niche market of party-goers and supper-lovers, were also relaunched to meet commuters' changing travel demands. Six services now provide connections between 16 neighbourhood towns and the city. For passengers-in-wheelchairs, we continued to roll out a record 10 new services – Services 14, 64, 123, 130, 174, 183, 185, 199, 232 and 268 – bringing the total number of wheelchair-accessible bus services to 22. Since the launch of the first service in June 2006, passengers-in-wheelchairs have made some 7,000 trips on these routes.

In all, we plied 252 scheduled bus routes – 25% more than what we did just three years earlier.

To cater to the growing demand for our services, we continued to invest in new buses. During the year, we took delivery of 400 new Euro IV, single-deck buses that have low floors and are wheelchair-friendly. We also placed an order for another 400 buses at a cost of $147.0 million. When delivered in 2009, they will be Asia's first European Enhanced Environmentally Friendly vehicles, delivering better emission performance than the standard Euro V models. These new buses will further lower the average age of our fleet to nine years.

In all, we plied 252 scheduled bus routes - 25% more than what we did just three years earlier.

In total, the 1,100 new buses bought over the last four years make up 40% of our fleet and have cost us $427.0 million. Significantly, 97% of our buses are now air-conditioned, up from 94% a year ago.

Our in-house developed Intelligent Route Information System, *iris* NextBus, which informs commuters of the arrival times of the next two buses, continued to grow in popularity. It received an average of 420,000 short message service (sms) queries every month in 2008, up from 180,000 previously. Monthly website hits also doubled, from 660,000 in 2007 to 1.3 million in 2008. In fact, the service has become so popular that it received special mention during the 2009 Committee of Supply debate in Parliament when Transport Minister, Mr Raymond Lim, said that his children were great fans.

As the demand for *iris* grew, refinements were made to the service to ensure that commuters were better served. In 2008, arrangements were made with Singapore's two other telco service providers to offer *iris* via sms to their subscribers. As a result, all mobile phone subscribers here are now able to access *iris* via sms. The system was also programmed to alert commuters via sms if buses are delayed.

In terms of service delivery, we continued to work hard to meet rising expectations. Based on the Public Transport Council's Quality of Service Standards, we registered improvements in several areas including reducing the number of breakdowns and improving on safety aspects. Unfortunately, we had, on a few occasions, fallen short in the areas of scheduled trips, headway adherence and loading due to a persistent shortage of Bus Captains. We have however taken steps to recruit more Bus Captains to join us and should see an improvement in these areas soon. Indeed, attracting more Bus Captains to the job has become critical as we work towards new standards which require 85% of our feeder services to be operated on a frequency of 10 minutes or less. Among the many programmes we have introduced is a referral scheme for Bus Captains and a tie-up with the NTUC's Employment and Employability Institute and the National Transport Workers' Union to attract more Singaporeans to the profession. We have also extended the retirement age of our Bus Captains from 62 to 65 years old and rehired good Bus Captains who were older than 65 years old.

As a result, National Trades Union Congress Secretary-General, Mr Lim Swee Say, cited SBS Transit as a model company for taking the lead in the re-employment of older workers.

Besides stepping up recruitment in Singapore, we have also extended our efforts to China where we have recruited 325 experienced city bus drivers.

As Singapore prepares itself for the future, new initiatives aimed at promoting public transport have been introduced. The Land Transport Authority has, for example, launched a bold new initiative which makes it mandatory for motorists to give way to public buses exiting bus bays. The trial helps to improve travel times for buses given that Bus Captains have been known to spend up to 9% of their journey time waiting to exit bus bays.

The Authorities also continued to extend the full-day bus lane scheme to more locations island-wide. To deter motorists from straying into the bus lane, CCTV cameras were installed on selected buses to capture those who flout this regulation. We have also separately installed CCTVs on more buses as a security measure, as well as to help us improve our service quality. In all, we have equipped 900 buses with such cameras.

In 2008, the long-awaited Penalty Fee was introduced by the PTC to discourage commuters from underpayment or non-payment when using the public transport system. More than 380 of our staff have been trained and appointed as Public Transport Officials to perform checks and issue fines to commuters who evade fares on behalf of the Council.

Highlights

During the year, we took delivery of 400 new Euro IV, single-deck buses that have low floors and are wheelchair-friendly.

Our in-house developed *iris* NextBus, which informs commuters of the arrival times of the next two buses, continued to grow in popularity.

We have also extended the retirement age of our Bus Captains from 62 to 65 years old and rehired good drivers who were older than 65 years old.


SBS Transit
71025
SBS Transit

Rail

North East Line
Punggol LRT
Sengkang LRT

Turnover ($'000)

101,457

EBITDA ($'000)

11,035

Demand for rail services grew significantly in 2008 with average daily ridership hitting a record of 351,055. Average daily ridership on our North East Line (NEL) grew by 15.2% to 307,389 while our two Light Rail Transit (LRT) systems – Sengkang and Punggol – saw average daily ridership increase by 14.1% to 43,666.

To cater to the increase in ridership on the North East Line, we added 85 new train trips to run every week. This greatly reduced waiting time and also eased crowdedness on our trains. We also began operating both loops on the Punggol East LRT in the morning and evening peak hours to cater to rising demand. Additional trips were also introduced on the Sengkang West loop. As a result of the significant increase in ridership, our rail operations posted a profit of $10.4 million, up from $4.1 million recorded in 2007.

While ridership increased, we remained committed in delivering a consistent level of service to our commuters. This is reflected in our operating performance which has consistently surpassed the standards set by the LTA. For instance, we averaged 99.94% in train service availability in 2008, exceeding the Authority's standard of 98%. Likewise, we clocked an average of 99.09% in train service schedule adherence at the terminal stations – higher than the stipulated standard of 95%. We have also performed well above the standards expected of us in ensuring the availability of passenger facilities such as the ticketing machines, lifts and escalators at our stations.

To ensure peak performance, we embarked on and completed the first phase of the overhaul of our trains. We are embarking on the second phase in 2009 where major servicing of the brakes and air-conditioning systems will be undertaken.


BIG ON EXCITEMENT!
Panasonic
Panasonic
Panasonic

Outdoor Advertising

Bus Advertising
In-Train Advertising
Interchange Advertising
Train Station Advertising

Turnover ($'000)

30,885

EBITDA ($'000)

19,623

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.

During the year, the advertisement take-up rate for buses hit 100% in spite of the competitive advertising market. Demand for advertisement placements at the bus interchanges and the stations along the North East Line also increased significantly by over 80%.

More concept buses were also launched much to the delight of commuters. The Nanyang Technological University's advertising campaign, for example, involved outfitting buses with leather chairs such that they looked more like boardrooms than buses.

During the inaugural 2008 Formula One Grand Prix, event sponsors like Panasonic used our buses as advertising platforms by decking them out to look like race cars on the circuit. The buses were so popular that they became the talk of the town and were even reported in the mainstream media.


PLANET EARTH
Borrowing Station

Sustainability Report

We believe that business should not just be governed by the mind – but by the heart and soul as well.

Human Sustainability

Giving back to the community we operate in is an important aspect of our corporate culture.

In 2008, we contributed close to $800,000 in cash and in kind towards several charitable and community causes. This included $350,000 worth of transport vouchers which were given to the needy through the Citizens' Consultative Committees. Our buses were also loaned to organisations which served the community. For example, one of our buses was converted to a mobile library as part of the National Library Board's programme to reach out to the community.

As part of our community engagement efforts, we reached out to nearly 70,000 students from kindergartens to secondary schools during the year. We conducted safety talks and also brought many students on "behind-the-scenes tours". Residents along the North East Line were also invited to participate in our community train safety and evacuation exercises. For the year, we organised three such exercises involving some 600 residents from three constituencies.

Talent Sustainability

To formalise our commitment to service excellence, we embarked on several programmes during the year, including a Customer Centric Initiative with SPRING Singapore and the National Transport Workers' Union to train all our staff – not just those at the frontline but also those in the support areas – to provide better service to customers. A comprehensive "CARES" programme was also specially developed to encourage staff to deliver quality service consistently.

To improve their driving skills, close to 50% of our Bus Captains were trained under the Driving Skills Enhancement Programme which uses video cameras and sensors to provide an objective assessment of an individual's driving performance.

In all, 17,336 training places were provided for our people, which translates to an average of 66.3 training hours per staff, up from the 54 hours in 2007.

These efforts have borne fruit going by the number of awards our staff have won. For example, 1,036 SBS Transit staff were honoured at the National Excellent Service Awards (EXSA) 2008. Our Senior Bus Captain Hoy Man Lin, who was EXSA Superstar in 2007, also brought us top honours when he clinched the title of "Customer Service Professional of the Year" in the public service category of the Customer Relationship Excellence Award conferred by the Asia Pacific Customer Service Consortium. Senior Bus Captain Salehudin Hashim also made us proud when he emerged as one of the top five winners of ComfortDelGro's Passion Award.

Environmental Sustainability

Our community efforts also extended to the environment. We embarked on a series of green initiatives for better energy utilisation. For example, we programmed the temperature of the air-conditioning system in our train stations according to the passenger load. A pilot exercise was also introduced at a train station where the lighting system was linked to motion sensors in non-public areas. We will roll this out to other stations if the results are positive.

Corporate Governance

Introduction

As a land transport provider with a vision of moving people in a safe, reliable and affordable way, SBS Transit has always been committed to maintaining and upholding the highest standards of corporate governance to enhance and safeguard the best interest of all its stakeholders. As a further commitment towards enhancing corporate transparency and promoting good corporate governance practices amongst our employees, we have adopted the Code of Business Conduct of our parent company, ComfortDelGro, which sets out the principles and policies upon which its businesses are regulated, taking into account the applicable law and regulations. To enhance the effectiveness of the Code of Business Conduct, and to prevent the occurrence of unethical or illegal conduct or behaviour, we have adopted the Whistle Blowing Policy of our parent company. Here, the aim is to stop any activity that is against the interests of the Company and to effect disciplinary actions against those found guilty of inappropriate or illegal behaviour.

This report sets out the corporate governance practices that were in place during the year with specific reference to the Code of Corporate Governance 2005 ("Code").

Board of Directors

Principle 1

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:

i) Guiding the strategic directions and goals of the Company;
ii) Putting in place appropriate and adequate systems of internal control, risk management processes and financial authority limits;
iii) Monitoring financial performance, approving annual budget, major capital and operating expenditures, and acquisition and disposal of significant investments; and
iv) Monitoring managerial performance.

The Board has delegated the day-to-day management of the Company to the Management headed by the Executive Director, 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 had been 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 sets out the scope of its duties and responsibilities, rules and 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.

