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SBS **Trans**

SERVICE REACH

Reaching out to our commuters and servicing their needs topped the list of priorities for SBS Transit. To this end, we introduced several initiatives in 2005 including a record number of new services.



OUR FOOTPRINT

With a fleet of 2,708 buses, 40.4 kilometres of light rail and mass rapid transits and a daily ridership of more than 2 million, SBS Transit is Singapore's premier public land transport operator.

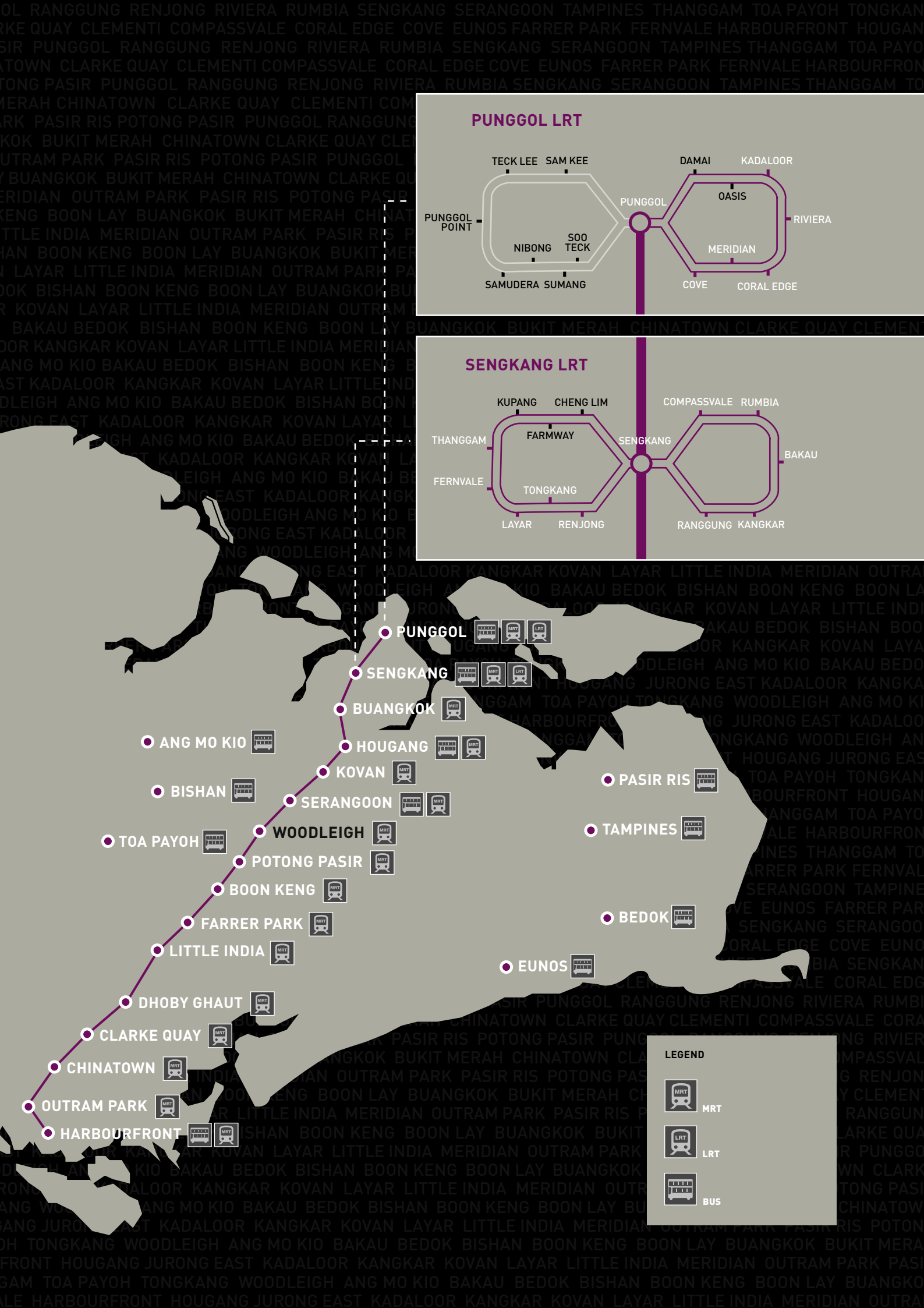


JURONG EAST

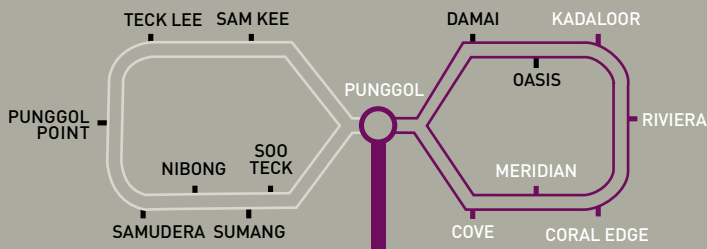
BOON LAY

CLEMENTI

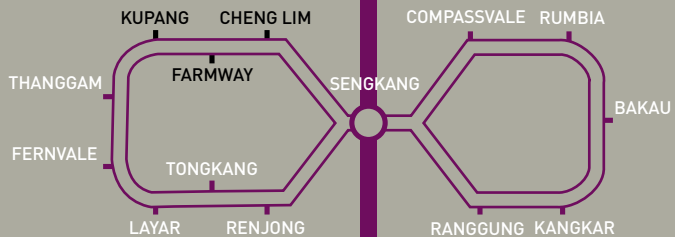
BUKIT MERAH



PUNGGOL LRT



SENGKANG LRT



- PUNGGOL
- SENGKANG
- BUANGKOK
- HOUGANG
- KOVAN
- SERANGOON
- WOODLEIGH
- POTONG PASIR
- BOON KENG
- FARRER PARK
- LITTLE INDIA
- DHOBY GHAUT
- CLARKE QUAY
- CHINATOWN
- OUTRAM PARK
- HARBOURFRONT
- ANG MO KIO
- BISHAN
- TOA PAYOH
- PASIR RIS
- TAMPINES
- BEDOK
- EUNOS

LEGEND

- MRT
- LRT
- BUS

BUSINESS OVERVIEW

BUS OPERATIONS



AVERAGE DAILY RIDERSHIP

2.05 million

TOTAL BUS NETWORK COVERAGE

6,180 km

With a total fleet of 2,708 buses, 204 services and an average daily ridership of more than 2 million, SBS Transit is the scheduled bus industry's undisputed leader with a commanding 75% share of the market.

Nine in 10 of our buses are air-conditioned, making us one of the most modern fleets in the world. Our new 150 low-floor, air-conditioned, double-deck buses even come equipped with wheelchair-friendly features.

To improve the efficiency of our operations, we have been working on the roll-out of the Automatic Vehicle Management System which will allow us to know the exact location of all our buses and advise the Bus Captains of the need for diversion whenever bottlenecks appear on the road.

We have also introduced an unprecedented 24 new bus services in 2005, up from the usual of just two or three a year. Eight of the new services were basic trunk services while the remaining were basic plus services targeting at niche areas or specific groups.



BUSINESS OVERVIEW

RAIL OPERATIONS



AVERAGE DAILY RIDERSHIP

226,182

SERVICE AVAILABILITY

99.94%

We have been operating the North East Line (NEL), the world's first driverless, underground heavy rail system, for more than two years now. Average daily ridership has grown steadily. In October 2005, average daily ridership crossed the 200,000-mark for the first time. For the year 2005, NEL had an average daily ridership of 196,098, an increase of 11.6% over 2004.

Service operation for the NEL continued to be reliable. Train service availability averaged 99.94%, better than the regulator's standard of 98% while train peak hour schedule adherence averaged 99.57%, above the regulator's standard of 95%.

In addition to the NEL, we also run two light rail transit systems (LRTs) – Sengkang LRT and Punggol LRT. We officially opened Sengkang LRT (West Loop) and Punggol LRT (East Loop) for revenue service in January 2005. In 2005, Sengkang and Punggol LRTs averaged riderships of 23,646 and 6,438 respectively.

In January 2006, we started revenue service for Buangkok station, approximately 2½ years after the official opening of the NEL. The time frame is within our original forecast. With the Sengkang and Punggol New Towns getting more populated, the ridership will continue to grow.



SBS Transit

71036

VISION & MISSION

OUR VISION

Moving people in a safe,
reliable and affordable way.

OUR MISSION

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

OUR BELIEFS

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

We will

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

CHAIRMAN'S STATEMENT

Events that occurred in 2005 provided an excellent opportunity for us to be reminded of our roles and responsibilities as a public transport service provider. The global security threat, the high cost of fuel and the constant need to balance our role as a public service transport operator with that of our responsibilities to our shareholders came to the fore in 2005.

Throughout it all, we stayed true to our Vision of moving people in a safe, reliable and affordable way. We have done this in a regulated environment that is fair and just, and have subscribed to standards which are transparent.

Our Board of Directors, though elected by shareholders at our annual general meeting, is approved by the authorities under the Land Transport Act and the Public Transport Act.

Our main source of revenue – the bus and rail fares – has to be approved by the Public Transport Council (PTC). The Fare Review Mechanism has been refined following the release of a report in February 2005 by the Committee convened for this purpose. The Committee, made up of grassroots leaders, Members of Parliament, Consumers Association of Singapore (CASE) and academics, deliberated in depth and came up with a formula that is based on the state of the country's economy, inflation, wages of the workforce and the performance of the public transport operators. In the final analysis, realistic and affordable fares have been put in place for the commuters.

Indeed, everything that we do is transparent. The checks and balances are there to ensure that this is so.

OUR BUSINESS PRINCIPLES

We have, of our own accord, adopted a realistic policy of looking after different segments of the population. All school-going children are given special concession passes as they are our future commuters while all elderly commuters are awarded special senior citizen concession passes for their years of support. The poor, needy and disabled are also not forgotten. We have looked after their needs either through the Public Transport Fund that is administered by the National Trades Union Congress (NTUC) and Community Development Councils, or through the introduction of friendly and accessible vehicles.

With this fundamental policy in place, we applied to the PTC for a fare increase. Although we were granted a 2.4% increase in fares, we took it upon ourselves to implement measures to ensure that the less advantaged and the more needy segments of the population were taken care of. These measures included the extension of concessionary hours for senior citizens; keeping the maximum fare cap for any single trip on our bus network at \$1.90; keeping fares unchanged for children and students and; contributing \$1.15 million to the Public Transport Fund to help the poor and needy. In all, the relief package cost us \$3.45 million.

OUR CHALLENGES IN 2005

In 2005, the volatile high oil prices and the global security threat were our main challenges.

SBS Transit incurred \$101.2 million in fuel and energy cost alone, 41.2% more as compared to 2004. We hedged against the oil price increases in the first quarter of the year but the high price volatility in the remaining part of the year made it difficult for us to meet the challenge.

