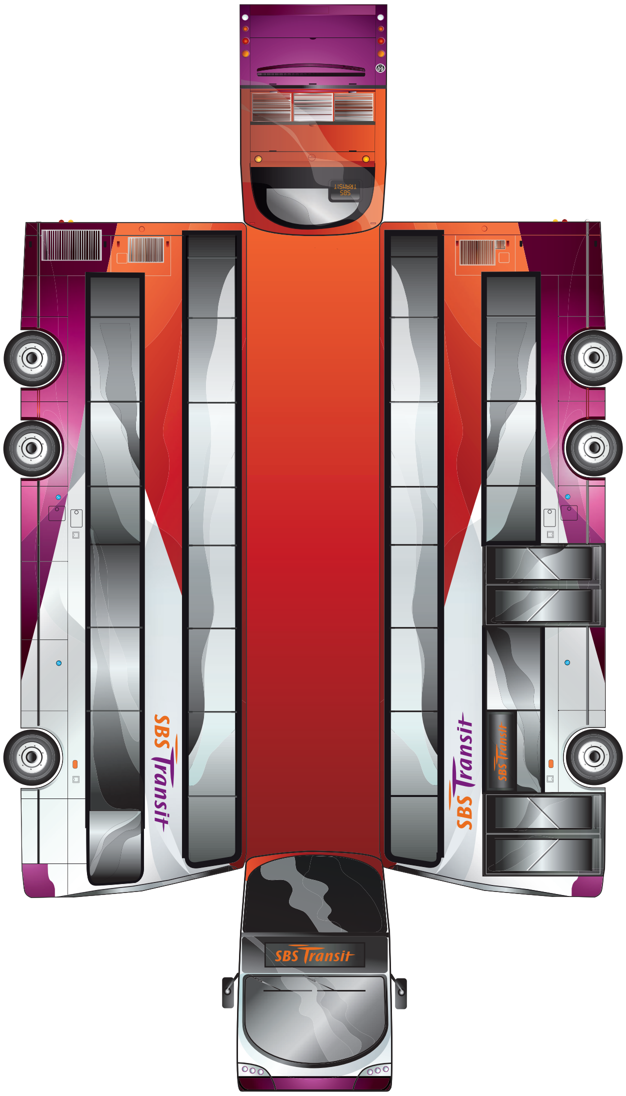
2010
ANNUAL REPORT

MODELLED FOR GROWTH



SBS Transit
A member of ComfortDelGro

Model Performance...

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

WE WILL:

- Treat people with fairness and respect
- Maintain safety as a top priority

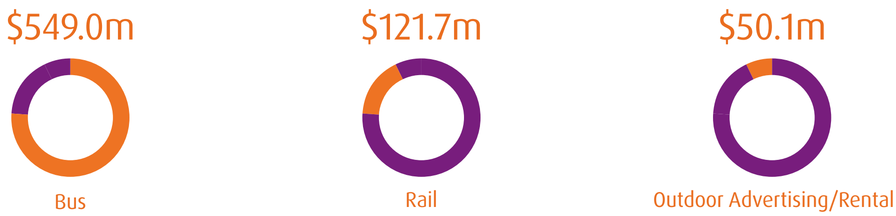
WE WILL:

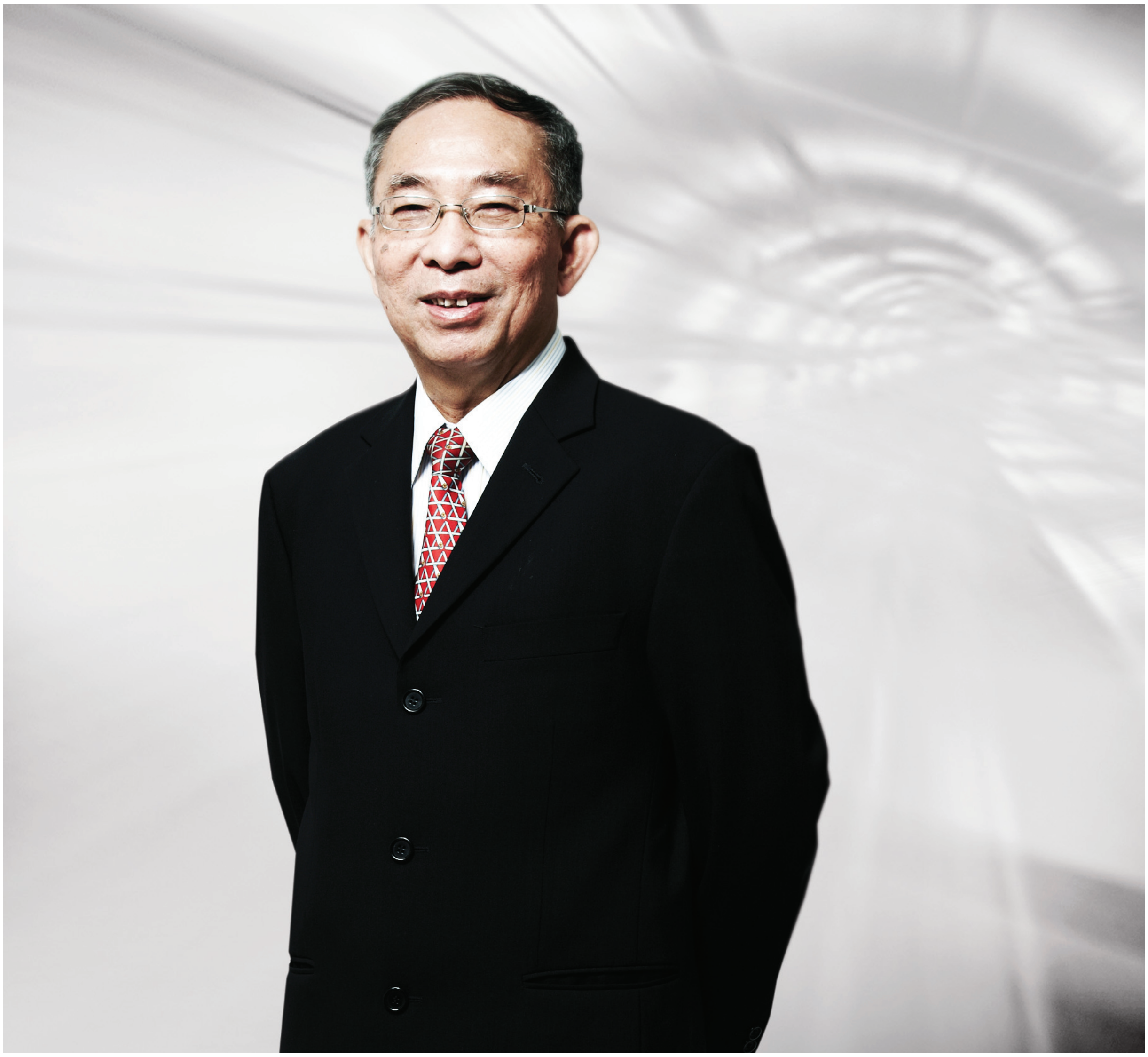
- Collaborate with our partners for a win-win outcome
- Give our shareholders a reasonable return

Chairman's Statement

SBS Transit experienced strong ridership growth – both its bus and rail services grew by 4% and 15.9% respectively.

REVENUES AT A GLANCE





Chairman's Statement

INTRODUCTION

2010 was a year of growth. In the first half of the year, the Singapore economy rebounded dramatically from the recession that it was mired in. The pace slowed quite a bit later in the year but it did not stop Gross Domestic Product from growing by an unprecedented 14.5% – its highest ever.

Against this backdrop, SBS Transit experienced strong ridership growth – both its bus and rail services grew by 4% and 15.9% respectively. This meant that every day, our buses and trains ferried an average of close to 2.8 million passengers – 5.7% more than the previous year.

Amidst this growth in ridership, the Land Transport Authority rolled out Distance Fares – a major initiative under the Land Transport Masterplan to promote the use of public transport.

SERVING OUR CUSTOMERS

To better cater to our customers' needs, we continued to review and make adjustments to our bus and train schedules, taking into account changes in commuters' travel patterns. In all, we made enhancements to 31 bus services by adding more buses, deploying double deck buses and increasing the number of trips. We also amended the routes of 10 services to serve new and changing travel preferences.

The needs of passengers-in-wheelchairs were also not forgotten as a record of 23 more wheelchair-accessible bus services were launched in the year, bringing the total number of such services to 61, or about one-third of our basic bus services. We were able to roll out more of these wheelchair-accessible bus services due to our fleet renewal programme. In 2010, we took delivery of 228 buses, bringing the total number of new buses in our fleet to 1,330.

In addition to the delivery of new buses, we also placed a $268 million order for 600 more buses comprising 300 award-winning Mercedes Benz through low-floor single deck buses and another 300 double deck ones from Volvo Wrightbus. This brings our total investment in new buses in the last six years to $854 million.

To fund the purchase of new buses and other capital expenditure, we issued a $100 million 1.95% fixed rate note due in 2015, which was the first in the series under the $250 million Multicurrency Medium Term Note programme, which we launched in May 2010.

Recognising the role we play in the preservation of the environment, we embarked on Singapore's first green scheduled bus trials with two hybrid diesel electric buses in partnership with our sister company, ComfortDelGro Engineering. We also trialed a hydrogen fuel cell bus in partnership with the Nanyang Technological University. These are part of our continued efforts to look for greener and more fuel-efficient solutions.

Just as we made adjustments to our bus services, so too did we for our rail services. For the year, we added 144 more trips per week to the North East Line (NEL) to cater to the growing demand. Another 621 extra trips were also operated in 2010 to meet the temporary increase in demand for train services during festive occasions and national events such as the Youth Olympic Games and the National Day Parade.

On its part, the Authorities have announced plans to add 12 new trains to the NEL in the next four to five years to improve capacity by another 50%.

As with previous years, we continued to exceed the rail operating performance standards stipulated by the Authorities by a wide margin. Clinching the Land Transport Authority's Excellence Award for "Best Service Partner" in our operations of the NEL was another feather in our cap.

In the area of security, more was done to ensure the safety and security of our passengers. Enhancements that have been made include a 20% increase in the number of security guards at our train and bus depots, as well as stepped up frequency of their patrols around the premises. We have also replaced the perimeter fencing of our bus depots with steel welded mesh, making it more difficult for trespassers to climb over or cut through.

Chairman's Statement

Our CARES training programme continued into its second year with close to 6,000 staff across the Company being trained to deliver caring, reliable and safe services to our customers.

Our efforts have not gone unnoticed as borne out by the increase in the number of compliments received from our customers and being named the "Most Customer-centric Transport Provider" at the biennial Land Transport Authority's Excellence Awards.

FINANCIAL PERFORMANCE

Boosted by the strong growth in ridership, revenue increased by 3.4% to $720.9 million in 2010.

Revenues from bus and rail operations increased due to a growth in ridership even though the average fare charged was lower. Revenue from bus operations edged up by 0.6% or $3.0 million to $549.0 million. On the other hand, revenue from rail operations grew by 11.5% from $109.2 million to $121.7 million. This was achieved on the back of a double-digit increase in ridership – 16.4% on the NEL and 12.2% on the two Light Rail Transit systems.

Revenue from the advertisement business increased sharply by 32.9% to $36.3 million. Revenue from the rental business, however, dropped by 5.2% or $0.8 million to $13.8 million as a result of lower income from road shows held at the bus interchanges.

The increase in revenue of $23.8 million at the Group level was offset by an increase in operating expenses of $21.3 million due mainly to fuel and electricity costs and depreciation expense. As a result, operating profit increased by 4.0% or $2.5 million to $64.7 million. However, net profit attributable to shareholders fell by 0.6% from $54.6 million to $54.3 million due largely to higher taxation and the finance cost associated with the issuance of the $100.0 million Medium Term Notes.

Earnings per share was 17.63 cents, down from 17.75 cents previously, while net asset value per ordinary share increased by 9.6% to 103 cents. As at 31 December 2010, total equity for the Group increased by 9.9% to $316.6 million due mainly to profits generated from operations, which were partially offset by the payment of dividends.