To tie in with the requirement for quarterly and full-year reporting, and the approval of the Company's Annual Budget, a total of four scheduled Board Meetings are held each financial year. 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 results. Ad-hoc Board Meetings are also held from time to time as and when the need arises.

In order to assist the Directors in planning their attendance at Board and Committee Meetings, meeting dates for each year are scheduled in advance in consultation with the Directors.

The attendance of the Directors at the Board and Committee Meetings for Financial Year 2008 and the frequency of such Meetings are set out below. For expediency, Board Meetings are also supplemented by circulated resolutions complete with Board papers. Directors are free to seek clarifications and explanations from Management on the Board papers.

To facilitate the convening of urgent ad-hoc Board Meetings, the Articles of Association of the Company also provide for Meetings to be convened via teleconferencing and videoconferencing.

Regular presentations are held to enable Directors to familiarise themselves with the Company's businesses. Directors are also furnished regularly with analyst reports, updates on corporate governance practices, and articles relating to changes in laws relevant to the Company's businesses and operating environments.

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 reviews the adequacy of the 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.

Attendance of Directors at Board and Committee Meetings

	Board		Audit Committee		Nominating Committee		Remuneration Committee		Service Quality Committee	
Name	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	6	6	–	–	1	1*	3	3	–	–
Kua Hong Pak	6	6	–	–	1	1*	3	3*	–	–
Cheong Yip Seng	6	4	–	–	1	1	–	–	4	4
Chin Harn Tong	6	6	4	4	–	–	3	3	–	–
John De Payva	6	4	–	–	1	–	3	1	4	3
Tan Kong Eng	6	6	4	4	–	–	–	–	–	–
Wee Siew Kim	6	6	4	4	–	–	–	–	4	2
Wong Chin Huat, David	6	5	–	–	1	1	–	–	4	4

* Attended meetings by invitation of the Committee.

Principle 2

Board Composition and Balance

The Board presently comprises one Executive Director 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 Executive Director, Mr Gan Juay Kiat, was appointed on 1 March 2009. Prior to the appointment, he was Chief Operating Officer from April 2007.

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 to confirm his independence. The NC then reviews the Confirmation of Independence to determine whether a Director is independent.

The NC is also responsible for examining the size and composition of the Board. The NC, having reviewed the composition of the Board, is satisfied that the present size of the Board is effective for decision making. The NC is also satisfied that the Board comprising Directors with a variety of skills, core competencies, expertise and working experience from various industries, is effective and has the competencies to discharge its duties and responsibilities. The voicing of different views is common and Management is open in its dealings with the Board.

The profiles of the Directors are found in the write-up on Board of Directors in this Annual Report.

Principle 3

Chairman and Executive Director

The Chairman and the Executive Director have separate and distinct roles. The Chairman is responsible for the effective functioning of the Board while the Executive Director is responsible for the day-to-day operations of the Company. The Executive Director reports to the Deputy Chairman. The Chairman, Deputy Chairman and the Executive Director are not related.

The proceedings of the Board are conducted by the Chairman who ensures that sufficient time is allocated for consideration of each item on the agenda and equal opportunities are given to each Director to express his views. Board agenda is prepared by the Company Secretary in consultation with the Executive Director, Deputy Chairman and Chairman. Board papers are vetted by the Executive Director and approved by the Deputy Chairman prior to being despatched in advance to the Directors.

Principle 4

Board Membership

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 Secretary is the Secretary to the NC.

In addition, 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 roles and responsibilities of the NC include, inter alia:

i) Developing and maintaining a formal and transparent process for the nomination of Directors to the Board;
ii) Evaluating the effectiveness of the Board as a whole and contributions of each Director;
iii) Identifying the skills, expertise and capabilities needed for the effective functioning of the Board;
iv) Re-nominating Directors for re-election at Annual General Meetings; and
v) Evaluating and determining the independence of each Director.

The Articles of Association of the Company provide that one third of the Board of Directors, including the Managing Director, are subject to retirement and re-election by rotation at every Annual General Meeting. All Directors are required to retire from office once at least every three years, being those who have been longest in office since their last re-election or appointment. A newly appointed Director is also subject to retirement and re-election at the Annual General Meeting immediately following his appointment. For the forthcoming Annual General Meeting, Mr Cheong Yip Seng and Mr Wong Chin Huat, David are due for re-election pursuant to Article 97, and 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. Mr Gan Juay Kiat, a newly appointed Director, is due for retirement and re-election pursuant to Article 103 of the Company's Articles of Association.

From time to time, new directors may be identified for appointment to the Board whereupon the NC will evaluate and assess their suitability, based on their qualifications, working experiences and expertise, to determine if they are able to fit into the overall competency matrix of the Company's Board before recommending them to the Board for its approval.

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 business 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 Executive Director, 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 Executive Director, 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 Executive Director will not accept appointments to the boards of competitors.

Principle 5

Board Performance

The effectiveness of the Board is monitored by the NC annually in terms of overall performance and growth of the Company, 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, inter alia, attendance at Board Meetings and activities, contributions in specialist areas and maintenance of independence.

In evaluating the performance of the Board, the NC also considered the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peer. The NC also considered other official indicators, including growth in earnings and net tangible assets per share, return on assets, dividend per ordinary share and dividend yield in its evaluation.

Principle 6
Access to Information

In addition to the Annual Budget which is submitted to the Board for approval, comprehensive quarterly and annual financial statements and reports are also submitted to the Board for approval prior to being released to the Singapore Exchange Securities Trading Limited (SGX). Agenda for Board Meetings and Board papers are provided to the Directors in advance.

The Board has full access to the Senior Management team. The Company Secretary has defined roles and responsibilities. She administers and attends the Board and Committee Meetings of the Company and prepares Minutes of Board proceedings. She ensures compliance with all relevant rules and regulations.

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 relevant professional advisers at its own cost.

Remuneration Matters
Principle 7
Procedures for Developing Remuneration Policies

The RC was formed to provide the Board with an independent assessment and review of Directors' remuneration. The RC also reviews from time to time the remuneration framework and strategy for executive compensation.

In accordance with the Code, the RC comprises three non-executive Directors, of whom two including the Chairman, are independent. The 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 judgement. The Company Secretary is the Secretary to the RC.

The terms of reference of the RC include, inter alia:

i) Reviewing and recommending to the Board the remuneration framework for compensation for each Director and ensuring that the level of remuneration offered is appropriate to the level of contribution. The RC also reviews the remuneration of Senior Management to ensure that the overall remuneration package is attractive to retain and motivate key executives;
ii) Recommending a formal and transparent process for determining Directors' fees for non-executive Directors of the Company; and
iii) Approving the participants and determining the quantum of options to be granted under the SBS Transit Share Option Scheme and administering the Scheme.

Principle 8
Level and Mix of Remuneration

The remuneration packages of key executives of the Company comprise both 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 top management staff. The Company believes that a higher proportion of performance related component will ensure greater alignment of interests of the executives with those of Shareholders.

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 approval of Shareholders at the Annual General Meeting.

The non-executive Directors of the Company are appointed pursuant to and hold office in accordance with the Articles of Association. They are eligible for and have been granted options under the SBS Transit Share Option Scheme.

Principle 9
Disclosure of Remuneration

The remuneration of the Directors and the key executives of the Company (who are not Directors) for the Financial Year 2008 is found on pages 54 to 55 of this Annual Report.

Further information on the SBS Transit Share Option Scheme can be found on pages 30 to 32 of this Annual Report.

During the Financial Year 2008, no key executive was an immediate family member of any Director of the Company.

Accountability and Audit
Principle 10
Accountability

During the Financial Year 2008, the Company released its quarterly and full-year results within 45 days from the end of each quarter and financial year respectively. An accompanying negative assurance statement was also issued by the Board in the quarterly results announcement to confirm that nothing had come to their attention that may render the results to be false or misleading.

Principle 11
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) Reviewing the effectiveness of the Company's internal audit function, internal controls, including financial, operational, compliance and risk management;
ii) Reviewing 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 recommending to the Board the acceptance of such financial statements;
iii) Reviewing 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) Reviewing interested person transactions;
v) Recommending the appointment, re-appointment or removal of the External Auditors at the Annual General Meeting and reviewing the fees due to them;
vi) Reviewing the audit plans of the Internal and External Auditors; and
vii) Reviewing 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 thereupon to ensure that an independent investigation of such matters and appropriate follow-up actions are taken.

In the performance of its duties, the AC has explicit authority to investigate the affairs falling within its terms of reference, 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.

During the financial year, the AC also meets with the External and Internal Auditors without the presence of Management. 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. The AC has reviewed the independence of the External Auditors, Deloitte & Touche LLP, including the scope of non-audit services performed, and has confirmed that the External Auditors are independent.

Principle 12

Internal Controls

The Company has well-established internal controls and compliance functions. These include:

i) *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 heads of departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit delegated is referred to the Board for approval.
.
ii) *Budgetary Control*
A robust and challenging Annual Budget is prepared and approved by the Board prior to the commencement of each new financial year. Variations between actual and budgeted performance are reviewed and justifications provided, if material. This is done on a quarterly basis. Specific approvals are also required for unbudgeted expenditures exceeding a relevant threshold. In addition, the capital expenditure budget is approved in principle by the Board when the Annual Budget is approved. Each capital expenditure is still subject to rigorous justification and review in accordance with the Company's financial authority limits. Tight control on hiring is also exercised through headcount budgets.

iii) *Investment Proposals and Business Opportunities*
To ensure that the rate of return on any new investment or business opportunity is commensurate with the risk exposure taken, apart from undertaking a detailed feasibility study, the new investment opportunity is evaluated by Management in terms of (a) return on investment; (b) pay back period; (c) cash flow generation; (d) potential for internal and external growth; (e) investment climate; and (f) political stability.

iv) *Operational Risk*
The Company has organised its management structure to ensure that operational risks are continuously identified, managed and mitigated. The Management of each business area is responsible for identifying and managing the operating risks in its business areas. The Internal and External Auditors also conduct reviews in accordance with their audit plans to assess the effectiveness of the internal controls and risks management. Non-compliance or recommendations for improvement are reported to the AC, which reviews the effectiveness of the actions taken by Management to mitigate the risks.

A key operating risk is the safety and security of our passengers, our staff and the public. Managing this risk is the cornerstone of the Company's safety and security plan. Safety awareness programmes are promoted to instill a safety and security conscious culture in our staff at all levels. Safety audits are conducted regularly as part of our management and review programme in ensuring that safety standards are maintained at a high level. The Company also works closely with the relevant authorities to ensure that the security of our bus and train services as well as facilities are not compromised. Regular exercises are carried out internally, as well as with external agencies. Security guards are also engaged to patrol our facilities and members of the public are encouraged to look out for suspicious objects or persons.