On the security front, the terrorist attacks on the land transport system in London on 7 July 2005, coming so soon after the Madrid bombings in 2004, highlighted the continued need for vigilance and preparedness. During the year, we worked closely with government agencies such as the Land Transport Authority (LTA) and the Singapore Civil Defence Force (SCDF) to fine tune our procedures and exercise our people to ensure our readiness in the event of an attack. Our months of preparation, including no less than six in-house exercises, culminated in the massive islandwide emergency exercise on 8 January 2006 called NorthStar V. Over 300 of our staff were directly involved in the exercise that involved bomb and chemical gas attacks on both the trains and buses. It was also the first time an exercise had involved participants



“Throughout it all, we stayed true to our Vision of moving people in a safe, reliable and affordable way. We have done this in a regulated environment that is fair and just, and have subscribed to standards which are transparent.”

ANG MO KIO BAKAU BEDOK BISHAN BOON KENG BOON LAY BUANGKOK BUKIT MERAH CHINATOWN CLARKE QUAY CLEMENTI COMPASSVALE CORAL EDGE COVE EUNOS FARRER PARK FERVALE HARBOURFRONT HOUGANG JURONG EAST KADALLOOR KANGKAR KOVAN LAYAR LITTLE INDIA MERIDIAN OUTRAM PARK PASIR RIS POTONG PASIR PUNGGOL RANGGUNG RENJONG RIVIERA RUMBIA SENGKANG SERANGOON TAMPINES THANGGAM TOA PAYOH TONGKANG WOODLEIGH

CHAIRMAN'S STATEMENT

who were not aware of the exercise. To minimise inconvenience to commuters, Goodwill Ambassadors were deployed to help with crowd control and assist commuters at the affected stations and interchanges. Posters and announcements in our four official languages were also made available to direct commuters to the respective bus stops for their free shuttle services. In all, 25 air-con single deck buses were deployed as shuttle services.

With Prime Minister Lee Hsien Loong elevating the subject of service delivery to national level at the National Day Rally, we have taken it upon ourselves to further highlight this aspect of our operations. We have incorporated a board level Service Quality Committee to review our work and to evolve a service quality culture. The goal is to improve our overall level of service and to make public transport travel even more pleasant and safe.

Indeed, service excellence is something we are constantly striving towards. We have in place many programmes and incentive schemes aimed at promoting such a culture. Our people have also done us proud. In 2005, our staff won numerous service awards, including the Transport Gold Award and Excellent Service Awards (EXSA). We won 538 EXSA awards in 2005 as compared to 237 in 2004. We also won the only Super Star award for the transport industry when our Route Master Chua Aik Ngwen was rewarded for his commitment to customers, specifically the physically disabled.

With increasing demands on us to provide better service, the need to attract more quality Bus Captains has become more urgent. To make bus driving a more attractive vocation for Singaporeans, we conducted a joint review of the remuneration package for our Bus Captains with the National Transport Workers' Union (NTWU) under the Job Re-creation Programme. A new scheme

for the Bus Captains was subsequently launched on 1 July 2005. It has proven successful. Within six months, we saw 277 Singaporeans accepting the job, translating into an average of 46 acceptancies each month, up from the monthly average of 20 previously.

OUR BUSINESS

In 2005, SBS Transit had an operating fleet of 2,488 buses making about 27,500 trips a day. They plied 204 scheduled routes and called at 1.4 million bus stop daily. On average, our 5,698 operations and engineering staff cater to about 2 million passenger trips every day – no small feat indeed.

Over in our rail operations, the North East Line (NEL) undertook more than 300 trips daily. It made about 5,110 station calls every day and saw an average daily ridership of 196,098. Our Sengkang and Punggol Light Rail Transit (LRTs) systems had an average daily ridership of 23,646 and 6,438 respectively. Such is the scale of our business.

The number of people we move on a daily basis is huge and ensuring a high level of service reliability is important. Our staff at interchanges and terminals monitor all trip departures and arrivals and make adjustments where necessary. We will continue to work closely with the authorities to improve the bus travel experience. With the improvement on the reliability of bus services, there would be fewer incidents of buses being overcrowded as well.

But there are bound to be service lapses. We do not want them but they are often beyond our control as there are other conditions prevailing on the roads, be they other vehicles, weather conditions or unexpected incidents. We seek commuters' understanding when such instances arise. In a bus passenger satisfaction survey commissioned by the

PTC and participated by 1,000 regular bus commuters, it was found that long waiting time and crowdedness of buses were the two major complaints. We will continue to enhance our operations and improve these shortcomings.

A committee set up by the Government to look into ageing issues and pushing for a 'barrier-free' Singapore has suggested making the public transport system wheelchair-friendly. I am pleased to report that SBS Transit is the first public transport operator in Singapore to offer wheelchair-accessible, low-floor buses. In 2005, SBS Transit purchased 150 wheelchair-accessible air-conditioned buses for \$71 million. These new buses will be progressively deployed to ply the roads in 2006, replacing the older buses when they reach their statutory lives. The features introduced in these new buses include special back rests and low position handrails – all in line with the recommendations by the committee.

We also supported the Government's effort in enhancing the employability of older workers by launching a new scheme called the Re-employment of Retired Bus Captain Scheme. Here, retired Bus Captains are re-employed as mentors and driving assessors on a part-time basis. With the engagement of retired Bus Captains to augment our workforce, existing Bus Captains can be relieved from the mentoring role to focus on driving duties. This optimises resources and results in cost savings for the Group. The scheme also ensures that we tap the skills and experience of a group of dedicated retired Bus Captains.

BUSINESS REVIEW

BUS

With a record 24 new services launched in 2005, SBS Transit continued to be the undisputed market leader of the local bus industry. The new service launches are aimed at offering commuters better

CHAIRMAN'S STATEMENT

service coverage and boosting revenue growth. So far, they have succeeded in both objectives. Of the 24 new services, eight were basic trunk services while the rest were basic plus services including Fast Forward Services, Chinatown Direct Services, Parks Services and Stadium Direct Services. The basic plus services are services targeted at niche areas or specific groups.

To gauge our service standards, SBS Transit, together with the LTA, conducted a benchmarking exercise on key performance indicators of local and foreign public transport operators. Some of these indicators include fares, financial performance and productivity levels. Comparing SBS Transit's performance with foreign bus operators in major cities like Sydney, Stockholm, New York, Hong Kong and London, I am glad to say that SBS Transit did well in every measure. For instance, it reported the lowest average fare per passenger boarding and the lowest operating cost per passenger kilometre.

This shows that bus fares in Singapore are affordable compared to these major cities.

In spite of the low cost of public transport travel in Singapore, there is a relatively high incidence of fare evasion. To prevent fare leakage, Parliament passed a bill to introduce the penalty fee legislation. It is envisaged that the penalty fee legislation will help to strengthen the deterrence against fare evasion behaviour.

RAIL

Ridership in our rail operations continued to grow in 2005. For the first time since we started the NEL in 2003, average daily ridership crossed the 200,000-mark in October 2005. For the year under review, average daily ridership increased by 11.6% to 196,098 from the previous year. I am confident this growth will continue as Sengkang and Punggol New Towns get more populated.

With both Sengkang West Loop and the Punggol East Loop starting their revenue

service in January 2005, the ridership for our LRT systems also improved. The Sengkang LRT achieved an average daily ridership of 23,646, a whopping increase of 35% as compared to 17,503 in 2004. The Punggol LRT achieved an average maiden daily ridership of 6,438 in 2005.

Apart from the improved ridership, our NEL attained an average of 99.94% in service availability, exceeding the 98% set by the authority. Train peak hour schedule adherence also averaged 99.57%, better than the minimum requirement of 95%.

We also did our part in educating rail commuters of the correct use of escalators. We appointed Ms Quan Yi Feng, the popular host from MediaCorp as our Safety Ambassador, and launched an education programme where large size posters of the TV host were pasted in all our NEL stations. We also started making announcements in all four official languages to encourage elderly or physically disabled commuters, as well as commuters with children, to take the lift.

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

SBS Transit's iconic Heart Bus continued to raise funds for the President's Challenge in 2005. Already in its fourth year, the Heart Bus raised close to \$500,000 for the As-Salaam PPIS Family Support Centre, Bright Hill Evergreen Home, Community Chest, Pathlight School, Rainbow Centre and Singapore Corporation of Rehabilitative Enterprises. With this latest contribution, the Heart Bus has raised approximately \$2.1 million for the President's Challenge since 2002.

In an effort to help the less fortunate cope with the fare revision, we contributed \$1.15 million to the Public Transport Fund. More than \$100,000 was also given to various charities and grassroots organisations throughout the year as part of our corporate policy to give back to the community.

FINANCIAL RESULTS

SBS Transit's total turnover in 2005 increased from \$559.6 million in 2004 to \$576.3 million, an increase of 3%.

Turnover from the bus business increased by 1.6% from \$485.6 million to \$493.2 million. The increase was mainly due to

the introduction of new bus services and the fare increase effective from 1 July 2005. Profit from bus operations dropped by 15.8% from a restated \$60.2 million to \$50.7 million.

Turnover from our rail business increased by 14.9% from \$55.6 million to \$63.9 million. NEL contributed \$58.5 million while the Sengkang LRT, which started revenue service of the west loop in January 2005, contributed \$4.4 million. The Punggol LRT (East Loop), which also started its revenue service in the same year, contributed \$1.0 million. Our efforts in cost control and the increase in ridership reduced the losses from rail operations significantly.

Business generated from advertisements contributed \$19.2 million in revenue, an increase of 4.6% over 2004.

Our pre-tax profit increased by 5.5% from a restated \$60.0 million to \$63.3 million. Profit after tax was \$51.5 million, an increase of 5.1% from a restated \$49.0 million in 2004.

Capital expenditure of \$16.6 million increased by \$13.0 million, 355.8%

higher than in 2004. The increase was mainly due to higher expenditure on the Automatic Vehicle Management System and new buses under construction.

In 2005, earnings per share was 17.12 cents based on the weighted average number of ordinary shares in issue. This was more than the 16.48 cents in restated 2004. Net assets per share stood at 91 cents, a drop of 3 cents from 2004. As at 31 December 2005, shareholders' funds dropped by 1.7% to \$274.1 million. This was due to the dividends paid out of \$63.4 million. The return on shareholders' funds was 18.6% for 2005.

DIVIDEND PROPOSAL

In 2005, the Directors have proposed a final dividend of 5 cents per ordinary share less 20% tax and a special dividend of 15 cents per ordinary share less 20% tax for the approval of the shareholders. Together with the interim dividend of 5 cents per ordinary share paid earlier, the total dividend for 2005 will be 25 cents per share.

THE YEAR AHEAD

In the coming year, we plan to introduce more bus services to further expand our



“In 2005, SBS Transit had an operating fleet of 2,488 buses making about 27,500 trips a day. They plied 204 scheduled routes and called at 1.4 million bus stops daily. On average, our 5,698 operations and engineering staff cater to about 2 million passenger trips every day – no small feat indeed.”

CHAIRMAN'S STATEMENT

network to meet the demands of our commuters and improve bus ridership.

Providing quality service will continue to be a major focus. Work on the Automatic Vehicle Management System is almost coming to an end and we hope to roll out the system across the fleet in the first half of 2006. It will allow us to know the exact location of all our buses and advise Bus Captains of the need for diversion whenever there are bottlenecks on the road. While the Automatic Vehicle Management System will not be a panacea to our reliability problem due to traffic conditions, it will go some way to mitigate it.

The Re-employment of Retired Bus Captain Scheme, which I described earlier, was launched on 1 January 2006. It is an approved scheme under the Add Value And Tap on Age (Advantage! Scheme) administered by the Workforce Development Agency (WDA).