Your Directors have proposed a tax-exempt one-tier final dividend of 4.3 cents per share. Together with the tax-exempt one-tier interim dividend of 4.5 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out for 2010 will be 8.8 cents per share.

THE YEAR AHEAD

Under the Land Transport Masterplan, the rail lines will double within the next 10 years. One of the new upcoming lines is the Downtown Line, which will run 42 km and connect the north western and eastern parts of Singapore to the Central Business District and Marina Bay. The tender for the licence to operate this line has been called and we are one of two companies to have submitted a bid. The result of the tender is expected to be announced in the middle of 2011. 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 NEL will stand us in good stead.

The move towards central planning of bus routes is underway. This key initiative of the Government's Land Transport Masterplan will subsequently result in bus routes being parcelled out for tender. This will have a major impact on the way we operate but we are optimistic that we will be able to compete well given our sister companies' experiences in tendering in the United Kingdom and Australia.

On the home front, fuel and energy costs are expected to increase and they will put intense pressure on our operations. As we take delivery of new buses, our depreciation expense is also set to increase. Hence, we will need to manage our costs even more carefully while steering our people to achieve higher levels of productivity through automation and skills training.

In bus operations, the recruitment and retention of Bus Captains will remain a key challenge for us. In a buoyant economy, prospective applicants are presented with more job opportunities and higher salaries. Any shortage of Bus Captains will have a critical impact on our operations by affecting our ability to meet the Authorities' strict Quality of Service Standards. We will continue to monitor the situation closely and proactively take steps to manage this issue.

Chairman's Statement

APPRECIATION

I wish to thank Management and Staff led by our Chief Executive Officer (CEO), Mr Gan Juay Kiat, for their hard work and commitment. I would also like to thank our Deputy Chairman, Mr Kua Hong Pak, for his astute leadership in providing guidance to the CEO.

I would also like to express my deepest appreciation to my fellow Directors for their valuable advice and continued guidance.

To the National Workers' Transport Union, Authorities, Advisors and Grassroots Leaders, thank you for your cooperation, assistance and support.

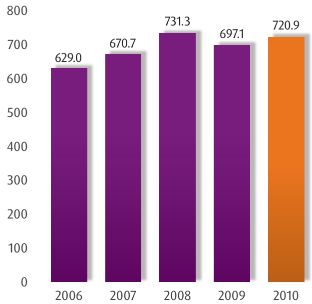
To our Customers, thank you for your continued support and kind patronage. We will continue to explore better ways to serve you.

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

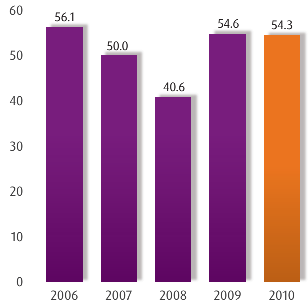
LIM JIT POH
Chairman

Financial Highlights

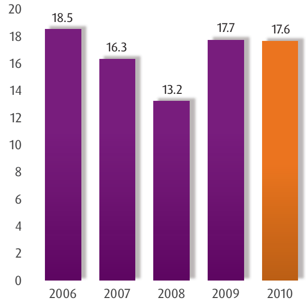
REVENUE ($'mil)



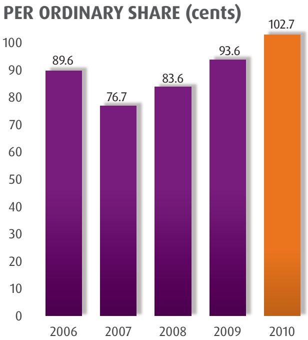
PROFIT AFTER TAX ($'mil)



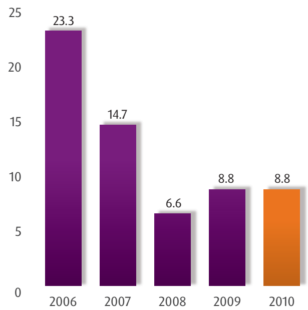
EARNINGS PER ORDINARY SHARE (cents)



NET ASSET VALUE PER ORDINARY SHARE (cents)



TOTAL DIVIDEND PER ORDINARY SHARE (cents)



FINANCIAL SUMMARY

	2006	2007	2008	2009	2010
Revenue ($'mil)	629.0	670.7	731.3	697.1	720.9
Operating Profit ($'mil)	57.0	53.2	47.1	62.2	64.7
Operating Expenses ($'mil)	572.0	617.5	684.2	634.9	656.2
Profit after tax ($'mil)	56.1	50.0	40.6	54.6	54.3
EBITDA ($'mil)	81.7	87.9	78.6	102.7	112.1
Issued capital ($'mil)	83.4	91.3	92.3	92.3	93.0
Capital and reserves ($'mil)	271.7	235.5	257.2	288.1	316.6
Capital disbursement ($'mil)	84.0	64.5	146.7	164.3	92.0
Internal funds generated ($'mil)	81.6	87.5	77.2	101.2	117.6
Earnings per ordinary share (cents)	18.5	16.3	13.2	17.7	17.6
Net asset value per ordinary share (cents)	89.6	76.7	83.6	93.6	102.7
Return on shareholders' equity (%)	20.6	19.7	16.5	20.0	18.0
Total dividend per ordinary share (cents)	23.3	14.7	6.6	8.8	8.8
Dividend cover (number of times)	0.8	1.1	2.0	2.0	2.0

VALUE-ADDED FOR THE GROUP

	2006		2007		2008		2009		2010	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Suppliers of capital – dividends and term loan interest	69,167	18.8	45,229	11.7	20,310	5.3	27,079	6.7	27,488	6.5
Taxation to the government	22,793	6.2	21,513	5.6	23,960	6.3	22,355	5.5	25,126	6.0
Retained earnings	2,778	0.7	37,853	9.8	48,810	12.8	67,528	16.6	74,054	17.7
Employees – salaries and other staff costs	273,221	74.3	280,819	72.9	287,743	75.6	289,113	71.2	292,780	69.8
Total value-added	**367,959**	**100.0**	**385,414**	**100.0**	**380,823**	**100.0**	**406,075**	**100.0**	**419,448**	**100.0**
Value-added per employee ($'000)	51.4		53.5		53.9		54.5		56.8	

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 Secretary
CHAN WAN TAK, WENDY

Share Registrar
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors
Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower 2
Singapore 068809

Partner-in-Charge:
KEE CHENG KONG, MICHAEL

Date of appointment:
8 November 2006

Board of Directors

LIM JIT POH
Chairman (Non-Executive & Non-Independent)

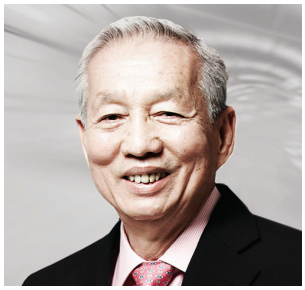
Mr Lim Jit Poh was appointed non-executive Chairman and Director of SBS Transit Ltd in 2003. He is a member of the Remuneration Committee. Mr Lim is also the Chairman of ComfortDelGro Corporation Limited, VICOM Ltd, Ascott Residence Trust Management Limited and China Printing & Dyeing Holding Limited, as well as the Lead Independent Director of Kim Eng Holdings Limited. These are listed companies with business interests in stock broking, property trust, hospitality and manufacturing. Mr Lim is also a Director of several non-listed companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings (Private) Limited.

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

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

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lim will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2011. 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 2010. He was awarded the Medal of Commendation in 2005 and the Medal of Commendation (Gold) in 2010 by the National Trades Union Congress.

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

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

Board of Directors

GAN JUAY KIAT
Chief Executive Officer & Director

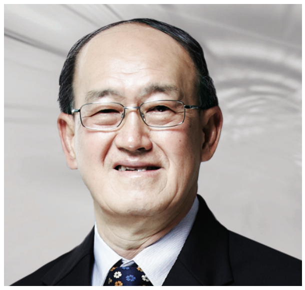
Mr Gan Juay Kiat was appointed Chief Executive Officer of SBS Transit Ltd on 1 March 2010. Mr Gan first joined ComfortDelGro Corporation Limited as Group Corporate Planning Officer in February 2006. Subsequently, he was also appointed the Chief Executive Officer and Director of ComfortDelGro Bus Pte 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 an SAF (UK) Scholar in 1976. He holds a Bachelor of Arts (Engineering Tripos) from the University of Cambridge, United Kingdom.

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.



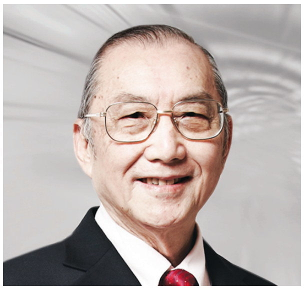
CHEONG YIP SENG
Director (Non-Executive & Independent)

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. He is also Singapore's non-resident Ambassador to Chile.

Pursuant to Article 97 of the Company's Articles of Association, Mr Cheong will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2011.

Board of Directors



CHIN HARN TONG
Director (Non-Executive & Independent)

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

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

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

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Chin will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 26 April 2011.

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 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 Service Medal in 1998 and Public Service Star in 2004 by the President of the Republic of Singapore.

Pursuant to Article 97 of the Company's Articles of Association, Mr De Payva will be due for re-election at the forthcoming Annual General Meeting to be held on 26 April 2011.

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 26 April 2011.

WEE SIEW KIM
Director (Non-Executive & Independent)

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

Mr Wee is the Member of Parliament for Ang Mo Kio GRC. He is also a Director of Changi Airports International Pte Ltd.

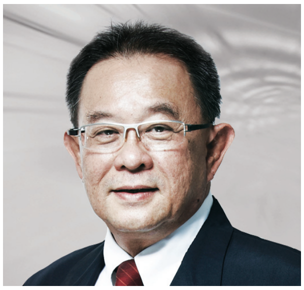
Mr Wee is currently Group CEO, NIPSEA Group of Companies.

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 of Business Administration from the Graduate School of Business, Stanford University.

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

Board of Directors



WONG CHIN HUAT, DAVID
Director (Non-Executive & Non-Independent)

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

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

Mr Wong is also a Director of ComfortDelGro Corporation Limited and two other listed companies. He also serves as a Member of the Public Service Commission. He was a Director of the Singapore Labour Foundation from 30 November 2001 till 24 September 2010.

Mr Wong was awarded the Friend of Labour Award in 1989, the Meritorious Service Award in 1995, the Distinguished Service Award in 2001 and the Distinguished Service (Star) Award in 2010 by 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 as a Planning Officer on 16 August 1976 and rose through the ranks with stints in Planning and Operations. He was promoted to the position of Senior Vice President of Service Development on 1 July 1995, and subsequently appointed Executive Vice President (Bus Operations) on 1 July 2000. On 1 November 2008, he was re-designated as Executive Vice President (Bus Development), where he is responsible for the development of bus routes, operations support, bus training and service quality for the bus division. He also oversees the Security department in the Company. Mr Woon holds a Bachelor of Science (Hons) degree in Information Science from the Victoria University of Wellington, New Zealand.

WONG WAI KEONG
Senior Vice President, Rail

Mr Wong Wai Keong joined SBS Transit as Deputy Director, Engineering (Rail) on 1 April 2000. He assumed the position of Director, Engineering (Rail) on 1 October 2001. He was appointed to his current position as Senior Vice President (Rail) on 10 December 2005. Mr Wong was previously with the Mass Rapid Transit Corporation and Land Transport Authority, Singapore between November 1984 and March 2000.
Mr Wong holds a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering from the University of Birmingham, United Kingdom. He is a Professional Engineer of the Singapore Professional Engineers Board, a Chartered Engineer and a member of the Institution of Engineering and Technology, United Kingdom. Mr Wong 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 in February 2007. Prior to this, she was the Group Director of Policy and Planning at the Land Transport Authority, where she was in charge of its corporate communications, policy development, infrastructure and strategic planning departments. She had previously served as Assistant Director in the Ministry of Trade and Industry, where she was responsible for Singapore's multi-lateral negotiations in the World Trade Organisation. Ms Eng, who was a Public Service Commission (PSC) Scholar, holds a Master of Science from the London School of Economics.