Other significant operating risks include that of fares, service standards and licences to operate. Being in a regulated industry, these are stipulated by the relevant regulatory authorities. These risks relate to the inability to raise fares when necessary, a higher service standard and the cancellation of licences.

Where fares are concerned, there is a mechanism in place for applications to be made to the Authorities for increases. So long as these are fully justified, fare increases are favourably considered. As for service standards, we manage our operations effectively to ensure that these are met. This also eliminates the risk of licences being withdrawn as there is no reason for the Authorities to do so as long as the service standards are met.

The Company works closely with the Authorities as part of its risk management.

v) *Business Continuity Planning*
The Company has also put in place a Business Continuity Management (BCM) plan to address its business continuity in the event of major disasters affecting its operations. Business Continuity plans were developed by the various Business Areas under the guidance of the BCM Committee.

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

Further details of the financial risks and how the Company manages them are set out on pages 60 to 62 of this Annual Report.

vii) *Whistle Blowing Policy*
The Whistle Blowing Policy provides a mechanism for employees to raise concerns, through confidential disclosure channels, about possible improprieties in financial reporting or other improper conduct. All cases are investigated and appropriate action taken where required.

In the course of their audit, the Internal and External Auditors also highlight to the Company areas where there are deficiencies or weaknesses of internal controls. Material deficiencies and weaknesses will be highlighted to the AC together with a response from Management as to how these could be overcome.

Principle 13
Internal Audit
The internal audit function of the Company is performed by the Internal Audit Department of its holding company comprising suitably qualified and experienced staff and headed by the Group Internal Audit Officer. She reports functionally to the Chairman of the AC. The Company Secretary is the Secretary of the AC.

The Internal Audit Department adopts a risk-based approach that provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Company in accordance with the audit plan as approved by the AC and recommends improvements, where necessary.

The activities and organisational structure of the Internal Audit Department are monitored and reviewed by the AC periodically to ensure that the Internal Audit Department 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 Internal Audit Department has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Communications with Shareholders

Principle 14
Regular, Effective and Fair Communications with Shareholders
The Company has in place a framework that regularly communicates pertinent and relevant information to Shareholders, gathers views and addresses Shareholders' concerns. Communication with Shareholders is conducted through announcements to the SGX and press releases, press and analyst briefings after the announcement of the full-year results and the posting of announcements and releases on the Company's regularly updated website at www.sbstransit.com.sg. Investors may send in their requests or queries through the feedback form provided 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 Secretary, while communication with Shareholders, analysts and fund managers is handled by the Group Corporate Communications Officer. 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.

As part of the investor relations programme, the Group's Investor Relations Team together with Senior Management, meet with major institutional and retail investors on a regular basis.

Principle 15
Shareholders' Participation at Annual General Meeting
The Articles of Association of the Company provides for voting in person and by proxy at the Annual General Meeting of the Company. The Chairman of the various Board Committees as well as the External Auditors are present to address questions or feedback raised by Shareholders at the Annual General Meeting including those pertaining to the proposed resolutions before the resolutions are voted on.

Issues or matters requiring Shareholders' approval are tabled in the form of separate and distinct resolutions.

Dealings In Securities

The Company has adopted an internal code based on the SGX's guideline to provide guidance to the Directors and executives of the Company in relation to dealings in the securities of the Company, ComfortDelGro and VICOM. Directors and executives of the Company have to refrain from dealing in the securities of the Company, ComfortDelGro and/ or 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 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 considerations and/or while in possession of unpublished material price-sensitive information relating to the relevant securities; and (ii) in the securities of other listed companies while in possession of unpublished material price-sensitive information relating to those securities.

Interested Person Transaction

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	**6.5**

The aggregate value of the above transactions does not include the aggregate value of 2.9 million from the renewal of the Licence Agreements disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to DelGro Corporation Limited for the use of the premises.

The Company does not have any Shareholders' mandate for interested person transactions.

Report of the Directors

The Directors present their annual report together with the audited consolidated financial statements of the Group for the Financial Year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008.

1 Directors

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

Lim Jit Poh (Chairman)
Kua Hong Pak (Deputy Chairman)
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:

	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have interest		
Names of Directors and Companies in which interests are held	At 1 January 2008	At 31 December 2008	At 21 January 2009	At 1 January 2008	At 31 December 2008	At 21 January 2009
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	55,000	55,000	–	–	–
Wong Chin Huat, David	150,000	150,000	150,000	–	–	–
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	200,000	300,000	300,000	–	–	–
Kua Hong Pak	360,000	450,000	450,000	–	–	–
Cheong Yip Seng	100,000	150,000	150,000	–	–	–
Chin Harn Tong	130,000	195,000	195,000	–	–	–
John De Payva	230,000	295,000	295,000	–	–	–
Tan Kong Eng	100,000	150,000	150,000	–	–	–
Wee Siew Kim	130,000	195,000	195,000	–	–	–
Wong Chin Huat, David	115,000	180,000	180,000	–	–	–

3 Directors' Interests in Shares and Debentures (continued)

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 2008	At 31 December 2008	At 21 January 2009	At 1 January 2008	At 31 December 2008	At 21 January 2009
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	44,425	144,425	144,425	–	–	–
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	800,000	940,000	940,000	–	–	–
Kua Hong Pak	3,600,000	4,800,000	4,800,000	–	–	–
Wong Chin Huat, David	350,000	470,000	470,000	–	–	–
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	–	–	–
Cheong Yip Seng	10,000	10,000	10,000	–	–	–
(b) Options to subscribe for ordinary shares						
Kua Hong Pak	54,000	–	–	–	–	–

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

A) SBS Transit Share Option Scheme ("SSOS")

a) The SSOS in respect of unissued ordinary shares in the Company 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 and its subsidiary of the rank of Executive and above, and (ii) certain categories of persons who are not employees but who work closely with the Company and its subsidiary, 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.

5 **Share Options** (continued)

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. Additionally, in the case of incentive options, depending on the extent to which set performance targets are met, the subscription price of such options may be adjusted by a discount of up to 20% at the end of an incentive period. Such options may also be cancelled if the targets are not met. The consideration for the grant of an option is $1.00. The option may be exercised at any time after the first anniversary of, or in the case of incentive options, after the second 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 or share incentive schemes, whether implemented by the Company or its subsidiary or otherwise.

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 2008 are as follows:

	Number of options to subscribe for ordinary shares						
Date of grant	Outstanding at 1 January 2008	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2008	Subscription price per share	Expiry date
26 September 2000	142,000	–	(50,000)	(4,000)	88,000	$1.59	26 September 2010
6 September 2001	185,000	–	(54,000)	(8,000)	123,000	$1.60	6 September 2011
22 August 2003	100,000	–	–	(15,000)	85,000	$1.29	22 August 2013
10 December 2003	50,000	–	–	(15,000)	35,000	$1.22	10 December 2013
19 July 2004	285,000	–	(105,000)	–	180,000	$1.60	19 July 2014
19 July 2004	45,000	–	–	–	45,000	$1.60	19 July 2009
24 February 2005	551,250	–	(30,000)	(15,000)	506,250	$2.29	24 February 2015
24 February 2005	80,000	–	–	–	80,000	$2.29	24 February 2010
28 July 2005	524,000	–	(63,750)	(15,000)	445,250	$2.23	28 July 2015
28 July 2005	77,500	–	–	–	77,500	$2.23	28 July 2010
18 November 2005	457,500	–	(63,750)	(15,000)	378,750	$2.16	18 November 2015
18 November 2005	77,500	–	–	–	77,500	$2.16	18 November 2010
13 July 2006	1,607,500	–	(130,000)	(90,000)	1,387,500	$2.15	13 July 2016
13 July 2006	535,000	–	–	–	535,000	$2.15	13 July 2011
22 June 2007	2,325,000	–	–	(232,500)	2,092,500	$3.40	22 June 2017
22 June 2007	550,000	–	–	–	550,000	$3.40	22 June 2012
25 June 2008	–	2,230,000	–	(90,000)	2,140,000	$2.18	25 June 2018
25 June 2008	–	550,000	–	–	550,000	$2.18	25 June 2013
	7,592,250	2,780,000	(496,500)	(499,500)	9,376,250		

The options outstanding as at 31 December 2008 includes 718,750 options granted to former employees of the Company, who have been granted an extension of time from their respective dates of cessation of employment, by the Remuneration Committee to exercise their outstanding options.

5 Share Options (continued)

f) Details of the SSOS options granted to Directors of the Company during the financial year and since the commencement of the SSOS up to 31 December 2008 were as follows:

	Number of options to subscribe for ordinary shares			
Director	Granted during the financial year ended 31 December 2008	Aggregate options granted since the commencement of scheme to 31 December 2008	Aggregate options exercised since the commencement of scheme to 31 December 2008	Aggregate options outstanding as at 31 December 2008
Lim Jit Poh	100,000	680,000	380,000	300,000
Kua Hong Pak	90,000	600,000	150,000	450,000
Cheong Yip Seng	50,000	405,000	255,000	150,000
Chin Harn Tong	65,000	405,000	210,000	195,000
John De Payva	65,000	430,000	135,000	295,000
Tan Kong Eng	50,000	360,000	210,000	150,000
Wee Siew Kim	65,000	450,000	255,000	195,000
Wong Chin Huat, David	65,000	410,000	230,000	180,000

The terms of the options granted to the Directors during the financial year are disclosed in paragraph 5 (A) (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. None of the options granted were incentive options. No participants to the SSOS are controlling shareholders of the Company and its associate.

h) None of the Directors or employees of the Company and its subsidiary received 5% or more of the total number of options available under the SSOS, for the financial year ended 31 December 2008.

B) Except as disclosed above,

a) during the financial year:

i) there were no other options granted to any person to take up unissued shares in the Company or any corporation in the Group; and

ii) no shares of the Company or any corporation in the Group were issued by virtue of the exercise of an option to take up unissued shares.

b) at the end of the financial year, there were no other unissued shares of the Company or any corporation in the Group under option.

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.