Ensuring the security and safety for our commuters will continue to be one of our top priorities. Procedures in handling emergency situations will continue to be fine tuned and updated.

With the possibility of a bird flu pandemic occurring, we are taking necessary steps to ensure we are well placed to cope with any fallout that may occur.

Efforts will continue to be made to drive cost down given the backdrop of high fuel prices and wage increases. We will continue to invest in our people to increase productivity and the level of engagement of our staff.

A Service Quality Committee made up of Board Directors has been set up to formulate service quality ethics and evolve a service culture within the Group. A service quality unit will also be established to ensure that what the Board decides is carried out efficiently.

APPRECIATION

I would like to congratulate Mr Ong Boon Leong on his promotion to the position of Executive Director following his stint as the Chief Operating Officer. He continues to discharge his duties with commitment and passion under the direct supervision of the Deputy Chairman, Mr Kua Hong Pak, who is also the Managing Director/Group Chief Executive Officer of the parent Group, ComfortDelGro Corporation Limited. I also wish to thank Mr Kua for guiding Mr Ong in the course of his duties.

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

On behalf of the Board of Directors, I thank our customers, business partners and shareholders for their continued

and invaluable support as well as understanding.

To our team members at all levels of the company, I want to thank them for their hard work and sacrifices made towards contributing to the company's growth and safeguarding the company's interest at all times.

To the NTWU, I wish to thank them for their unwavering support and ensuring a win-win situation for both the union and the management. I would like to specially thank the retired Executive Secretary, Mr Ong Ah Heng, for his understanding, assistance and cooperation over the years, resulting in an excellent and cordial relationship between the NTWU and SBS Transit.

Finally, I wish to thank the authorities, PTC, advisors and grassroots leaders for their kind understanding and trust in us.

LIM JIT POH
Chairman

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

	2001	2002	2003	2004 (Restated)	2005
Turnover (\$'mil)	539.0	544.0	538.2	559.6	576.3
Revenue (\$'mil)	546.4	550.1	548.3	572.5	590.3
Operating profit (\$'mil)	49.1	42.2	24.9	52.6	57.2
Operating expenses (\$'mil)	497.2	507.8	570.7	519.9	533.2
Profit after tax (\$'mil)	39.6	34.6	19.0	49.0	51.5
Issued capital (\$'mil)	74.4	74.4	74.4	74.5	75.6
Capital & reserves (\$'mil)	221.9	239.7	244.8	278.7	274.1
Capital disbursement (\$'mil)	52.5	110.7	25.5	10.8	18.4
Internal funds generated (\$'mil)	97.7	92.9	125.0	82.0	80.9
Earnings per ordinary share (cents)	13.3	11.6	6.4	16.4	17.1
Net asset per ordinary share (cents)	74.6	80.5	82.3	93.6	90.6
Return on shareholders' equity (%)	17.9	14.4	7.8	18.7	18.6
Dividend per ordinary share (cents)	8.5	6.3	3.8	25.0	25.0
Dividend cover (number of times)	2.0	2.4	2.2	0.8	0.9
Earnings before interest, tax and depreciation (\$'mil)	102.1	93.3	72.1	85.1	88.6

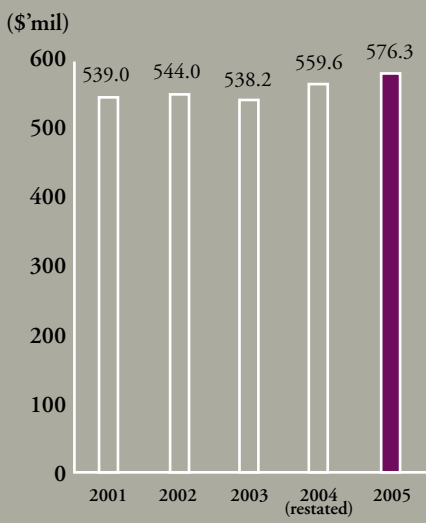
VALUE-ADDED FOR THE GROUP

	2001		2002		2003		2004		2005	
	\$'000	%	\$'000	%	\$'000	%	\$'000 (Restated)	%	\$'000	%
Suppliers of capital – dividends and term loan interest	22,722	6.1	20,387	5.4	12,096	3.5	62,139	17.2	61,202	17.2
Taxation to the Government	22,186	5.9	17,003	4.5	15,859	4.5	20,851	5.8	22,752	6.4
Retained earnings	65,769	17.5	64,170	17.1	53,705	15.4	13,270	3.7	10,468	2.9
Employees-salaries and other staff costs	264,984	70.5	273,415	73.0	267,008	76.6	264,074	73.3	261,165	73.5
Total value-added	375,661	100.0	374,975	100.0	348,668	100.0	360,334	100.0	355,587	100.0
Value-added per employee	46.0		45.8		45.5		51.1		50.2	

NOTE

Throughout this report, all figures are in Singapore dollars, unless otherwise stated.

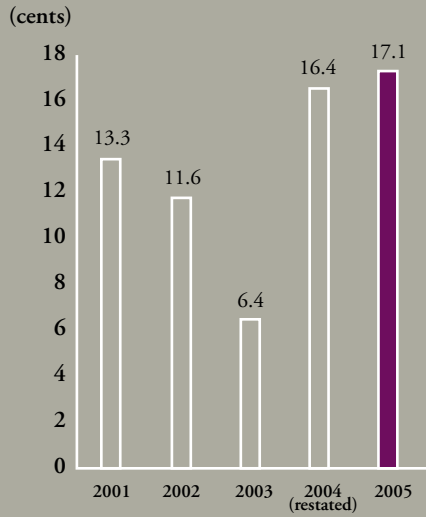
FIVE-YEAR SUMMARY



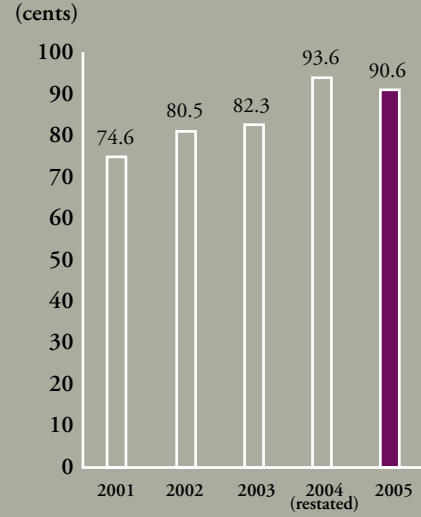
Turnover



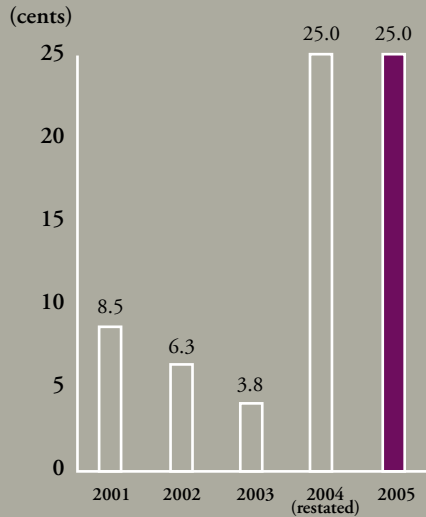
Profit After Tax



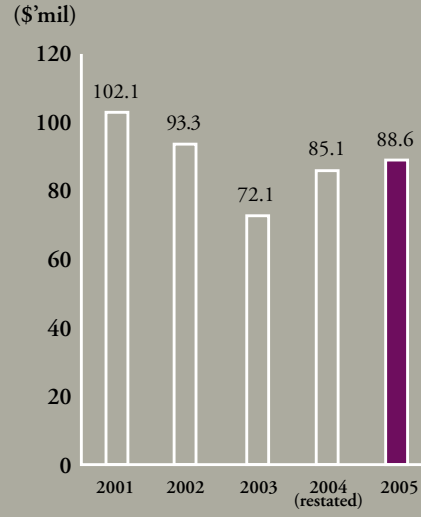
Earnings Per Ordinary Share



Net Asset Per Ordinary Share



Dividend Per Ordinary Share



Earnings Before Interest, Tax & Depreciation

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Ong Boon Leong
Executive Director
(Appointed on 29 April 2005)

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
(Appointed on 1 January 2006)

Kua Hong Pak
(Stepped down on 1 January 2006)

REMUNERATION COMMITTEE

Chin Harn Tong
Chairman
(Appointed on 1 January 2006)

John De Payva

Lim Jit Poh

Cheong Yip Seng
(Stepped down on 1 January 2006)

NOMINATING COMMITTEE

John De Payva
Chairman

Wong Chin Huat, David

Cheong Yip Seng
(Appointed on 1 January 2006)

Chin Harn Tong
(Stepped down on 1 January 2006)

SERVICE QUALITY COMMITTEE

(Constituted on 1 January 2006)

Wong Chin Huat, David
Chairman

John De Payva

Wee Siew Kim

CORPORATE DIRECTORY

REGISTERED OFFICE

205 Braddell Road
Singapore 579701

Mainline (65) 6284 8866
Facsimile (65) 6287 0311
Email crc@sbstransit.com.sg
Website www.sbstransit.com.sg
Company Registration No.
199206653M

COMPANY SECRETARY

Tan Cher Chong, Bobby

SHARE REGISTRAR

B.A.C.S. PRIVATE LIMITED
63 Cantonment Road
Singapore 089758

AUDITORS

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

Partner-in-Charge:
Yuen Ewe Jin, Philip

Date of appointment:
24 May 2002



BOARD OF DIRECTORS



LIM JIT POH
Chairman
(Non-Executive)

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 and Ascott Residence Trust Management Limited as well as a Director of several listed companies with business interests in finance (stock broking and factoring), insurance, property trust, hospitality, manufacturing and oil and energy services. Mr Lim is also a Director of several unlisted companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings (Private) Limited.

In 2005, Mr Lim was appointed Chairman of the Corporate Governance Assessment Committee of the China Aviation Oil (S) Corporation Limited to help in the review of the corporate governance practices following the financial crisis of the company. He is earmarked to be its Chairman following the restructuring of the company.

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 and 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. Mr Lim is a trustee of the Singapore National Employers' Federation.

Mr Lim was a Council Member of the Singapore Chinese Chambers 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 Vice President of Orchid Country Club and 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 Masters of Education from the University of Oregon, USA.

Pursuant to Article 97 of the Company's Articles of Association, Mr Lim will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2006. He is a non-independent Director of the Company.

BOARD OF DIRECTORS



KUA HONG PAK
Deputy Chairman
(Non-Executive)

Mr Kua Hong Pak has been a Director of the Company since 1993. 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 from 1989 to 2001.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, Overseas Union Enterprise Limited, PSA International Pte Ltd, PSA Corporation Limited, StarHub Ltd and Ringier Print (HK) Limited. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991 and Public Service Star in 1996 by the President of the Republic of Singapore and re-appointed a Justice of the Peace in 2005. He was also awarded a medal of commendation by the National Trades Union Congress in 2005.

Mr Kua holds a Bachelor of Accountancy degree from 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 29 April 2004. He is a non-independent Director of the Company.



ONG BOON LEONG
Executive Director

Mr Ong Boon Leong was appointed Executive Director of SBS Transit Ltd in 2005.