NG YEW LIN, LINDA
Senior Vice President, Finance

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

Key Management

TAN I-LIN, TAMMY
Senior Vice President, Corporate Communications

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

MR POH EE HUAT
Vice President, Engineering and Supplies

Mr Poh Ee Huat joined SBS Transit as Senior Maintenance Engineer in September 1989. He assumed the position of Director, Engineering (Bus) on 1 September 1998, where he was in charge of the engineering and supplies operations of the Bus Business. He was also a key member of the North East Line (NEL) project team in charge of securing the NEL, Punggol and Sengkang LRT business, and the initial set up of the Rail Business area. He was appointed General Manager, Fleet Management One on 1 July 2002. Subsequently, he was appointed General Manager of Engineering and Supplies on 1 June 2006.

Prior to joining SBS Transit, Mr Poh was a Project Engineer with the Republic of Singapore Air Force. He holds a Bachelor of Engineering (Hons) in Mechanical Engineering, and a Master of Science (Industrial Engineering) from the National University of Singapore.

CHAN WAN TAK, WENDY
Company Secretary

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

Operations Review

Bus

Basic Services, Premium Services, Nite Owl Services, Fast Forward Services, Express Services, Chinatown Direct Services, Parks Services

549.0
Revenue ($'mil)

60.4
EBITDA ($'mil)

2,360
Average Daily Ridership ('000)

3,003
Fleet Size

6,473
Total Number Of Employees

BUS

Bus ridership increased in 2010, on the back of a strong economy and population growth. In all, 33.4 million more rides were conducted on our buses during the year, bringing total bus ridership to 861,345,334. This meant that we ferried close to 2.4 million passenger trips every day.

With a fleet of over 3,000 buses, we are Singapore's largest scheduled bus operator with a market share of 75%. In 2010, we operated 246 bus routes – 193 basic bus services and 53 premium and niche bus services.

To cater to the constantly evolving needs of our commuters, we continually review and make adjustments to our services. For the year, we amended 10 trunk routes – including five services to serve the newly opened Marina Bay financial area. We also added more bus trips and deployed more double deck buses to enhance frequency and capacity on 26 bus services that were heavily-utilised. Besides extending bus operating hours during the year-end festive period, we also ran four special midnight services to complement the extended train hours during major events such as the F1 Grand Prix and the Opening Ceremony of the Youth Olympic Games.

Operations Review

We continued to roll out more wheelchair-accessible bus (WAB) services, enabling passengers-in-wheelchairs to gain access to more locations within Singapore. In 2010, a record 23 WAB services were launched, bringing the total number of WAB services to 61. About one-third of our basic bus services are now wheelchair friendly.

Our 30 premium bus services also saw ridership growth during the year with 17% of these services commencing second and even third trips during the morning peak hours.

More than just being a people mover, we strive to make travelling aboard our buses a comfortable and pleasant experience. In line with this, we continued to invest in new buses. For the year, we took delivery of 228 buses, bringing the total number of new buses in our fleet to 1,330. Our fleet renewal programme, which commenced in 2005, continued steadily during the year with the purchase of another 600 new buses at a cost of $268 million. This comprised 300 award-winning, through low-floor, single deck Euro 5 Citaro buses from Mercedes Benz and 300 double deck Volvo buses. When these buses are delivered in 2012, two out of every three buses in our fleet will be new. In all, our investments in new buses over the last six years total $854 million.

In public transport, information is key. This is why we try our best to keep our commuters informed of arrival times as best as we can. Our *iris* NextBus service, which enables commuters to find out when the next two buses will arrive at their bus stops, received an average of 24,000 requests a day via Short Message Service (SMS). This is 24% more requests compared to the previous year. The number of page views also increased to a daily average of 53,000 – representing a 10% increase over 2009. In 2011, we plan to roll out an iPhone application for this very popular service.

Riding on the popularity of *iris* NextBus, we launched the NextBus service at our bus interchanges which essentially provides commuters with bus departure timings on prominently located TV screens. In all, 70 NextBus Departure Display screens have been installed at our 16 interchanges at a cost of more than $400,000.

The crossover to the air-conditioned Boon Lay Bus Interchange was completed in May 2010 following the relocation of the three high demand bus services – Services 179, 179A and 199. The experience of operating a new interchange with a smaller floor area is valuable as we will be shifting to two new, smaller, air-conditioned interchanges in 2011.

We continued to work hard to improve on service delivery. We continued to excel in all categories of the Public Transport Council's Quality of Service Standards. Similarly, 90% of respondents in the Public Transport Customer Satisfaction Survey, which was commissioned by the Land Transport Authority in 2010, indicated that they were satisfied with bus services.

The vote of confidence has also been reinforced by a 15% increase in the number of compliments that we received during the year – and a corresponding 6% drop in complaints received.

Our credible performance also earned us international recognition as some 150 foreign guests visited us to learn about our best practices in bus operations. They represented government agencies and transport companies from across the Asia Pacific and Europe. Our distinguished guests included the Mayor of Shenyang from the People's Republic of China, Mr Chen Haibo, and the Chairman of Malaysia's Land Public Transport Commission, Tan Sri Datuk Seri Syed Hamid Syed Jaafar Albar, who was also the country's former Minister of Foreign Affairs.

For all our efforts, clinching the coveted title of "Most Customer-centric Transport Provider" at the LTA Land Transport Excellence Award 2010 was the icing on the cake.

One of the most significant events of the year was the July roll out of Distance Fares which promotes the use of public transport by charging fares according to distances travelled. This means commuters no longer incur additional costs when making transfers. Our support for Distance Fares costs $44.7 million annually.

Operations Review

Rail

North East Line, Punggol Light Rail Transit, Sengkang Light Rail Transit

121.7
Revenue ($'mil)

17.9
EBITDA ($'mil)

379
Average Daily Ridership ('000)
(North East Line)

52
Average Daily Ridership ('000)
(Punggol LRT / Sengkang LRT)

753
Total Number Of Employees

RAIL

Demand for our rail services hit a new high in 2010 with more than 157 million passenger trips made. This represented an increase of 15.9% over the previous year.

Average daily ridership on the North East Line (NEL) grew by 16.4% to 378,706 while that of the two Light Rail Transit (LRT) systems in Punggol and Sengkang increased by 12.2% to 51,711.

To cater to the increase in demand, we added 144 trips to NEL's weekly schedule. Another 621 extra NEL trips were also operated during the year to meet temporary increases in demand for train services during festive occasions and national events such as the Youth Olympic Games and the National Day Parade. In all, we operated 7,612 more trips during the year – an increase of 4.9% over the previous year.

With an increase in the number of passengers on our NEL, we took measures to enhance our crowd management procedures. We also worked with the Land Transport Authority to increase the number of fare gates at two stations – HarbourFront and Little India – to cope with the

Operations Review

increased number of passengers entering and exiting the stations and to provide our commuters with a safe and smooth transit.

On the LRT front, we started to operate the Sengkang West Loop in both directions during the morning and evening peak periods to better cater to residents' travel needs. For the Punggol East LRT, we added another 180 new weekly trips during the year to increase the frequency and capacity of our LRT services. In total, we added 21,398 new trips during the year.

To ensure the smooth running of our operations, our trains undergo a strict schedule of preventive maintenance work and overhauls at specified mileage. By the end of 2010, 21 NEL trains, which had clocked a distance in excess of 600,000 km, had their train bogies, brake systems, air conditioning and power collection systems overhauled. Similarly, 38 of our light rail vehicles that clocked 240,000 km underwent an overhaul programme in 2010.

As a result of our commitment to service excellence and reliability, we continued to excel in audits conducted by the LTA. Not only did we meet the Operating Performance Standards set by the authority, we consistently exceeded them by a wide margin. For instance, in 2010, we achieved 98.97% in the area of schedule adherence for train arrivals at terminal stations – surpassing the stipulated standard of 94%. In train service availability, we averaged 99.97%, exceeding the Authority's standard of 98%.

The commuting public also gave their thumbs up for the quality of rail services. In the Land Transport Authority's Customer Satisfaction Survey 2010, more than 95% of respondents said that they were satisfied with rail services.

We also continued to earn recognition for our efforts in operating the NEL. In March 2010, we clinched the prestigious "Best Service Partner" award at the LTA Excellence Awards for our contributions to the design, testing, commissioning and preparations of the NEL system, and for our continual efforts and dedication in enhancing the system. The award also recognised our excellent track record for train reliability and safety in serving residents along the north-east corridor.

Our successes in operating the world's first fully automated underground system continued to attract the attention of the international community. In 2010, we played host to some 50 distinguished visitors from Australia, China, Hongkong and Tasmania, including Australia's New South Wales Minister for Housing and Minister Assisting the Minister for Transport, Mr David Borger. We also offered training consultancy services to the Shanghai Metro Shentong Group which is operating their first driverless, heavy metro system in China known as the Shanghai Line 10. During the year, 17 of their operations and engineering staff received training from our technical specialists.

Under the Land Transport Masterplan, the rail lines will double within the next 10 years. One of the new upcoming lines is the 42 km Downtown Line, which will connect the north western and eastern parts of Singapore to the Central Business District and the Marina Bay. We have submitted a bid to the Authorities for the licence to operate this line.

Operations Review

Outdoor Advertising / Rental

Bus Advertising, In-Train Advertising, Interchange Advertising, Train Station Advertising, Shop Space, Road Show Space

50.1	33.8	69
Revenue ($'mil)	EBITDA ($'mil)	Total Number Of Employees

OUTDOOR ADVERTISING & RENTAL
2010 was an exceptional year of growth for Moove Media, which is the advertising arm of our parent company, ComfortDelGro Corporation Limited.

Demand for advertisement space on our buses, trains, bus interchanges and train stations grew sharply, generating a 32.9% increase in revenue over the past year. This was due largely to the buoyant economy and the fact that several major international events – including the FIFA World Cup and the inaugural Youth Olympic Games – took place during the year.

In 2010, Moove Media took outdoor advertising to a whole new level with its creative campaign for the Wildlife Reserves Singapore. Together with media agency, ZenithOptimedia Singapore, it promoted the Night Safari, Singapore Zoo and the Jurong Bird Park with advertisements that transported passengers at the NEL HarbourFront Station to the world of animals. With life-sized animals emitting growls and squeals, the campaign turned out to be not only a crowd pleaser but also an award winner when it clinched "The Best Use of Outdoor Media" at the Singapore Media Awards 2010.

Sustainability Report

At SBS Transit, we define sustainability as the capacity to advance as a Group: by renewing assets; creating and delivering better products and services that meet the evolving needs of society; attracting successive generations of employees; contributing to a sustainable environment; and retaining the trust and support of our customers, shareholders and the communities in which we operate.

To us, sustainability is not just a buzzword. It is a way of life.

HUMAN SUSTAINABILITY

Helping the Community

In 2010, we contributed some $100,000 in cash to various charitable causes and community projects.

We also provided the free use of space at our bus interchanges and rail stations in support of the fund-raising efforts of charity organisations such as the Handicaps Welfare Association and the Salvation Army. We also continued to assist the Police in seeking missing persons by placing posters on dedicated notice boards at our bus interchanges and rail stations in a bid to help families find their loved ones. Our buses were also loaned out to organisations and used as mobile resource centres to serve the community. These included 'Molly, the Mobile Library Bus', and the 'I Love Children' bus.

Besides sponsorships in cash and in kind, our staff also helped spruce up the homes of 61 senior citizens living in one-room rental flats in the Bukit Merah precinct. This was done under the umbrella of SBS Transit's parent company, ComfortDelGro Corporation Limited, which had embarked on a five-year Home Improvement Programme with the Lions Befrienders of Singapore.