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 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 Group and 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
12 February 2009

Independent Auditors' Report

to the members of SBS Transit Ltd

We have audited the accompanying financial statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 65.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: 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 accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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,

a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and

b) 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

Kee Cheng Kong, Michael
Partner
Appointed on 8 November 2006

Singapore
12 February 2009

Balance Sheets
31 December 2008

	Note	The Group		The Company	
		2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Assets					
Current assets					
Short-term deposits and bank balances	5	**32,853**	42,726	**32,853**	42,726
Held-for-trading investments	6	**32,004**	73,759	**32,004**	73,759
Available-for-sale investments	7	**5,018**	15,003	**5,018**	15,003
Trade receivables	8	**6,964**	10,448	**6,964**	10,448
Other receivables and prepayments	9	**30,508**	23,330	**30,508**	23,330
Inventories		**26,812**	21,639	**26,812**	21,639
Total current assets		**134,159**	186,905	**134,159**	186,905
Non-current assets					
Subsidiary	10	**–**	–	**–**	–
Associate	11	**1,268**	964	**1,280**	1,280
Available-for-sale investments	7	**14,480**	20,420	**14,480**	20,420
Vehicles, premises and equipment	12	**366,555**	251,487	**366,555**	251,487
Total non-current assets		**382,303**	272,871	**382,315**	273,187
Total assets		**516,462**	459,776	**516,474**	460,092
Liabilities and equity					
Current liabilities					
Trade payables	13	**173,259**	139,037	**173,259**	139,037
Deposits received – current portion	14	**1,668**	1,027	**1,668**	1,027
Provision for accident claims	15	**10,229**	9,786	**10,229**	9,786
Fuel price equalisation account		**34,075**	34,075	**34,075**	34,075
Income tax payable		**2,973**	11,017	**2,973**	11,017
Total current liabilities		**222,204**	194,942	**222,204**	194,942
Non-current liabilities					
Deposits received	14	**1,763**	1,469	**1,763**	1,469
Deferred tax liabilities	16	**23,010**	17,271	**23,010**	17,271
Provision for service benefits and long service awards	17	**12,237**	10,556	**12,237**	10,556
Total non-current liabilities		**37,010**	29,296	**37,010**	29,296
Capital and reserves					
Share capital	18	**92,310**	91,324	**92,310**	91,324
Capital reserves	19	**263**	954	**263**	954
Accumulated profits		**164,675**	143,260	**164,687**	143,576
Total equity		**257,248**	235,538	**257,260**	235,854
Total liabilities and equity		**516,462**	459,776	**516,474**	460,092

See accompanying notes to the financial statements.

Consolidated Profit and Loss Statement

year ended 31 December 2008

	Note	**2008 $'000**	2007 $'000
Turnover	20	**717,036**	660,207
Other operating income	21	**12,607**	9,835
Revenue		**729,643**	670,042
Staff costs	22	**(287,743)**	(280,819)
Repairs and maintenance		**(92,609)**	(91,097)
Fuel and electricity costs		**(184,114)**	(128,658)
Premises costs		**(30,744)**	(27,393)
Depreciation expense		**(31,515)**	(34,605)
Other operating expenses		**(55,837)**	(54,182)
Total operating expenses		**(682,562)**	(616,754)
Operating profit	23	**47,081**	53,288
Net income from investments	24	**2,896**	5,908
Share of profit in associate	11	**304**	284
Profit before taxation		**50,281**	59,480
Taxation	25	**(9,701)**	(9,458)
Profit attributable to shareholders		**40,580**	50,022
Earnings per share (in cents):			
Basic	26	**13.19**	16.37
Diluted	26	**13.19**	16.29

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity
year ended 31 December 2008

	Attributable to shareholders of the Company			
	Share capital (Note 18) $'000	Capital reserves (Note 19) $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2007	83,371	951	187,420	271,742
Fair value loss on available-for-sale investments	–	(112)	–	(112)
Net realised gain transferred to profit or loss on disposal of available-for-sale investments	–	(2)	–	(2)
Net profit for the year	–	–	50,022	50,022
Total recognised income and expense for the year	–	(114)	50,022	49,908
Recognition of share-based payments	–	335	–	335
Exercise of share options	7,953	(216)	–	7,737
Payment of dividends (Note 31)	–	–	(94,220)	(94,220)
Others	–	(2)	38	36
Balance at 31 December 2007	91,324	954	143,260	235,538
Fair value loss on available-for-sale investments	–	(925)	–	(925)
Net profit for the year	–	–	40,580	40,580
Total recognised income and expense for the year	–	(925)	40,580	39,655
Recognition of share-based payments	–	291	–	291
Exercise of share options	986	(23)	–	963
Payment of dividends (Note 31)	–	–	(19,232)	(19,232)
Others	–	(34)	67	33
Balance at 31 December 2008	92,310	263	164,675	257,248

See accompanying notes to the financial statements.

Consolidated Cash Flow Statement

year ended 31 December 2008

	2008 $'000	2007 $'000
Operating activities		
Profit before taxation	**50,281**	59,480
Adjustments for:		
Depreciation expense	**31,515**	34,605
Share-based payment expense	**291**	335
Net gain on disposal of held-for-trading investments	**(168)**	(28)
Net (gain) loss on fair value changes of held-for-trading investments	**(79)**	161
Net gain on disposal of vehicles and equipment	**(1,687)**	(688)
Interest income	**(2,649)**	(6,041)
Others	**–**	6
Share of profit in associate	**(304)**	(284)
Operating cash flows before movements in working capital	**77,200**	87,546
Trade receivables	**3,484**	(1,658)
Other receivables and prepayments	**(7,551)**	(2,323)
Inventories	**(5,173)**	(7,265)
Held-for-trading investments	**42,014**	74,143
Trade payables	**34,202**	(1,410)
Deposits received	**935**	1,130
Provision (write-back) for service benefits and long service awards	**1,681**	(1,112)
Provision for accident claims	**443**	523
Cash generated from operations	**147,235**	149,574
Income tax paid	**(12,006)**	(7,280)
Net cash from operating activities	**135,229**	142,294
Investing activities		
Interest received	**3,030**	6,293
Dividend received from associate	**–**	3,449
Proceeds from disposal of:		
Vehicles and equipment	**1,771**	786
Available-for-sale investments	**15,000**	13,927
Purchase of vehicles, premises and equipment	**(146,667)**	(64,472)
Net cash used in investing activities	**(126,866)**	(40,017)
Financing activities		
Proceeds from share issue	**963**	7,737
Dividends paid	**(19,232)**	(94,220)
Others	**33**	36
Net cash used in financing activities	**(18,236)**	(86,447)
Net (decrease) increase in cash and cash equivalents	**(9,873)**	15,830
Cash and cash equivalents at beginning of year	**42,726**	26,896
Cash and cash equivalents at end of year (Note 5)	**32,853**	42,726

See accompanying notes to the financial statements.

Notes to the Financial Statements
31 December 2008

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 subsidiary is currently inactive.

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

The consolidated financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008 were authorised for issue by the Board of Directors on 12 February 2009.

2 Summary of Significant Accounting Policies

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost convention, 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").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

New and revised FRSs and INT FRSs issued at the date of authorisation of the financial statements but not yet effective

The adoption of the new and revised FRSs, INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (Revised) will be effective for annual periods beginning on or after 1 January 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 108 – Operating Segments

FRS 108 will be effective for annual financial statements beginning on or after 1 January 2009 and supersedes FRS 14 – Segment Reporting. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Following the adoption of FRS 108, the Group's current basis of segment reporting is not expected to change significantly as the identification of the reportable segments is based on the internal management reports submitted to Management for decision making.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and an entity controlled by the Company (its subsidiary) made up to 31 December of each financial year. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investments in subsidiary and associate are carried at cost less any provision for impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS – The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

2 Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group 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.

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 derecognised 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 timeframe 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 Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the revaluation reserve 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 the revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and 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 balance sheet date. 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.

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 the 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 directly in equity.

2 Summary of Significant Accounting Policies (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group 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 Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

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 Group uses hedging instruments to manage its exposure to fuel price, interest rate and foreign exchange rate risk. The Group uses hedging instruments such as forwards and options, to manage these risks. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy (see Note 30).

Hedging instruments are initially recognised at fair value on the contract date, and are subsequently remeasured to their fair value at each balance sheet date. 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 Group 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.

At the inception of the hedge relationship, the Group 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 Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The Group 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.

Note 30(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.

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

b) Cash flow hedge

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

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

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 Group as lessee

Assets held under finance leases are recognised as assets of the Group 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 balance sheet 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 Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

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.

The Group 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
Bus grooming and other accessories (classified under buses)	5 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
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 12 years to 17 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 $9,500,000 for the Company and the Group for the financial year ended 31 December 2008.

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 the profit and loss statement.

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.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any provision for impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 Summary of Significant Accounting Policies (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for provision for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

IMPAIRMENT OF ASSETS – At each balance sheet date, the Group 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 Group 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 the profit and loss statement.

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 the profit and loss statement.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 balance sheet date, 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 has been set up to account for diesel price and electricity tariff adjustment charge. In accounting for diesel price and electricity tariff variation, reference is made to the diesel price and electricity tariff (hereafter referred to as "reference diesel price and electricity tariff") as determined by the PTC annually.

In the year when the actual diesel price and electricity tariff are below the reference diesel price and electricity tariff, a fuel price equalisation charge is made in that year's profit and loss statement to the extent that the outstanding balance in the fuel price equalisation account does not exceed that year's fuel consumption amount calculated at the reference diesel price and electricity tariff.

In the year when the actual diesel price and electricity tariff are above the reference diesel price and electricity tariff, the fuel price equalisation account previously set up can be drawn down in full or in part subject to:

a) the amount to be drawn down is limited to the extent that the balance outstanding in the fuel price equalisation account after draw down, is at or above that year's fuel consumption using the reference diesel price and electricity tariff; or

b) upon an application by the Company and subject to the approval by PTC.

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. It represents the best estimate of the expenditure required to settle the Group's obligation.

2 Summary of Significant Accounting Policies (continued)

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 balance sheet date.

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 balance sheet date.

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 Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group 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.

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.

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

BORROWING COSTS – Borrowing costs are recognised in the profit and loss statement in the period in 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 profit and loss 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 Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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.

2 Summary of Significant Accounting Policies (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 rate (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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 Group 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 directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS – The financial statements of each entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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 directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 Group's accounting policies in respect of such hedging instruments).

3 Key Sources of Estimation Uncertainty

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, the Group 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 Group 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 balance sheet date, 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 Group has a present obligation as a result of a past event and it is probable that the Group 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 2008, the provision for claims is $10,229,000 (2007 : $9,786,000) (Note 15).

3 Key Sources of Estimation Uncertainty (continued)

b) Insurance premium

The Company has undertaken personal injury insurance to cover its liability for injury to third party where claims are in excess of $15,000. The insurance premium payable is based on an agreed minimum sum payable in advance and an additional amount payable should the incurred claims per bus exceed the minimum amount as stipulated in the insurance policy for that year. With effect from 1 April 2008, the Company has undertaken personal injury insurance with a fixed annual premium per bus. The Company had in the previous financial years incurred additional premium payable as the insurance claims per bus had exceeded the minimum stipulated amount. Accordingly, based on the past history of incurred claims per bus for each of the policy year, an estimate of the liability is made. As at 31 December 2008, the provision for insurance premium for the period from 1999 to 2008 included in trade payables (Note 13) is $23,194,000 (2007 : $23,282,000).