Mr Ong first joined DelGro Corporation Limited in 1994 as Senior Manager, Corporate Development where he was responsible for business development, corporate planning and corporate communications. From 1998, he was concurrently appointed Group Chief Financial Officer.

On his promotion to Executive Vice President in 2000, Mr Ong assumed the position of Chief Executive Officer (CEO) Europe Business, a position which oversees the DelGro Corporation Limited's operations in United Kingdom and Ireland. Subsequently in 2001, he was concurrently appointed Deputy CEO of SBS Transit Ltd. In 2003, Mr Ong assumed the position of Chief Operating Officer. He oversees the day-to-day operations of both the bus and rail businesses.

Prior to joining the ComfortDelGro Group, Mr Ong served in the Administrative Service with stints in the Ministry of Communications and Ministry of Home Affairs. He also worked as an Investment Analyst at Standard Chartered Securities Pte Ltd.

Mr Ong was a Monbusho scholar and holds a degree in Economics from Hitotsubashi University, Japan.

Pursuant to Article 103 of the Company's Articles of Association, Mr Ong will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2006. He is a non-independent Director of the Company.

BOARD OF DIRECTORS



CHEONG YIP SENG

Director
(Non-Executive)



CHIN HARN TONG

Director
(Non-Executive)

Mr Cheong Yip Seng has been a non-executive Director of SBS Transit Ltd since 1997. He is a member of the Company's Nominating Committee. Mr Cheong has been the Editor-in-Chief of the English/Malay Newspapers Division of Singapore Press Holdings Limited since January 1987.

Mr Cheong is a Director of Singapore Press Holdings (Overseas) Limited, The Times Press Foundation (Singapore) Private Limited, The Straits Times Press (1975) Limited and the STP (London) Ltd. He is a Council Member of the National University of Singapore. In 1997, Mr Cheong was awarded the ASEAN Award for Information.

Mr Cheong attended the Executive Programme at Stanford Business School and Advanced Management Programme at Harvard Business School.

Mr Cheong was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2005. He is an independent Director of the Company.

Mr Chin Harn Tong has been a non-executive Director of SBS Transit Ltd since 1993. He is the Chairman of the Company's Remuneration Committee and a member of the Audit Committee. He is currently 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 the 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 in 1971 and the Meritorious Service Award by the National Trades Union Congress in 2000. He was also appointed a Justice of the Peace in 1998.

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

Mr Chin 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 2005. He is an independent Director of the Company.

BOARD OF DIRECTORS



JOHN DE PAYVA

Director
(Non-Executive)



TAN KONG ENG

Director
(Non-Executive)

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

Mr De Payva is President of the National Trades Union Congress. He is also a Director and Secretary General of the Singapore Manual and Mercantile Workers' Union since January 1988 and a Director of NTUC Thrift & Loan Cooperative Ltd and VITA Holdings Limited.

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

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

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 27 April 2006. He is an independent Director of the Company.

Mr Tan Kong Eng has been a non-executive Director of SBS Transit Ltd since 1992. He was the Managing Director of DelGro Corporation Limited between 1973 and 1994. He is a member of the Company's Audit Committee. Mr Tan retired in 1994 and currently a Director of Glory & Company Private Limited and Changi Bus Company (Private) Limited.

Pursuant to Section 153(6) of the Company's Act, Cap. 50, Mr Tan will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 27 April 2006. He is an independent Director of the Company.

BOARD OF DIRECTORS



WEE SIEW KIM
Director
(Non-Executive)

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

Mr Wee is the Deputy CEO of Singapore Technologies Engineering Ltd. Prior to this, Mr Wee held several positions within Singapore Technologies Engineering and Singapore Technologies Aerospace Ltd, the last being the President of the latter organisation.

Mr Wee is also the Member of Parliament, Ang Mo Kio GRC, Jalan Kayu Division. He is presently a Director of Singapore British Engineering Pte Ltd, Singapore Technologies Kinetics Ltd, Singapore Technologies Electronics Limited, Singapore Technologies Aerospace Ltd, Singapore Technologies Marine Ltd and Singapore Technologies Dynamics Pte Ltd.

Mr Wee holds a Bachelor of Science (Aeronautical Engineering) (Hons) from the Imperial College of Science and Technology and Masters in Business Administration from Graduate School of Business, Stanford University. He was awarded the Charles Griffith Book Prize for best final year results from the Imperial College of Science and Technology in 1984.

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 2005. He is an independent Director of the Company.



WONG CHIN HUAT, DAVID
Director
(Non-Executive)

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

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

Mr Wong is also a Director of ComfortDelGro Corporation Limited and several other listed companies. He also serves as a member of the Public Service Commission and the Singapore Labour Foundation as well as Chairman of Bedok Citizens' Consultative Committee.

Mr Wong was awarded the Friend of Labour in 1989, the Meritorious Service Award in 1995 and the Distinguished Service Award in 2001 by the National Trades Union Congress. Mr Wong also received a Certificate of Appreciation by 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 Centre for Commercial Law, Queen Mary College, University of London.

Pursuant to Article 97 of the Company's Articles of Association, Mr Wong will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2006. He is a non-independent Director of the Company.

KEY MANAGEMENT



WOON CHIO CHONG
*Executive Vice President,
Bus Operations*

Mr Woon Chio Chong joined SBS Transit as Planning Officer on 16 August 1976 and rose through the ranks with stints in Planning and Operations. He was appointed Senior Vice President of Service Development on 1 July 1995 and on 1 July 2000 he assumed his current position of Executive Vice President (Bus Operations). In this position, Mr Woon is responsible for the development of bus routes and the performance of the bus operations to ensure a high standard of service delivery. In addition, he also oversees the introduction of systems such as the Automatic Vehicle Management System and Enhanced Integrated Fare System for the bus operations. 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 to 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 Engineer Board and a Chartered Engineer of the Institute of Electrical and Electronic Engineers, United Kingdom. He was awarded the Public Administration Medal in 1996.



LIM GIM HONG
*Executive Vice President,
Bus Engineering*

Mr Lim Gim Hong first joined SBS Transit as Engineer on 1 January 1974. Over the years, he was promoted to managerial positions in Engineering and Supplies. He assumed the position of Senior Vice President (Engineering) on 1 July 1995 and headed bus operations as Senior Vice President (Operations) from 1 July 1996 to 30 June 2000. He was appointed to his current position as Executive Vice President (Bus Engineering) on 1 July 2000 and is responsible for bus engineering operations as well as quality assurance and safety. Mr Lim holds a Bachelor of Engineering (Hons) degree from the University of Singapore and Masters of Science (Industrial Engineering) degree from the National University of Singapore.



NG YEW LIN, LINDA
*Director,
Finance*

Ms Ng Yew Lin, Linda joined Waterbank Properties, a subsidiary of DelGro Corporation Limited, as Manager, Finance and Administration on 19 March 1996. Over the years, she assumed various positions in corporate services (North East Line) of SBS Transit. On 1 October 2001, she was appointed to her current position of Director, Finance. Ms Ng is responsible for the company's financial and statutory reporting, budgeting, financial control and policies. Prior to her stint in SBS Transit, Ms Ng held appointments in Ernst & Young, Singapore Computer Systems Ltd, Tandem Computers International Inc. and Keppel Land Ltd. Ms Ng holds a Bachelor of Accountancy degree from the National University of Singapore.

KEY MANAGEMENT



ANG TUN HOO
*General Manager,
Bus Operations (East District)*

Mr Ang Tun Hoo joined SBS Transit on 6 December 1976 as an Operations Officer. On 1 July 1994, he was promoted to the corporate rank of Vice President. On 1 March 1998, Mr Ang assumed the position of General Manager, Shanghai Shenxin Bus Ltd, a position which is responsible for setting up and ensuring smooth day-to-day operations of a joint venture bus company at Shanghai. Currently, Mr Ang holds the corporate rank of Senior Vice President and assumed the position of General Manager (East District). Prior to joining SBS Transit, Mr Ang was a Resettlement Officer with the Housing Development Board (HDB). Mr Ang holds a Bachelor of Science (Hons) degree in Chemistry from the Nanyang University. He is a Chartered member of the Chartered Institute of Logistics & Transport Singapore.



POH EE HUAT
*General Manager,
Fleet Management One*

Mr Poh Ee Huat joined SBS Transit as Senior Maintenance Engineer on 14 September 1989. He assumed the position of Director, Engineering (Bus) on 1 September 1998, where he was in charge of engineering and supplies operations of the Bus Business. He was also a key member of the NEL project team in securing the NEL/Punggol and Sengkang LRT business and initial set up of Rail Business area. He was appointed to his current position as General Manager, Fleet Management One on 1 July 2002. Prior to joining SBST, Mr Poh was a Project Engineer with the Republic of Singapore Air Force managing the phasing in of Medium lift helicopters and fixed wing jet trainers. Mr Poh holds a Bachelor of Engineering (Hons) degree in Mechanical Engineering and Masters of Science (Industrial Engineering) degree from National University of Singapore.



TAN ENG KOK, IVAN
*General Manager,
Bus Operations (West District)*

Mr Tan Eng Kok, Ivan joined SBS Transit on 1 March 1996 as Vice President, Corporate Development. He assumed the position of Vice President (Operations) on 8 January 1997 to help re-structure the depots into districts. He subsequently assumed his current position of General Manager (West District) on 1 August 1998. Prior to joining SBS Transit, Mr Tan worked as a Production Engineer and Marketing Engineer in Hewlett Packard and as a Senior Corporate Planning Executive and Market Research Manager in SISIR. Mr Tan holds a Masters of Business Administration degree and a Bachelor of Engineering (Hons) degree in Mechanical Engineering from the National University of Singapore.



SIM WING YEW
*General Manager,
Fleet Management Two*

Mr Sim Wing Yew joined SBS Transit as General Manager, Fleet Management Two on 16 September 2002. His duties include ensuring the fleet to meet or exceed all the regulatory and safety standards and also deliver a high performance standard in terms of reliability to support our bus operations. Mr Sim holds a Bachelor of Engineering (Hons) degree in Mechanical and Production Engineering from the Nanyang Technological University, Singapore and a Masters of Business Administration degree from the University of Hull, United Kingdom.

KEY MANAGEMENT



CHAN MUI WAH, DAISY
*Director,
Human Resource*

Ms Chan Mui Wah, Daisy was appointed Acting Group Human Resource Officer of ComfortDelGro Corporation Limited, SBS Transit's parent company in November 2004. She is concurrently the Director of Human Resource of SBS Transit. Ms Chan started her career with the Ministry of Education before moving on to join the Personnel Department at the then Singapore Bus Service (1978) Ltd in 1985. She has also held appointments in the Queensland Corrective Services Commission (Brisbane/Australia) and the Public Service Division, Prime Minister's Office (Singapore). She was reappointed SBS Transit's Human Resource Manager in 1996. Ms Chan holds a degree in Psychology from the University of Western Australia.



TAN I-LIN, TAMMY
*Director,
Corporate Communications*

Ms Tan I-Lin, Tammy is the Group Corporate Communications Officer of ComfortDelGro Corporation Limited, SBS Transit's parent company. She is covering the duties of the Director of Corporate Communications of SBS Transit. She is responsible for all corporate communications functions including liaising with the media and investment community. Ms Tan, who is also in charge of investor relations, is spokesman for the Group. Ms Tan started her career with Singapore Press Holdings in 1995 and held several positions in The Straits Times including Deputy Money Editor and Deputy News Editor. She holds a Bachelor of Social Sciences (Hons) from the National University of Singapore.



