SBS Transit
A member of ComfortDelGro

SBS TRANSIT LTD

2009
ANNUAL REPORT

CONTENTS

OUR VISION

MOVING PEOPLE IN A SAFE, RELIABLE AND AFFORDABLE WAY.

OUR MISSION

TO ACHIEVE EXCELLENCE FOR OUR CUSTOMERS, EMPLOYEES, SHAREHOLDERS AND COMMUNITY. TO THIS END, WE ARE COMMITTED TO DELIVERING SAFE AND RELIABLE SERVICES AT AFFORDABLE PRICES, BEING AN EMPLOYER OF CHOICE, CREATING SIGNIFICANT SHAREHOLDER VALUE AND BECOMING A SOCIALLY RESPONSIBLE CORPORATE ROLE MODEL.

OUR BELIEFS

TO ACHIEVE OUR VISION AND MISSION, WE ARE GUIDED BY THE FOLLOWING BELIEFS:

We will:

Be driven by our customers' needs

Strive for excellence in everything we do

Act with integrity at all times

Treat people with fairness and respect

Maintain safety as a top priority

Collaborate with our partners for a win-win outcome

Give our shareholders a reasonable return

SUN TZU WROTE THAT A GENERAL WHO KNOWS THE TERRAIN, CALCULATES THE CHALLENGES AND PUTS THIS KNOWLEDGE INTO PRACTICE, WILL WIN BATTLES. CONVERSELY, ONE WHO FAILS TO UNDERSTAND HIS SURROUNDINGS OR FAILS TO PUT HIS KNOWLEDGE INTO PRACTICE, IS BOUND FOR FAILURE.

Such insights resulted in great victories over 2,500 years ago. Today, they remain hugely relevant.

For sure, 2009 continued to be a challenging year for SBS Transit. The terrain changed dramatically with Singapore starting off the year in a technical recession and then emerging from it around the middle of the year. Amidst that turbulent ride, there was the threat posed by the emergence of the Influenza A (H1N1) strain.

But we did not falter. We remained focussed on our commitment to be a responsible public transport operator and continued to add new services whilst enhancing our service standards to meet the rising expectations of our commuters. Even as we did these, we never forgot our commitment to our shareholders in particular, and the society in general.

SERVING OUR CUSTOMERS

We continued adding new buses in 2009, thereby reducing the average age of our fleet. In all, we placed orders for 350 new buses – 200 single and 150 double-decks during the year. This brings our total investment in new buses in the past five years to $586 million. When the latest batch of new buses hit the road, one in two buses in our fleet will be new.

As we took delivery of more new buses, we were also able to roll out more wheelchair-accessible bus (WAB) services to cater to the transport needs of the physically disabled. A total of 16 new WAB services were introduced during the year, further reinforcing our commitment to this special group of commuters. We first rolled out such services in 2006. As at the end of 2009, we operated 38 WAB services and will continue to roll out more as soon as more bus stops become wheelchair-accessible.

At our bus interchanges, we have implemented a new information service that provides commuters with information about the departure times of our services. Currently, this information service is available at seven interchanges. By the end of this year, it will be extended to all our 16 interchanges.

CHAIRMAN'S STATEMENT

We are not just focussed on bringing in new services, we work hard at improving our existing service levels as well. For the year under review, we made significant improvements to our performance in the Public Transport Council's Quality of Service Standards. For the six-month assessment period from December 2008 to May 2009, our bus operations successfully met the Standard of "Adherence to Scheduled Headways". One of the key factors contributing to our improved performance is our success in recruiting more Bus Captains in 2009 – something we were not able to do in previous years. As a result of our recruitment drives in Singapore and China, we were able to add on 973 Bus Captains during the year, thereby improving on our ability to meet the Quality of Service Standards.

The Authorities have also tightened the Standards, such that they now require that 80% of our basic services and 90% of our feeder services arrive with a scheduled frequency of 10 minutes or less during peak hours. We have since added 90 more buses to meet this new Standard. We continue to work on minimising the incidence of overloading on our buses during peak hours.

In rail operations, we continued to surpass all the operating performance standards set by the Authorities by a good margin. We further enhanced frequency and capacity by adding 60 new trips a week to cater to growing demand. Given our strong track record in operating the North East Line, which is the world's first driverless underground heavy rail system, we have hosted many international rail authorities and operators.

Service is, of course, more than just meeting operating requirements. It is also about upping the service attitudes of our staff. This is what our CARES programme aims to do. Anchored in eight service areas, the programme trains our staff to provide caring, reliable and safe services to our commuters on both our trains and buses. So far, one-third of our people have completed this programme. We plan to put all our 7,500 staff – both frontline and support – through this programme by the end of 2011. All our 5,500 Bus Captains have also successfully completed the first phase of the Driving Skills Enhancement Programme which equips them with skills for safe driving and at the same time, promotes fuel efficiency.

CHAIRMAN'S STATEMENT

Our Business Continuity Management (BCM) Plans were also put to the test during the 2009 outbreak of the Influenza A (H1N1) virus in Singapore. When the threat levels were raised, we immediately swung into action and put in place precautionary measures for the well-being of our staff and commuters. Temperature checks were conducted and reminders on personal hygiene habits sent out. All our buses, trains, bus interchanges and rail stations were cleaned and disinfected throughout the day. We also prepared alternative housing plans for our Bus Captains and fine-tuned our BCM Plans. Thankfully, the crisis did not escalate further and the alert levels eventually went down.

As we work hard to improve our service levels, I am heartened that our efforts have not gone unnoticed. The number of compliments sent in by our commuters has soared while that of complaints has fallen. On an individual level, our Senior Bus Captain Wong Seng Chow did us proud by clinching the highest award in the land transport category at the national Excellent Service Awards (EXSA) when he was crowned the EXSA Superstar. At just 25 years old, he demonstrates how having passion in one's job makes the difference between mediocrity and excellence.

OUR BUSINESS PRINCIPLES

As Singapore grappled with recessionary pressures, we felt it was important to do our part as a corporate citizen. We therefore did not apply to the Public Transport Council for a fare revision but in fact, went one step further by implementing a temporary fare reduction and increasing the transfer rebate. This resulted in a two cents reduction for all adult ez-link fares for train and basic bus services, and a reduction of up to 20 cents for non-basic bus services. Senior citizen concession ez-link fares for train and basic bus services were also reduced by two cents. The transfer rebate for these two groups of adult commuters increased by 10 cents to 50 cents – on top of the 15 cents increase that was implemented in October 2008. Child and student concession ez-link fares dropped by one cent per trip. The prices of monthly passes for students and National Servicemen were also reduced by between $1 and $4.

In all, these temporary relief measures, which will run for 15 months until 30 June 2010, will cost us $42.7 million – more than the $22.3 million that we received from Budget 2009.

FINANCIAL RESULTS

Revenue decreased by 4.7% from $731.3 million to $697.1 million in 2009.

Revenue from bus services fell by 6% to $546.0 million due to the temporary fare reduction, the increase in transfer rebate, and a drop in ridership. This was offset somewhat by a 2.5% increase in rail revenue to $109.2 million. Revenue from our advertisement business was 11.6% lower at $27.3 million as advertisers scaled back on their expenditure. Revenue from our rental business increased by 14.2% to $14.6 million.

The drop in revenue at Group level was, however, offset by a reduction in operating expenses – due mainly to a drop in fuel and electricity costs. As a result, operating profit increased by 32.1% from $47.1 million to $62.2 million.

Net profit for the year grew by 34.6% from $40.6 million to $54.6 million.

Earnings per share was 17.75 cents, up from 13.19 cents previously, while net asset value per ordinary share increased by 11.9% to 94 cents. As at 31 December 2009, total equity for the Group increased by 12% to $288.1 million due mainly to profits generated from operations, which were partially offset by the payment of dividends.

The Directors have proposed a tax-exempt one-tier final ordinary dividend of 4.3 cents per share for the approval of Shareholders. Together with the tax-exempt one-tier interim ordinary dividend of 4.5 cents per share paid earlier, the total tax-exempt one-tier ordinary dividend to be paid out for 2009 will be 8.8 cents per share.

ECONOMIC STRATEGIES COMMITTEE

The Singapore Government has accepted the key thrusts of the Economic Strategies Committee's Report, which calls for a two to three percent annual productivity growth over the next 10 years, translating into a three to five percent annual increase in Gross Domestic Product over the same period. All these point to a slower expanding workforce with a focus on skills, innovation and productivity. While these are areas that we, as a Group, had already focussed on, the Board will meet up with Management to discuss how we can further reinforce our commitment to upgrading the

$697.1m

REVENUE

$62.2m

OPERATING PROFIT

8.8 cents

TOTAL DIVIDEND PER ORDINARY SHARE

skills of our workforce, introducing even more innovation and upping the productivity factor in our workplace.

THE YEAR AHEAD

Several key initiatives of the Government's Land Transport Masterplan are expected to be implemented in the next few months. The much-talked about distance-based through fares to facilitate transfers and the move towards central planning of bus routes are scheduled for implementation in 2010.

The Authorities will also subsequently parcel out routes for tender and this will have a major impact on the way we operate. We are, however, prepared for this upcoming challenge and have in fact been tapping on the experience of our sister companies in London and Sydney which operate in a tender regime.

A tender will also be called for the licence to operate the Downtown MRT Line during the year. This is a 40-km long line that will link the north western and eastern areas of the island to the Central Business District and the Marina Bay. We are excited by the prospect of increasing our foothold in the rail business and are confident that our strong track record in the operation of the North East Line will stand us in good stead.

APPRECIATION

I would also like to take this opportunity to advise that Mr Gan Juay Kiat, who was first appointed our Chief Operating Officer in April 2007, and then Executive Director in March 2009, is now the Chief Executive Officer. He has been groomed to assume this position under the guidance and supervision of the Deputy Chairman, Mr Kua Hong Pak. We look forward to his continued contributions.

To our Customers, thank you for your continued support and kind patronage. We are nothing without you and we will continue to work hard at doing better in the years ahead.

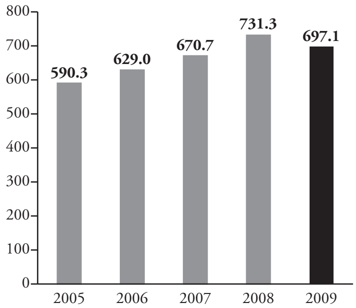
To our loyal Shareholders, thank you for your understanding and trust in our ability to deliver what has been committed.