Promoting Safety and Security

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

During the year, our Bus Captains started on the second cycle of our Driving Skills Enhancement Programme, which had first commenced in 2008 to promote safe driving techniques. Tailored as a customised one-day training course, it uses the Vigil system, which consists of video cameras and motion sensors, coupled with a mapping software, to provide an objective assessment of a Bus Captain's driving performance. With this, Bus Captains can better identify areas of improvement to deliver a safe and smooth ride for our passengers. By the end of 2010, about 40% of Bus Captains have completed this training.

Our staff also attended security briefings conducted by the Singapore Police Force's Public Transport Security Command and the Internal Security Department to heighten their awareness of the evolving security threats in the public transport arena.

At the same time, we also worked on further enhancing our security measures at our premises. We increased the number of security guards at our train and bus depots by 20%, as well as stepped up the frequency of their patrols around the premises. More CCTV cameras were installed and more lights were also added at these premises to make it harder for intruders to go undetected. At our bus depots, we replaced the perimeter fencing with steel welded mesh to make it more difficult for trespassers to climb over or cut through.

Sustainability Report

In community engagement, we reached out to some 50,000 students – which was 28% higher than 2009 – through 82 school talks or visits to our operations. Sharing safety and security tips as well as promoting gracious behaviour on public transport, we also took the opportunity to share the challenges of running a bus operation, so that young commuters can better understand how we work.

We also conducted three community exercises to educate commuters on safety and security measures and practices that are in place at our stations and aboard trains. Conducted in partnership with constituency offices, residents also participated in a train evacuation drill. To date, some 2,200 residents have taken part in this programme, which was launched in 2008.

Promoting Graciousness

In 2010, we continued to partner the Singapore Kindness Movement (SKM) and the Public Transport Council (PTC) in their campaigns to encourage the positive display of gracious behaviour on public transport such as giving up of one's seat to those in need. The 'Love Your Ride' campaign, initiated by the PTC, featured the Dim Sum Dollies – a musical icon group known for its comical but incisive approach to contemporary social issues. Sponsored by the Land Transport Authority and the public transport operators, the campaign ran for six months with the key message that the use of public transport can be very pleasant when everyone is gracious and courteous. We supported the campaign by putting up posters and stickers bearing gracious messages on our buses, trains, bus interchanges and train stations. We also broadcast a music video of the Dim Sum Dollies dramatising gracious behaviour on public transport at our bus interchanges and train stations.

Together with the SKM, we "caught" one of our Bus Captains, Mr See Chip Yew, serving commuters with a warm smile and helping those in need such as the elderly to board the bus. Portrayed as a "Kindness Hero", Mr See was secretly filmed while he went about his duties. This clip was made into a television commercial and screened on national TV during prime time over a period of two weeks. Its heart-warming contents have tugged at the heartstrings of TV viewers to emerge as one of Singapore's top 10 local television commercials for the year.

On World Kindness Day, we partnered the SKM to give away 9,000 blooms of bright yellow flowers to commuters at three of our bus interchanges. Commuters were then encouraged to pass on the flowers as a show of appreciation to those who had been kind to them.

On our own, we also designed and produced new bus posters encouraging commuters to be considerate by not littering, eating or drinking or even occupying more than one seat while on board.

TALENT SUSTAINABILITY

Training and Development

As human resources are our most valuable assets, we continued to invest in the training and development of our staff. In 2010, we provided a total of 31,398 training places – 14% more than the previous year. This meant that the average training hours per staff was 58.1 hours.

Our CARES training programme, which was into its second year, continued full steam ahead with close to 6,000 staff across the Company trained to deliver caring, reliable and safe services to our customers.

We also introduced a new training programme to equip Bus Captains in handling on-board incidents and customer service issues effectively. In 2010, close to 60% of our Bus Captains attended this Continual Operations Training programme.

Besides this, we also leveraged on technology by setting up learning kiosks at Soon Lee and Ang Mo Kio bus depots so that Bus Captains can extend their learning sessions at their own convenience, pace and time. Route information, essential English language phrases and an incident management guide are some of the learning modules available on this platform.

Sustainability Report

During World Car Free Day 2010, we also reached out to motorists by giving away complimentary transport vouchers to encourage them to leave their cars at home and use public transport for the day. This was done in partnership with the Automobile Association of Singapore, which published this promotion in its newsletter, Highway.

Just as we have encouraged drivers to switch to public transport, we also introduced a Public Transport Day each month for our staff who drive, to leave their cars at home and commute to work via public transport.

We also implemented measures internally to reduce electricity usage. Motion-triggered lighting has been fitted at non-public areas in our 16 NEL stations – a move which reduced energy consumption by some 390,000 kWH in 2010. We have also switched to using energy efficient light bulbs at many of our premises such as the rail workshops, interchanges and depots. They give the same level of brightness but use less energy.

In the area of productivity, more Bus Captains have been trained to drive both single deck and double deck buses. More of them have also been taught at least three bus routes instead of just one. By 2011, our target is for 65% of Bus Captains to be able to drive double deck buses and for 60% of them to know at least three bus routes. In rail operations, some of our maintenance personnel have been trained to drive passenger service trains on the main line where required while our frontline NEL and LRT staff have been cross-trained to manage both systems. These productivity initiatives enable us to respond better in an emergency whilst enhancing our staff's competency and employability.

It is heartening to know that our efforts have not been in vain. For the year, 1,163 of them received the 2010 Excellent Service Awards (EXSA) while 50 staff were honoured at the Transport Gold Awards. Collectively, as an organisation, we have also done well to receive two prestigious awards from the LTA at their Land Transport Excellence Awards – "Most Customer-centric Transport Provider" and the "Best Service Partner".

While we focussed efforts on training our frontline staff, we also ensured that we have good managers in place, not just for the short and medium terms but also in the long run for the Company's future growth. As a member of ComfortDelGro Corporation Limited, we are able to continue participating in the Group's talent development initiatives such as its Succession Management Plan and Process which was launched in 2009. Staff identified under this programme attended training in 2010 to enhance their leadership competencies. To facilitate the transfer of learning, case studies and skills applications were contextualised and shared with participants.

Other management development courses conducted in 2010 included courses targeted at improving the business dimension of competencies such as "Finance for non-Finance Managers", "Effective Presentation Skills" and "Project Management Skills".

Recruitment and Retention

In 2010, we continued to undertake several measures to attract as well as retain staff that have joined us. For Bus Captains, we raised the basic salary of Singaporeans to $1,375 while permanent employment contracts were offered to good Malaysian Bus Captains who had completed the second of their two-year terms. We also continued to recruit Bus Captains from China to meet our staffing needs.

Our Bus Captains from China have adjusted well to local conditions. In fact, one of them, Ms Zhao Xiaodong, was publicly lauded by the Prime Minister in his National Day 2010 Rally speech as an example of a good foreign worker. Today, we have close to 5,300 Bus Captains of which 64% are Singaporeans and Permanent Residents, 24% are Malaysians and 12% are from China.

ENVIRONMENTAL SUSTAINABILITY

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

Our fleet renewal programme, which commenced in 2005, continued steadily in 2010 with the purchase of another 600 environmentally friendly, Euro 5 buses. This recent purchase will bring the total number of Euro 4 and 5 buses in our fleet to 1,850. These new buses, when delivered, will help us to further reduce the amount of harmful emissions into the environment.

In 2010, we also embarked on Singapore's first Green bus trials on public transport with two hybrid electric buses in partnership with our sister company, ComfortDelGro Engineering. We also trialed a hydrogen fuel cell bus in partnership with the Nanyang Technological University during the Youth Olympic Games. These are part of our continual efforts to look for greener and more fuel-efficient solutions.

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.

INTRODUCTION

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

1. BOARD MATTERS

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

The Board's Conduct of Its Affairs

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

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

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision making, four committees are formed namely, the Audit Committee (AC), the Nominating Committee (NC), the Remuneration Committee (RC) and the Service Quality

Committee. Each committee is governed and regulated by its own terms of reference, which set out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the committee is to operate and how decisions are to be taken. Ad hoc committees are also formed to look at specific issues from time to time.

A total of four scheduled Board Meetings are held every year for the purpose of approving the release of the Company's financial results every quarter and the 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. During the financial year, one ad hoc Board Meeting was held in addition to the scheduled Board Meetings. Directors, who are unable to attend the Meetings in person, can still participate in the discussions through teleconferencing. Decisions of the Board and Board Committees may also be obtained via circular resolutions. Directors are free to seek clarifications and explanations from Management on the Board papers. Regular presentations are made by Management to the Board to enable Directors to better familiarise themselves with the Company's businesses.

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

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

	Board		Audit Committee		Nominating Committee		Remuneration Committee		Service Quality Committee	
Name	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended
Lim Jit Poh	5	5	–	–	1	1*	2	2	–	–
Kua Hong Pak	5	5	–	–	1	1*	2	2*	–	–
Cheong Yip Seng	5	4	–	–	1	1	–	–	3	3
Chin Harn Tong	5	5	4	4	–	–	2	2	–	–
Gan Juay Kiat	5	5	4	4*	–	–	2	2*	3	3*
John De Payva	5	3	–	–	1	1	2	–	3	3
Tan Kong Eng	5	5	4	4	–	–	–	–	–	–
Wee Siew Kim	5	3	4	3	–	–	–	–	3	1
Wong Chin Huat, David	5	5	–	–	1	1	–	–	3	3

* Attended Meetings by invitation of the Committee.

Corporate Governance

Board Composition and Balance

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

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

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

Chairman and Chief Executive Officer

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

The Chairman leads the Board and facilitates effective and comprehensive Board discussions and decision making on strategic issues. The Chairman oversees the translation of the Board's decision into executive action. With the assistance of the Company 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 CEO is given full executive responsibility for the management of the Company's businesses and the implementation of the Company's strategies and policies.

Board Membership and Board Performance

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

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Chairman of the NC is not associated with any substantial Shareholder. The Company 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 CEO, are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended for re-election. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. For the forthcoming AGM, Mr John De Payva and Mr Cheong Yip Seng 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.

Corporate Governance

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

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

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

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

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

Access to Information

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

The Board has full access to the Senior Management team. The Company Secretary has defined roles and responsibilities. She assists in scheduling Board and Committee Meetings and prepares the agenda in consultation with the Chairman and CEO. The Company Secretary attends the Board and Committee Meetings of the Company and prepares Minutes of Board and Committee proceedings. The Company Secretary keeps 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 advisors at its own cost.

2. REMUNERATION MATTERS

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

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

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

In accordance with the Code, the RC comprises three non-executive Directors, of whom two including the Chairman, are independent. Members of the RC are also independent of Management and free from any business or other relationships, which may materially interfere with the exercise of independent judgement. 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 staff to ensure that the overall remuneration package is attractive to retain and motivate key executives.

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

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

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 before the said scheme expired on 8 June 2010.

The remuneration of the Directors and the key executives of the Company (who are not Directors) for the Financial Year 2010 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 2010, no key executive was an immediate family member of any Director of the Company.

Procedures Adopted by RC

In 2010, the RC held two meetings. All decisions by the RC are made by a majority of votes of the RC members who are present and voting. The RC decisions also exclude the vote, approval or recommendation of any members with a conflict of interest in relation to the subject matter under consideration. The CEO is not present at any RC discussions relating to his own compensation, terms and conditions of service and the review of his performance. He is, however, in attendance when the compensation and incentive policies of senior management staff are discussed.

3. ACCOUNTABILITY AND AUDIT

Accountability

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

The Company has adopted an internal code based on the Singapore Exchange Limited's (SGX) guidelines 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 are notified by letters of the trading blackout periods before the start of the financial year.

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

Audit Committee

The Company's AC comprises three non-executive 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 ensure that an independent investigation and appropriate follow-up actions are taken. The Whistle Blowing Policy is described in more detail on page 35 of this Annual Report.

Corporate Governance

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

The AC also meets with the External and Internal Auditors in the absence of Management. During these meetings, the Auditors may raise issues encountered in the course of their work directly to the AC. Prior to the re-appointment of the External Auditors, the AC assesses their independence based on the guidelines set by the Accounting and Corporate Regulatory Authority (ACRA). 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 they are independent.

The AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as the Company's External Auditors at the next AGM. As a further safeguard of Deloitte & Touche LLP's independence, the Company requires that Deloitte & Touche LLP's partner-in-charge of auditing the Company be changed every five years in compliance with the Code.

During the financial year, the ACRA and the Singapore Exchange Ltd (SGX) jointly issued the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors (AC Guide) to strengthen audit quality in Singapore by providing practical guidance to audit committees to assist them in the evaluation of the quality of work performed by their external auditors. The AC Guide was circulated to the AC members of the Company. The AC had reviewed the responses from the External Auditors to the sample guidance questions appended to the AC Guide and was satisfied with the quality of the audit work performed by the External Auditors.

Internal Controls and Risk Management

The Company has well-established internal controls and risk management processes that have been put in place to manage risks while achieving business objectives. A detailed description of the Company's approach to internal controls and risk management is set out on pages 33 to 35 of this Annual Report.

The Company's Internal Auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and External Auditors.

During this financial year, the AC reviewed the Company's internal controls and risk management processes and is satisfied that they are adequate to meet the requirements of the Company. The AC is also satisfied that material internal control deficiencies, if any, have been identified on a timely basis and remedy processes are put in place promptly to minimise unnecessary lapses and business risks.

Based on the work performed by the Internal Auditors and the External Auditors, the Board is of the opinion that the Company's system of internal controls is adequate in meeting the needs of the Company and provides reasonable assurance against material financial misstatements or loss. The controls safeguard the Company's assets and ensure the reliability of financial and critical information. There is proper maintenance of accounting records. The Company complies with applicable regulations and best practices, and implements timely identification and containment of financial, operational and compliance risks.

Internal Audit

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

The ComfortDelGro Group Internal Audit Department adopts a risk-based approach in its continuous audit work.

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

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

4. COMMUNICATIONS WITH SHAREHOLDERS

Regular, Effective and Fair Communications with Shareholders

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

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

The Company does not participate in selective disclosure in the communication of material information. Communication with the SGX is handled by the Company Secretary, while communication with Shareholders, analysts and fund managers is handled by the ComfortDelGro GIRSPO. Specific guidelines have been laid down for compliance in respect of all public communication. In addition, the Company has also put in place operational procedures to respond promptly to queries from the SGX on any unusual trading activities in its securities.

Greater Shareholders' Participation at AGM

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

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

The Board had since 2008 lowered its general authority to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 by reducing the limit for non-pro rata shares issues from 20% to 10% of the issued shares in the capital of the Company. As this general authority to issue shares was a routine resolution which had been sought

Corporate Governance

by the Company since its incorporation and no issue of shares had as yet been exercised, the Board had in 2009 decided to remove and stop seeking the general authority to issue shares to address concerns from the Shareholders that if this general authority to share issue were mandated, the Company could subsequently issue shares pursuant to this mandate, which would dilute their shareholding percentages and affect their voting rights.

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

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

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

(i) The Company has taken steps to ensure that its Notice of AGM is issued to Shareholders at least 28 days before the AGM is held – two weeks earlier than is required by the Companies Act; and

(ii) The Company sends electronic annual reports (by way of a CD-ROM) to all Shareholders at least 21 days before the AGM to ensure that all Shareholders have adequate time to review the annual reports. Upon request, print copies will also be sent to Shareholders.

INTERESTED PERSON TRANSACTIONS

Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) $'mil
ComfortDelGro Corporation Limited and associates	6.4

The aggregate value of the above transactions does not include the aggregate value of $2.4 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 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.

Risk Management

Risk management is an important and integral part of the Company's strategic planning and decision-making process. Although risks cannot be completely eliminated, an effective risk identification and management process will reduce the uncertainties surrounding the achievement of the Company's business objectives and allow the Company to take advantage of opportunities that may arise.

The Company's approach to risk management is underpinned by several key principles:

- The risk management process is a continuous, iterative and developing one, as the Company's business and its operating environment are dynamic. We review and update risk mapping and risk management practices regularly to manage risks proactively in line with market changes.

- We promote and inculcate risk awareness among all our employees by integrating risk management processes into day-to-day business operations. Regular exercises, continuous education and training as well as communications through various forums on risk management promote a risk-conscious workforce across the Company and a risk management discipline.

- Ownership of the risk management process is clearly defined and assigned to the departments and individuals. Managers at each level have intimate knowledge of their responsibilities and assume ownership of risk management.

Some of 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 customer demand and the cost of providing the services. We manage these risks by continuously scanning and monitoring political and economic issues. We monitor demand trends and operating margins closely through the budgeting and forecasting process. Expenses are managed in the light of revenue patterns and changing market environments. Revenue risks are also mitigated by diversifying revenue streams to non-fare sources.

REGULATORY RISKS

The Company operates in a regulated environment. There are regulatory risks that include pricing, service standards, licences to operate and transport policies, which are stipulated by the relevant regulatory authorities. We work closely with the regulatory authorities as part of our risk management process to ensure that the views of all stakeholders are represented. Where fares are concerned, there is a mechanism in place for applications to be made to the regulatory authority for any adjustments. So long as these are fully justified, fare adjustments are favourably considered. As for service standards, we manage our operations well and effectively to ensure that standards are met, thereby reducing significantly the risk of licences being withdrawn.

OPERATIONAL RISKS

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

Safety

A key operating risk is the safety and security of our customers, our staff and the public. Managing this risk is the cornerstone of the Company's safety and security plan. We run safety awareness programmes to instil a safety

Risk Management

and security conscious culture in employees at all levels. Safety audits are also conducted regularly as part of the management and review process to ensure that safety standards are maintained. For the 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. We carry out regular drills and exercises internally, as well as with external agencies. Fences and other security features have been enhanced at operating facilities and security guards deployed to patrol the facilities. Members of the public are encouraged to look out for suspicious objects or persons.

Environmental

Accidents, natural events and deliberate assaults are all possible ways for an organisation to cause pollution or other environmental risks. To limit these risks, we engage in active environmental risk management, ensuring that we target the problems that could arise and implement preventive measures. For example, systems and processes are installed to ensure that fuel leakage is minimised. The use of dangerous and harmful chemicals is carefully audited. 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, we have put in place a company-wide Business Continuity Plan (BCP) to mitigate the risks of disruption and catastrophic loss to our operations, people and assets arising from such potential threats. The BCP is developed by the various departments under the guidance of the Business Continuity Management Committee.

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

INVESTMENT RISKS

We evaluate each new investment proposal to ensure that it is in line with the Company's strategy and investment objectives, and it can meet the relevant hurdle rates of return. This assessment includes macro and project specific risks analysis encompassing feasibility study, 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, the new investment opportunity is evaluated in terms of (a) profitability; (b) return on investment; (c) pay back period; (d) cash flow generation; (e) potential for internal and external growth; and (f) investment climate and political stability of the country.

HUMAN RESOURCE RISKS

The Company's ability to continue to develop and grow the business depends on the quality of its employees. We have in place a system of risk management that focusses on several key areas, including succession planning, recruitment and retention, performance management, compensation and benefits, training and development, employee conduct and supervision, as well as occupational health and safety. We ensure that employees are selected based on merit, that they understand their responsibilities and are given access to necessary training. At all times, a positive, constructive and productive working climate based on strong tripartite relations is fostered. All terms and conditions of employment, along with policies and procedures, comply with the relevant 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, we ensure sufficiency of coverage and maintain an optimal balance between risks that are retained internally, and risks that are placed out with underwriters.

Risk Management

FINANCIAL RISKS

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

Financial Authority Limits

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

Budgetary Control

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

Financial Risk Management

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

A detailed description of the financial risks and how the Company manages them are set out in the Notes to the Financial Statements on Pages 84-87.

Audit Process

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

WHISTLE BLOWING POLICY

The Company has put in place a Whistle Blowing Policy to provide a mechanism for employees to raise concerns, through well-defined and accessible confidential disclosure channels about possible improprieties in financial reporting or other improper business conduct. Staff are given a Company handbook detailing how they can go about raising their concerns. Incidents can also be reported through a direct link to the CEO, the ComfortDelGro Group Human Resource Officer or the ComfortDelGro Group Internal Audit Officer on the Company's intranet.

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

Financial Calendar

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)	17 May 2010
Announcement of 2nd Quarter 2010 Results	13 August 2010
Payment of 2010 interim dividend (4.50 cents/share)	6 September 2010
Announcement of 3rd Quarter 2010 Results	11 November 2010

2011

Announcement of 2010 Full Year Results	11 February 2011
Annual General Meeting	26 April 2011
Announcement of 1st Quarter 2011 Results	12 May 2011*
Payment of 2010 final dividend (4.30 cents/share) (Subject to Shareholders' approval at the forthcoming Annual General Meeting)	13 May 2011
Announcement of 2nd Quarter 2011 Results	11 August 2011*
Announcement of 3rd Quarter 2011 Results	11 November 2011*

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

Financial Statements

Contents

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 2010 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2010.

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 *(Chief Executive Officer)*
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 2010**	**At 31 December 2010**	**At 21 January 2011**	**At 1 January 2010**	**At 31 December 2010**	**At 21 January 2011**
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	215,000	215,000	–	–	–

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 2010**	**At 31 December 2010**	**At 21 January 2011**	**At 1 January 2010**	**At 31 December 2010**	**At 21 January 2011**
Interest in the Company (Cont'd)						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	400,000	400,000	400,000	–	–	–
Kua Hong Pak	495,000	360,000	360,000	–	–	–
Gan Juay Kiat	240,000	240,000	240,000	–	–	–
Cheong Yip Seng	200,000	200,000	200,000	–	–	–
Chin Harn Tong	260,000	260,000	260,000	–	–	–
John De Payva	360,000	260,000	260,000	–	–	–
Tan Kong Eng	200,000	200,000	200,000	–	–	–
Wee Siew Kim	260,000	260,000	260,000	–	–	–
Wong Chin Huat, David	245,000	180,000	180,000	–	–	–
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	844,425	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	1,180,000	1,120,000	1,120,000	–	–	–
Kua Hong Pak	6,000,000	7,200,000	7,200,000	–	–	–
Gan Juay Kiat	570,000	870,000	870,000	–	–	–
Wong Chin Huat, David	590,000	560,000	560,000	–	–	–
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 2010 are as follows:

	Number of options to subscribe for ordinary shares						
Date of grant	**Outstanding at 1 January 2010**	**Granted**	**Exercised**	**Cancelled/ Lapsed**	**Outstanding at 31 December 2010**	**Subscription price per share**	**Expiry date**
26 September 2000	88,000	–	(8,000)	(80,000)	–	$1.59	26 September 2010
6 September 2001	123,000	–	–	(4,000)	119,000	$1.60	6 September 2011
22 August 2003	85,000	–	–	–	85,000	$1.29	22 August 2013
10 December 2003	35,000	–	–	–	35,000	$1.22	10 December 2013
19 July 2004	161,250	–	–	–	161,250	$1.60	19 July 2014
24 February 2005	506,250	–	–	(172,500)	333,750	$2.29	24 February 2015
24 February 2005	80,000	–	–	(80,000)	–	$2.29	24 February 2010
28 July 2005	445,250	–	–	(99,000)	346,250	$2.23	28 July 2015
28 July 2005	77,500	–	–	(77,500)	–	$2.23	28 July 2010
18 November 2005	378,750	–	–	(60,000)	318,750	$2.16	18 November 2015
18 November 2005	77,500	–	–	(77,500)	–	$2.16	18 November 2010
13 July 2006	1,387,500	–	–	(227,500)	1,160,000	$2.15	13 July 2016
13 July 2006	535,000	–	–	–	535,000	$2.15	13 July 2011
22 June 2007	2,000,000	–	–	(300,000)	1,700,000	$3.40	22 June 2017
22 June 2007	550,000	–	–	–	550,000	$3.40	22 June 2012
25 June 2008	2,087,500	–	–	(172,500)	1,915,000	$2.18	25 June 2018
25 June 2008	550,000	–	–	–	550,000	$2.18	25 June 2013
25 June 2009	2,160,000	–	(312,500)	(17,500)	1,830,000	$1.58	25 June 2019
25 June 2009	550,000	–	(65,000)	–	485,000	$1.58	25 June 2014
	11,877,500	–	(385,500)	(1,368,000)	10,124,000		

The options outstanding as at 31 December 2010 includes 136,250 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 2010 were as follows:

	Number of options to subscribe for ordinary shares			
Director	**Granted during the financial year ended 31 December 2010**	**Aggregate options granted since the commencement of scheme to 31 December 2010**	**Aggregate options exercised since the commencement of scheme to 31 December 2010**	**Aggregate options outstanding as at 31 December 2010**
Lim Jit Poh	–	780,000	380,000	400,000
Kua Hong Pak	–	690,000	150,000	360,000
Gan Juay Kiat	–	240,000	–	240,000
Cheong Yip Seng	–	455,000	255,000	200,000
Chin Harn Tong	–	470,000	210,000	260,000
John De Payva	–	495,000	135,000	260,000
Tan Kong Eng	–	410,000	210,000	200,000
Wee Siew Kim	–	515,000	255,000	260,000
Wong Chin Huat, David	–	475,000	295,000	180,000

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 2010.

i) The SSOS expired on 8 June 2010 and hence no option has been granted since then. The existing options granted will continue to vest according to the terms and conditions of the SSOS and the respective grants.