LIM BEE HONG
*Director,
Learning and Development*

Ms Lim Bee Hong joined SBS Transit on 18 June 1984. She started as a Personnel Officer and rose through the ranks in the Human Resource Department. On 30 December 1995, she assumed the position of Vice President, Training and Management Services and was appointed to her current position as Director, Learning & Development on 1 July 2001. She is in charge of the organisation excellence initiatives including Singapore Service Class, People Developer and ISO Quality Management System. She also oversees the Bus Captain Development Centre and Technical Training Centre. Ms Lim holds a Bachelor of Business Administration degree from the National University of Singapore.



TAN WEE ENG, ANGIE
*Director,
Information and Technology*

Ms Tan Wee Eng, Angie joined SBS Transit as System Officer on 1 June 1979 and rose through the ranks with in-depth exposure in handling software development, facility management and quality assurance. She was appointed Vice President of Information Technology on 1 July 1999 and was subsequently appointed Director, Information Technology. She oversees the Information and Technology functions and applications to support strategic and business needs. Ms Tan holds a Bachelor of Science degree in Mathematics from the Nanyang University.

OUR PEOPLE

Think bus and rail operations and the first thing that comes to mind is the hardware: Single or double-deck buses, trains or interchanges, the list goes on. Not many will in fact remember the software.

The human capital. We do. Our people are **OUR STRENGTH**. Without them, we would not be who we are today – Singapore's premier public land transport operator.

One of 2005's EXSA Star awardees, Mr Chua Aik Ngwen, was presented with the prestigious SuperStar Award which recognised him as the best Star Award recipient in the transport service industry.



From Bus Captains to Route Managers, from Customer Service Officers to Engineers, our staff are trained and well-equipped to deal with the challenges they face daily.

SHAPING OUR PEOPLE

A People Developer Company since March 1999, we have put in place a structured training system which not only aligns each individual with our business goals, but also equips them with special skills pertaining to their work.

For example, all our 5,098 Bus Captains have to go through a structured training course which is designed to provide them with knowledge and skills in areas like the defensive driving passenger safety, customer service, first-aid, emergency handling procedures and basic bus maintenance. Typically, a new recruit will have to go through 260 hours of rigorous

classroom and practical training before becoming a fully qualified Bus Captain. He or she will then have to go through another 80 hours of progressive training to upgrade his or her driving and customer service skills.

Our rail staff are also put through rigorous training courses. For example, a new Assistant Station Manager has to undergo 140 hours of training in areas like customer service, first-aid, station and train operations and emergency handling procedures. Prior to the launch of the North East Line in 2003, our rail staff underwent a total of 52,000 training days in which they were taught how to operate and maintain the system.

We have also implemented a series of customer service upgrading programmes such as Customer Handling Skills and Best Practices in Customer Service to raise service standards and improve

the service level of our frontline staff. In 2005, a total of 12,132 training places were provided to our employees, translating into an average of 54.3 training hours per staff.

HONOURING OUR PEOPLE

Our efforts in staff training have borne fruit. Over the years, we have won many national awards including the Transport Gold Awards, the Excellence Service Awards (EXSA) and Singapore Quality Class. In 2005, 538 of our frontline staff made up of Bus Captains, Route Group Staff and Customer Service Officers emerged winners in the EXSA awards. This is more than double the 237 award winners from the previous year. One of 2005's EXSA Star awardees, Mr Chua Aik Ngwen, was presented with the prestigious SuperStar Award which recognised him as the best Star Award recipient in the transport service industry.

OUR PEOPLE

Other than national level awards, we also have our very own Special Tribute and Recognition Award (STAR) to reward frontline staff who have exhibited the best in customer service every year. In 2005, 12 of our staff were honoured, with each receiving \$500 cash, a 22K gold star pendant and a specially designed STAR collar pin.

Recognition was also given to staff who have dedicated years of service to the company. Retirement ceremonies were organised for 83 retirees in 2005 to thank them for their invaluable contributions.

CARING FOR OUR PEOPLE

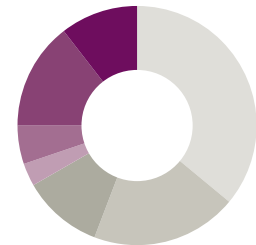
SBS Transit is not just about work. We know that a healthy workforce is crucial in sustaining the daily operations of our business. Our Workplace Health

Promotion (WHP) programme organises activities like bowling, cross-country cum leisure walk, lunchtime talks, mass workouts and health screenings for the staff. Besides promoting healthy living, these activities also help to promote staff bonding. Our efforts had won us the Silver Award in the Singapore H.E.A.L.T.H (Helping Employee Achieve Life-Time Health) Award 2005, an improvement from the Bronze Award in 2004. The award was presented by the Health Promotion Board to give national recognition to organisations with commendable WHP programmes.

We care for the family of our staff too. In 2005, SBS Transit presented 18 scholarships to the children of our staff for their polytechnic and university education.

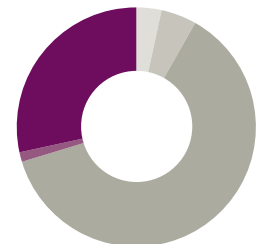


STAFF PROFILE BY LENGTH OF SERVICE



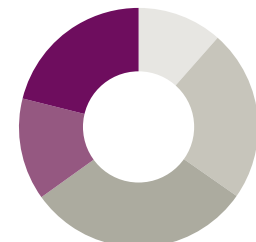
TOTAL STAFF STRENGTH
7,154

STAFF PROFILE BY ACADEMIC QUALIFICATION



TOTAL STAFF STRENGTH
7,154

STAFF PROFILE BY AGE DISTRIBUTION



TOTAL STAFF STRENGTH
7,154

11.5% Below 31 Years Old
23.2% 31 to 40 Years Old
30.4% 41 to 50 Years Old
13.8% 51 to 54 Years Old
21.1% 55 Years Old & Above

OPERATIONS REVIEW

With a total fleet of 2,708 buses commanding 75% of the scheduled bus market in Singapore, we are the industry's undisputed leader.

BUS

Nine in 10 of our buses, which are a mix of single and double-deck, are air-conditioned. The remaining non air-conditioned buses are being gradually replaced as they reach the end of their statutory lifespans. To this end, we purchased 150 air-conditioned low-floor double-deck buses costing \$71 million in 2005 to replace our older buses. These new buses also come equipped with wheelchair-accessible facilities to enable passengers in wheelchairs to travel in comfort.

SERVICE DEVELOPMENT AND ENHANCEMENT

In 2005, our average daily bus ridership was 2.05 million.

To boost ridership and cater to our commuters' needs, we introduced an unprecedented 24 new bus services in

2005, up from the usual of just two or three a year. This meant that we operated a total of 204 services as at the end of 2005. Eight of the new services – Services 34, 43, 48, 52, 57, 58, 59 and 181 – were basic trunk services. The remaining were basic plus services targeting niche areas or specific groups.

First off the block was Fast Forward Service 97*e*. This service is an express service which plies the same route as its parent, Service 97. It only stops at bus stops where there are high passenger boarding and loading alighting activities and avoids stretches of roads that are congested. In addition, the new service only operates during peak periods on weekdays. The service, which can help commuters save up to 20% in travel time, has proven successful. As a result, six other Fast Forward services have been introduced.

Another basic plus service, this time targetted at senior citizens, was launched in January 2005. Chinatown Direct Services – CT 8, CT 18 and CT 28 – were launched to provide the elderly in suburban residential estates a direct link to Chinatown, a place they frequent. The three services, which set out from Ang Mo Kio, Bedok and Clementi respectively, also have auspicious elements that are preferred by senior citizens. For example, they all have the digit '8' in their service numbers since it means prosperity in Chinese. They also have auspicious dragon motifs to signify good luck.

Other basic plus services, Parks Services and Stadium Direct Services, were also launched in the same year. The Parks Services – Parks 408 and Parks 409 – provide commuters with a direct connection to Labrador Park and



In 2005, our average daily bus ridership was 2.05 million.





As at the end of 2005, SBS Transit had a total bus network coverage of 6,180km. Our buses clocked in excess of 205 million revenue km in 2005.

Mount Faber respectively. The Stadium Direct Services, which are aimed at concert goers and football fans, offer direct links from the National Stadium to popular housing estates like Ang Mo Kio, Bedok, Boon Lay and Tampines during special events like concerts and football matches.

Besides rolling out new services, we have also improved the coverage of four trunk services – Services 101, 131, 163 and 183 – to enhance bus connection for commuters. Also, we have selected services to run two different routes during peak hours to reduce travel time for our commuters. These then revert to their normal routes during off-peak hours. An example is Service 502 which splits into 502A and 502B on weekdays between 7am and 9am, and again between 5pm and 7pm.

We also rationalised Services 84 and 371 following the opening of Sengkang LRT (West Loop) and Punggol LRT (East Loop) in January as these services duplicated the LRT routes.

As at the end of 2005, SBS Transit had a total bus network coverage of 6,180km.

Our buses clocked in excess of 205 million revenue km in 2005.

Apart from introducing new services, we also explored ways to enhance our operations to better serve the commuters. For example, we worked with the Land Transport Authority (LTA) in 2005 to launch a “Give Way to Buses Exiting” campaign to encourage other motorists to give way to buses that are exiting from bus bays and bus stops so as to improve travel speed and reliability. Rear advertisement panels and Light Emitting Diode lamps were put up on our buses to spread the message. We also partnered the Traffic Police to highlight this message in the Road Courtesy campaign in October.

Efforts were also put in to attract more Singaporean Bus Captains. We conducted a joint review of the remuneration package for our Bus Captains with the National Transport Workers’ Union under the Job Recreation Programme to come up with a new salary scheme for Bus Captains. The new salary scheme was launched on 1 July 2005. Under the new salary

scheme, the basic commencing salary for a Singaporean Bus Captain is pegged at \$1,200 a month, an increase of \$264 from the old scheme. The new scheme has shown results. Within six months, we saw 277 Singaporeans accepting the job, translating into an average of 46 each month, up from the monthly average of 20 previously.

SBS Transit places great emphasis on our passengers’ safety. In 2005, we continued to conduct safety programmes for our Bus Captains including weekly talks on accident preventive measures, monthly safety theme talks like junction drills and case study exercises involving high profile or unusual accident cases. We also conduct educational talks at schools and community centres to educate commuters about safety on board buses, at bus-stops and train stations. In-house audits were also carried out to assess Bus Captains’ safety knowledge.

In addition, work on the Automatic Vehicle Management System is almost completed and we hope to roll out the system in the first half of 2006.



To this end, we purchased 150 air-conditioned low-floor double-deck buses costing \$71 million in 2005 to replace our older buses. These new buses also come equipped with wheelchair-accessible facilities to enable passengers in wheelchairs to travel in comfort.