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

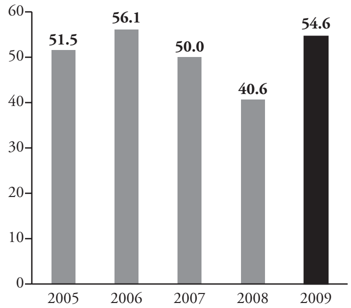
Lim Jit Poh
Chairman

FINANCIAL HIGHLIGHTS

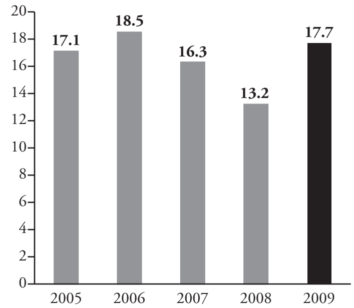
REVENUE ($'mil)



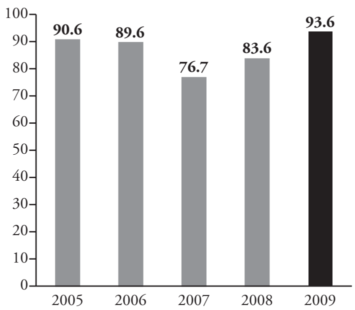
PROFIT AFTER TAX ($'mil)



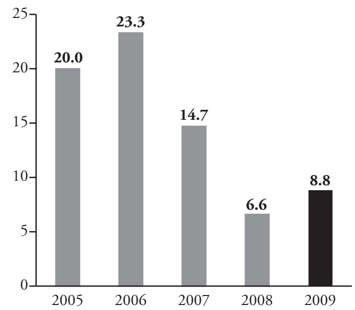
EARNINGS PER ORDINARY SHARE (cents)



NET ASSET VALUE PER ORDINARY SHARE (cents)



TOTAL DIVIDEND PER ORDINARY SHARE (cents)



FINANCIAL SUMMARY

	2005	2006	2007	2008	2009
Revenue ($'mil)	590.3	629.0	670.7	731.3	697.1
Operating Profit ($'mil)	57.0	57.0	53.2	47.1	62.2
Operating Expenses ($'mil)	533.3	572.0	617.5	684.2	634.9
Profit after tax ($'mil)	51.5	56.1	50.0	40.6	54.6
EBITDA ($'mil)	81.7	81.7	87.9	78.6	102.7
Issued capital ($'mil)	75.6	83.4	91.3	92.3	92.3
Capital and reserves ($'mil)	274.1	271.7	235.5	257.2	288.1
Capital disbursement ($'mil)	18.4	84.0	64.5	146.7	164.3
Internal funds generated ($'mil)	81.8	81.6	87.5	77.2	101.2
Earnings per ordinary share (cents)	17.1	18.5	16.3	13.2	17.7
Net asset value per ordinary share (cents)	90.6	89.6	76.7	83.6	93.6
Return on shareholders' equity (%)	18.6	20.6	19.7	16.5	20.0
Total dividend per ordinary share (cents)	20.0	23.3	14.7	6.6	8.8
Dividend cover (number of times)	0.9	0.8	1.1	2.0	2.0

VALUE-ADDED FOR THE GROUP

	2005		2006		2007		2008		2009	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Suppliers of capital – dividends & term loan interest	61,202	17.2	69,167	18.8	45,229	11.7	20,310	5.3	27,079	6.7
Taxation to the government	22,752	6.4	22,793	6.2	21,513	5.6	23,960	6.3	22,355	5.5
Retained earnings	10,084	2.9	2,778	0.7	37,853	9.8	48,810	12.8	67,528	16.6
Employees - salaries, and other staff costs	261,165	73.5	273,221	74.3	280,819	72.9	287,743	75.6	289,113	71.2
Total value-added	**355,203**	**100.0**	**367,959**	**100.0**	**385,414**	**100.0**	**380,823**	**100.0**	**406,075**	**100.0**
Value-added per employee ($'000)	50.2		51.4		53.5		53.9		54.5	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Gan Juay Kiat
Chief Executive Officer

Cheong Yip Seng

Chin Harn Tong

John De Payva

Tan Kong Eng

Wee Siew Kim

Wong Chin Huat, David

AUDIT COMMITTEE

Wee Siew Kim
Chairman

Chin Harn Tong

Tan Kong Eng

REMUNERATION COMMITTEE

Chin Harn Tong
Chairman

John De Payva

Lim Jit Poh

NOMINATING COMMITTEE

John De Payva
Chairman

Cheong Yip Seng

Wong Chin Huat, David

SERVICE QUALITY COMMITTEE

Wong Chin Huat, David
Chairman

Cheong Yip Seng

John De Payva

Wee Siew Kim

CORPORATE DIRECTORY

Registered Office
205 Braddell Road
Singapore 579701
Mainline: (65) 6284 8866
Facsimile: (65) 6287 0311
Website: www.sbstransit.com.sg
Company Registration Number:
199206653M

Company Secretaries
Chan Wan Tak, Wendy
Chew Si Lyn, Cecilia

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

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 the Friend of Labour Award in 1986, the Meritorious Service Award in 1990 and the Distinguished Service Award in 2000. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore. Mr Lim is a trustee of the Singapore National Employers' Federation.

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

Pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Lim will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 28 April 2010. 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 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 the 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.

Pursuant to Article 97 of the Company's Articles of Association, Mr Kua will be due for re-election at the forthcoming Annual General Meeting to be held on 28 April 2010. He is a non-independent Director of the Company.

BOARD OF DIRECTORS

Gan Juay Kiat
Chief Executive Officer & Director

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

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

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

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

Mr Gan was last re-elected a Director of the Company pursuant to Article 103 of the Company's Articles of Association at the Annual General Meeting 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.

He was Chairman of the Advisory Committee on the Impact of New Media on Society from April 2007 to April 2009. He is also a member of the Board of the Building and Construction Authority.

Mr Cheong was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2009.

BOARD OF DIRECTORS

Chin Harn Tong
Director (Non-Executive & Independent)

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

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

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

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

Pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Chin will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 28 April 2010.

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, and a member of the Board of Governors of OTC-ILS.

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

Mr De Payva was awarded the Public Star Medal in 1998 and Public Service Star in 2004 by the President of the Republic of Singapore.

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.

BOARD OF DIRECTORS

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 28 April 2010.

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 also the Member of Parliament for Ang Mo Kio GRC. He is presently President of the Basketball Association of Singapore, and a Director of Basketball Enterprises Singapore Pte Ltd (BES). He is also the Chairman of Singapore Quality Institute, and a Director in Changi Airport International Pte Ltd.

Mr Wee is currently Group CEO, NIPSEA Group of Companies.

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

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

Pursuant to Article 97 of the Company's Articles of Association, Mr Wee will be due for re-election at the forthcoming Annual General Meeting to be held on 28 April 2010.

BOARD OF DIRECTORS

Wong Chin Huat, David
Director (Non-Executive & Non-Independent)

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

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

Mr Wong is also a Director of ComfortDelGro Corporation Limited and 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.

Mr Wong 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 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 Ltd 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 Ltd 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, 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 Electrical and Electronic Engineers, United Kingdom. He was awarded the Public Administration Medal in 1996.

Eng Sok Yong
Senior Vice President
Corporate Development

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

Ng Yew Lin, Linda
Senior Vice President
Finance

Ms Ng Yew Lin, Linda was appointed Senior Vice President of Finance in SBS Transit Ltd 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.

KEY MANAGEMENT

Tan I-Lin, Tammy
Senior Vice President
Corporate Communications

Ms Tan I-Lin, Tammy is Senior Vice President of Corporate Communications of SBS Transit Ltd. 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 Ltd 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 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.

Chan Wan Tak, Wendy
Joint Company Secretary

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

Chew Si Lyn, Cecilia
Joint Company Secretary

Ms Chew Si Lyn, Cecilia is the joint Company Secretary of both SBS Transit Ltd and ComfortDelGro Corporation Limited. She joined the Group in September 2008 as Vice President, Group Legal, taking care of all legal matters. Ms Chew started her career practising law and was legal counsel in M+W Zander Facility Management Limited prior to joining the Group. She holds a Master of Laws from the National University of Singapore.

BUS

BASIC SERVICES / PREMIUM SERVICES / NITE OWL SERVICES /
FAST FORWARD SERVICES / EXPRESS SERVICES / CHINATOWN DIRECT SERVICES /
STADIUM DIRECT SERVICES / PARKS SERVICES

546.0	60.3	2,268
REVENUE ($'mil)	EBITDA ($'mil)	AVERAGE DAILY RIDERSHIP ('000)

2,970	6,621
FLEET SIZE	NUMBER OF EMPLOYEES

BUS

SBS Transit is Singapore's largest scheduled bus operator with a 75% share of the market. By offering a wide range of bus services – comprising 193 basic bus services and another 57 premium and niche services – we hope to cater to as wide a spectrum of commuters as possible.

In fact, over the years, we have been increasing our fleet size to ensure that we keep up with the growing demands of commuters – and this means greater bus frequencies. As at 31 December 2009, we had a total of 2,970 buses – 2.9% more than what we had a year ago. In all, we took delivery of 400 new Euro 5, single-deck buses during the year. Designed to comply with the Enhanced Environmentally Friendly Vehicle (EEV) standards, the new buses are Asia's first, delivering better emission performance than the standard

Euro 5 models. We also made a purchase of 350 new buses during the year. The 200 single-decks and 150 double-decks were bought at a cost of $159 million, bringing our total investment in new buses over the last five years to $586 million.

As more new buses were introduced, more wheelchair friendly services were also rolled out. In all, 16 new wheelchair-accessible bus (WAB) routes were launched during the year, bringing the total number of such services to 38. This represented an eight-fold increase in the last four years.

As more and more buses are added, the demands on interchanges have also increased. In December 2009, we moved to our new, air-conditioned bus interchange in Boon Lay. With an average daily passenger boarding of 55,000 on a weekday, Boon Lay Interchange ranks as Singapore's busiest and at 20,000 square metres, one of its largest as well. Given the heavy passenger volume, we opted for a two-phase transition to minimise disruption to commuters. As a result, 25 of our bus services now operate from the new site, while three remaining routes – all of which have heavy passenger loads – will relocate later this year. The Boon Lay interchange is the latest in a series of "new-age" interchanges, which were first introduced in 2002 with the Toa Payoh Interchange. These interchanges are linked with shopping centres and MRT stations to provide commuters with a one-stop shopping and commuting experience.

During the year, we also reviewed our bus routes to meet the changing travel needs of our commuters following the opening of the Pioneer MRT Station in Jurong West. A new feeder service, Service 241, was introduced while another, Service 242, was amended for better connectivity to the new station and a faster link to the Boon Lay Bus Interchange. As part of our regular review of our routes, we also withdrew the three remaining CityShopper Services due to low demand and amended the routes of 26 other services to cater to changing travel needs.

In fact, bus ridership during the year fell for the first time in four years as the Singapore economy contracted. The drop in ridership, however, reversed towards the end of the year as the economic outlook improved.

Fewer customers did not, however, mean we invested less in service upgrades. To make bus travel more convenient, we introduced a new information service that provides commuters with departure times of bus services at our interchanges. The service, which has been very well received by commuters, is currently available at seven interchanges and will be extended to our nine remaining interchanges by the end of this year.

Information, as it appears, is a widely sought after commodity. Our in-house developed Intelligent Route Information System *(iris)* continued to grow in popularity last year with an average of 580,000 short message service (SMS) requests received each month – up 38% from the previous year. The website hits have also jumped from a monthly average of 1.3 million to 1.45 million during the year.

We also worked hard to improve our headways and our frequencies. Based on the Public Transport Council's (PTC's) Quality of Service Standards, we registered significant improvements in all areas including "Adherence to Scheduled Headways" during the six-month assessment period from December 2008 to May 2009. One of the key contributing factors is our success in recruiting Bus Captains. This has been a daunting challenge for us but our recruitment efforts in China during the year have eased the situation considerably. As a result of our recruitment efforts in Singapore and China, we were able to recruit 973 Bus Captains during the year. We were thus able to improve our ability to meet the Quality of Service Standards.

The Authorities have also tightened the Standards, such that they now require that 80% of our basic services and 90% of our feeder services arrive with a scheduled frequency of 10 minutes or less during peak hours. To meet this improved Standard, we added 90 more buses. We will continue to work on minimising the incidence of overloading on our buses during peak hours.

Indeed, our efforts in introducing new services and enhancing existing service levels have not gone unappreciated by our commuters. This was borne out in the 2009 Land Transport Authority's commuter satisfaction survey which saw a 5% increase in the number of respondents who were satisfied with bus services, up from 82% a year ago. The number of compliments and commendations sent in by our commuters also hit a new record, while that of complaints dropped. Significantly, the number of compliments and commendations exceeded those of complaints.

Security-wise, we continued installations of closed-circuit television systems on board our buses as a deterrent to crime and for better incident management. Currently, close to half of our fleet is equipped with such a system. We also continued to assist the Police in some of their investigations by making relevant recorded footages available to them.

Our Business Continuity Management (BCM) Plans were also put to the test, following the outbreak of the Influenza A (H1N1) virus in Singapore. When the Health Authorities raised the threat level, we wasted no time in putting our precautionary measures into place. Temperature checks were regularly conducted and reminders on personal hygiene habits issued. Buses and bus interchanges were cleaned and disinfected throughout the day for the well-being of commuters using our services. We also stocked up on personal protection equipment such as gloves and masks. We fine-tuned our plans for workforce segregation and alternative housing for our Bus Captains. Fortunately, the threat level subsided and we did not have to activate our BCM Plans for workforce segregation.