6 AUDIT COMMITTEE

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

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

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

Report Of The Directors

6 AUDIT COMMITTEE (CONT'D)

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Singapore
11 February 2011

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 88 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 2010, 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
11 February 2011

Independent Auditors’ Report

to the Members of SBS Transit Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SBS Transit Ltd (the “Company”) and its subsidiary (the “Group”) which comprise the statements of financial position of the Group and the Company as at 31 December 2010, 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 88.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS’ RESPONSIBILITY

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

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

OPINION

In our opinion, the 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 2010 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
11 February 2011

Statements Of Financial Position

31 December 2010

		The Group		The Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
ASSETS					
Current assets					
Short-term deposits and bank balances	5	67,063	6,057	67,063	6,057
Trade receivables	6	9,398	8,481	9,398	8,481
Other receivables and prepayments	7	44,944	32,191	44,944	32,191
Inventories		29,144	30,598	29,144	30,598
Total current assets		150,549	77,327	150,549	77,327
Non-current assets					
Subsidiary	8	–	–	–	–
Associate	9	–	1,587	–	1,280
Available-for-sale investments	10	10,790	15,320	10,790	15,320
Vehicles, premises and equipment	11	535,832	491,704	535,832	491,704
Total non-current assets		546,622	508,611	546,622	508,304
Total assets		697,171	585,938	697,171	585,631

Statements Of Financial Position

31 December 2010

	Note	The Group 2010 $'000	The Group 2009 $'000	The Company 2010 $'000	The Company 2009 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	12	129,200	135,272	129,200	135,272
Trade payables for buses		16,588	43,315	16,588	43,315
Deposits received	13	1,658	1,549	1,658	1,549
Insurance premiums payable and provision for accident claims	14	34,418	35,321	34,418	35,321
Fuel price equalisation account		19,992	–	19,992	–
Income tax payable		320	2,627	320	2,627
Total current liabilities		202,176	218,084	202,176	218,084
Non-current liabilities					
Borrowings	15	100,000	–	100,000	–
Deposits received	13	3,067	2,397	3,067	2,397
Deferred tax liabilities	16	42,831	30,772	42,831	30,772
Provision for service benefits and long service awards	17	12,538	12,509	12,538	12,509
Fuel price equalisation account		19,992	34,075	19,992	34,075
Total non-current liabilities		178,428	79,753	178,428	79,753
Capital and reserves					
Share capital	18	92,973	92,310	92,973	92,310
Capital reserves	19	1,867	1,391	1,867	1,391
Accumulated profits		221,727	194,400	221,727	194,093
Total equity		316,567	288,101	316,567	287,794
Total liabilities and equity		697,171	585,938	697,171	585,631

See accompanying notes to the financial statements.

Group Income Statement

Year Ended 31 December 2010

	Note	The Group 2010 $'000	The Group 2009 $'000
Revenue	20	720,880	697,083
Staff costs	21	(292,780)	(289,113)
Repairs and maintenance		(89,703)	(92,500)
Fuel and electricity costs		(134,091)	(121,401)
Premises costs		(32,720)	(30,356)
Depreciation expense		(47,375)	(40,483)
Other operating expenses		(59,492)	(61,027)
Total operating expenses		(656,161)	(634,880)
Operating profit	22	64,719	62,203
Net income from investments	23	565	808
Finance costs		(400)	–
Share of profit in associate	9	144	319
Profit before taxation		65,028	63,330
Taxation	24	(10,750)	(8,718)
Profit attributable to shareholders		54,278	54,612
Earnings per share (in cents):			
Basic	25	17.63	17.75
Diluted	25	17.61	17.74

See accompanying notes to the financial statements.

Group Comprehensive Income Statement

Year Ended 31 December 2010

	The Group	
	2010 **$'000**	**2009** **$'000**
Profit attributable to shareholders	54,278	54,612
Other comprehensive income:		
Fair value gain on available-for-sale investments	470	822
Total comprehensive income for the year attributable to shareholders of the Company	54,748	55,434

Statements Of Changes In Equity

Year Ended 31 December 2010

	The 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 2009	**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 29)	–	–	(24,925)	(24,925)
Others	–	(13)	38	25
Balance at 31 December 2009	**92,310**	**1,391**	**194,400**	**288,101**
Total comprehensive income for the year	–	470	54,278	54,748
Recognition of share-based payments	–	182	–	182
Exercise of share options	663	(53)	–	610
Payment of dividends (Note 29)	–	–	(27,088)	(27,088)
Others	–	(123)	137	14
Balance at 31 December 2010	**92,973**	**1,867**	**221,727**	**316,567**

Statements Of Changes In Equity

Year Ended 31 December 2010

	The Company			
	Share capital (Note 18) $'000	Capital reserves (Note 19) $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2009	**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 29)	–	–	(24,925)	(24,925)
Others	–	(13)	38	25
Balance at 31 December 2009	**92,310**	**1,391**	**194,093**	**287,794**
Total comprehensive income for the year	–	470	54,585	55,055
Recognition of share-based payments	–	182	–	182
Exercise of share options	663	(53)	–	610
Payment of dividends (Note 29)	–	–	(27,088)	(27,088)
Others	–	(123)	137	14
Balance at 31 December 2010	**92,973**	**1,867**	**221,727**	**316,567**

See accompanying notes to the financial statements.

Group Cash Flow Statement

Year Ended 31 December 2010

	The Group	
	2010 $'000	2009 $'000
Operating activities		
Profit before taxation	65,028	63,330
Adjustments for:		
Depreciation expense	47,375	40,483
Fuel price equalisation account	5,909	–
Finance costs	400	–
Share-based payment expense	182	319
Net loss on disposal of held-for-trading investments	–	5
Net gain on fair value changes of held-for-trading investments	–	(1)
Gain on disposal of available-for-sale investments	(30)	–
Net gain on disposal of vehicles and equipment	(587)	(1,828)
Interest income	(535)	(812)
Share of profit in associate	(144)	(319)
Operating cash flows before movements in working capital	117,598	101,177
Trade receivables	(917)	(1,517)
Other receivables and prepayments	(12,271)	(1,904)
Inventories	1,454	(3,786)
Held-for-trading investments	–	32,000
Trade payables	(7,041)	31,345
Trade payables for buses	(26,727)	(4,550)
Deposits received	779	515
Provision for service benefits and long service awards	29	272
Insurance premiums payable and provision for accident claims	(903)	1,898
Cash generated from operations	72,001	155,450
Income tax paid	(998)	(1,302)
Net cash from operating activities	71,003	154,148

Group Cash Flow Statement
Year Ended 31 December 2010

	The Group	
	2010 $'000	2009 $'000
Investing activities		
Interest received	664	1,352
Proceeds from disposal of:		
Vehicles and equipment	1,123	1,866
Available-for-sale investments	5,030	5,000
Proceed from divestment of associate	1,731	–
Purchase of vehicles, premises and equipment	(91,982)	(164,262)
Net cash used in investing activities	(83,434)	(156,044)
Financing activities		
Proceeds from share issue	610	–
Proceeds from long-term loans	100,000	–
Interests paid	(99)	–
Dividends paid	(27,088)	(24,925)
Others	14	25
Net cash from (used in) financing activities	73,437	(24,900)
Net increase (decrease) in cash and cash equivalents	61,006	(26,796)
Cash and cash equivalents at beginning of year	6,057	32,853
Cash and cash equivalents at end of year (Note 5)	67,063	6,057

See accompanying notes to the financial statements.

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 2010 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2010 were authorised for issue by the Board of Directors on 11 February 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF REVISED FINANCIAL STANDARDS – In the current financial year, the Group has adopted all the revised FRSs that are relevant to its operations and effective for annual periods beginning on 1 January 2010.

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

FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations

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

REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED – The Group has not applied the following accounting standards (including improvements to FRSs issued in October 2010) that have been issued as at the end of the reporting period but are not yet effective:

FRS 24 (Revised)	–	Related Party Disclosures
Improvements to FRS 1	–	Presentation of Financial Statements
Improvements to FRS 27	–	Consolidated and Separate Financial Statements
Improvements to FRS 103	–	Business Combinations
Improvements to FRS 107	–	Financial Instruments: Disclosures

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). 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 divested during the year are included in the Group comprehensive income statement from the effective date of acquisition or up to the effective date of divestment, 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 impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – The acquisition of subsidiary is accounted for using the acquisition method. The consideration for each 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 to the former owners of the acquiree in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date except for deferred tax assets or liabilities are recognised and measured in accordance with FRS 12 Income Taxes. Acquisition-related costs are recognised in profit or loss as incurred.

The interest of the non-controlling shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

(b) Available-for-sale investments

Certain investments held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised 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.

Borrowings

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

Trade and other payables

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

Hedging instruments and hedge accounting

The 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 28).

Hedging instruments are initially recognised at fair value on the contract date, and are subsequently remeasured to their fair value at each end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the hedging instrument is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The 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 28(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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)	2 to 8
Leasehold land and buildings	over terms of leases which are between 4 to 28 years
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	3 to 5
Motor vehicles	5 to 10
Furniture, fittings and equipment	7

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

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 does not have control but has met the requirements for equity accounting under FRS 28 Investments in Associates.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

SERVICE BENEFITS – These comprise the following:

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. Advertising production revenue is recognised when production is completed and advertising media revenue is recognised on a time proportionate basis over the term relevant contract.

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 2010, the provision for claims is $13,653,000 (2009: $12,291,000) (Note 14).

(b) Insurance premium

With effect from 2008, the Group has undertaken personal injury insurance with a fixed annual premium per vehicle. However, the Group had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum amount as stipulated in the insurance policy for those years. An estimate of the liability for the period from 2000 to 2008 of $20,765,000 (2009: $23,030,000) had been made based on the history of incurred claims per vehicle for each of the policy year (Note 14).

(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 0.32% to 3.44% (2009: 0.49% to 3.36%) 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 2010, the provision for retirement benefits is $9,860,000 (2009: $9,734,000) (Note 17).

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(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 0.32% to 3.44% (2009: 0.49% to 3.36%) 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 2010, the provision for long service awards is $2,678,000 (2009: $2,775,000) (Note 17).

Useful lives of vehicles, premises and equipment

As described in Note 2, the Group reviews the estimated useful lives of vehicles, premises and equipment at the end of each annual reporting period. During the financial year, Management determined that the estimated useful lives of vehicles, premises and equipment are appropriate and no material revision is required.

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company's immediate and ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore. In 2009, 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.