OPERATIONS REVIEW

The system will allow us to know the exact location of all our buses and advise the Bus Captains of the need to speed up or slow down for better schedule adherence or divert whenever bottlenecks appear on the road. We are also looking at improving the system to provide commuters with real time arrival information of our services, thus reducing their anxiety of waiting. This phase of the project is known as Advanced Traveller Information System.

To further improve our quality of service, a Service Quality Committee made up of Board Directors had been set up to formulate service quality ethics and evolve a service culture within the Group.

The Service Quality Committee will not only oversee the handling and response to feedback, queries and suggestions, it will also oversee management of communication of relevant and pertinent information to

Members of Parliament, grassroots leaders and the commuting public.

MARKETING AND PROMOTIONS

Determined to inject some fun into travelling in public transport, SBS Transit embarked on an aggressive marketing campaign in 2005 by introducing more than 20 contests and promotions. Freebies, discounts and lucky draws were used to attract commuters to our services. Promotions were held during major festivals such as Lunar New Year, Mid-Autumn Festival, Hari Raya Puasa, Deepavali, Christmas and school holidays.

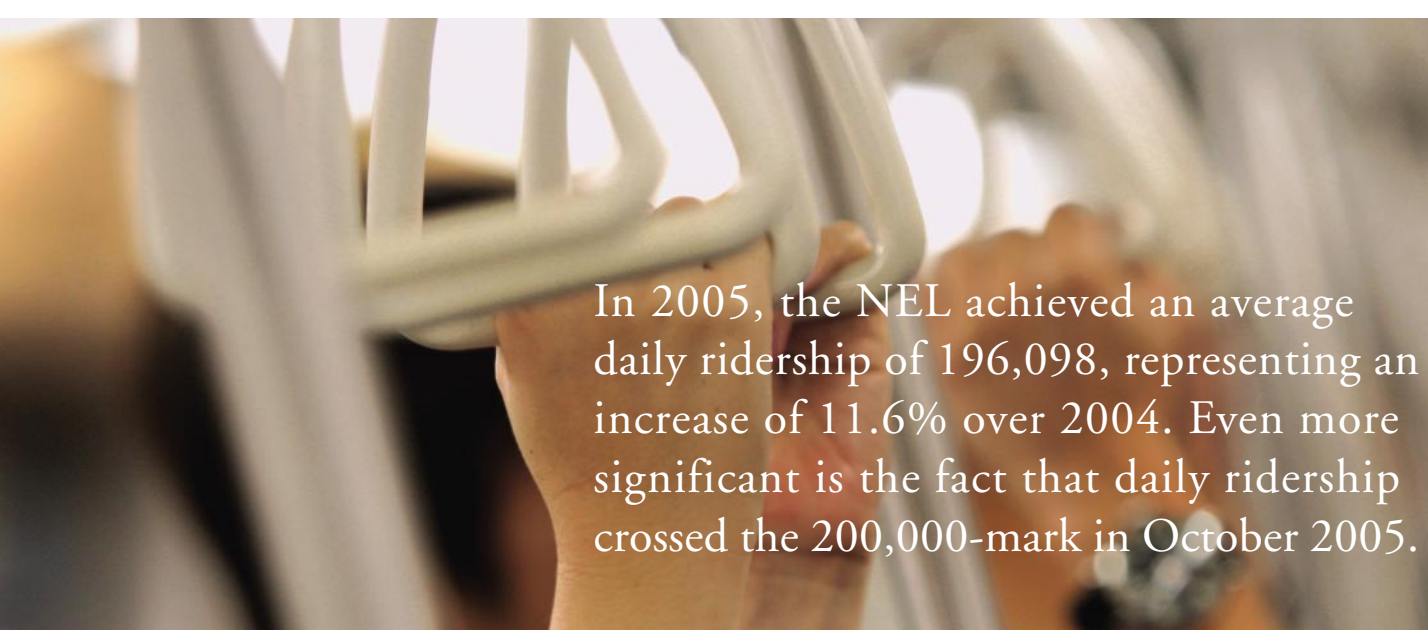
In our first ever Christmas Double Promotion, we awarded commuters with "Transit dollars" which they then used to participate in an online auction and lucky draw. Top prizes like an LCD TV, mp3 players and \$10,000 cash were given away. In all, we gave out a total of \$78,000 worth of prizes in 2005. These have proven successful and ridership has

been seen to increase during promotional periods. Our Christmas Double Promotion, for example, saw ridership increased by about 200,000 during the entire period.

RAIL

Ridership on our North East Line (NEL) has been growing steadily since it started operations in 2003. In 2005, the line achieved an average daily ridership of 196,098, representing an increase of 11.6% over 2004. Even more significant is the fact that daily ridership crossed the 200,000-mark in October 2005.

At the end of 2005, we also announced plans to open Buangkok Station for revenue service. This station had not been opened for revenue service due to the lack of residential developments nearby. While the number of dwelling units remains low, we had decided to proceed with the opening because we had managed to lower our costs significantly over the years. Buangkok Station opened its gates on 15 January 2006.



In 2005, the NEL achieved an average daily ridership of 196,098, representing an increase of 11.6% over 2004. Even more significant is the fact that daily ridership crossed the 200,000-mark in October 2005.



OPERATIONS REVIEW

NEL, which serves the North-East corridor in Singapore, continued to surpass the service standards set by the LTA. Its train service availability averaged 99.94% – better than the authority’s standard of 98%, while train peak hour schedule adherence averaged 99.57%, above the 95% standard set.

To increase safety awareness related to the use of escalators, SBS Transit launched an education programme with popular television host, Ms Quan Yi Feng, as our Safety Ambassador. Life-sized posters of the TV star were put up in all NEL stations and regular announcements were made to remind commuters of the proper way to use the escalator, and to encourage the elderly and disabled to use the lifts. Our efforts have paid off and there were no significant safety-related incidents in our NEL stations last year.

Our LRT operations expanded with the start of revenue service of Sengkang LRT (West Loop) and Punggol LRT (East Loop) in January 2005. With the inclusion of the west loop, the Sengkang LRT recorded an average daily ridership of 23,646, up from 17,503 in 2004. Meanwhile, the Punggol LRT achieved an average daily ridership of 6,438 in 2005.

OUTDOOR ADVERTISING

Outdoor advertising in Singapore underwent a transformation in 2005 with the launch of Moove Media Pte Ltd, a new advertising arm of our parent company, ComfortDelGro Corporation Limited.

It was rewarded for its branding campaign “Cows on the Moove” which clinched many awards including the “Best One-Off Media Idea” by the Singapore Media Awards 2005.

The award-winning company has generated many new and exciting advertising ideas in the last year. It was the first to put up three-dimensional “Santa” and “Fortune God” hats on our buses – something that caught many advertisers’ attention.

CORPORATE SOCIAL RESPONSIBILITY

SBS Transit is not just about service and reliability. We have shown repeatedly through the years that we have heart too.

One of our most famous fund-raising efforts is the Heart Bus project, which started in 2002 in support of the President’s Challenge. The annual project has raised approximately \$2.1 million to-date, with some \$500,000 raised in 2005 alone.



One of our most famous fund-raising efforts is the Heart Bus project, which started in 2002 in support of the President’s Challenge. The annual project has raised approximately \$2.1 million to-date, with some \$500,000 raised in 2005 alone.

CORPORATE GOVERNANCE

INTRODUCTION

As a land transport provider with a vision of moving people in a safe, reliable and affordable way, SBS Transit has always been committed to maintaining and upholding the highest standards of corporate governance to enhance and safeguard the best interest of all its stakeholders. As a further commitment towards enhancing corporate transparency and promoting good corporate governance practices amongst its employees, we have adopted the Code of Business Conduct of our parent company ComfortDelGro, which sets out the principles and policies upon which its businesses will be regulated taking into account the applicable laws and regulations. To enhance the effectiveness of the Code of Business Conduct, and to prevent the occurrence of unethical conduct or behavior, immediately stopping any such activities that are detected and disciplining employees who engaged in such activities, we have also adopted the policy on Whistle Blowing of our parent company.

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

BOARD OF DIRECTORS

Principle 1 – THE BOARD’S CONDUCT OF ITS AFFAIRS

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

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

The Board has delegated the day-to-day management and running of the Company to the management headed by the Executive Director, Mr Ong Boon Leong, 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, three committees had been formed namely, the Audit Committee (AC), the Nominating Committee (NC), and the Remuneration Committee (RC). Each committee is governed and regulated by its own terms of reference which sets out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which the committee is to operate and how decisions are to be taken. Ad-hoc committees are also formed to look at specific issues from time to time.

In addition, a new Board Committee known as Service Quality Committee was also formed recently to assist the Company in enhancing its quality of service to its commuters and to oversee the communication framework and handling of feedback for both the bus and rail services.

To tie in with the requirement for quarterly and final year reporting, and the approval of the Company’s Annual Budget, a total of four scheduled Board meetings are held in each financial year. The quarterly and final year Board meetings are held within 45 days after the end of each quarter and the financial year (as the case may be). The Company’s Annual Budget is approved at the Board meeting for the third quarter’s results. Ad-hoc Board meetings are also held from time to time as and when the need arises.

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

The attendance of the Directors at the Board and Committee meetings for FY 2005 and the frequency of such meetings is set out below:

NAME	BOARD		AUDIT COMMITTEE		NOMINATING COMMITTEE		REMUNERATION COMMITTEE	
	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Lim Jit Poh	5	5	-	-	-	-	3	3
Kua Hong Pak	5	5	4	4	-	-	-	-
Ong Boon Leong*	5	5	-	-	-	-	-	-
Cheong Yip Seng	5	5	-	-	-	-	3	3
Chin Harn Tong	5	5	4	4	1	1	-	-
John De Payva	5	4	-	-	1	1	3	3
Tan Kong Eng	5	5	-	-	-	-	-	-
Wee Siew Kim	5	4	4	4	-	-	-	-
Wong Chin Huat, David	5	5	-	-	1	1	-	-

* Appointed Executive on 29 April 2005.

CORPORATE GOVERNANCE

Principle 1 – THE BOARD’S CONDUCT OF ITS AFFAIRS (cont’d)

For expediency, Board meetings are also supplemented by Circular Resolutions complete with Board papers. Directors are free to seek clarifications and explanations from management on the Board papers.

To facilitate the convening of urgent ad-hoc Board meetings, the Articles of Association of the Company also provides for the convening of meetings via teleconferencing and videoconferencing.

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

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

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

Principle 2 – BOARD COMPOSITION AND BALANCE

The Board presently comprises nine Directors, of whom only one Director is an executive of the Company. Of the eight remaining non-executive Directors, five of them are considered by the NC to be independent.

The NC, having reviewed the composition of the Board, is satisfied that the present size of the Board is effective for decision making. The NC is also satisfied that the Board, comprises of Directors with a variety of skills, core competencies and expertise and working experience from various industries, is effective and has the competencies to discharge its duties and responsibilities.

Principle 3 – CHAIRMAN AND EXECUTIVE DIRECTOR

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

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

Principle 4 – BOARD MEMBERSHIP

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Company Secretary is the Secretary to the NC.

In addition, appointments and re-appointments of Directors to the Board of the Company are subject to the approvals of the Land Transport Authority and the Public Transport Council.