The penalty fee introduced by the PTC in 2008 to discourage fare evasion when using the public transport system saw some 4,600 cases being detected on our buses for the year. As a result, the PTC collected $96,000 in fines. The numbers caught are expected to drop in time as fare evaders are brought to task.

RAIL

NORTH EAST LINE /
PUNGGOL LRT / SENGKANG LRT

109.2	13.9	325
REVENUE ($'mil)	EBITDA ($'mil)	AVERAGE DAILY RIDERSHIP ('000) (NORTH EAST LINE)

46	726
AVERAGE DAILY RIDERSHIP ('000) (PUNGGOL/ SENGKANG LRTS)	NUMBER OF EMPLOYEES

RAIL

Demand for rail services remained strong in 2009, with average daily ridership increasing by 5.8% to a record 371,508. Our flagship rail network, the North East Line (NEL), saw its average daily ridership grow by 5.9% to 325,433 as more developments came up along the North East corridor. The average daily ridership of the two Light Rail Transit (LRT) systems – Punggol and Sengkang – also increased by 5.5% to 46,075 as more residents moved into the new towns.

To cater to the increase in ridership, 12 new trips were added to run on NEL on weekdays, resulting in 60 new trips per week. This greatly enhanced train frequency services and reduced crowding.

OPERATIONS REVIEW

Increasingly, with more residents moving into the Sengkang new town, we began preparations to operate the Sengkang West Loop in two directions to cater to the projected ridership demand. This was implemented in January 2010.

To ensure peak performance of our trains, we maintained a strict schedule of regular and preventive maintenance works. In 2009, we undertook and completed the overhaul of 150 cars on the NEL system when they clocked 480,000 km. This involved major servicing of the brakes system. We have also started another servicing cycle for the air-conditioning system as the cars hit the 600,000 km-mark.

As a result, we continued to surpass the service standards set by the Land Transport Authority. For instance, we achieved 99% schedule adherence for train arrivals at terminal stations – far exceeding the minimum of the 94% that is required by the Authority. In fact, the tolerance we use for schedule adherence is much more stringent at two minutes of the established timetable – as opposed to five minutes that most other operators around the world use.

Our excellent track record in operating the world's first driverless underground heavy rail system has attracted the attention of rail authorities, developers and operators from overseas, who constantly make requests to visit us. We have played host to visitors from Australia, Denmark, China, Korea, Bangladesh, Taiwan and the United Kingdom. For the year, key visitors included the Lord Mayor of Sydney and the Chief Executive Officer of the City of Sydney, as well as officials from Melbourne's Ministry of Transport.

With the outbreak of the Influenza A (H1N1) virus in Singapore, we immediately launched into action which included temperature checks and stockpiling of personal protection equipment such as thermometers and gloves. Reminders on personal hygiene habits were also issued. On the customer-facing end, we cleaned and disinfected our trains and stations regularly for the well-being of our commuters.

OUTDOOR ADVERTISING/ RENTAL

BUS ADVERTISING / IN-TRAIN ADVERTISING /
INTERCHANGE ADVERTISING / TRAIN STATION ADVERTISING /
SHOP SPACE / ROAD SHOW SPACE

41.9

REVENUE ($'mil)

28.5

EBITDA ($'mil)

60

NUMBER OF EMPLOYEES

OUTDOOR ADVERTISING & RENTAL

The economic crisis did not dampen the innovative spirit of Moove Media, which is the advertising arm of our parent company, ComfortDelGro Corporation Limited.

During the economic recession, when advertisers were looking to stretch their marketing dollars, Moove Media came up with creative options to offer advertisers an integrated platform for their campaigns. This increased the take-up rate for the advertising spaces in our buses and trains as well as in our bus interchanges and train stations.

We continued to maintain an average occupancy rate of 99% for our retail spaces despite the tough times. The retail spaces at selected NEL stations like Dhoby Ghaut and HarbourFront were especially popular with prospective tenants. In all, we increased our total commmercial space by 5% to 4,523 square metres.

THERE CAN BE NO HALF MEASURES WHEN IT COMES TO SUSTAINABILITY.

At SBS Transit, we embrace our social responsibilities wholeheartedly – whether it is to the environment, the communities we operate in or the staff who make us who we are.

We know that sustainability is not just about tomorrow. It is about the decisions we make today. This is why we continue to invest in the future regardless of economic circumstances. Indeed, we do so in many ways, from supporting the educational needs of our youths, to developing our staff so that they can achieve more.

HUMAN SUSTAINABILITY

Helping the Community

In 2009, we contributed more than $110,000 in cash towards several charitable and community causes. This is over and above the $42.7 million that we are giving through a temporary fare reduction and an increase in transfer rebate over a 15-month period until 30 June 2010 to help ameliorate the cost of travel for commuters during the economic recession.

We also provided free use of space at our bus interchanges and North East Line (NEL) stations for meaningful programmes that serve our community. In particular, we accorded the Singapore Red Cross Society use of space at our NEL stations for five blood donation exercises where close to 2,000 units of blood was collected.

We continued to partner the Police in putting up posters of missing persons on dedicated notice boards at our NEL stations and selected bus interchanges in a bid to help families locate their loved ones.

Promoting Safety

Safety is not something that we compromise with. The safety of our passengers, our staff and other road users is paramount to us and the importance we accord to it is reflected in our policies, procedures and community outreach programmes. In line with this, we put our Bus Captains through a refresher programme once in every two years. Known as the “Driving Skills Enhancement Programme”, it equips and refreshes Bus Captains with skills for safe driving and at the same time, promotes fuel efficiency. Using the VigilVanguard system, it makes use of video cameras and sensors to provide an objective assessment of a Bus Captain’s driving performance. All our 5,500 Bus Captains have successfully completed the first phase of this programme.

It is also important that our staff work in a safe environment. Our NEL and LRT engineering and operations have been officially recognised as a bizSAFE Partner by the Workplace Safety and Health Council. We have also reviewed and enhanced our Competency Management Programme to ensure that our rail operations staff are equipped and competent in handling major incidents and dealing with equipment and system failures.

For the year, we conducted 62 talks and visits, sharing safety tips when travelling on buses and trains with some 39,000 students. These were in addition to the exhibitions that were organised at five NEL stations to promote escalator safety. To reinforce the message, we installed speakers at selected escalator landings to remind commuters, especially the elderly, to hold onto the handrails when on the escalators.

We also conducted four community exercises to brief residents on security measures and practices that are in place at the stations and on board trains. They also participated in an evacuation drill. To date, some 1,600 residents have participated in the programme.

Promoting Graciousness and Good Customer Service

We partnered the Singapore Kindness Movement (SKM) and the Land Transport Authority (LTA) in their campaigns to spread and encourage the positive display of gracious acts such as giving up one’s seat to those in need. We sponsored some $4 million worth of advertising spaces and $135,000 in cash to fund the six-month long campaign which was initiated by the LTA and featured Singapore's two best loved comedians, Phua Chu Kang and his wife, Rosie. Catchy phrases popularly used by Phua Chu Kang such as "Don't play play. Let me come out first." and "Sleeping? Don't pretend. Give up this seat to those who need it more." were featured on all the publicity materials at selected train stations, interchanges, on board trains and buses.

We also participated in an exhibition organised by the SKM to launch their annual Kindness Month. Visitors to the exhibition who pledged to give up their seats to others in need were encouraged to ring a bell. Student volunteers also went on board NEL trains to show commuters just how the act of seat giving is done. Later in the year, we also partnered the SKM to give out 1,000 blooms of daisies to commuters alighting at the NEL Dhoby Ghaut Station. This was to mark World Kindness Day where commuters were encouraged to present flowers to those who had been kind to them.

While we work at encouraging commuters to be gracious, we continued to strive to improve the service attitudes of our staff, and this is what our CARES programme aims to do. Anchored in eight service areas, our staff are trained to provide caring, reliable and safe services to our commuters on both our trains and buses. To date, about one-third of our staff have completed this training.

In fact, a total of 27,436 training places were provided for our staff, which is an increase of 58% compared to 2008. The average training hours per staff also went up by 5.6 hours to 71.9 hours for the year.

Our efforts have not gone unnoticed. A total of 1,168 staff were awarded the 2009 Excellent Service Awards (EXSA) last year – 13% more than the previous year. Our Senior Bus Captain Wong Seng Chow also did us proud by winning top honours in the land transport category, where he was crowned the EXSA Superstar. At just 25 years old, he is the youngest Bus Captain to have won this prestigious award. He also holds the distinction of being appointed the youngest Service Mentor.

In support of the Government's push to promote public transport, we will continue to do more to serve our commuters. In line with this, we will be further boosting our productivity for operational flexibility. More Bus Captains will be trained to be efficient in driving both single and double-deck buses, as well as taught to drive at least three bus routes. For commuters, this will mean that we are able to deliver on our services, even when there is a shortfall of Bus Captains on a particular bus route. At the same time, we will continue our efforts to attract and retain Singaporean Bus Captains.

Talent Sustainability

Our employees are key to our continued success. We rely on our people to sustain growth and deliver excellent service to our customers. A holistic and robust human capital management programme is therefore crucial to attract, develop, train and retain a diverse and highly motivated workforce.

As a member of ComfortDelGro Corporation Limited, we are able to participate in the Group's talent development initiatives to ensure that we are well positioned to generate future growth. A comprehensive ComfortDelGro Succession Management Plan & Process (SMPP) was institutionalised during the year. The SMPP provides guidelines to identify and groom our talent pool. Those selected under this programme are put through a series of diagnostic tools, including a personality profile test and a 360-Degree Leadership Development Feedback Instrument, to identify their strengths and weaknesses. With the information derived from the various diagnostic tools, each individual will be committed to a Leadership Development Plan detailing the developmental activities to be undertaken.

Several programmes and initiatives dovetailing with the individual's development goals were rolled out last year, and these included a Core Leadership Programme which reinforces and brings alive learning through group work. Engagement and enrichment sessions have also been organised for senior management to share their leadership experiences with the next generation.

Senior Management have also been assigned to act as mentors to selected individuals to impart leadership skills, expose them to higher management activities and assign challenging tasks to accelerate their mentees' learning and growth.

Environmental Sustainability

As a public transport operator, we are keenly aware of the important role we play in the preservation of the environment.

In our fleet renewal programme which began in 2006, we continued purchasing more environmentally friendly bus models. In 2009, we took delivery of 400 Euro 5 buses that are designed to comply with the Enhanced Environmentally Friendly Vehicle Standards. These new buses, which are the first of their kind in Asia, deliver better emission performance as compared to the standard Euro 5 models. For instance, the emission of unburnt hydrocarbons, which produce ozone that irritates the eyes and lungs and cause breathing difficulties, is effectively reduced by some 46% or from 0.46g/kWh to 0.25g/kWh, as compared to traditional Euro 4 and 5 engines.

Likewise, just as we have tried to reduce harmful emissions through the purchase of environmentally friendly vehicles, we have also lent our support to the research of alternative fuels. We are currently in partnership with the Nanyang Technological University to explore the possibility of using fuel cell for buses.

At 10 of our NEL stations, we have installed motion sensors for light fittings along staff corridors to reduce unnecessary energy consumption. These lights are automatically switched off when no one is around and the sensors activate the lights back on when movement is detected. As a result, we reduced energy consumption by 314,000 kWH last year. When this initiative is implemented across all 16 stations this year, we can expect to reduce energy consumption by some 650,000 kWH annually.

We also try to spread the message of environmentalism to the public. During the Green Transport Week in August, we gave away 6,000 eco-friendly bags bearing Green tips. A month later, to mark International Car Free Day, we gave away some 5,000 complimentary travel vouchers to drivers to encourage them to switch to public transport. Both initiatives received overwhelming response from the public.

CORPORATE GOVERNANCE

AS A LAND TRANSPORT PROVIDER WITH A VISION OF MOVING PEOPLE IN A SAFE, RELIABLE AND AFFORDABLE WAY, WE, AT SBS TRANSIT, REALISE THAT A FUNDAMENTAL MEASURE OF OUR SUCCESS IS THE SHAREHOLDER VALUE WE CREATE OVER THE LONG-TERM.