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 balance sheet date of 0.80% to 2.46% (2007 : 1.70% to 3.28%) 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 2008, the provision for retirement benefits is $9,505,000 (2007 : $8,016,000) (Note 17).

d) Long service awards

Staff with more than 15 years of service is 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 balance sheet date of 0.80% to 2.46% (2007 : 1.70% to 3.28%) 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 2008, the provision for long service awards is $2,732,000 (2007 : $2,540,000) (Note 17).

Unquoted investments

The fair values of unquoted debt securities are obtained from market makers (dealers) of the debt securities. The prices represent the dealers' price of similar debt securities at the last market day of the financial year. As at 31 December 2008, the fair value of the unquoted investments is $32,004,000 (2007 : $83,771,000).

4 Holding Company, Related Company and Related Party Transactions

The Company is a subsidiary of DelGro Corporation Limited, incorporated in Singapore. The Company's 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 Group'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 are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4 Holding Company, Related Company and Related Party Transactions (continued)

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:

	The Group	
	2008 **$'000**	2007 $'000
Purchases of inventories from a related company	**36,984**	36,117
Rental expense from:		
Immediate holding company	**2,878**	2,800
Related companies	**111**	62
Purchase of goods and services from:		
Ultimate holding company	**2,723**	2,300
Related companies	**1,376**	850
Associate of the ultimate holding company	**1,162**	263
Firm of which a director is a member	**35**	51
Sales of goods and services to:		
Ultimate holding company	**(80)**	(93)
Related companies	**(2,163)**	(2,213)
Rental income from related companies	**(202)**	(149)

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

	The Group and The Company	
	2008 **$'000**	2007 $'000
Cash and bank balances	**4,045**	7,936
Time deposits	**28,808**	34,790
Total	**32,853**	42,726

6 Held-for-Trading Investments

	The Group and The Company	
	2008 **$'000**	2007 $'000
Unquoted investments, at fair value:		
Notes in corporations	**32,004**	73,759
Total	**32,004**	73,759

The basis of which the fair values of unquoted investments are determined is stated in Note 3. Additional information is presented in Note 30(d).

7 Available-for-Sale Investments

	The Group and The Company	
	2008 **$'000**	2007 $'000
a) Quoted investments, at fair value:		
Bonds in corporations	**19,498**	25,411
b) Unquoted investments, at fair value:		
Notes in corporations	**–**	10,012
Total	**19,498**	35,423
Analysed as:		
Current	**5,018**	15,003
Non-current	**14,480**	20,420
	19,498	35,423

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

The basis of which the fair values of unquoted investments are determined is stated in Note 3. Additional information is presented in Note 30(d).

8 Trade Receivables

	The Group and The Company	
	2008 **$'000**	2007 $'000
Associate (Note 11)	**2,334**	3,712
Related companies (Note 4)	**5**	4
Outside parties	**4,643**	6,819
	6,982	10,535
Allowance for doubtful trade receivables from outside parties	**(18)**	(87)
Net	**6,964**	10,448

The amounts outstanding are interest-free and the average credit period is 7 to 45 days (2007 : 7 to 45 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 Group 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.

9 Other Receivables and Prepayments

	The Group		The Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Receivables from:				
Ultimate holding company (Note 4)	**5**	6	**5**	6
Immediate holding company (Note 4)	**101**	-	**101**	–
Subsidiary (Note 10)	**-**	-	**16**	16
Associate (Note 11)	**209**	192	**209**	192
Related companies (Note 4)	**430**	1,017	**430**	1,017
Total	**745**	1,215	**761**	1,231
Allowance for doubtful receivables from subsidiary	**–**	–	**(16)**	(16)
Net	**745**	1,215	**745**	1,215
Downpayments for the purchase of vehicles, premises and equipment	**19,391**	13,708	**19,391**	13,708
Prepayments	**6,192**	4,688	**6,192**	4,688
Interest receivable	**788**	1,207	**788**	1,207
Staff advances	**106**	271	**106**	271
Security deposits:				
Immediate holding company (Note 4)	**732**	833	**732**	833
Outside parties	**586**	457	**586**	457
Others	**1,968**	951	**1,968**	951
Net	**30,508**	23,330	**30,508**	23,330

Allowance for doubtful receivables is based on the assessment of the recoverability of the receivables.

The receivables from associate are interest-free, unsecured and are repayable on demand.

10 Subsidiary

The Company has investments in unquoted equity shares representing a 100% (2007 : 100%) equity interest in Monteria Pte Ltd, incorporated in Singapore. The cost of investment in the subsidiary is $2.00 (2007 : $2.00).

The subsidiary's role is to assume the rights and obligations under certain leases and related agreements previously entered into by a related company. The subsidiary is currently inactive and is not audited.

11 Associate

	The Group		The Company	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Unquoted equity shares, at cost	**535**	535	**1,280**	1,280
Add: Share of post-acquisition reserves	**733**	429	**–**	–
Total	**1,268**	964	**1,280**	1,280

a) Details of the associate is as follows:

Associate	Principal activity	Country of incorporation/ operations	Cost of investment		Group's effective interest	
			2008 $'000	2007 $'000	**2008 %**	2007 %
Transit Link Pte Ltd	Provide support services to the transport operators in Singapore	Singapore	**1,280**	1,280	**50**	50

During the financial year, Transit Link Pte Ltd earned a service fee of $12,851,000 (2007 : $11,899,000) from the Company.

The associate's financial year end is 31 March and is audited by PricewaterhouseCoopers LLP. For the purpose of applying the equity method of accounting, the management accounts of the company for the year ended 31 December 2008 have been used.

11 Associate (continued)

For the year ended 31 December 2007, the Group received gross dividends of $4,311,000 from the associate, out of which $745,000 were declared out of pre-acquisition reserves. No dividends were received from the associate for the year ended 31 December 2008.

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

	2008 $'000	2007 $'000
Total assets	**28,426**	38,619
Total liabilities	**(25,890)**	(36,691)
Net assets	**2,536**	1,928
Group's share of associate's net assets	**1,268**	964
Revenue	**5,569**	5,741
Profit for the year	**607**	557
Group's share of associate's profit for the year	**304**	284

12 Vehicles, Premises and Equipment

	Buses $'000	Leasehold land $'000	Leasehold buildings $'000	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
The Group and the Company									
Cost:									
At 1 January 2007	741,569	16,642	55,806	54,914	14,853	3,989	9,462	61,497	958,732
Additions	3,392	–	–	822	957	150	128	59,023	64,472
Disposals	(26,805)	–	(86)	(745)	(225)	(416)	(157)	–	(28,434)
Net transfers to related companies	–	–	–	(88)	–	–	(4)	–	(92)
Reclassifications	64,370	–	–	43,004	421	254	(70)	(107,979)	–
At 31 December 2007	782,526	16,642	55,720	97,907	16,006	3,977	9,359	12,541	994,678
Additions	9,934	–	1,265	937	1,880	334	340	131,977	146,667
Disposals	(77,300)	–	–	(699)	(261)	(208)	(207)	–	(78,675)
Reclassifications	132,341	–	3,013	372	–	233	–	(135,959)	–
At 31 December 2008	847,501	16,642	59,998	98,517	17,625	4,336	9,492	8,559	1,062,670
Accumulated depreciation:									
At 1 January 2007	643,808	2,777	21,781	45,478	12,639	3,769	6,762	–	737,014
Depreciation	17,603	594	2,644	11,602	992	128	1,042	–	34,605
Disposals	(26,805)	–	–	(745)	(224)	(412)	(150)	–	(28,336)
Net transfers to related companies	–	–	–	(88)	–	–	(4)	–	(92)
Reclassifications	(248)	–	–	(6)	14	254	(14)	–	–
At 31 December 2007	634,358	3,371	24,425	56,241	13,421	3,739	7,636	–	743,191
Depreciation	15,866	595	3,573	9,560	858	124	939	–	31,515
Disposals	(77,226)	–	–	(697)	(261)	(208)	(199)	–	(78,591)
Reclassifications	(233)	–	–	–	–	233	–	–	–
At 31 December 2008	572,765	3,966	27,998	65,104	14,018	3,888	8,376	–	696,115
Carrying amount:									
At 31 December 2008	**274,736**	**12,676**	**32,000**	**33,413**	**3,607**	**448**	**1,116**	**8,559**	**366,555**
At 31 December 2007	148,168	13,271	31,295	41,666	2,585	238	1,723	12,541	251,487

12 Vehicles, Premises and Equipment (continued)

Note:

a) During the financial year, government grants amounting to $586,000 (2007 : $808,000) has 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 Group's accounting policy.

b) Included under Buses with total costs of $105,516,000 (2007 : $161,636,000) and carrying amount of $19,270,000 (2007 : $22,336,000) which are the subject of two (2007 : four) cross border leasing transactions. The Group's and the Company's legal obligations under these transactions have been legally defeased (See Note 28).

c) Details of leasehold land and buildings of the Group and 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 License	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation License	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,953 sq m	15 years from 1 March 1994	Bus depot

13 Trade Payables

	The Group and The Company	
	2008 **$'000**	2007 $'000
Payables to:		
Ultimate holding company (Note 4)	**334**	419
Immediate holding company (Note 4)	**244**	237
Related companies (Note 4)	**6,366**	5,284
Outside parties	**63,416**	21,786
Accruals	**101,785**	110,738
Deferred income	**1,114**	573
Total	**173,259**	139,037

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 (2007 : 30 days).

Additional information is presented in Note 30(d).

14 Deposits Received

	The Group and The Company	
	2008 **$'000**	2007 $'000
Deposits received from stallholders and tenderers	**3,431**	2,496
Less: Due within 12 months	**(1,668)**	(1,027)
Due after 12 months	**1,763**	1,469

Deposits received from stallholders and tenderers 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 balance sheet date 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 Provision for Accident Claims

	The Group and The Company	
	2008	2007
	$'000	$'000
At beginning of year	**9,786**	9,263
Charge to profit and loss	**4,673**	3,270
Payments	**(4,230)**	(2,747)
At end of year	**10,229**	9,786

The provision for accident claims represents the estimated amount which the Group and the Company will have to pay to outside parties for accidents involving buses and rail services (Note 3).