The roles and responsibilities of the NC are, *inter alia*:

- (i) Develop and maintain a formal and transparent process for the nomination of Directors to the Board;
- (ii) Evaluate the effectiveness of the Board as a whole and contributions of each Director;
- (iii) Identify the skills, expertise and capabilities needed for the effective functioning of the Board;
- (iv) Re-nominate Directors for re-election at annual general meeting; and
- (v) Evaluate and determine the independence of each Director.

The Articles of Association of the Company provide that one third of the Directors (except the Managing Director) are subject to retirement by rotation every year and Directors appointed during the year will be subject to re-election at the annual general meeting immediately following his appointment. For the forthcoming annual general meeting, Mr Lim Jit Poh, Mr John De Payva and Mr Wong Chin Huat, David are due for re-election pursuant to Article 97 and Mr Ong Boon Leong is due for re-election pursuant to Article 103 of the Company’s Articles of Association, while Mr Tan Kong Eng is due for re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50.

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 judgment 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.

CORPORATE GOVERNANCE

Principle 4 – BOARD MEMBERSHIP (cont'd)

Directors' abilities to provide strategic networking to enhance the business of the Company, availability for guidance and advice outside the scope of formal Board meetings and contributions in specialised areas are also factors relevant in assessing the contributions of the Directors. While the NC will not stipulate the maximum number of boards each Director should be involved, nonetheless, 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 Group.

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

Principle 5 – BOARD PERFORMANCE

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

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

Principle 6 – ACCESS TO INFORMATION

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

The Board has full access to the senior management team and the Company Secretary. The Company Secretary has defined roles and responsibilities and attends all Board and Committee meetings of the Company.

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

REMUNERATION MATTERS

Principle 7 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC comprises three non-executive Directors. The members of the RC are independent of management and free from any business or other relationships, which may materially interfere with the exercise of independent judgment. The Company Secretary is the Secretary to the RC.

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

- (i) Review the remuneration framework for compensation and ensure that the level of remuneration offered is appropriate to the level of contribution and that the overall remuneration package is attractive to retain and motivate key executives;
- (ii) Recommend a formal and transparent process for determining Directors' fees for non-executive Directors of the Company; and
- (iii) Approve the participants and determine the quantum of options to be granted under the SBS Transit Employees' Share Option Scheme and to administer the Scheme.

CORPORATE GOVERNANCE

Principle 8 – LEVEL AND MIX OF REMUNERATION

The remuneration packages of key executives of the Company comprised both fixed and variable components. The variable component, in the form of year-end performance bonuses and stock options, form a significant proportion of the remuneration packages and is dependent upon the profitability of the Company and individual performance. Subject to market conditions and operating environment, the Company is working towards achieving ratios of fixed to variable component of total compensation package of 70:30 for rank and file employees, 60:40 for middle management staff and 50:50 for top management staff. The Company believes that a high proportion of performance related component would ensure greater alignment of interests of the executives with those of the shareholders.

The structure for the payment of Directors' fees for non-executive Directors is based on a framework comprising basic fees and additional fees for serving on Board committees and also for undertaking additional services for the Company. The fees are subject to approval of shareholders at the annual general meeting.

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

Principle 9 – DISCLOSURE OF REMUNERATION

The remuneration of the Directors and the key executives of the Company (who are also not Directors) for the financial year 2005 are found on pages 74 and 75 of this Annual Report.

Further information on the SBS Transit Employees' Share Option Scheme can be found on pages 48 to 50 of this Annual Report.

During the financial year 2005, no key executive was an immediate family member of any Director of the Company.

ACCOUNTABILITY AND AUDIT

Principle 10 – ACCOUNTABILITY

During financial year 2005, the Company released its quarterly and full-year results within 45 days from the end of each quarter or financial year as the case may be.

Principle 11 – AUDIT COMMITTEE

The Company's AC comprises three non-executive Directors, of whom all are independent. 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 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 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 re-appointment of the external auditors at the annual general meeting and review the fees due to them; and
- (vi) Review the audit plans of the internal and external auditors;

In the performance of its duties, the AC has explicit authority to investigate into the affairs falling within its terms of reference, full access to and cooperation from management, discretion to invite any Director to attend its meetings and reasonable resources to enable it to discharge its duties properly.

During the financial year, the AC also met with the external and internal auditors without the presence of management. The AC has reviewed the independence of the external auditors, Deloitte & Touche, including the scope of non-audit services performed, and has recommended to the Board that the external auditors are independent. The Board has accepted the recommendation of the AC.

CORPORATE GOVERNANCE

Principle 12 – INTERNAL CONTROLS

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

(i) **Financial Authority Limits**

Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation, and disposal and write-off of assets. These authority limits are delegated based on the organizational hierarchy from the Chairman down to heads of departments with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit delegated is referred to the Board for approval.

(ii) **Budgetary Control**

A robust and challenging Annual Budget is prepared and approved by the Board prior to the commencement of each new financial year. Variations between actual and budgeted performance are reviewed and justifications provided, if material. The Annual Budget is also reviewed half way through the financial year to ensure that the budget assumptions used remained valid and sustainable. Specific approvals are also required for unbudgeted expenditures exceeding a relevant threshold. In addition, the capital expenditure budget is approved in principle by the Board when the Annual Budget is approved. Each capital expenditure spending is still subject to rigorous justification and review in accordance with the Company's financial authority limits. Also, tight control is implemented on hiring through headcount budgets.

(iii) **Investment Proposals and Business Opportunities**

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

(iv) **Operational Risk**

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

A key operating risk is the safety of our passengers, our staff and the public. Managing this risk is the cornerstone of the Company's safety plan. Safety awareness programmes are promoted to instill a safety culture in our staff at all levels. Safety audits are conducted regularly as part of our management and review programme in ensuring that safety standards are maintained at a high level.

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

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

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

CORPORATE GOVERNANCE

Principle 12 – INTERNAL CONTROLS (cont'd)

(v) **Financial Risk**

The main areas of financial risk faced by the Company are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity and funding risk and commodity risk. The Company recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

Further details of the financial risks and how the Company manages them are set out on page 83 of this Annual Report.

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

Principle 13 – INTERNAL AUDIT

The internal audit function of the Company is performed by the Internal Audit Department of its holding company comprising a team of nine staff and headed by the Group Internal Audit Officer. She reports functionally to the Chairman of the AC. The Company Secretary is the Secretary of the AC.

The Internal Audit Department provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group in accordance with the audit plan as approved by the AC and to recommend improvements, where necessary.

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

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

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14 – REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

The Company has in place a communication framework that regularly communicates pertinent and relevant information to shareholders, gathers views and addresses shareholders' concerns. Communications with shareholders are achieved through announcements to the SGX and press releases, press and media briefings after the announcement of the full-year's results and the posting of announcements and releases on the Company's website.

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

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

Principle 15 – SHAREHOLDERS PARTICIPATION AT ANNUAL GENERAL MEETING

The Articles of Association of the Company provides for voting in person at annual general meetings of the Company. The Chairman of the various Board Committees as well as the external auditors are present to address questions raised by shareholders at the annual general meetings.

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

CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

The Company has adopted an internal code based on the SGX's guideline to provide guidance to the Directors and officers of the Company in relation to dealings in the securities of the Company, ComfortDelGro and VICOM. Directors and officers of the Company have to refrain from dealing in the securities of the Company, ComfortDelGro and/or VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and/or VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results.

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

INTERESTED PERSON TRANSACTION

LISTING MANUAL – RULE 907	
Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	\$'MIL
ComfortDelGro Corporation Limited and associates	5.7

The aggregate value of the above transactions does not include the aggregate value of \$3.1 million from the renewal of the Licence Agreements disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to DelGro Corporation Limited for the use of the premises.

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

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REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2005 and the balance sheet of the Company as at 31 December 2005.

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

Ong Boon Leong
Executive Director, appointed on 29 April 2005

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 interest 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:

NAME OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE INTEREST		
	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006
	OR DATE OF APPOINTMENT, IF LATER			OR DATE OF APPOINTMENT, IF LATER		
Interest in the Company						
(a) Ordinary shares of \$0.25 each						
Kua Hong Pak	-	150,000	150,000	-	-	-
Ong Boon Leong	280,000	280,000	280,000	-	-	-
Cheong Yip Seng	-	85,000	85,000	-	-	-
Chin Harn Tong	-	100,000	100,000	-	-	-
Tan Kong Eng	4,800	134,800	134,800	691,548	691,548	691,548
Wee Siew Kim	-	155,000	155,000	-	-	-
Wong Chin Huat, David	-	120,000	120,000	-	-	-

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

NAME OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD	SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			SHAREHOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE INTEREST		
	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006	AT 1 JANUARY 2005	AT 31 DECEMBER 2005	AT 21 JANUARY 2006
	OR DATE OF APPOINTMENT, IF LATER			OR DATE OF APPOINTMENT, IF LATER		
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	230,000	200,000	200,000	-	-	-
Kua Hong Pak	195,000	180,000	180,000	-	-	-
Ong Boon Leong	250,000	350,000	350,000	-	-	-
Cheong Yip Seng	155,000	100,000	100,000	-	-	-
Chin Harn Tong	130,000	110,000	110,000	-	-	-
John De Payva	135,000	135,000	135,000	-	-	-
Tan Kong Eng	130,000	80,000	80,000	-	-	-
Wee Siew Kim	155,000	100,000	100,000	-	-	-
Wong Chin Huat, David	150,000	110,000	110,000	-	-	-
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares of \$0.25 each						
Lim Jit Poh	457,636	44,425	44,425	-	-	-
Kua Hong Pak	874,530	1,624,530	1,624,530	-	-	-
Ong Boon Leong	267,345	401,362	401,362	-	-	-
Tan Kong Eng	64,162	64,162	64,162	9,277,513	9,277,513	9,277,513
Wong Chin Huat, David	-	200,000	200,000	-	-	-
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	686,789	400,000	400,000	-	-	-
Kua Hong Pak	1,350,000	2,400,000	2,400,000	-	-	-
Ong Boon Leong	921,525	820,508	820,508	-	-	-
Wong Chin Huat, David	250,000	200,000	200,000	-	-	-
Interest in related company, VICOM Ltd						
(a) Ordinary shares of \$0.25 each						
Lim Jit Poh	30,000	30,000	30,000	-	-	-
Cheong Yip Seng	10,000	10,000	10,000	-	-	-
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	150,000	160,000	160,000	-	-	-
Kua Hong Pak	45,000	54,000	54,000	-	-	-

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

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

- a) The SSOS in respect of unissued ordinary shares of \$0.25 each in the Company was approved by the shareholders of the Company on 9 June 2000. The SSOS is administered by the Remuneration Committee comprising Messrs Chin Harn Tong, John De Payva and Lim Jit Poh.
- b) The SSOS provides the Company with a means whereby (i) employees of the Company and its subsidiary of the rank of Executive and above, and (ii) certain categories of persons who are not employees but who work closely with the Company and its subsidiary, are given an opportunity to participate in the equity of the Company. A person who is a controlling shareholder of the Company or an associate (as defined in the Singapore Exchange Securities Trading Listing Manual) of a controlling shareholder of the Company is not eligible to participate in the SSOS.
- c) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares of \$0.25 each at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in an option may be adjusted in certain events under the rules of the SSOS. Additionally, in the case of incentive options, depending on the extent to which set performance targets are met, the subscription price of such options may be adjusted by a discount of up to 20% at the end of an incentive period. Such options may also be cancelled if the targets are not met. The consideration for the grant of an option is \$1.00. The option may be exercised at any time after the first anniversary of, or in the case of incentive options, after the second anniversary of, the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee. The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company, subject to certain exceptions at the discretion of the Remuneration Committee.
- d) Participants of the SSOS are not restricted from participating in other share option or share incentive schemes, whether implemented by the Company or its subsidiary or otherwise.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS (*cont'd*)