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

1. BOARD MATTERS

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

CORPORATE GOVERNANCE

The Board's Conduct of Its Affairs

At the helm of 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) Ensuring that appropriate and adequate systems of internal control, risk management processes and financial authority limits are in place;

(iii) Assessing and approving key business strategies, funding and investment initiatives and other corporate actions, including approval of the Company's Annual Budget and Capital Expenditure, and the release of the Company's quarterly and full year financial results; and

(iv) Monitoring managerial performance.

The Board has delegated the day-to-day management of the Company to the Management headed by the Chief Executive Officer, 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 have 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 set out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the committee is to operate and how decisions are to be taken. Ad hoc committees are also formed to look at specific issues from time to time.

A total of four scheduled Board Meetings are held every year for the purpose of approving the release of the Company's financial results every quarter and the approval of the Company's Annual Budget. The quarterly and full-year Board Meetings are held within 45 days after the end of each quarter and the financial year respectively. The Company's Annual Budget is approved at the Board Meeting convened for the third quarter's results. Ad hoc Board and Committee Meetings are also held from time to time as and when the need arises. Directors, who are unable to attend the Meetings in person, can still participate in the discussions through teleconferencing. Decisions of the Board and Board Committees may also be obtained via circular resolutions. Directors are free to seek clarifications and explanations from Management on the Board papers.

The attendance of the Directors at the Board and Committee Meetings for Financial Year 2009 and the frequency of such Meetings are set out below.

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	4	4	–	–	1	1*	3	3	–	–
Kua Hong Pak	4	4	–	–	1	1*	3	3*	–	–
Cheong Yip Seng	4	3	–	–	1	1	–	–	3	1
Chin Harn Tong	4	4	4	4	–	–	3	3	–	–
Gan Juay Kiat	4	4	4	4*	–	–	3	2*	3	3*
John De Payva	4	3	–	–	1	1	3	1	3	3
Tan Kong Eng	4	4	4	4	–	–	–	–	–	–
Wee Siew Kim	4	2	4	4	–	–	–	–	3	2
Wong Chin Huat, David	4	4	–	–	1	1	–	–	3	3

* Attended Meetings by invitation of the Committee.

Regular presentations are made by Management to the Board to enable Directors to better 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 periodically 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.

Board Composition and Balance

There is a strong element of independence in the Board. The Board presently comprises one Chief Executive Officer 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. Mr Gan Juay Kiat was appointed Chief Executive Officer on 1 March 2010.

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

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

Chairman and Chief Executive Officer

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

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

The Chief Executive Officer is given full executive responsibility to ensure the day-to-day running of the Group's businesses and the implementation of the Group's strategies and policies.

Board Membership and Board Performance

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

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

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

From time to time, new Directors may be identified for appointment to the Board after the NC evaluates and assesses their suitability based on their qualifications, working experiences and expertise. Upon appointment as a Director, the Board Chairman will send an official letter of appointment to the Director which clearly explains his role, duties and responsibilities. Management will then conduct a comprehensive orientation programme for the Director, where key aspects of the business, including financial and corporate governance policies are discussed. Site visits will also be arranged for new Directors so that they can better familiarise themselves with the Company's operations. When a Director is appointed to a Board Committee, he will be provided with its charter.

The NC subscribes to the view that while it is important for Directors to devote sufficient time and attention to the affairs of the Company, the issue of multiple board representations should be left to the judgement and discretion of each Director. To focus on Directors' attendance at Board Meetings per se may not be an adequate evaluation of the contribution of Directors. Instead, their abilities to provide strategic networking to enhance the 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 Chief Executive Officer, 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 Chief Executive Officer, 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 Chief Executive Officer will not accept appointments to the boards of competitors.

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

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

Access to Information

Prior to each Board Meeting and where needed, Management provides Directors with timely, pertinent and complete information. The Board also receives regular analyst reports.

The Board has full access to the Senior Management team. The Company Secretary has defined roles and responsibilities. She assists in scheduling Board and

Committee Meetings and prepares the agenda in consultation with the Chairman and Chief Executive Officer. The Company Secretary will attend the Board and Committee Meetings of the Company and prepare Minutes of Board and Committee proceedings. The Company Secretary will keep the Directors informed of any significant developments, or events relating to the Company and 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 the relevant professional advisers at its own cost.

2. REMUNERATION MATTERS

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

The Company recognises the importance of having a committed and talented workforce to manage and grow the businesses in an increasingly competitive environment. The Company therefore places great emphasis on motivating staff through engagement, recognition and a proper alignment of reward to performance.

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

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

The terms of reference of the RC are to:

(i) Review and recommend to the Board the remuneration framework for compensation to each Director, and ensure that the level of remuneration offered is appropriate to the level of contribution; and

(ii) Review the remuneration of Senior Management to ensure that the overall remuneration package is attractive to retain and motivate key executives.

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

The remuneration packages of the Chief Executive Officer and executives of the Company comprise fixed and variable components. The variable component, in the form of year-end performance bonuses and stock options, form a significant proportion of the remuneration packages and is dependent on the profitability of the Company and individual performance. Subject to market conditions and the operating environment, the Company targets a total compensation package with fixed to variable component ratios of 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for 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. This remuneration framework is based on the findings and recommendations of an international human resource consultancy firm appointed by the Group.

The structure for the payment of Directors' fees for non-executive Directors is based on a framework comprising basic fees and additional fees for serving on Board Committees, and also for undertaking additional services for the Company. The fees are subject to the approval of Shareholders at the AGM.

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

The remuneration of the Directors and the key executives of the Company (who are not Directors) for the Financial Year 2009 can be found on pages 76 to 77 of this Annual Report. Information on the SBS Transit Share Option Scheme can be found on pages 40 to 42 of this Annual Report.

During the Financial Year 2009, no key executive was an immediate family member of any Director of the Company

3. ACCOUNTABILITY AND AUDIT

Accountability

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

The Company has adopted an internal code based on the Singapore Exchange Limited (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 Ltd. Directors and executives of the Company are prohibited from dealing in the securities of the Company, ComfortDelGro and VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and/or VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results.

All Directors and executives 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.

Audit Committee

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

The roles of the AC include the following:

(i) Review the effectiveness of the Company's internal audit function, internal controls, including financial, operational, compliance and risk management;

(ii) Review the quarterly and annual financial statements, and also significant accounting and reporting issues and their impact on financial statements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance and recommend to the Board the acceptance of such financial statements;

(iii) Review the scope and results of the audits undertaken by the Internal and External Auditors, including non-audit services performed by External Auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;

(iv) Review interested person transactions;

(v) Recommend the appointment, re-appointment or removal of the External Auditors at the AGM and review the fees due to them;

(vi) Review the audit plans of the Internal and External Auditors; and

(vii) Review the effectiveness of the Company's Whistle Blowing Policy which has been put in place for staff to raise concerns in confidence, about possible improprieties in matters of financial reporting or other matters and thereupon ensure that an independent investigation of such matters and appropriate follow-up actions are taken. The Whistle Blowing Policy is described in more detail on page 31 of this Annual Report.

In the performance of its duties, the AC has explicit authority to investigate the affairs falling within its terms of reference, 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 in the absence of Management. During these Meetings, the Auditors may raise issues encountered in the course of their work directly to the AC. Prior to the re-appointment of the External Auditors, the AC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority. 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.

Internal Controls

The Company has well-established internal controls and compliance functions that have been put in place to manage risks while achieving business objectives. 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 as well as asset disposal and write-off. These authority limits are delegated based on the organisational hierarchy from the Board down to the Chief Executive Officer and the Heads of Departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval.

Financial matters that require the Board's approval are set out in the Group's Financial Procedures Manual (FPM). All policies and procedures on financial matters, including approval limits and authorities are clearly defined in the FPM. To enhance risk management and to ensure that the Group's funds continue to be managed prudently, the Board regularly reviews and updates the mandate that it delegates to Management.

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 monthly 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) Financial Risk

The main areas of financial risk faced by the Company are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and fuel price risk. The Company recognises that management of financial risk is an important aspect in its drive towards creating 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 34 to 35 of this Annual Report.

v) Operational Risk and Business Continuity Planning

The Company has put in place Business Continuity Management (BCM) Plans to ensure that major disasters or unforeseen outages do not affect its operations. The BCM Plans were developed by the various Business Units under the guidance of the BCM Committee.

The BCM Plans form part of the holistic management process to manage risks. Apart from operational risks, the Company is also faced with financial risks, regulatory compliance risks and strategic risks. These four risk categories are used by the Company, and to aid recall, the Company uses the acronym FOCuS – Financial, Operational, Compliance and Strategic.

In addition, the Company's exposure to property and liability risks is constantly being monitored and reviewed by ComfortDelGro's in-house insurance broking arm. Together with external risk management consultants, they ensure sufficiency of coverage, and seek to maintain an optimal balance between risks that are being retained internally, and risks that are being placed out with underwriters.

Further details of the Operational Risks and how the Company manages them are set out on pages 33 to 34 of this Annual Report.

vi) 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 staff are given company handbooks detailing how they can go about raising their concerns. Incidents can be reported through a direct link to the AC, the Chief Executive Officer, the Group Human Resource Officer or the Group Internal Audit Officer, and which is available on the Group's intranet. All reported incidents will be investigated and dealt with promptly and thoroughly.

A committee headed by an officer appointed by the Chief Executive Officer will oversee all investigations and appropriate action will be taken where required. In cases where the relevant laws have been infringed, the relevant regulatory authorities will be alerted. The AC will also be informed of the outcome of all investigations.

Where appropriate, rectification and prevention measures, including putting in place additional internal control measures and procedures will be undertaken to ensure that such incidents are not repeated.

In the course of their audit, the Internal and External Auditors also highlight to the AC material deficiencies and weaknesses together with a response from Management as to how these could be overcome.

During this financial year, the AC reviewed the Company's internal control and risk management processes and was satisfied that they were adequate to meet the requirements of the Company.

vii) New Accounting Standards
The Group's Financial Statements are prepared in accordance with the provisions of the Singapore Companies Act and the Singapore Financial Reporting Standards (SFRS). During Financial Year 2009, all the new and revised SFRS that were relevant to its operations were adopted. The adoption of the new and revised accounting standards did not have any significant impact on its Financial Statements.

Internal Audit
The internal audit function of the Company is performed by the Group Internal Audit Department comprising suitably qualified and experienced staff, and is 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 in its continuous audit. It 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. Any material non-compliance or lapses in internal controls are reported to the AC for recommendations for improvements.

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 and met the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

4. COMMUNICATIONS WITH SHAREHOLDERS

Regular, Effective and Fair Communications with Shareholders

The Company's Investor Relations team regularly engages Shareholders and investors, keeping them informed of key corporate developments, as well as trends within the industry.

Communication with Shareholders is conducted through announcements to the SGX, press releases, press and analyst briefings after the announcement of the full-year results, as well as 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 in 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.

Shareholders' Participation at Annual General Meeting

Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and reports sent to all Shareholders. The Notice of AGM will be publicised 28 days before the AGM is held – two weeks earlier than is required by the Companies' Act. The Articles of Association of the Company provide for voting in person and by proxy at the AGM of the Company. The Chairman of the various Board Committees, as well as the External Auditors are present to address any questions or feedback raised by Shareholders at the AGM, including those pertaining to the proposed resolutions before the resolutions are voted on.

Each issue or matter requiring Shareholders' approval is tabled as a separate and distinct resolution.

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	**5.4**

The aggregate value of the above transactions does not include the aggregate value of $2.0 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 and ComfortDelGro Corporation Limited for the use of the premises.

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

THE COMPANY RECOGNISES THAT RISK IS AN INHERENT PART OF EVERY BUSINESS, AND THE MANAGEMENT OF THESE RISKS IS AN IMPORTANT ASPECT IN ENHANCING SHAREHOLDER VALUE.

The Company's risk management process involves identifying, measuring, monitoring and managing these risks, and in turn, establishing a sound and effective risk management framework in addressing them. The key risks faced by the Company, the relevant mitigating factors and how they are managed are set out below.