16 Deferred Tax Liabilities

	The Group and The Company	
	2008	2007
	$'000	$'000
At beginning of year	**17,271**	15,766
Charge to profit and loss (Note 25)	**9,405**	2,652
Over provision in prior years	**(3,666)**	–
Changes in tax rates	**–**	(1,147)
At end of year	**23,010**	17,271
The balance comprises the tax effects of:		
Excess of tax written down value over carrying amount	**36,565**	26,881
Provision for fuel equalisation	**(6,133)**	(6,133)
Other items	**(7,422)**	(3,477)
Net	**23,010**	17,271

17 Provision for Service Benefits and Long Service Awards

	The Group and The Company	
	2008	2007
	$'000	$'000
At beginning of year	**10,556**	11,668
Charge (Write-back) to profit and loss	**2,045**	(422)
Payments	**(364)**	(690)
At end of year	**12,237**	10,556
The balance comprises provision for:		
Retirement benefits	**9,505**	8,016
Long service awards	**2,732**	2,540
	12,237	10,556

18 Share Capital

	The Group and The Company			
	2008	2007	**2008**	2007
	Number ('000) of ordinary shares		**$'000**	$'000
Issued and paid up:				
At beginning of year	**307,224**	303,376	**91,324**	83,371
Exercise of share options	**497**	3,848	**986**	7,953
At end of year	**307,721**	307,224	**92,310**	91,324

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 22(b).

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

19 Capital Reserves

	The Group and The Company	
	2008	2007
	$'000	$'000
Share option reserve:		
At beginning of year	**531**	414
Recognition of share-based payments	**291**	335
Transfer to share capital on exercise of share options (Note 18)	**(23)**	(216)
Transfer to accumulated profits	**(34)**	(2)
At end of year	**765**	531
Revaluation reserve:		
At beginning of year	**423**	537
Loss on available-for-sale investments	**(925)**	(112)
Realised gain transferred to profit and loss on disposal of available-for-sale investments	**–**	(2)
At end of year	**(502)**	423
Net	**263**	954

20 Turnover

Turnover comprises the following amounts:

	The Group	
	2008	2007
	$'000	$'000
Transport services:		
Bus	**571,985**	535,421
Rail	**101,457**	87,619
Advertisements	**30,885**	30,220
Rental	**12,709**	6,947
Total	**717,036**	660,207

21 Other Operating Income

	The Group	
	2008	2007
	$'000	$'000
Handling fee income from associate (Note 11)	**2,307**	2,001
Income from miscellaneous projects	**1,717**	110
Diesel commission	**1,233**	1,196
Maintenance of SCDF Equipment	**1,116**	1,071
Accident claims recovered	**868**	726
Bus pass income	**707**	755
Government grants	**160**	219
Others	**4,499**	3,757
Total	**12,607**	9,835

22 Staff Costs

a) Included in staff costs are:

i) Directors' remuneration

	The Group			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2007				
(Below $250,000) Ong Boon Leong*	86	–	14	100

* Director for period from 1 January to 27 April 2007.

There was no executive Director in 2008.

The remuneration of all the other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 23).

ii) Key executives' remuneration

	The Group			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2008				
($250,000 - $499,999) No. of executives : 5	**63**	**29**	**8**	**100**
2007				
($250,000 - $499,999) No. of executives : 5	61	31	8	100

22 Staff Costs (continued)

iii) The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Group. The total remuneration for the Directors and key executives comprising of short term benefits amounted to $1,938,000 (2007 : $1,843,000).

	The Group	
	2008 **$'000**	2007 $'000
iv) Cost of contribution to Central Provident Fund	**23,877**	22,578

b) Share-based payments

Equity-settled share option scheme

The Company has a share option scheme for employees of the Company and its subsidiary of the rank of Executive and above, and certain categories of persons who are not employees but who work closely with the Company and its subsidiary. 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.

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

	The Group			
	2008		2007	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**7,592,250**	**2.58**	8,677,500	2.05
Granted during the year	**2,780,000**	**2.18**	2,930,000	3.40
Cancelled/Lapsed during the year	**(499,500)**	**2.68**	(167,000)	2.56
Exercised during the year	**(496,500)**	**1.94**	(3,848,250)	2.01
Outstanding at the end of the year	**9,376,250**	**2.49**	7,592,250	2.58
Exercisable at the end of the year	**6,686,250**	**2.61**	4,717,250	2.08

The weighted average share price at the date of exercise for share options during the year was $2.53 (2007 : $3.08). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.0 years (2007 : 7.4 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.

During the financial year, options were granted on 25 June 2008 (2007 : 22 June 2007). The estimated fair value of the options granted on that date was $0.10 (2007 : $0.13).

These fair values for share options granted during the year were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2008	2007
Weighted average share price	**$2.20**	$3.36
Weighted average exercise price	**$2.18**	$3.40
Expected volatility	**17.62%**	19.08%
Expected life (years)	**2.80**	2.81
Risk free rate	**1.55%**	2.51%
Expected dividend yield	**7.84%**	9.97%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years (2007 : 3 years). 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.

The Group recognised total expenses of $291,000 (2007 : $335,000) related to equity-settled share-based payment transactions (included in staff costs) during the year.

23 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):

	The Group	
	2008	2007
	$'000	$'000
Directors' fees	**313**	313
Cost of inventories recognised in repairs and maintenance expense	**70,739**	70,948
Foreign currency exchange adjustment loss (gain), arising from operations	**194**	(313)
Foreign currency exchange adjustment loss, arising from investments	**37**	68
Net gain on disposal of vehicles and equipment	**(1,687)**	(688)
Provision for accident claims	**4,673**	3,270
Provision (write-back) for service benefits and long service awards	**2,045**	(422)
Audit fees:		
Paid to auditors of the Company	**123**	120
Non-audit fees:		
Paid to auditors of the Company	**27**	26
Professional fee paid to a firm of which a director is a member	**35**	51

24 Net Income from Investments

	The Group	
	2008	2007
	$'000	$'000
Interest income:		
Bonds	**900**	1,388
Time deposits	**419**	1,154
Notes	**1,405**	3,607
Fair value gain (loss) on interest rate swaps	**25**	(111)
Interest rate swaps (loss) gain	**(100)**	3
Other investment income:		
Net gain on disposal of held-for-trading investments	**168**	28
Net gain (loss) on fair value changes of held-for-trading investments	**79**	(161)
Total	**2,896**	5,908

25 Taxation

	The Group	
	2008	2007
	$'000	$'000
Current taxation	**296**	7,953
Deferred tax (Note 16)	**9,405**	1,505
	9,701	9,458

25 Taxation (continued)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 18% (2007 : 18%) to profit before taxation as a result of the following differences:

	The Group	
	2008	2007
	$'000	$'000
Profit before taxation	**50,281**	59,480
Less: Share of profit in associate	**(304)**	(284)
	49,977	59,196
Taxation charge at statutory rate	**8,996**	10,655
Non-allowable items	**917**	438
Effect of changes in tax rate	**–**	(1,147)
Tax-exempt income	**(27)**	(27)
Other items	**(185)**	(461)
	9,701	9,458

26 Earnings Per Share

Earnings per share is calculated by dividing the Group'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:

	2008	2007
Profit attributable to shareholders of the Company ($'000)	**40,580**	50,022
Weighted average number of ordinary shares in issue ('000)	**307,575**	305,574
Basic earnings per share (in cents)	**13.19**	16.37

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.

	2008	2007
Profit attributable to shareholders of the Company ($'000)	**40,580**	50,022
Weighted average number of ordinary shares in issue ('000)	**307,575**	305,574
Adjustments for share options ('000)	**182**	1,495
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	**307,757**	307,069
Diluted earnings per share (in cents)	**13.19**	16.29

27 Business Segment Information

The Group operates principally in Singapore.

The Group's operations comprise the following main business segments in Singapore:

a) Bus : Income is generated through bus fare collections.

b) Rail : Income is generated 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 Group's profit and loss statement 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.

27 Business Segment Information (continued)

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
2008					
Turnover	**571,985**	**101,457**	**30,885**	**12,709**	**717,036**
Results					
Segment results	**8,491**	**10,420**	**19,277**	**8,893**	**47,081**
Net income from investments					**2,896**
Share of profit in associate					**304**
Profit before taxation					**50,281**
Taxation					**(9,701)**
Profit after taxation					**40,580**
Other Information					
Additions of vehicles, premises and equipment	**143,517**	**829**	**48**	**2,273**	**146,667**
Depreciation expense	**29,463**	**615**	**346**	**1,091**	**31,515**
Balance Sheet					
Assets					
Segment assets	**400,730**	**20,135**	**5,155**	**6,201**	**432,221**
Investment in associate					**1,268**
Unallocated corporate assets					**82,973**
Consolidated total assets					**516,462**
Liabilities					
Segment liabilities	**198,543**	**20,664**	**3,823**	**4,876**	**227,906**
Unallocated corporate liabilities					**31,308**
Consolidated total liabilities					**259,214**

27 Business Segment Information (continued)

	Bus $'000	Rail $'000	Advertisements $'000	Rental $'000	Total $'000
2007					
Turnover	535,421	87,619	30,220	6,947	660,207
Results					
Segment results	25,591	4,135	18,308	5,254	53,288
Net income from investments					5,908
Share of profit in associate					284
Profit before taxation					59,480
Taxation					(9,458)
Profit after taxation					50,022
Other Information					
Additions of vehicles, premises and equipment	57,218	260	4,902	2,092	64,472
Depreciation expense	32,893	779	764	169	34,605
Balance Sheet					
Assets					
Segment assets	277,772	13,389	12,562	4,758	308,481
Investment in associate					964
Unallocated corporate assets					150,331
Consolidated total assets					459,776
Liabilities					
Segment liabilities	164,101	19,635	3,557	3,383	190,676
Unallocated corporate liabilities					33,562
Consolidated total liabilities					224,238

28 Contingent Liabilities – Unsecured

As at 31 December 2008, the Group and the Company have contingent liabilities totalling $4,489,000 (2007 : $7,862,000) in respect of cross border leasing transactions, under which they have legally defeased all their liabilities under the leases except for the risk of having to pay off this amount to counterparties should they cause the collapse of these leasing arrangements. The Group and the Company are not aware of any conditions that will cause them to initiate the collapse of these leasing arrangements.

29 Commitments

As at 31 December 2008, the Group and the Company have the following commitments:

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

	The Group and The Company	
	2008	2007
	$'000	$'000
Purchase of vehicles, premises and equipment	**124,386**	116,630

b) Operating lease commitments:

The Group and the Company as lessee

	The Group and The Company	
	2008	2007
	$'000	$'000
Minimum lease payment under operating leases included in the profit and loss statement (net of rebates)	**6,593**	6,318

At balance sheet date, commitments in respect of the non-cancellable operating leases which fall due are as follows:

	The Group and The Company	
	2008	2007
	$'000	$'000
Within one year	**5,228**	6,332
In the second to fifth year inclusive	**13,441**	17,852
Total	**18,669**	24,184

Operating lease payments represent rentals payable by the Group and 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 Group and the Company as lessor

The Group and 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 $10,719,000 (2007 : $6,411,000). The properties are managed and maintained by the Company.