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	
	2010 $'000	2009 $'000
Purchases of inventories from a related company	33,322	39,317
Rental expense from:		
Immediate holding company	–	1,629
Ultimate holding company	2,427	198
Related companies	236	428
Purchase of goods and services from:		
Ultimate holding company	2,800	2,927
Related companies	871	870
Associate of the ultimate holding company	164	339
Firm of which a director is a member	37	26
Option costs from ultimate holding company	225	–
Sales of goods and services to:		
Ultimate holding company	(73)	(75)
Related companies	(3,187)	(2,165)
Rental income from related companies	(171)	(184)
Transfer of equipment to ultimate holding company	(4)	(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	
	2010 $'000	2009 $'000
Cash and bank balances	4,054	4,157
Time deposits	63,009	1,900
Total	67,063	6,057

6 TRADE RECEIVABLES

	The Group and The Company	
	2010 $'000	2009 $'000
Associate (Note 9)	–	3,158
Related companies (Note 4)	37	5
Outside parties	9,377	5,334
	9,414	8,497
Allowance for doubtful trade receivables from outside parties	(16)	(16)
Net	9,398	8,481

The amounts outstanding are interest-free and the average credit period is 7 to 30 days (2009: 7 to 30 days).

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

In determining the recoverability of a trade receivable, the 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.

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Receivables from:				
Ultimate holding company (Note 4)	69	20	69	20
Subsidiary (Note 8)	–	–	–	16
Associate (Note 9)	–	276	–	276
Related companies (Note 4)	501	480	501	480
Total	570	776	570	792
Allowance for doubtful receivables from subsidiary	–	–	–	(16)
Net	570	776	570	776
Downpayments for the purchase of vehicles, premises and equipment	35,470	22,126	35,470	22,126
Prepayments	4,439	3,997	4,439	3,997
Interest receivable	119	248	119	248
Staff advances	272	81	272	81
Security deposits:				
Related company (Note 4)	732	732	732	732
Outside parties	852	700	852	700
Others	2,490	3,531	2,490	3,531
Net	44,944	32,191	44,944	32,191

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

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

8 SUBSIDIARY

The Company has investments in unquoted equity shares representing a 100% (2009: 100%) equity interest in Monteria Pte Ltd, incorporated in Singapore. The cost of investment in the subsidiary is $2.00 (2009: $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. It is in the process of being struck off as at 31 December 2010.

9 ASSOCIATE

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Unquoted equity shares, at cost	–	535	–	1,280
Add: Share of post–acquisition reserves	–	1,052	–	–
Total	–	1,587	–	1,280

9 ASSOCIATE (CONT'D)

(a) Details of the associate is as follows:

Associate	Principal activity	Country of incorporation/ operations	Cost of investment		Group's effective interest	
			2010 $'000	2009 $'000	2010 %	2009 %
Transit Link Pte Ltd	Provide support services to the transport operators in Singapore	Singapore	–	1,280	–	50

During the financial year, the Company divested its interest in the Associate.

From 1 January 2010 up to the point of divestment, Transit Link Pte Ltd earned a service fee of $3,683,000 (2009: $13,172,000) 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 period up to divestment have been used (2009: management accounts for year ended 31 December 2009).

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

	2010 $'000	2009 $'000
Total assets	–	21,850
Total liabilities	–	(18,676)
Net assets	–	3,174
Group's share of associate's net assets	–	1,587
Revenue[1]	1,830	8,695
Profit for the year[1]	361	638
Group's share of associate's profit for the year[1]	144	319

[1] Information for 2010 comprises transactions from 1 January 2010 up to date of divestment.

10 AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company	
	2010 $'000	2009 $'000
Quoted investments, at fair value:		
Bonds in corporations	10,790	15,320

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

11 VEHICLES, PREMISES AND EQUIPMENT

	Buses $'000	Leasehold land $'000	Leasehold buildings $'000
The Group and The Company			
Cost:			
At 1 January 2009	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
Additions	4,460	–	2
Disposals	(47,468)	–	–
Reclassifications	82,054	–	–
Transfer to/from related parties	–	–	–
At 31 December 2010	949,369	16,642	62,901
Accumulated depreciation:			
At 1 January 2009	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
Additions	33,993	594	3,083
Disposals	(46,938)	–	–
Transfer to/from related parties	–	–	–
At 31 December 2010	498,603	5,154	34,787
Carrying amount:			
At 31 December 2010	450,766	11,488	28,114
At 31 December 2009	398,775	12,082	31,195

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
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
984	969	285	250	85,089	92,039
(734)	(568)	(406)	(154)	–	(49,330)
–	–	–	898	(82,952)	–
40	–	–	(14)	–	26
99,521	18,977	4,224	10,296	19,046	1,180,976
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
8,065	1,159	197	284	–	47,375
(734)	(568)	(406)	(152)	–	(48,798)
40	–	–	(10)	–	30
79,683	15,060	3,501	8,356	–	645,144
19,838	3,917	723	1,940	19,046	535,832
26,919	4,107	635	1,082	16,909	491,704

11 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Note:

(a) During the financial year, government grants amounting to $2,088,000 (2009: $546,000) 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 $48,245,000 (2009: $105,516,000) and carrying amount of $11,822,000 (2009: $17,134,000) which are the subject of one (2009: two) cross border leasing transaction. The Group's and the Company's legal obligation under this transaction has been legally defeased.

(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 Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,953 sq m	19 years from 1 March 1994	Bus depot

12 TRADE AND OTHER PAYABLES

	The Group and The Company	
	2010	2009
	$'000	$'000
Payables to:		
Ultimate holding company (Note 4)	765	768
Related companies (Note 4)	4,320	4,961
Outside parties	35,527	39,970
Accruals	86,652	87,111
Deferred income	1,936	2,462
Total	129,200	135,272

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 (2009: 30 days).

13 DEPOSITS RECEIVED

	The Group and The Company	
	2010	2009
	$'000	$'000
Deposits received	4,725	3,946
Less: Due within 12 months	(1,658)	(1,549)
Due after 12 months	3,067	2,397

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.

14 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	2010	**2009**
	$'000	**$'000**
At beginning of year	35,321	33,423
Charge to profit and loss	3,776	5,870
Payments	(4,679)	(3,972)
At end of year	34,418	35,321

The balance comprises provision for:

Insurance premiums	20,765	23,030
Accident claims	13,653	12,291
	34,418	35,321

15 BORROWINGS

Medium Term Notes

On 24 May 2010, the Company established a $250m Multicurrency Medium Term Note Programme (the "MTN Programme"). From the MTN Programme, the Company issued $100m (2009: NIL) 5-year fixed rate unsecured notes due on 26 October 2015. The notes bear an interest rate of 1.95% (2009: NIL) per annum payable on a semi-annual basis.

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

16 DEFERRED TAX LIABILITIES

	The Group and The Company	
	2010	**2009**
	$'000	**$'000**
At beginning of year	30,772	23,010
Charge to profit and loss (Note 24)	12,059	9,002
Changes in tax rates	–	(1,240)
At end of year	42,831	30,772

The balance comprises the tax effects of:

Excess of carrying amount over tax written down value	55,945	43,993
Other items	(13,114)	(13,221)
Net	42,831	30,772

17 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group and The Company	
	2010 $'000	2009 $'000
At beginning of year	12,509	12,237
Charge to profit and loss	688	778
Payments	(659)	(506)
At end of year	12,538	12,509

The balance comprises provision for:

Retirement benefits	9,860	9,734
Long service awards	2,678	2,775
	12,538	12,509

18 SHARE CAPITAL

	The Group and The Company			
	2010	2009	2010	2009
	Number ('000) of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	307,721	307,721	92,310	92,310
Exercise of share options	385	–	663	–
At end of year	308,106	307,721	92,973	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	
	2010	2009
	$'000	$'000
Share option reserve:		
At beginning of year	1,071	765
Recognition of share-based payments	182	319
Transfer to share capital on exercise of share options (Note 18)	(53)	–
Transfer to accumulated profits	(123)	(13)
At end of year	1,077	1,071
Revaluation reserve:		
At beginning of year	320	(502)
Gain on available-for-sale investments	470	822
At end of year	790	320
Net	1,867	1,391

20 REVENUE

Revenue comprises the following amounts:

	The Group	
	2010	2009
	$'000	$'000
Transport services:		
Bus	549,017	545,995
Rail	121,724	109,182
Advertisements	36,312	27,321
Rental	13,827	14,585
Total	720,880	697,083

21 STAFF COSTS

(a) Included in staff costs are:

(i) Directors' remuneration

	The Group			
Remuneration band	**Salary**	**Bonus**	**Others**	**Total compensation**
	%	%	%	%
2010				
($500,000 – $749,999)				
Gan Juay Kiat	46	48	6	100
2009				
($500,000 – $749,999)				
Gan Juay Kiat	45	49	6	100

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**
	%	%	%	%
2010				
($250,000 – $499,999)				
No. of executives : 3	63	31	6	100
(below $250,000)				
No. of executives : 2	67	33	–	100
2009				
($250,000 – $499,999)				
No. of executives : 3	61	31	8	100
(below $250,000)				
No. of executives : 2	66	27	7	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 $2,210,873 (2009: $1,842,113).

	The Group	
	2010	**2009**
	$'000	**$'000**
(iv) Cost of contribution to Central Provident Fund	23,193	23,112

(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			
	2010		2009	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	11,877,500	2.28	9,376,250	2.49
Granted during the year	–	–	2,762,500	1.58
Cancelled/Lapsed during the year	(1,368,000)	2.42	(261,250)	2.35
Exercised during the year	(385,500)	1.58	–	–
Outstanding at the end of the year	10,124,000	2.29	11,877,500	2.28
Exercisable at the end of the year	10,124,000	2.29	9,167,500	2.49

The weighted average share price at the date of exercise for share options during the year was $1.87 (2009: NIL). The options outstanding at the end of the year have a weighted average remaining contractual life of 5.6 years (2009: 6.5 years). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Report of the Directors.

The SSOS expired on 8 June 2010 and hence no option has been granted since then. The estimated fair value of the options granted on 25 June 2009 was $0.14.

These fair values for share options granted in Financial Year 2009 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2010	2009
Prevailing share price at date of grant ($)	–	1.60
Exercise price ($)	–	1.58
Expected volatility (%)	–	18.89
Expected life (years)	–	2.80
Risk free rate (%)	–	2.06
Expected dividend yield (%)	–	5.06

Expected volatility for Financial Year 2009 was determined by calculating the historical volatility of the Company's share price over the previous 5 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 $182,000 (2009: $319,000) 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	
	2010 $'000	2009 $'000
Directors' fees	333	322
Cost of inventories recognised in repairs and maintenance expense	70,766	72,313
Foreign currency exchange adjustment (gain) loss, arising from operations	(240)	284
Foreign currency exchange adjustment gain, arising from investments	(33)	(58)
Net gain on disposal of vehicles and equipment	(587)	(1,828)
Insurance premiums payable and provision for accident claims	3,776	5,870
Provision for service benefits and long service awards	688	778
Audit fees:		
Paid to auditors of the Company	123	123
Non-audit fees:		
Paid to auditors of the Company	26	30
Professional fee paid to a firm of which a director is a member	37	26

23 NET INCOME FROM INVESTMENTS

	The Group	
	2010 $'000	2009 $'000
Interest income:		
Bonds	498	680
Time deposits	37	79
Notes	–	53
Other investment income:		
Net loss on disposal of held-for-trading investments	–	(5)
Gain on disposal of available-for-sale investments	30	–
Net gain on fair value changes of held-for-trading investments	–	1
Total	565	808

24 TAXATION

	The Group	
	2010 $'000	2009 $'000
Current taxation	90	152
Deferred tax (Note 16)	12,059	7,762
(Over) Under-provision of current tax in prior years	(1,399)	804
	10,750	8,718

24 TAXATION (CONT'D)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2009: 17%) to profit before taxation as a result of the following differences:

	The Group	
	2010 $'000	2009 $'000
Profit before taxation	65,028	63,330
Less: Share of profit in associate	(144)	(319)
	64,884	63,011
Taxation charge at statutory rate	11,031	10,712
Non-taxable (Non-allowable) items	1,179	(1,481)
Effect of changes in tax rate	–	(1,240)
Tax-exempt income	(26)	(26)
(Over) Under-provision in prior years	(1,399)	804
Other items	(35)	(51)
	10,750	8,718

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:

	2010	2009
Profit attributable to shareholders of the Company ($'000)	54,278	54,612
Weighted average number of ordinary shares in issue ('000)	307,818	307,721
Basic earnings per share (in cents)	17.63	17.75

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.