ECONOMIC RISKS

Macro economic conditions may impact the Company's business in terms of demand for our services and the cost of providing these services. To manage these risks, we closely monitor demand trends and operating margins through budgeting and forecasting processes. Expenses are monitored and continuously managed in the light of revenue patterns and changing market environments. Revenue risks are also mitigated by diversifying revenue streams to non-commuter sources.

REGULATORY RISKS

The Company operates in regulated environment. In view of this, there are regulatory risks which include that of changes to fare, service standards, licences to operate and transport policies. These are stipulated by the relevant regulatory authorities. In managing these risks, the Company works closely with the relevant regulatory authorities as part of its risk management process to ensure that the views of our commuters, customers and stakeholders are well represented. Where fares are concerned, there is a mechanism in place for applications to be made to the regulatory authority 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, thereby reducing significantly the risk of licences being withdrawn.

OPERATIONAL RISKS

Safety

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 instil 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 to ensure that safety standards are maintained at a high level. For our Bus and Rail Businesses, the Company also works closely with the relevant authorities to ensure that the security of our bus and train services and 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.

Environmental

Accidents, natural events and deliberate assaults by external parties are all possible ways an organisation can cause pollution or other environmental risks. In order to limit, and hopefully prevent these situations, we engage in active environmental risk management, ensuring that we target the problems that could arise and implement a system of metrics that help with prevention. For example, we have put in place systems and processes that ensure that fuel leakage is minimised in all our operations. We also carefully audit the use of dangerous and harmful chemicals in our businesses. Other ways in which we work to protect the environment can be found in the Sustainability Report section of this Annual Report.

BUSINESS CONTINUITY RISKS

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the Management has put in place Business Continuity Management Plans to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats.

FINANCIAL RISKS

The Company has well-established internal controls to safeguard its assets. It regularly reviews the effectiveness of the system of internal controls to limit, mitigate and monitor identified risks, and considers the enhancements of these controls as an integral part of its risk management framework. There are systems in place for safeguarding of assets and they include the following:

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 in the Company, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval.

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 monthly 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 approval in accordance with the Group's financial authority limits. Tight control on hiring is also exercised through headcount budgets.

Audit Process

The Internal and External Auditors 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 Audit Committee, which reviews the effectiveness of the actions taken by Management to mitigate the risks. In the course of their audit, the Internal and External Auditors will also highlight to the Audit Committee and Management, areas where there are material deficiencies and weaknesses, or the occurrence or potential occurrence of significant risk events, and the mitigating measures and treatment plans will be proposed accordingly.

Whistle Blowing Policy

A Whistle Blowing Policy is also put in place to provide 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.

Financial Risk Management

The main areas of financial risks faced by the Company are foreign exchange rate risk, interest rate risk, credit risk, liquidity risk and fuel price risk. It is the Company's policy not to participate in financial derivative instruments, except for use as hedging instruments, where appropriate. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

A detailed description of the financial risks and how the Company manages them are set out in the Notes to the Financial Statements on pages 84 to 88.

Investment Risks

Each new investment proposal is objectively evaluated on its fit to the corporate strategy and investment objective. This risk assessment includes macro and project specific risks analysis encompassing rigorous due diligence, financial modelling and sensitivity analysis on key investment assumptions and variables.

To ensure that the rate of return on any new investment or business opportunity commensurates 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.

HUMAN RESOURCE RISKS

The Company's ability to operate at full efficiency depends on the quality, motivation and management of its staff. To this end, we have in place a system of risk management which focuses on several key areas, specifically succession planning, recruitment, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. The Company aims to ensure that employees are selected based on merit, understand their responsibilities and are given access to necessary training. At all times, a positive and constructive working climate based on strong tripartite relations is fostered. All terms and conditions of employment, along with policies and procedures comply with the relevant legislations.

PROPERTY AND LIABILITY RISKS

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

FINANCIAL CALENDAR

2009

Announcement of 2008 Full Year Results	12 February 2009
Annual General Meeting	27 April 2009
Announcement of 1st Quarter 2009 Results	13 May 2009
Payment of 2008 final dividend (3.60 cents/share)	15 May 2009
Announcement of 2nd Quarter 2009 Results	13 August 2009
Payment of 2009 interim dividend (4.50 cents/share)	7 September 2009
Announcement of 3rd Quarter 2009 Results	11 November 2009

2010

Announcement of 2009 Full Year Results	10 February 2010
Annual General Meeting	28 April 2010
Announcement of 1st Quarter 2010 Results	14 May 2010*
Payment of 2009 final dividend (4.30 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	17 May 2010
Announcement of 2nd Quarter 2010 Results	13 August 2010*
Announcement of 3rd Quarter 2010 Results	11 November 2010*

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

FINANCIAL STATEMENTS

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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 2009 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2009.

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)*
Gan Juay Kiat *(Executive Director, appointed on 1 March 2009)*
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 2009 or date of appointment, if later**	**At 31 December 2009**	**At 21 January 2010**	**At 1 January 2009 or date of appointment, if later**	**At 31 December 2009**	**At 21 January 2010**
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	-	-	-

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

	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 2009 or date of appointment, if later**	**At 31 December 2009**	**At 21 January 2010**	**At 1 January 2009 or date of appointment, if later**	**At 31 December 2009**	**At 21 January 2010**
Interest in the Company (Cont'd)						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	300,000	400,000	400,000	-	-	-
Kua Hong Pak	450,000	495,000	495,000	-	-	-
Gan Juay Kiat	90,000	240,000	240,000	-	-	-
Cheong Yip Seng	150,000	200,000	200,000	-	-	-
Chin Harn Tong	195,000	260,000	260,000	-	-	-
John De Payva	295,000	360,000	360,000	-	-	-
Tan Kong Eng	150,000	200,000	200,000	-	-	-
Wee Siew Kim	195,000	260,000	260,000	-	-	-
Wong Chin Huat, David	180,000	245,000	245,000	-	-	-
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	144,425	844,425	844,425	-	-	-
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	940,000	1,180,000	1,180,000	-	-	-
Kua Hong Pak	4,800,000	6,000,000	6,000,000	-	-	-
Gan Juay Kiat	400,000	570,000	570,000	-	-	-
Wong Chin Huat, David	470,000	590,000	590,000	-	-	-
Interest in related company, VICOM Ltd						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	-	-	-
Kua Hong Pak	54,000	54,000	54,000	-	-	-
Cheong Yip Seng	10,000	10,000	10,000	-	-	-

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

SBS Transit Share Option Scheme ("SSOS")

a) The SSOS was approved by the shareholders of the Company on 9 June 2000. The SSOS is administered by the Remuneration Committee comprising Messrs Chin Harn Tong, John De Payva and Lim Jit Poh.

b) The SSOS provides the Company with a means whereby (i) employees of the Company 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.

c) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in an option may be adjusted in certain events under the rules of the SSOS. The consideration for the grant of an option is $1.00. The option may be exercised at any time after the first anniversary of the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee. The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company, subject to certain exceptions at the discretion of the Remuneration Committee.

d) Participants of the SSOS are not restricted from participating in other share option schemes, whether implemented by the Company or its subsidiary or otherwise.

5 SHARE OPTIONS (CONT'D)

e) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2009 are as follows:

	Number of options to subscribe for ordinary shares						
Date of grant	Outstanding at 1 January 2009	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2009	Subscription price per share	Expiry date
26 September 2000	88,000	-	-	-	88,000	$1.59	26 September 2010
6 September 2001	123,000	-	-	-	123,000	$1.60	6 September 2011
22 August 2003	85,000	-	-	-	85,000	$1.29	22 August 2013
10 December 2003	35,000	-	-	-	35,000	$1.22	10 December 2013
19 July 2004	180,000	-	-	(18,750)	161,250	$1.60	19 July 2014
19 July 2004	45,000	-	-	(45,000)	-	$1.60	19 July 2009
24 February 2005	506,250	-	-	-	506,250	$2.29	24 February 2015
24 February 2005	80,000	-	-	-	80,000	$2.29	24 February 2010
28 July 2005	445,250	-	-	-	445,250	$2.23	28 July 2015
28 July 2005	77,500	-	-	-	77,500	$2.23	28 July 2010
18 November 2005	378,750	-	-	-	378,750	$2.16	18 November 2015
18 November 2005	77,500	-	-	-	77,500	$2.16	18 November 2010
13 July 2006	1,387,500	-	-	-	1,387,500	$2.15	13 July 2016
13 July 2006	535,000	-	-	-	535,000	$2.15	13 July 2011
22 June 2007	2,092,500	-	-	(92,500)	2,000,000	$3.40	22 June 2017
22 June 2007	550,000	-	-	-	550,000	$3.40	22 June 2012
25 June 2008	2,140,000	-	-	(52,500)	2,087,500	$2.18	25 June 2018
25 June 2008	550,000	-	-	-	550,000	$2.18	25 June 2013
25 June 2009	-	2,212,500	-	(52,500)	2,160,000	$1.58	25 June 2019
25 June 2009	-	550,000	-	-	550,000	$1.58	25 June 2014
	9,376,250	2,762,500	-	(261,250)	11,877,500		

The options outstanding as at 31 December 2009 includes 660,000 options granted to former employees of the Company, who have been granted an extension of time from their respective dates of retirement, by the Remuneration Committee to exercise their outstanding options.

5 SHARE OPTIONS (CONT'D)

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 2009 were as follows:

	Number of options to subscribe for ordinary shares			
Director	**Granted during the financial year ended 31 December 2009**	**Aggregate options granted since the commencement of scheme to 31 December 2009**	**Aggregate options exercised since the commencement of scheme to 31 December 2009**	**Aggregate options outstanding as at 31 December 2009**
Lim Jit Poh	100,000	780,000	380,000	400,000
Kua Hong Pak	90,000	690,000	150,000	495,000
Gan Juay Kiat	150,000	240,000	-	240,000
Cheong Yip Seng	50,000	455,000	255,000	200,000
Chin Harn Tong	65,000	470,000	210,000	260,000
John De Payva	65,000	495,000	135,000	360,000
Tan Kong Eng	50,000	410,000	210,000	200,000
Wee Siew Kim	65,000	515,000	255,000	260,000
Wong Chin Huat, David	65,000	475,000	230,000	245,000

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

g) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. No participants to the SSOS are controlling shareholders of the Company 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 2009.

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.

6 AUDIT COMMITTEE (CONT'D)

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
10 February 2010

STATEMENT OF DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 46 to 89 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 2009, and of the results, changes in equity and the cash flows of the Group, and changes in equity of the Company 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
10 February 2010

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 statements of financial position of the Group and the Company as at 31 December 2009, and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 89.

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 statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company 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

Singapore
10 February 2010

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2009

	Note	The Group 2009 $'000	The Group 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
ASSETS					
Current assets					
Short-term deposits and bank balances	5	6,057	32,853	6,057	32,853
Held-for-trading investments	6	-	32,004	-	32,004
Available-for-sale investments	7	-	5,018	-	5,018
Trade receivables	8	8,481	6,964	8,481	6,964
Other receivables and prepayments	9	32,191	30,508	32,191	30,508
Inventories		30,598	26,812	30,598	26,812
Total current assets		77,327	134,159	77,327	134,159
Non-current assets					
Subsidiary	10	-	-	-	-
Associate	11	1,587	1,268	1,280	1,280
Available-for-sale investments	7	15,320	14,480	15,320	14,480
Vehicles, premises and equipment	12	491,704	366,555	491,704	366,555
Total non-current assets		508,611	382,303	508,304	382,315
Total assets		585,938	516,462	585,631	516,474

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2009

	Note	The Group 2009 $'000	The Group 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	135,272	102,200	135,272	102,200
Trade payables for buses		43,315	47,865	43,315	47,865
Deposits received – current portion	14	1,549	1,668	1,549	1,668
Insurance premiums payable and provision for accident claims	15	35,321	33,423	35,321	33,423
Income tax payable		2,627	2,973	2,627	2,973
Total current liabilities		218,084	188,129	218,084	188,129
Non-current liabilities					
Deposits received	14	2,397	1,763	2,397	1,763
Deferred tax liabilities	16	30,772	23,010	30,772	23,010
Provision for service benefits and long service awards	17	12,509	12,237	12,509	12,237
Fuel price equalisation account		34,075	34,075	34,075	34,075
Total non-current liabilities		79,753	71,085	79,753	71,085
Capital and reserves					
Share capital	18	92,310	92,310	92,310	92,310
Capital reserves	19	1,391	263	1,391	263
Accumulated profits		194,400	164,675	194,093	164,687
Total equity		288,101	257,248	287,794	257,260
Total liabilities and equity		585,938	516,462	585,631	516,474

See accompanying notes to the financial statements.