At balance sheet date, the Group and the Company contracted with tenants for the following future minimum lease payments:

	The Group and The Company	
	2008	2007
	$'000	$'000
Within one year	**9,156**	7,233
In the second to fifth year inclusive	**6,675**	7,287
Total	**15,831**	14,520

30 Financial Instruments, Financial Risks and Capital Risks Management

(a) Financial risks, management policies and objectives

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

Foreign currency exchange rate risk

The Group 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 Group manages its foreign currency exposure through active currency management using hedging instruments such as forwards or options where necessary.

30 Financial Instruments, Financial Risks and Capital Risks Management (continued)

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 and loss and equity of the Group is insignificant.

Interest rate risk

The Group's primary interest rate risk relates to investments in fixed income securities and deposits. The Group 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. Further details of the interest rate swaps can be found in Section (b) of this note.

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

Interest rate sensitivity

Based on sensitivity analysis performed at balance sheet date, the exposure to changes in interest rates is minimal and hence the resulting impact on the profit and loss and equity of the Group is insignificant.

Credit risk

The Group 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 Group also enters into treasury transactions only with creditworthy institutions and seeks to invest in quality investee companies. Almost all of its fixed income investments are above investment grade of at least BBB-rated as assigned by international credit-rating agencies. There is no significant concentration of credit risk. In determining the recoverability of a receivable, the Group 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 Group.

Liquidity risk

The Group regularly reviews its liquidity position comprising free cash flows from its operations and credit lines from banks and have secured adequate funding with the best possible rates.

Fuel price risk

Fuel, comprising diesel and electricity, is part of the operating cost of the Group. The Group 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 balance sheet date, every one percentage point change in the rates of diesel and electricity using the closing rates for financial year 2008 as a basis will impact its annual fuel costs by $0.47 million. The sensitivity analysis assumes that consumption is held constant at the same level as in financial year 2008.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, 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.

(b) Hedging instruments

At balance sheet date, the total notional amount of outstanding hedging instruments to which the Group and the Company are committed are as follows:

	The Group and The Company	
	2008 $'000	2007 $'000
Foreign currency forward contract	**2,216**	–
Interest rate swaps	**–**	10,000
Fuel hedges	**44,380**	–

The Group and the Company use 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.

The Group and the Company use fuel hedges to hedge against fuel price movement. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as fair value hedges. As at 31 December 2008, the fair value of the Group and the Company's fuel hedging instruments comprising $13,315,000 of liabilities (2007 : NIL) is matched by an equivalent fair value adjustment on the hedged item and both of these are included in the trade payables (Note 13).

30 Financial Instruments, Financial Risks and Capital Risks Management (continued)

The Group and the Company used interest rate swaps to manage their exposure by swapping a proportion of their investments from fixed rates to floating rates. The Group and the Company had two contracts with nominal value of $5,000,000 each, totalling $10,000,000, which swap payments of fixed interest at rates of 2.725% and 3.180% per annum respectively for floating interest receipts at 3 basis points plus 3-month SGD Swap Offer Rate and 4 basis points plus 6-month SGD Swap Offer Rate respectively for periods up to 2008. There are no interest rate swap contracts outstanding as at 31 December 2008.

These amounts are based on market prices for equivalent instruments at the balance sheet date.

(c) Capital risk management policies and objectives

The Group'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 Group and its implication on weighted average cost of capital are monitored in deciding the optimal capital structure. The objectives and policies determine the Group's decisions on the amount of dividend payment to shareholder as well as the sources of capital, be it equity or debt.

(d) The table below summarises the Group's and the Company's assets, liabilities and financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts the Group's and 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 %
The Group and The Company					
2008					
Financial Assets					
Cash and bank balances:					
In functional currency:	3,605	–	–	3,605	–
In non-functional currencies:					
MYR	30	–	–	30	–
USD	162	–	–	162	0.98
EUR	108	–	–	108	2.80
GBP	73	–	–	73	3.80
JPY	57	–	–	57	–
SEK	10	–	–	10	–
Total	4,045	–	–	4,045	
Time deposits:					
In functional currency	28,808	–	–	28,808	0.36 – 0.88

30 Financial Instruments, Financial Risks and Capital Risks Management (continued)

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. The average remaining tenure for short-term deposits for 2008 is 0.49 months.

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
Held-for-trading investments:					
Notes in functional currency	32,004	–	–	32,004	1.68 – 1.89
Available-for-sale investments:					
Bonds in functional currency	5,018	–	14,480	19,498	2.97 – 4.84
Financial Liabilities					
Trade payables:					
In functional currency:	158,929	–	–	158,929	–
In non-functional currencies:					
SEK	1,955	–	–	1,955	–
USD	10,969	–	–	10,969	–
EUR	820	–	–	820	–
GBP	515	–	–	515	–
Others	71	–	–	71	–
Total	173,259	–	–	173,259	
2007					
Financial Assets					
Cash and bank balances:					
In functional currency:					
Interest-bearing	4,141	–	–	4,141	0.05 – 0.25
Non-interest-bearing	3,142	–	–	3,142	–
In non-functional currencies:					
MYR	37	–	–	37	–
USD	132	–	–	132	1.42 – 2.49
EUR	367	–	–	367	3.04
GBP	47	–	–	47	4.53
JPY	52	–	–	52	0.04
SEK	18	–	–	18	–
Total	7,936	–	–	7,936	
Time deposits:					
In functional currency	34,790	–	–	34,790	2.125 – 2.130

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. The average remaining tenure for short-term deposits for 2007 is 0.63 months.

30 Financial Instruments, Financial Risks and Capital Risks Management (continued)

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
Held-for-trading investments:					
Notes in functional currency	73,759	–	–	73,759	2.58 – 3.88
Available-for-sale investments:					
Bonds in functional currency	4,991	20,420	–	25,411	2.73 – 4.84
Notes in functional currency	10,012	–	–	10,012	2.01 – 3.18
Total	15,003	20,420	–	35,423	
Financial Liabilities					
Trade payables:					
In functional currency:	124,565	–	–	124,565	–
In non-functional currencies:					
SEK	1,732	–	–	1,732	–
USD	11,200	–	–	11,200	–
EUR	841	–	–	841	–
GBP	416	–	–	416	–
JPY	243	–	–	243	–
Others	40	–	–	40	–
Total	139,037	–	–	139,037	

31 Dividends

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

	2008 $'000	2007 $'000
Final dividend less tax in respect of the previous financial year:		
– NIL cents (2007 : 6.50 cents) per ordinary share less tax	**–**	16,313
One-tier tax-exempt final dividend in respect of the previous financial year:		
– 3.25 cents (2007 : NIL) per ordinary share	**10,000**	–
Special dividend less tax in respect of the previous financial year:		
– NIL cents (2007 : 17.00 cents) per ordinary share less tax	**–**	42,663
Interim dividend less tax in respect of the current financial year:		
– NIL cents (2007 : 6.00 cents) per ordinary share less tax	**–**	15,090
One-tier tax-exempt interim dividend in respect of the current financial year:		
– 3.00 cents (2007 : NIL) per ordinary share	**9,232**	–
Special dividend less tax in respect of the current financial year:		
– NIL cents (2007 : 8.00 cents) per ordinary share less tax	**–**	20,154
Total	**19,232**	94,220

b) Subsequent to the balance sheet date, the Directors of the Company recommend that a one-tier tax-exempt final dividend be paid at 3.60 cents per ordinary share on the ordinary shares of the Company totalling $11,078,000 for the financial year ended 31 December 2008.

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.

32 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.

Statement of Directors

In the opinion of the Directors, the consolidated financial statements of the Group and the balance sheet of the Company set out on pages 35 to 65 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008, and of the results, changes in equity and the cash flows of the Group for the financial year ended on that date 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.

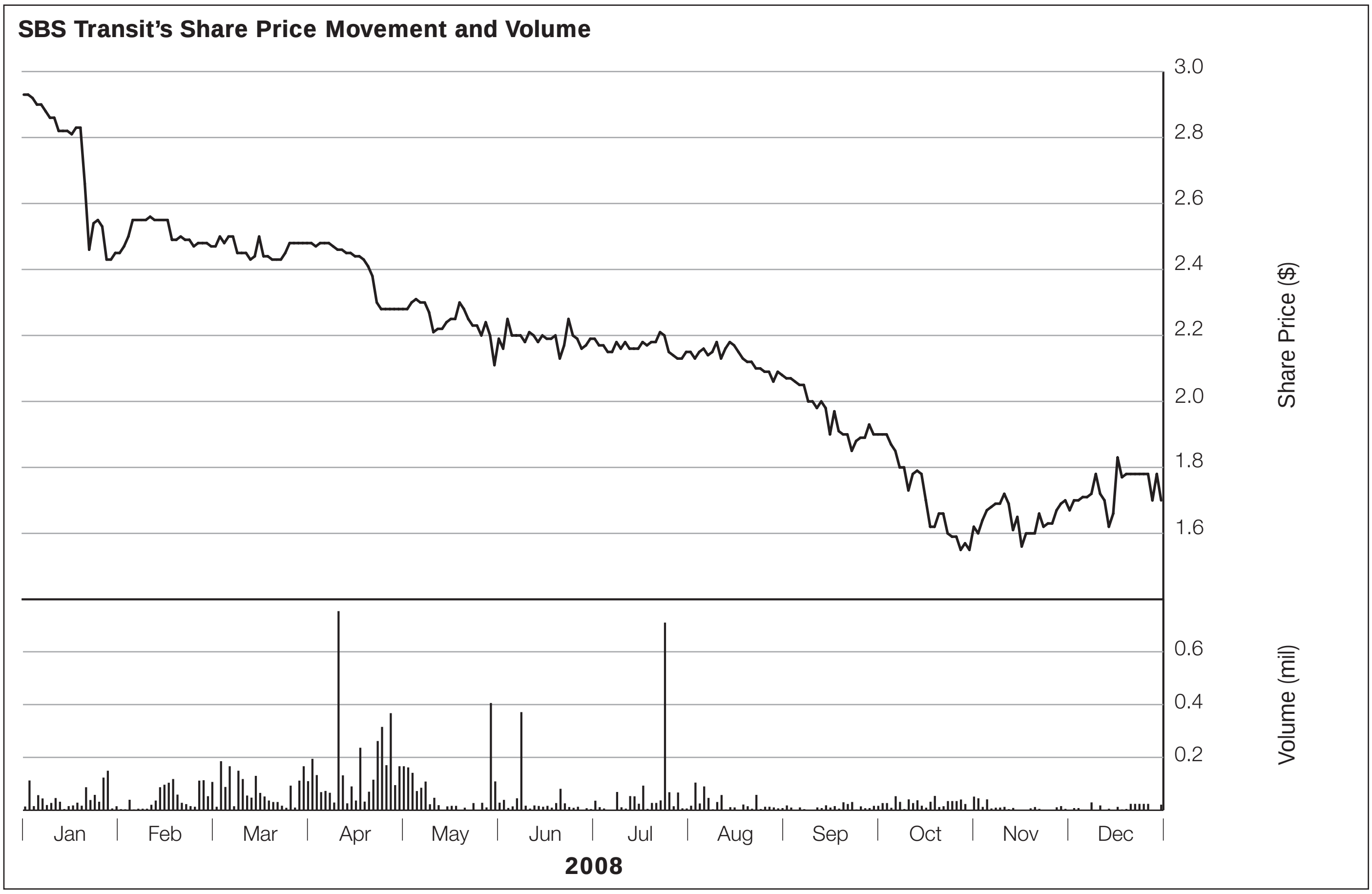
ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