	2010	2009
Profit attributable to shareholders of the Company ($'000)	54,278	54,612
Weighted average number of ordinary shares in issue ('000)	307,818	307,721
Adjustments for share options ('000)	368	133
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	308,186	307,854
Diluted earnings per share (in cents)	17.61	17.74

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	Rail	Advertisements	Rental	Total
	$'000	$'000	$'000	$'000	$'000
2010					
REVENUE	549,017	121,724	36,312	13,827	720,880
RESULTS					
Segment results	14,884	17,462	22,036	10,337	64,719
Net income from investments					565
Finance costs					(400)
Share of profit in associate					144
Profit before taxation					65,028
Taxation					(10,750)
Profit after taxation					54,278

26 BUSINESS SEGMENT INFORMATION (CONT'D)

	Bus $'000	Rail $'000	Advertisements $'000	Rental $'000	Total $'000
OTHER INFORMATION					
Additions of vehicles, premises and equipment	90,908	1,024	99	8	92,039
Depreciation expense	45,513	468	363	1,031	47,375
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	585,157	23,649	7,718	4,836	621,360
Unallocated corporate assets					75,811
Consolidated total assets					697,171
LIABILITIES					
Segment liabilities	189,882	28,486	6,136	8,133	232,637
Unallocated corporate liabilities					147,967
Consolidated total liabilities					380,604
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
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

27 COMMITMENTS

As at 31 December 2010, 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	
	2010 $'000	2009 $'000
Purchase of vehicles, premises and equipment	268,618	117,248

(b) Operating lease commitments:

The Group and the Company as lessee

	The Group and The Company	
	2010 $'000	2009 $'000
Minimum lease payment under operating leases included in the profit or loss (net of rebates)	7,346	5,956

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	
	2010 $'000	2009 $'000
Within one year	7,035	6,764
In the second to fifth year inclusive	6,914	13,034
Total	13,949	19,798

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

The Group and the Company as lessor

The Group and the Company rent out part of their bus spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was $11,192,000 (2009: $11,785,000). 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	
	2010 $'000	2009 $'000
Within one year	7,695	8,966
In the second to fifth year inclusive	5,891	6,008
Total	13,586	14,974

28 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk, management policies and objectives

The main areas of financial risk faced by the 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 equity of the Group is insignificant.

Interest rate risk management

The Group's primary interest rate risk relates to borrowings, 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 enters into treasury transactions only with creditworthy institutions. Its investments in fixed income instruments are above investment grade as assigned by international credit-rating agencies. There is no significant concentration of credit risk. In determining the recoverability of a receivable, the 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 its MTN Programme to ensure its ability to access funding at any time at the best possible rates.

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

Fuel price risk management

Fuel, comprising diesel and electricity, is part of the operating cost of the 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 $1.07m (2009: $1.06m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2010.

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.

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

(i) quoted prices in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (Level 3).

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

(b) Hedging instruments

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

	The Group and The Company	
	2010	**2009**
	$'000	**$'000**
Foreign currency forward contract	18,619	11,802
Fuel hedges	17,921	10,841

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 2010, the fair value of the Group's foreign exchange hedging instruments comprising $811,000 of liabilities (2009: $187,000 of assets) is matched by an equivalent fair value adjustment on the hedged item.

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

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 2010, the fair value of the Group's and the Company's fuel hedging instruments comprising $2,384,000 of assets (2009: $1,560,000 of assets) is matched by an equivalent fair value adjustment on the hedged item.

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

(c) Capital risk management policies and objectives

The 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.

(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					
2010					
Financial Assets					
Cash and bank balances:					
In functional currency:	3,865	–	–	3,865	–
In non-functional currencies:					
GBP	55	–	–	55	–
USD	51	–	–	51	–
Others	83	–	–	83	–
Total	4,054	–	–	4,054	
Time deposits:					
In functional currency	63,009	–	–	63,009	0.17 - 0.45

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

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
Available-for-sale investments:					
Bonds in functional currency	–	5,250	5,540	10,790	3.98 - 4.84
2010					
Financial Liabilities					
Medium Term Notes – unsecured	–	100,000	–	100,000	1.95

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

	Within 1 year $'000	Within 2 to 5 years $'000	Beyond 5 years $'000	Total $'000	Effective interest rate at year end %
The Group and the Company					
2009					
Financial assets					
Cash and bank balances:					
In functional currencies	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 DIVIDENDS

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

	2010 $'000	2009 $'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 4.30 cents (2009: 3.60 cents) per ordinary share	13,232	11,078
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 4.50 cents (2009: 4.50 cents) per ordinary share	13,856	13,847
Total	27,088	24,925

(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 $13,249,000 be paid for the financial year ended 31 December 2010.

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

30 LICENCE CONDITION FOR RAIL SERVICES

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

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

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

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

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

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

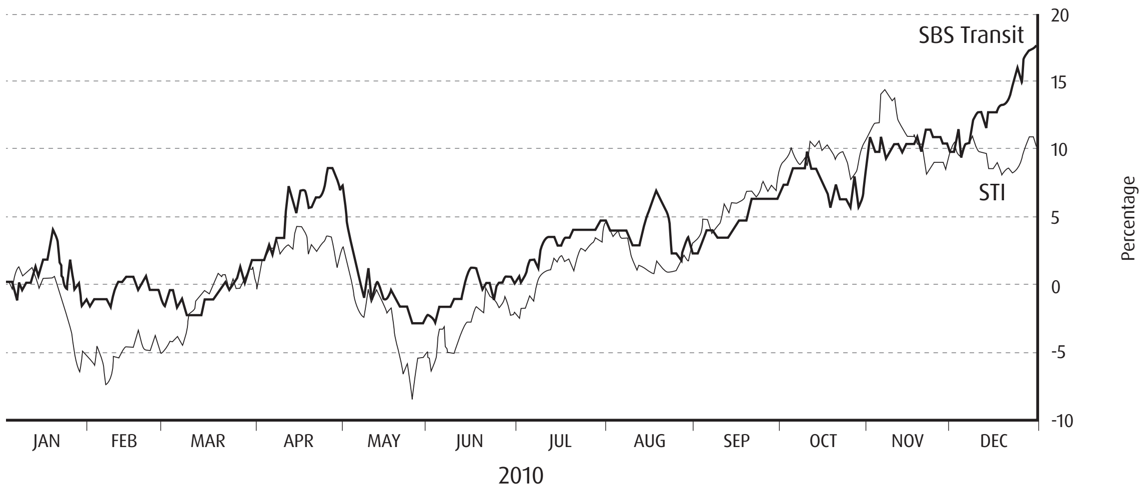
The main categories of eligible operating assets are trains, maintenance vehicles, power supply equipment, supervisory control system, escalators and lifts, platform screen doors, environmental control system, tunnel ventilation system, electrical service and fire protection system, signalling system,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

Share Price Movement Chart

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER

Source: Bloomberg Finance L.P.

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



Source: Bloomberg Finance L.P.

Shareholding Statistics

As At 2 March 2011

Number of shares issued : 308,472,266
Class of shares : Ordinary shares
Voting rights : One vote per share

Size of Shareholdings	**No. of Shareholders**	**%**	**No. of Shares**	**%**
1 – 999	2,012	9.72	651,674	0.21
1,000 – 10,000	18,182	87.87	30,179,310	9.78
10,001 – 1,000,000	493	2.38	20,061,706	6.51
1,000,001 & Above	6	0.03	257,579,576	83.50
Total	20,693	100.00	308,472,266	100.00

Top Twenty Shareholders	**No. of Shares**	**%**
ComfortDelGro Corporation Limited	231,680,012	75.11
BNP Paribas Securities Services Singapore	14,044,000	4.55
DBS Nominees Pte Ltd	5,096,200	1.65
United Overseas Bank Nominees Pte Ltd	3,181,680	1.03
Citibank Nominees Singapore Pte Ltd	2,036,384	0.66
OCBC Nominees Singapore Pte Ltd	1,541,300	0.50
Changi Bus Company (Private) Limited	691,548	0.22
Merrill Lynch (S'pore) Pte Ltd	642,300	0.21
CIMB Securities (Singapore) Pte Ltd	573,945	0.19
Tan Kay Yeong	511,000	0.17
Raffles Nominees (Pte) Ltd	412,700	0.13
Woon Chio Chong	275,000	0.09
Bank Of Singapore Nominees Pte Ltd	258,500	0.08
Lim Jun Ying	250,000	0.08
Chiam Wei Jun Irvine	244,500	0.08
Loh Hon Seng Vincent	222,000	0.07
Wong Chin Huat	215,000	0.07
Tan Kong Eng	214,800	0.07
Tang Wee Loke	211,000	0.07
Chin Harn Tong @ Chee Han Tong	210,000	0.07
Total	262,511,869	85.10

Substantial Shareholders (as shown in the Register of Substantial Shareholders)	**No. of Shares**	**%**
ComfortDelGro Corporation Limited	231,680,012	75.11

As at 2 March 2011, approximately 24.32% 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 Eighteenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Tuesday, 26 April 2011 at 3.00 p.m. for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the Financial Year ended 31 December 2010 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 2010. **(Resolution 2)**

3. To approve the payment of Directors' fees of $333,499 for the Financial Year ended 31 December 2010. (FY 2009: $322,000). **(Resolution 3)**

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

5. To re-elect Mr Cheong Yip Seng, 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 4 May 2011 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 2010.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 3 May 2011 will be registered before Shareholders' entitlements to the final dividend is determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 3 May 2011 will rank for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Eighteenth Annual General Meeting of the Company, will be paid on 13 May 2011.

By Order of the Board

Chan Wan Tak, Wendy
Company Secretary
Singapore
28 March 2011

Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the Company's registered office at 205 Braddell Road, Singapore 579701 not less than 48 hours before the time appointed for the Annual General Meeting.

ADDITIONAL INFORMATION ON ORDINARY BUSINESS

Mr Chin Harn Tong and Mr Tan Kong Eng are Members of the Audit Committee. They are considered independent Directors of the Company. If re-elected, Mr Chin Harn Tong and Mr Tan Kong Eng will continue as 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. This scheme expired on 8 June 2010 and the Company did not seek a renewal of the scheme. No further options shall be offered by the Company under this scheme, but the provisions of the scheme shall, in relation to the options granted and accepted and whether such options have been exercised (whether fully or partially) or not, remain in full force and effect. The aggregate number of shares over which the Committee may grant options under the scheme for its entire duration is limited to 15% of the issued ordinary shares in the capital of the Company excluding treasury shares, from time to time.

SBS Transit Ltd

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy SBS Transit Ltd shares, this 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) ____________________________________(NRIC/Passport Number)

of____(Address)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Tuesday, 26 April 2011 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Directors' Report and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Mr John De Payva as Director		
5.	Re-election of Mr Cheong Yip Seng as Director		
6.	Re-appointment of Mr Lim Jit Poh as Director		
7.	Re-appointment of Mr Chin Harn Tong as Director		
8.	Re-appointment of Mr Tan Kong Eng as Director		
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
10.	Authority to issue shares pursuant to exercise of options		

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

Dated this ____________ day of _____________ 2011.

Total Number of Shares Held (Note 4)

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this 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.

Affix
postage
stamp

THE COMPANY SECRETARY
SBS Transit Ltd
205 Braddell Road
Singapore 579701

This flap for sealing

SEDGWICK RICHARDSON DESIGN & PRODUCTION

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