GROUP INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2009

	Note	The Group 2009 $'000	The Group 2008 $'000
Revenue	20	697,083	731,330
Staff costs	21	(289,113)	(287,743)
Repairs and maintenance		(96,420)	(92,609)
Fuel and electricity costs		(121,401)	(184,114)
Premises costs		(30,356)	(30,744)
Depreciation expense		(40,483)	(31,515)
Other operating expenses		(57,107)	(57,524)
Total operating expenses		(634,880)	(684,249)
Operating profit	22	62,203	47,081
Net income from investments	23	808	2,896
Share of profit in associate	11	319	304
Profit before taxation		63,330	50,281
Taxation	24	(8,718)	(9,701)
Profit attributable to shareholders		54,612	40,580
Earnings per share (in cents):			
Basic	25	17.75	13.19
Diluted	25	17.74	13.19

See accompanying notes to the financial statements.

GROUP COMPREHENSIVE INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2009

	The Group	
	2009	**2008**
	$'000	**$'000**
Profit attributable to shareholders	54,612	40,580
Other comprehensive income:		
Fair value gain (loss) on available-for-sale investments	822	(925)
Total comprehensive income for the year attributable to shareholders of the company	55,434	39,655

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2009

	Group			
	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 2008	**91,324**	**954**	**143,260**	**235,538**
Total comprehensive income 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 30)	-	-	(19,232)	(19,232)
Others	-	(34)	67	33
Balance at 31 December 2008	**92,310**	**263**	**164,675**	**257,248**
Total comprehensive income for the year	-	822	54,612	55,434
Recognition of share-based payments	-	319	-	319
Payment of dividends (Note 30)	-	-	(24,925)	(24,925)
Others	-	(13)	38	25
Balance at 31 December 2009	**92,310**	**1,391**	**194,400**	**288,101**

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2009

	Company			
	Share capital (Note 18) $'000	Capital reserves (Note 19) $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2008	**91,324**	**954**	**143,576**	**235,854**
Total comprehensive income for the year	-	(925)	40,276	39,351
Recognition of share-based payments	-	291	-	291
Exercise of share options	986	(23)	-	963
Payment of dividends (Note 30)	-	-	(19,232)	(19,232)
Others	-	(34)	67	33
Balance at 31 December 2008	**92,310**	**263**	**164,687**	**257,260**
Total comprehensive income for the year	-	822	54,293	55,115
Recognition of share-based payments	-	319	-	319
Payment of dividends (Note 30)	-	-	(24,925)	(24,925)
Others	-	(13)	38	25
Balance at 31 December 2009	**92,310**	**1,391**	**194,093**	**287,794**

See accompanying notes to the financial statements.

GROUP CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2009

	2009 $'000	2008 $'000
Operating activities		
Profit before taxation	63,330	50,281
Adjustments for:		
Depreciation expense	40,483	31,515
Share-based payment expense	319	291
Net loss (gain) on disposal of held-for-trading investments	5	(168)
Net gain on fair value changes of held-for-trading investments	(1)	(79)
Net gain on disposal of vehicles and equipment	(1,828)	(1,687)
Interest income	(812)	(2,649)
Share of profit in associate	(319)	(304)
Operating cash flows before movements in working capital	101,177	77,200
Trade receivables	(1,517)	3,484
Other receivables and prepayments	(1,904)	(7,551)
Inventories	(3,786)	(5,173)
Held-for-trading investments	32,000	42,014
Trade payables	31,345	(1,181)
Trade payables for buses	(4,550)	35,471
Deposits received	515	935
Provision for service benefits and long service awards	272	1,681
Insurance premiums payable and provision for accident claims	1,898	355
Cash generated from operations	155,450	147,235
Income tax paid	(1,302)	(12,006)
Net cash from operating activities	154,148	135,229
Investing activities		
Interest received	1,352	3,030
Proceeds from disposal of:		
Vehicles and equipment	1,866	1,771
Available-for-sale investments	5,000	15,000
Purchase of vehicles, premises and equipment	(164,262)	(146,667)
Net cash used in investing activities	(156,044)	(126,866)
Financing activities		
Proceeds from share issue	-	963
Dividends paid	(24,925)	(19,232)
Others	25	33
Net cash used in financing activities	(24,900)	(18,236)
Net decrease in cash and cash equivalents	(26,796)	(9,873)
Cash and cash equivalents at beginning of year	32,853	42,726
Cash and cash equivalents at end of year (Note 5)	6,057	32,853

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

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 2009 and the statement of financial position of the Company as at 31 December 2009 were authorised for issue by the Board of Directors on 10 February 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - 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 1 January 2009.

The following are the new or amended FRSs that are relevant to the Group:

FRS 1	Presentation of Financial Statements (Revised)
Amendments to FRS 107	Improving Disclosures about Financial Instruments
FRS 108	Operating Segments

The adoption of the above FRSs did not result in any changes to the Group's accounting policies nor any significant impact on the financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED - The Group has not applied the following accounting standards (including its consequential amendments) that have been issued as at the end of the reporting period but are not yet effective:

FRS 27 (Revised)	-	Consolidated and Separate Financial Statements
FRS 28 (Revised)	-	Investment in Associates
FRS 103 (Revised)	-	Business Combination
FRS 107	-	Financial Instruments: Disclosure regarding Reclassification of Financial Assets
Amendments to FRS 39	-	Financial Instruments: Recognition and Measurement

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 of during the year are included in the Group comprehensive income 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 consistently used by the Group.

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

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

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 acquisition, 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.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in other comprehensive income with the exception of provision for impairment, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and revaluation reserve is included in profit or loss for the period.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 29).

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

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.

Note 29(b) contains details of the fair values of the hedging instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

The 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 statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 to 10
Furniture, fittings and equipment	7

The estimated useful lives, residual values (where expected to be significant) and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Group's statement of financial position 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.

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 profit or loss.

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 end of the reporting period, 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 profit or loss.

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

PROVISIONS - Provisions are recognised when the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

FUEL PRICE EQUALISATION ACCOUNT - At the direction of the Public Transport Council ("PTC"), a fuel price equalisation account 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 or loss 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.

During the financial year, the fuel price equalisation account has been reclassified from current to non-current liabilities. The comparative figures have been reclassified to conform with the current year's presentation. The same reclassification would apply for 2007.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the 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 profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the 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 outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of 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 statement of financial position and statement of changes in equity 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 end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

In order to hedge its exposure to certain foreign exchange risks, the Company enters into forward contracts and options (please see above for details of the 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Provisions

Provisions are recognised when the 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 2009, the provision for claims is $12,291,000 (2008 : $10,229,000) (Note 15).

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 was 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 2009, the provision for insurance premium for the period from 1999 to 2008 included in insurance premiums payable and provision for accident claims (Note 15) is $23,030,000 (2008 : $23,194,000).

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

c) Retirement benefits

Retirement benefits subject to a maximum of $3,000 is payable to a retiring employee on or after attaining the age of 62 years and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.49% to 3.36% (2008 : 0.80% to 2.46%) 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 2009, the provision for retirement benefits is $9,734,000 (2008 : $9,505,000) (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 end of the reporting period of 0.49% to 3.36% (2008 : 0.80% to 2.46%) 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 2009, the provision for long service awards is $2,775,000 (2008 : $2,732,000) (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 2009, there are no unquoted investments (2008 : $32,004,000).

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company's ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore. In 2008, the Company was a subsidiary of DelGro Corporation Limited and the Company's ultimate holding company was ComfortDelGro Corporation Limited, both incorporated in Singapore. With effect from November 2009, ComfortDelGro Corporation Limited acquired DelGro Corporation Limited's shares in the Company. Consequently, ComfortDelGro Corporation Limited became the Company's immediate and ultimate holding company.

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 (CONT'D)

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

	The Group	
	2009 $'000	2008 $'000
Purchases of inventories from a related company	39,317	36,984
Rental expense from:		
Immediate holding company	1,629	2,878
Ultimate holding company	198	-
Related companies	428	111
Purchase of goods and services from:		
Ultimate holding company	2,927	2,723
Related companies	870	1,376
Associate of the ultimate holding company	339	1,162
Firm of which a director is a member	26	35
Sales of goods and services to:		
Ultimate holding company	(75)	(80)
Related companies	(2,165)	(2,163)
Rental income from related companies	(184)	(202)
Transfer of vehicles, premises and equipment to ultimate holding company	(1)	-

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	
	2009 $'000	2008 $'000
Cash and bank balances	4,157	4,045
Time deposits	1,900	28,808
Total	6,057	32,853

6 HELD-FOR-TRADING INVESTMENTS

	The Group and The Company 2009 $'000	2008 $'000
Unquoted investments, at fair value:		
Notes in corporations	-	32,004

The basis of which the fair values of unquoted investments are determined is stated in Note 3. Additional information is presented in Note 29(d).

7 AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company 2009 $'000	2008 $'000
Quoted investments, at fair value:		
Bonds in corporations	15,320	19,498
Analysed as:		
Current	-	5,018
Non-current	15,320	14,480
	15,320	19,498

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

8 TRADE RECEIVABLES

	The Group and The Company 2009 $'000	2008 $'000
Associate (Note 11)	3,158	2,334
Related companies (Note 4)	5	5
Outside parties	5,334	4,643
	8,497	6,982
Allowance for doubtful trade receivables from outside parties	(16)	(18)
Net	8,481	6,964

8 TRADE RECEIVABLES (CONT'D)

The amounts outstanding are interest-free and the average credit period is 7 to 30 days (2008 : 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Receivables from:				
Ultimate holding company (Note 4)	20	5	20	5
Immediate holding company (Note 4)	-	101	-	101
Subsidiary (Note 10)	-	-	16	16
Associate (Note 11)	276	209	276	209
Related companies (Note 4)	480	430	480	430
Total	776	745	792	761
Allowance for doubtful receivables from subsidiary	-	-	(16)	(16)
Net	776	745	776	745
Downpayments for the purchase of vehicles, premises and equipment	22,126	19,391	22,126	19,391
Prepayments	3,997	6,192	3,997	6,192
Interest receivable	248	788	248	788
Staff advances	81	106	81	106
Security deposits:				
Immediate holding company (Note 4)	-	732	-	732
Related company (Note 4)	732	-	732	-
Outside parties	700	586	700	586
Others	3,531	1,968	3,531	1,968
Net	32,191	30,508	32,191	30,508

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% (2008 : 100%) equity interest in Monteria Pte Ltd, incorporated in Singapore. The cost of investment in the subsidiary is $2.00 (2008 : $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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	535	535	1,280	1,280
Add: Share of post-acquisition reserves	1,052	733	-	-
Total	1,587	1,268	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**	
			2009	**2008**	**2009**	**2008**
			$'000	**$'000**	**%**	**%**
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 $13,172,000 (2008 : $12,851,000) 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 2009 have been used.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditor for its significant associated company would not compromise the standard and effectiveness of the audit of the Group.