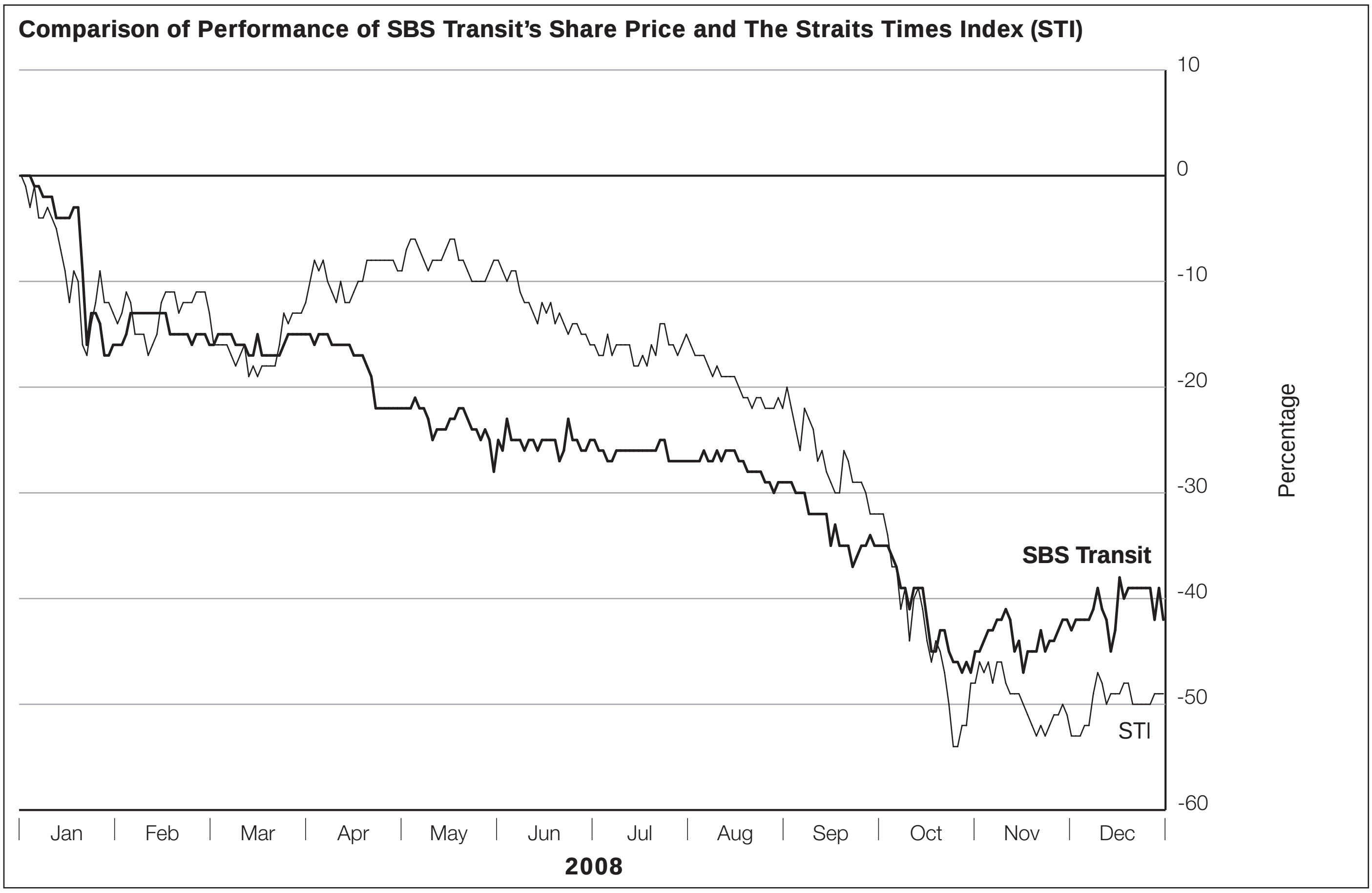
Kua Hong Pak
Deputy Chairman

Singapore
12 February 2009

Share Price Movement Chart



Source: Bloomberg L.P.



Source: Bloomberg L.P.

Shareholding Statistics
as at 2 March 2009

No. of Shares Issued : 307,720,516
Class of Shares : Ordinary shares with equal voting rights
Voting Rights : One vote per ordinary share

Size of Shareholders	No. of Shareholdings	%	No. of Shares	%
1 – 999	2,035	9.85	660,800	0.21
1,000 – 10,000	18,239	88.25	28,964,773	9.41
10,001 – 1,000,000	387	1.87	16,670,367	5.42
1,000,001 & above	7	0.03	261,424,576	84.96
Total	20,668	100.00	307,720,516	100.00

Top Twenty Shareholders	No. of Shares	%
DelGro Corporation Limited	231,673,012	75.29
DBS Nominees Pte Ltd	11,304,900	3.67
HSBC (Singapore) Nominees Pte Ltd	8,831,000	2.87
United Overseas Bank Nominees (Pte) Ltd	3,650,364	1.19
Citibank Nominees Singapore Pte Ltd	3,117,000	1.01
OCBC Nominees Singapore Pte Ltd	1,571,800	0.51
TM Asia Life Singapore Ltd – Par Fund	1,276,500	0.42
Changi Bus Company (Private) Limited	691,548	0.22
Raffles Nominees Pte Ltd	637,700	0.21
Merrill Lynch (S'pore) Pte Ltd	476,300	0.15
Tan Kay Yeong	461,500	0.15
Tokio Marine Insurance Singapore Ltd – Fund Account	324,000	0.11
Royal Bank Of Canada (Asia) Limited	314,000	0.10
TM Asia Life Singapore Ltd – Non-Par Fund	313,000	0.10
Woon Chio Chong	275,000	0.09
Lim Gim Hong	249,500	0.08
NTUC Thrift & Loan Co-operative Limited	232,500	0.08
Loh Hon Seng Vincent	222,000	0.07
Tan Kong Eng	214,800	0.07
Tang Wee Loke	211,000	0.07
Total	266,047,424	86.46

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
(1) DelGro Corporation Limited	231,673,012	75.29	-	-
(2) ComfortDelGro Corporation Limited	-	-	231,673,012	75.29
(3) Aberdeen Asset Management Asia Limited	-	-	15,399,000	5.00
(4) Aberdeen Asset Management PLC	-	-	15,399,000	5.00

As at 2 March 2009, approximately 19.15% of the issued ordinary shares of SBS Transit Ltd 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 Sixteenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Monday, 27 April 2009 at 10.00 a.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 2008 together with the Auditors' Report thereon. (Resolution 1)

2 To declare a final one-tier tax-exempt dividend of 3.6 cents per ordinary share in respect of the Financial Year ended 31 December 2008. (Resolution 2)

3 To approve the payment of Directors' fees of $313,000 for the Financial Year ended 31 December 2008. (FY2007: $313,000). (Resolution 3)

4 To re-elect Mr Cheong Yip Seng, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 4)

5 To re-elect Mr Wong Chin Huat, David, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 5)

6 To re-elect Mr Gan Juay Kiat, a Director retiring pursuant to Article 103 of the Company's Articles of Association. (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:

"THAT the Directors of the Company be and are hereby authorised to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the SBS Transit Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to the SBS Transit Share Option Scheme shall not exceed 15%* of the total number of issued shares in the capital of the Company excluding treasury shares, from time to time." (Resolution 10)

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 6 May 2009 for the purposes of determining Shareholders' entitlements to the proposed final one-tier tax-exempt dividend of 3.6 cents per ordinary share for the Financial Year ended 31 December 2008.

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 5 May 2009 will be registered before Shareholders' entitlements to the final dividend is 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 5 May 2009 will rank for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Sixteenth Annual General Meeting of the Company, will be paid on 15 May 2009.

By Order of the Board

Chan Wan Tak, Wendy
Company Secretary
Singapore
27 March 2009

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-elected, Mr Chin Harn Tong and Mr Tan Kong Eng will continue as members of the Audit Committee.

***Explanatory Notes 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 has a maximum duration of 10 years. The aggregate number of shares over which the Committee may grant options under the scheme for its entire duration is limited to 15% of the issued ordinary shares in the capital of the Company excluding treasury shares, from time to time.

SBS Transit Ltd

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

Proxy Form
Annual General Meeting

IMPORTANT
1. For investors who have used their CPF monies to buy SBS Transit Ltd shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. 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.
3. 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)

of ____ (Address)

being a member/members of SBS Transit Ltd hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Monday, 27 April 2009 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For*	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 Cheong Yip Seng as Director		
5	Re-election of Mr Wong Chin Huat, David as Director		
6	Re-election of Mr Gan Juay Kiat as Director		
7	Re-appointment of Mr Chin Harn Tong as Director under Section 153(6) of the Companies Act, Cap. 50		
8	Re-appointment of Mr Tan Kong Eng as Director under Section 153(6) of the Companies Act, Cap. 50		
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", please tick [✓] within the box provided.

Dated this ______________ day of ________________ 2009

Total Number of Shares Held

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

Important: please read notes overleaf

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 Secretary
SBS Transit Ltd
205 Braddell Road
Singapore 579701

This flap for sealing

Corporate Information

Board of Directors

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Gan Juay Kiat
Executive Director

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

Company Secretary
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:
Kee Cheng Kong, Michael

Date of Appointment:
8 November 2006

strategic communicator and visual creator
greymatter williams and phoa (asia)

This Annual Report is printed on environmentally friendly paper.

SBS Transit Ltd
Company Registration Number: 199206653M

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205 Braddell Road
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Website
www.sbstransit.com.sg

SBS Transit
A member of ComfortDelGro