11 ASSOCIATE (CONT'D)

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

	2009 $'000	2008 $'000
Total assets	21,850	28,426
Total liabilities	(18,676)	(25,890)
Net assets	3,174	2,536
Group's share of associate's net assets	1,587	1,268
Revenue	8,695	5,569
Profit for the year	638	607
Group's share of associate's profit for the year	319	304

12 VEHICLES, PREMISES AND EQUIPMENT

	Buses $'000	Leasehold land $'000	Leasehold buildings $'000
The Group and The Company			
Cost:			
At 1 January 2008	782,526	16,642	55,720
Additions	9,934	-	1,265
Disposals	(77,300)	-	-
Reclassifications	132,341	-	3,013
At 31 December 2008	847,501	16,642	59,998
Additions	8,748	-	2,151
Disposals	(87,586)	-	-
Reclassifications	141,660	-	750
Transfers to ultimate holding company	-	-	-
At 31 December 2009	910,323	16,642	62,899
Accumulated depreciation:			
At 1 January 2008	634,358	3,371	24,425
Depreciation	15,866	595	3,573
Disposals	(77,226)	-	-
Reclassifications	(233)	-	-
At 31 December 2008	572,765	3,966	27,998
Depreciation	26,343	594	3,706
Disposals	(87,560)	-	-
Transfers to ultimate holding company	-	-	-
At 31 December 2009	511,548	4,560	31,704
Carrying amount:			
At 31 December 2009	398,775	12,082	31,195
At 31 December 2008	274,736	12,676	32,000

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
97,907	16,006	3,977	9,359	12,541	994,678
937	1,880	334	340	131,977	146,667
(699)	(261)	(208)	(207)	-	(78,675)
372	-	233	-	(135,959)	-
98,517	17,625	4,336	9,492	8,559	1,062,670
1,640	1,535	354	138	151,104	165,670
(875)	(584)	(345)	(696)	-	(90,086)
(41)	-	-	385	(142,754)	-
(10)	-	-	(3)	-	(13)
99,231	18,576	4,345	9,316	16,909	1,138,241
56,241	13,421	3,739	7,636	-	743,191
9,560	858	124	939	-	31,515
(697)	(261)	(208)	(199)	-	(78,591)
-	-	233	-	-	-
65,104	14,018	3,888	8,376	-	696,115
8,091	1,026	167	556	-	40,483
(874)	(575)	(345)	(695)	-	(90,049)
(9)	-	-	(3)	-	(12)
72,312	14,469	3,710	8,234	-	646,537
26,919	4,107	635	1,082	16,909	491,704
33,413	3,607	448	1,116	8,559	366,555

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Note:

a) During the financial year, government grants amounting to $546,000 (2008 : $586,000) 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 (2008 : $105,516,000) and carrying amount of $17,134,000 (2008 : $19,270,000) which are the subject of two (2008 : two) cross border leasing transactions. The Group's and the Company's legal obligations under these transactions have been legally defeased (See Note 27).

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	19 years from 1 March 1994	Bus depot

13 TRADE AND OTHER PAYABLES

	The Group and The Company 2009 $'000	2008 $'000
Payables to:		
Ultimate holding company (Note 4)	768	334
Immediate holding company (Note 4)	-	244
Related companies (Note 4)	4,961	6,366
Outside parties	39,970	33,699
Accruals	87,111	60,443
Deferred income	2,462	1,114
Total	135,272	102,200

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

The amounts outstanding are interest-free and the average credit period is 30 days (2008 : 30 days).

Additional information is presented in Note 29(d).

14 DEPOSITS RECEIVED

	The Group and The Company 2009 $'000	2008 $'000
Deposits received	3,946	3,431
Less: Due within 12 months	(1,549)	(1,668)
Due after 12 months	2,397	1,763

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

15 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	2009	**2008**
	$'000	**$'000**
At beginning of year	33,423	33,068
Charge to profit and loss	5,870	4,996
Payments	(3,972)	(4,641)
At end of year	35,321	33,423
The balance comprises provision for:		
Insurance premiums	23,030	23,194
Accident claims	12,291	10,229
	35,321	33,423

16 DEFERRED TAX LIABILITIES

	The Group and The Company	
	2009	**2008**
	$'000	**$'000**
At beginning of year	23,010	17,271
Charge to profit and loss (Note 24)	9,002	9,405
Over provision in prior years	-	(3,666)
Changes in tax rates	(1,240)	-
At end of year	30,772	23,010
The balance comprises the tax effects of:		
Excess of carrying amount over tax written down value	43,993	36,565
Provision for fuel equalisation	(5,793)	(6,133)
Other items	(7,428)	(7,422)
Net	30,772	23,010

17 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group and The Company	
	2009	2008
	$'000	$'000
At beginning of year	12,237	10,556
Charge to profit and loss	778	2,045
Payments	(506)	(364)
At end of year	12,509	12,237

The balance comprises provision for:

	2009 $'000	2008 $'000
Retirement benefits	9,734	9,505
Long service awards	2,775	2,732
	12,509	12,237

18 SHARE CAPITAL

	The Group and The Company			
	2009	2008	2009	2008
	Number ('000) of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	307,721	307,224	92,310	91,324
Exercise of share options	-	497	-	986
At end of year	307,721	307,721	92,310	92,310

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

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

19 CAPITAL RESERVES

	The Group and The Company	
	2009	2008
	$'000	$'000
Share option reserve:		
At beginning of year	765	531
Recognition of share-based payments	319	291
Transfer to share capital on exercise of share options (Note 18)	-	(23)
Transfer to accumulated profits	(13)	(34)
At end of year	1,071	765
Revaluation reserve:		
At beginning of year	(502)	423
Gain (Loss) on available-for-sale investments	822	(925)
At end of year	320	(502)
Net	1,391	263

20 REVENUE

Revenue comprises the following amounts:

	The Group	
	2009	2008
	$'000	$'000
Transport services:		
Bus	545,995	581,084
Rail	109,182	106,563
Advertisements	27,321	30,916
Rental	14,585	12,767
Total	697,083	731,330

21 STAFF COSTS

a) Included in staff costs are:

i) Directors' remuneration

	The Group			
Remuneration band	**Salary**	**Bonus**	**Others**	**Total compensation**
	%	%	%	%
2009				
($500,000 - $749,999)				
Gan Juay Kiat	45	49	6	100

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 22).

21 STAFF COSTS (CONT'D)

ii) Key executives' remuneration

	The Group			
Remuneration band	**Salary** %	**Bonus** %	**Others** %	**Total compensation** %
2009				
($250,000 - $499,999)				
No. of executives : 3	61	31	8	100
(below $250,000)				
No. of executives : 2	66	27	7	100
2008				
($250,000 - $499,999)				
No. of executives : 5	63	29	8	100

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 $1,842,113 (2008 : $1,938,000).

	The Group 2009 $'000	The Group 2008 $'000
iv) Cost of contribution to Central Provident Fund	23,112	23,877

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.

21 STAFF COSTS (CONT'D)

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

	The Group			
	2009		2008	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	9,376,250	2.49	7,592,250	2.58
Granted during the year	2,762,500	1.58	2,780,000	2.18
Cancelled/Lapsed during the year	(261,250)	2.35	(499,500)	2.68
Exercised during the year	-	-	(496,500)	1.94
Outstanding at the end of the year	11,877,500	2.28	9,376,250	2.49
Exercisable at the end of the year	9,167,500	2.49	6,686,250	2.61

No options were exercised during the year. The weighted average share price at the date of exercise for share options exercised for 2008 was $2.53. The options outstanding at the end of the year have a weighted average remaining contractual life of 6.5 years (2008 : 7.0 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 2009 (2008 : 25 June 2008). The estimated fair value of the options granted on that date was $0.14 (2008 : $0.10).

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:

	2009	2008
Weighted average share price	$1.60	$2.20
Weighted average exercise price	$1.58	$2.18
Expected volatility	18.89%	17.62%
Expected life (years)	2.80	2.80
Risk free rate	2.06%	1.55%
Expected dividend yield	5.06%	7.84%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years (2008 : 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 $319,000 (2008 : $291,000) related to equity-settled share-based payment transactions (included in staff costs) during the year.

22 OPERATING PROFIT

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

	The Group	
	2009	**2008**
	$'000	**$'000**
Directors' fees	322	313
Cost of inventories recognised in repairs and maintenance expense	72,313	70,739
Foreign currency exchange adjustment loss, arising from operations	284	194
Foreign currency exchange adjustment (gain) loss, arising from investments	(58)	37
Net gain on disposal of vehicles and equipment	(1,828)	(1,687)
Insurance premiums payable and provision for accident claims	5,870	5,510
Provision for service benefits and long service awards	778	2,045
Audit fees:		
Paid to auditors of the Company	123	123
Non-audit fees:		
Paid to auditors of the Company	30	27
Professional fee paid to a firm of which a director is a member	26	35

23 NET INCOME FROM INVESTMENTS

	The Group	
	2009	**2008**
	$'000	**$'000**
Interest income:		
Bonds	680	900
Time deposits	79	419
Notes	53	1,405
Fair value gain on interest rate swaps	-	25
Interest rate swaps loss	-	(100)
Other investment income:		
Net (loss) gain on disposal of held-for-trading investments	(5)	168
Net gain on fair value changes of held-for-trading investments	1	79
Total	808	2,896

24 TAXATION

	The Group	
	2009	**2008**
	$'000	**$'000**
Current taxation	152	296
Deferred tax (Note 16)	7,762	9,405
Under-provision of current tax in prior years	804	-
	8,718	9,701

24 TAXATION (CONT'D)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2008 : 18%) to profit before taxation as a result of the following differences:

	The Group	
	2009	2008
	$'000	$'000
Profit before taxation	63,330	50,281
Less: Share of profit in associate	(319)	(304)
	63,011	49,977
Taxation charge at statutory rate	10,712	8,996
Non-allowable items	(1,481)	917
Effect of changes in tax rate	(1,240)	-
Tax-exempt income	(26)	(27)
Under-provision in prior years	804	-
Other items	(51)	(185)
	8,718	9,701

25 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:

	2009	2008
Profit attributable to shareholders of the Company ($'000)	54,612	40,580
Weighted average number of ordinary shares in issue ('000)	307,721	307,575
Basic earnings per share (in cents)	17.75	13.19

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.

	2009	2008
Profit attributable to shareholders of the Company ($'000)	54,612	40,580
Weighted average number of ordinary shares in issue ('000)	307,721	307,575
Adjustments for share options ('000)	133	182
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	307,854	307,757
Diluted earnings per share (in cents)	17.74	13.19

26 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

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

a) Bus : Income is generated 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 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.

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
2009					
REVENUE	545,995	109,182	27,321	14,585	697,083
RESULTS					
Segment results	22,367	13,356	16,095	10,385	62,203
Net income from investments					808
Share of profit in associate					319
Profit before taxation					63,330
Taxation					(8,718)
Profit after taxation					54,612

26 BUSINESS SEGMENT INFORMATION (CONT'D)

	Bus $'000	Rail $'000	Advertisements $'000	Rental $'000	Total $'000
OTHER INFORMATION					
Additions of vehicles, premises and equipment	161,999	795	39	2,837	165,670
Depreciation expense	37,955	581	363	1,584	40,483
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	529,412	23,513	5,552	6,025	564,502
Investment in associate					1,587
Unallocated corporate assets					19,849
Consolidated total assets					585,938
LIABILITIES					
Segment liabilities	224,890	23,656	4,757	7,053	260,356
Unallocated corporate liabilities					37,481
Consolidated total liabilities					297,837
2008					
REVENUE	581,084	106,563	30,916	12,767	731,330
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
STATEMENT OF FINANCIAL POSITION					
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 CONTINGENT LIABILITIES - UNSECURED

As at 31 December 2009, the Group and the Company have contingent liabilities totalling $3,123,000 (2008 : $4,489,000) 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.

28 COMMITMENTS

As at 31 December 2009, 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	
	2009	**2008**
	$'000	**$'000**
Purchase of vehicles, premises and equipment	117,248	124,386

b) Operating lease commitments:

The Group and the Company as lessee

	The Group and The Company	
	2009	**2008**
	$'000	**$'000**
Minimum lease payment under operating leases included in the profit or loss (net of rebates)	5,956	6,593

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

	The Group and The Company	
	2009	**2008**
	$'000	**$'000**
Within one year	6,764	5,228
In the second to fifth year inclusive	13,034	13,441
Total	19,798	18,669

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.

28 COMMITMENTS (CONT'D)

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 $11,785,000 (2008 : $10,719,000). The properties are managed and maintained by the Company.

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

	The Group and The Company	
	2009	**2008**
	$'000	**$'000**
Within one year	8,966	9,156
In the second to fifth year inclusive	6,008	6,675
Total	14,974	15,831

29 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk, 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.

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

Foreign currency exchange rate risk management

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.

Foreign currency sensitivity

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

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

Interest rate risk management

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.

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 end of the reporting period, the exposure to changes in interest rates is minimal and hence the resulting impact on the profit or other comprehensive income of the Group is insignificant.

Credit risk management

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 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 management

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 management

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 end of the reporting period, every one percentage point change in the rates of diesel and electricity using the closing rates as at end of the reporting period as a basis will impact the Group's annual fuel and electricity costs by $1.06m (2008: $0.47m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2009.

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.

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

(b) Hedging instruments

At end of the reporting period, 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	
	2009	2008
	$'000	$'000
Foreign currency forward contract	11,802	2,216
Fuel hedges	10,841	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. As at 31 December 2009, the fair value of the Group's foreign exchange hedging instruments comprising $187,000 of assets (2008 : $52,000 liabilities) is matched by an equivalent fair value adjustment on the hedged item.

The Group and the Company use fuel hedges to hedge against fuel price risks. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as fair value hedges. As at 31 December 2009, the fair value of the Group and the Company's fuel hedging instruments comprising $1,560,000 of assets (2008 : $13,270,000 of liabilities) is matched by an equivalent fair value adjustment on the hedged item.

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

(c) Capital risk management policies and objectives

The 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. These objectives determine the Group's decisions on the amount of dividends to be paid to shareholders and the sources of capital to be raised, be it equity or debt.

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

(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					
2009					
Financial Assets					
Cash and bank balances:					
In functional currency:	3,909	-	-	3,909	-
In non-functional currencies:					
EUR	103	-	-	103	0.17
GBP	53	-	-	53	0.14
Others	92	-	-	92	-
Total	4,157	-	-	4,157	
Time deposits:					
In functional currency	1,900	-	-	1,900	0.12

Short-term deposits and cash and bank balances comprise bank deposits with an original maturity of one month or less. The carrying amounts of these financial assets approximate their fair values.

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
Available-for-sale investments:					
Bonds in functional currency	-	9,957	5,363	15,320	3.83 – 4.84

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

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
2008					
Financial Assets					
Cash and bank balances:					
In functional currency:	3,605	-	-	3,605	-
In non-functional currencies:					
USD	162	-	-	162	0.98
EUR	108	-	-	108	2.80
GBP	73	-	-	73	3.80
JPY	57	-	-	57	-
Others	40	-	-	40	-
Total	4,045	-	-	4,045	
Time deposits:					
In functional currency	28,808	-	-	28,808	0.36 – 0.88

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

30 DIVIDENDS

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

	2009 $'000	2008 $'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 3.60 cents (2008 : 3.25 cents) per ordinary share	11,078	10,000
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 4.50 cents (2008 : 3.00 cents) per ordinary share	13,847	9,232
Total	24,925	19,232

b) Subsequent to the statement of financial position, the Directors of the Company recommend that a tax-exempt one-tier final dividend of 4.30 cents per ordinary share of the Company totalling $13,232,000 be paid for the financial year ended 31 December 2009.

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.

31 LICENCE CONDITION FOR RAIL SERVICES

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

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

a) The licence is for an initial period of 30 years commencing 15 January 2003. The Company may apply to LTA to renew the licence for a further 30 years or any other period and upon terms and conditions as LTA may impose.

b) An annual licence fee computed based on 0.5% of the total annual fare and non-fare revenue, net of goods and services tax, is payable to LTA for the first 10 years. LTA may retain or modify the basis for the purpose of calculating the licence fee thereafter.

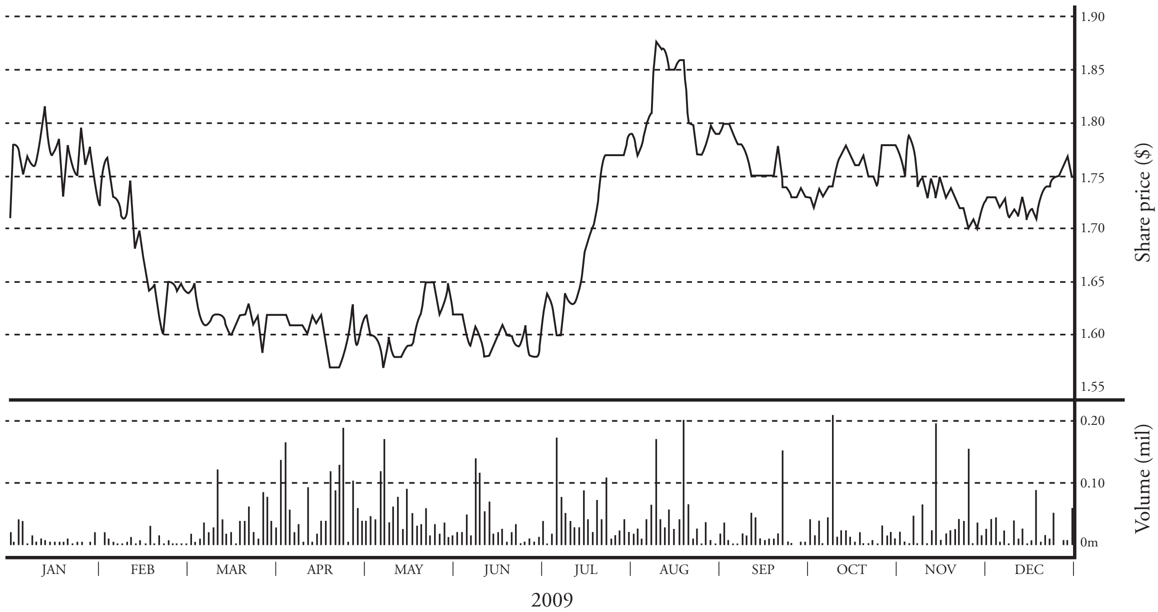
c) The Company and LTA shall jointly review the viability on the fifth anniversary of the date of the LC or such other period as may be agreed in writing between the Company and LTA. In this review, LTA shall determine the dates and time of the Company's purchase of the operating assets of the Licensed Systems and the amount is based on the net book value as recorded in the latest audited accounts of LTA. As at the date of this report, the Company and LTA have not commenced the review.

d) The Company may apply in writing to LTA for a grant to replace any eligible operating assets computed based on the difference between the purchase cost of the new assets and the purchase cost of the operating assets to be replaced.

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

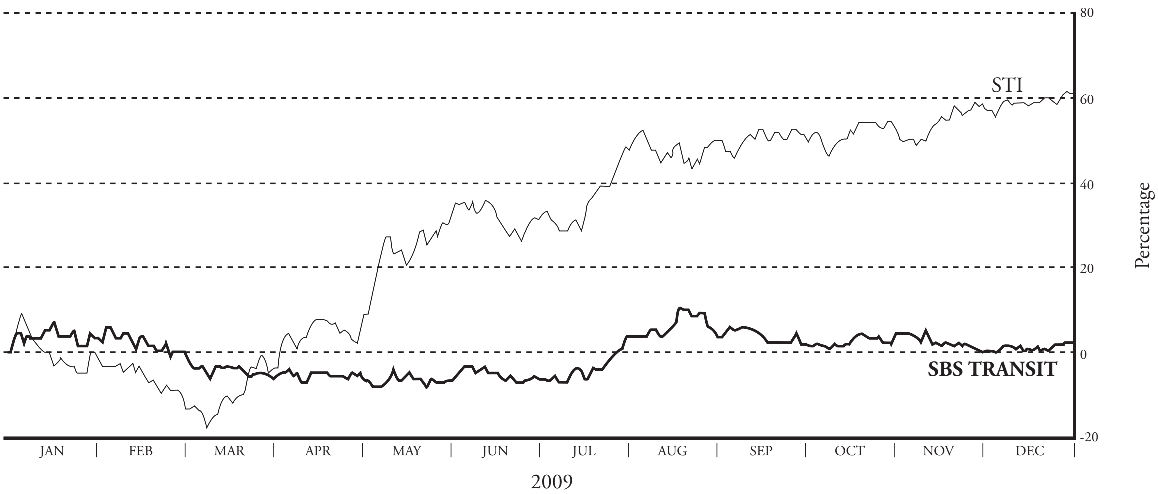
SHARE PRICE MOVEMENT CHART

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER



Source: Bloomberg Finance L.P.

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



Source: Bloomberg Finance L.P.

SHAREHOLDING STATISTICS
AS AT 2 MARCH 2010

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 Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	2,013	9.61	652,200	0.21
1,000 – 10,000	18,432	88.01	30,378,544	9.87
10,001 – 1,000,000	492	2.35	19,201,846	6.24
1,000,001 & Above	6	0.03	257,487,926	83.68
Total	20,943	100.00	307,720,516	100.00

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	231,673,012	75.29
Citibank Nominees Singapore Pte Ltd	7,925,584	2.58
BNP Paribas Securities Services Singapore	7,408,000	2.41
DBS Nominees Pte Ltd	5,342,350	1.74
United Overseas Bank Nominees Pte Ltd	3,476,180	1.13
OCBC Nominees Singapore Pte Ltd	1,662,800	0.54
Changi Bus Company (Private) Limited	691,548	0.22
Merrill Lynch (S'pore) Pte Ltd	625,800	0.20
Tan Kay Yeong	467,500	0.15
HSBC (Singapore) Nominees Pte Ltd	364,300	0.12
Royal Bank Of Canada (Asia) Ltd	314,000	0.10
DBSN Services Pte Ltd	276,500	0.09
Woon Chio Chong	275,000	0.09
Lim Jun Ying	250,000	0.08
Loh Hon Seng Vincent	222,000	0.07
Tan Kong Eng	214,800	0.07
Tang Wee Loke	211,000	0.07
Chin Harn Tong @ Chee Han Tong	210,000	0.07
Lim Jit Poh	200,000	0.06
Holiday Edward Richard	194,200	0.06
Total	262,004,574	85.14

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

	No. of Shares	%
ComfortDelGro Corporation Limited	231,673,012	75.29

As at 2 March 2010, approximately 24.16% 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 Seventeenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Wednesday, 28 April 2010 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 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax-exempt one-tier final dividend of 4.30 cents per ordinary share in respect of the Financial Year ended 31 December 2009. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$322,000 for the Financial Year ended 31 December 2009. (FY2008: S$313,000) **(Resolution 3)**

4. To re-elect Mr Kua Hong Pak a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Mr Wee Siew Kim, a Director retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 5)**

6. To re-appoint Mr Lim Jit Poh as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 6)**

7. To re-appoint Mr Chin Harn Tong as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 7)**

8. To re-appoint Mr Tan Kong Eng as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 8)**

9. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their remuneration. **(Resolution 9)**

SPECIAL BUSINESS:

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

    "THAT the Directors of the Company be and are hereby authorised to allot and issue 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." *

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 2010 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 4.30 cents per ordinary share for the Financial Year ended 31 December 2009.

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 2010 will be registered before Shareholders' entitlements to the final dividend are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 5 May 2010 will rank for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Seventeenth Annual General Meeting of the Company, will be paid on 17 May 2010.

By Order of the Board

Chan Wan Tak, Wendy/Chew Si Lyn, Cecilia
Joint Company Secretaries

Singapore

30 March 2010

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 Wee Siew Kim is the Chairman of the Audit Committee and 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 Wee Siew Kim will continue as Chairman and Mr Chin Harn Tong and Mr Tan Kong Eng will continue as the members of the Audit Committee respectively.

***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. 2009 was the last year for which new options were granted under this Scheme. The Company is not seeking a renewal of the Scheme.

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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 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 Wednesday, 28 April 2010 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 Kua Hong Pak as Director		
5.	Re-election of Mr Wee Siew Kim as Director		
6.	Re-appointment of Mr Lim Jit Poh as Director		
7.	Re-appointment of Mr Chin Harn Tong as Director		
8.	Re-appointment of Mr Tan Kong Eng as Director		
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
10.	Authority to issue shares pursuant to exercise of options		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

Dated this _______________ day of _______________ 2010

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

Total Number of Shares Held

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.

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stamp

THE COMPANY SECRETARY

SBS Transit Ltd
205 Braddell Road
Singapore 579701

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