- e) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2005 were as follows:

DATE OF GRANT	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.25 EACH				OUTSTANDING AT 31 DECEMBER 2005	SUBSCRIPTION PRICE PER SHARE	EXPIRY DATE
	OUTSTANDING AT 1 JANUARY 2005	GRANTED	EXERCISED	CANCELLED/ LAPSED			
26 September 2000	1,002,000	-	(688,000)	(41,000)	273,000	\$1.59	26 September 2010
6 September 2001	1,127,000	-	(723,000)	(48,000)	356,000	\$1.60	6 September 2011
22 August 2003	1,351,000	-	(913,000)	(15,000)	423,000	\$1.29	22 August 2013
22 August 2003	495,000	-	(495,000)	-	-	\$1.29	22 August 2008
10 December 2003	1,448,000	-	(1,043,000)	(35,000)	370,000	\$1.22	10 December 2013
10 December 2003	495,000	-	(495,000)	-	-	\$1.22	10 December 2008
19 July 2004	1,286,250	-	(162,500)	(90,000)	1,033,750	\$1.60	19 July 2014
19 July 2004	290,000	-	(100,000)	-	190,000	\$1.60	19 July 2009
24 February 2005	-	1,215,000	-	(168,750)	1,046,250	\$2.29	24 February 2015
24 February 2005	-	290,000	-	-	290,000	\$2.29	24 February 2010
28 July 2005	-	1,232,500	-	(80,000)	1,152,500	\$2.23	28 July 2015
28 July 2005	-	267,500	-	-	267,500	\$2.23	28 July 2010
18 November 2005	-	1,141,250	-	-	1,141,250	\$2.16	18 November 2015
18 November 2005	-	267,500	-	-	267,500	\$2.16	18 November 2010
	7,494,250	4,413,750	(4,619,500)	(477,750)	6,810,750		

The options outstanding as at 31 December 2005 includes 125,750 options granted to former employees of the Company, who have been granted an extension of time from their respective dates of cessation of employment, by the Remuneration Committee to exercise their outstanding options.

- 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 2005 were as follows:

DIRECTOR	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES OF \$0.25 EACH			
	GRANTED DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005	AGGREGATE OPTIONS GRANTED SINCE THE COMMENCEMENT TO 31 DECEMBER 2005	AGGREGATE OPTIONS EXERCISED SINCE THE COMMENCEMENT TO 31 DECEMBER 2005	AGGREGATE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2005
Lim Jit Poh	150,000	380,000	180,000	200,000
Kua Hong Pak	135,000	330,000	150,000	180,000
Ong Boon Leong	225,000	630,000	280,000	350,000
Cheong Yip Seng	100,000	255,000	155,000	100,000
Chin Harn Tong	80,000	210,000	100,000	110,000
John De Payva	100,000	235,000	100,000	135,000
Tan Kong Eng	80,000	210,000	130,000	80,000
Wee Siew Kim	100,000	255,000	155,000	100,000
Wong Chin Huat, David	80,000	230,000	120,000	110,000

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

REPORT OF THE DIRECTORS

5 SHARE OPTIONS *(cont'd)*

- g) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. None of the options granted were incentive options. No participants to the SSOS are controlling shareholders of the Company and their associates.
- 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 2005.
- B) Except as disclosed above,
- a) during the financial year:
- i) there were no other options granted to any person to take up unissued shares in the Company or any corporation in the Group; and
- ii) no shares of the Company or any corporation in the Group were issued by virtue of the exercise of an option to take up unissued shares.
- b) at the end of the financial year, there were no other unissued shares of the Company or any corporation in the Group under option.

6 AUDIT COMMITTEE

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

Wee Siew Kim
Chairman

Chin Harn Tong

Tan Kong Eng

Appointed on 1 January 2006

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

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

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 for re-appointment as auditors of the Company at the forthcoming annual general meeting.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

KUA HONG PAK
Deputy Chairman

Singapore
13 February 2006

AUDITORS' REPORT
to the members of SBS Transit Ltd

We have audited the balance sheet of SBS Transit Ltd and the consolidated financial statements of the Group for the financial year ended 31 December 2005 set out on pages 52 to 87. These financial statements are the responsibility of the Company's Directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

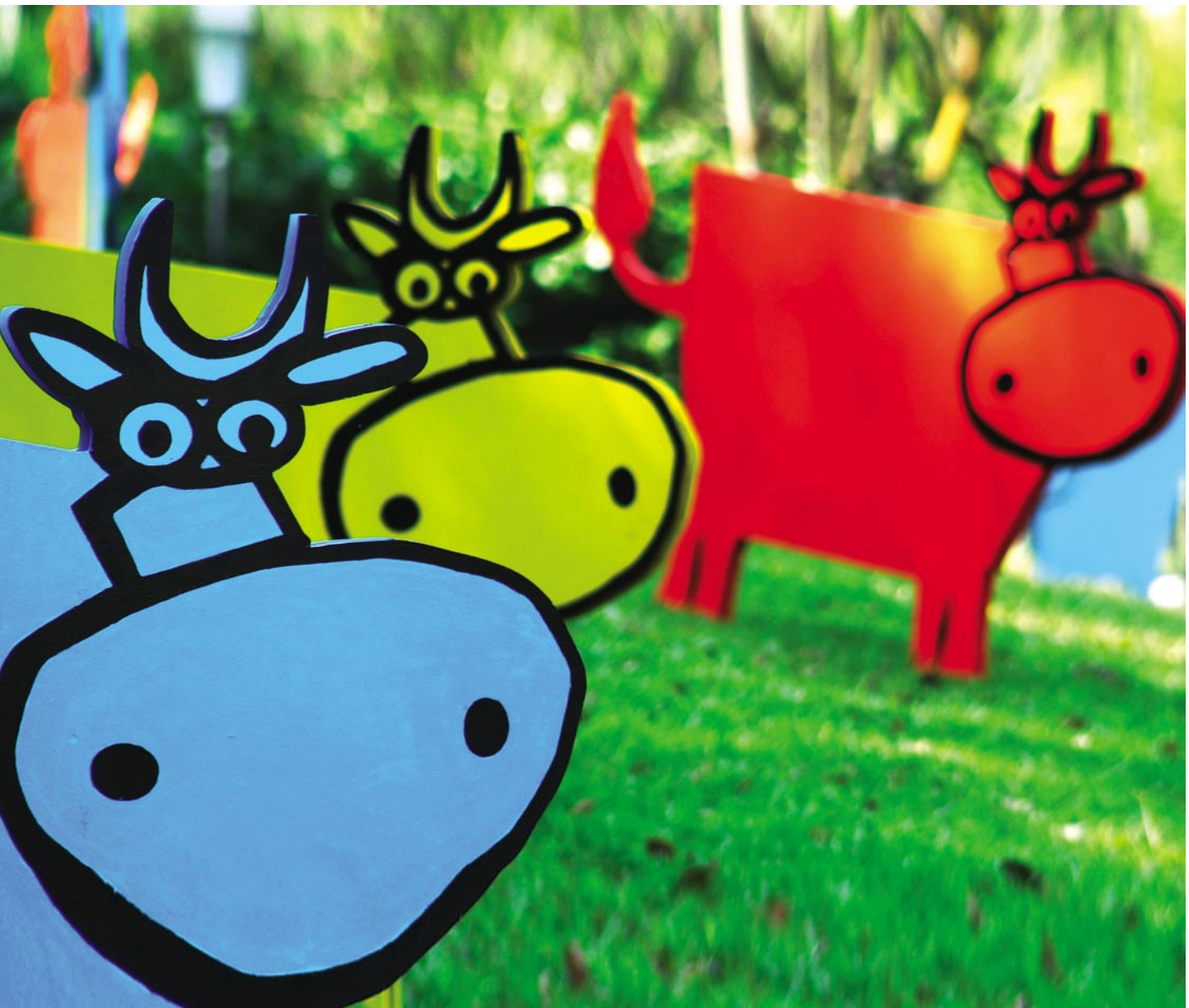
In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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 2005 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

DELOITTE & TOUCHE
Certified Public Accountants

YUEN EWE JIN, PHILIP
Partner
(Appointed on 24 May 2002)

Singapore
13 February 2006



Another example of our community spirit is our decision to give back \$3.45 million to commuters after the Public Transport Council approved the fare revision in May 2005. The fare revision, which was necessary in light of rising costs of fuel and wages, took effect on 1 July 2005. To ensure that the elderly, the young and the poor and needy were not adversely affected by the move, we extended the concession period for senior citizens to start from 9am on weekdays and to last the whole day on Saturdays and Sundays. As a result, some 50,000 senior citizens benefited. We also kept children and student fares unchanged, and donated \$1.15 million

to the Public Transport Fund to help the poor and needy.

SBS Transit ended the year by thanking our commuters' support through our seventh "Thank You Commuters Day". Senior management led by Executive Director, Mr Ong Boon Leong, donned Santa Claus suits to give away 20,000 packets of chocolates to our commuters at selected bus interchanges and NEL stations. They also carried Salvation Army's Christmas Kettle around the stations to help raise funds for a good cause. A three-member choir, formed by our staff sang holiday carols added to the Christmas cheer.

Outdoor advertising in Singapore underwent a transformation in 2005 with the launch of Moove Media Pte Ltd, a new advertising arm of our parent company, ComfortDelGro Corporation Limited.

BALANCE SHEETS
31 December 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 \$'000	2004 \$'000 (Restated)	2005 \$'000	2004 \$'000 (Restated)
ASSETS					
CURRENT ASSETS:					
Short-term deposits and bank balances	5	19,451	80,653	19,451	80,653
Held-for-trading investments	6	208,321	215,163	208,321	215,163
Available-for-sale investments	7	2,996	-	2,996	-
Trade receivables	8	3,834	3,530	3,834	3,530
Other receivables and prepayments	9	19,646	11,120	19,646	11,120
Inventories	10	11,567	10,715	11,567	10,715
Total current assets		265,815	321,181	265,815	321,181
NON-CURRENT ASSETS:					
Subsidiary	11	-	-	-	-
Associates	12	2,533	2,355	1,026	1,026
Available-for-sale investments	7	54,103	38,927	54,103	38,927
Hedging instruments	13	70	-	70	-
Vehicles, premises and equipment	14	162,565	168,878	162,565	168,878
Total non-current assets		219,271	210,160	217,764	208,831
Total assets		485,086	531,341	483,579	530,012
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Trade payables	15	123,621	115,046	123,621	115,046
Hedging instruments	13	12	-	12	-
Fuel price equalisation account		34,075	34,075	34,075	34,075
Loan payable	16	-	50,000	-	50,000
Provision for claims	17	7,767	7,390	7,767	7,390
Income tax payable		15,384	13,754	15,384	13,754
Total current liabilities		180,859	220,265	180,859	220,265
NON-CURRENT LIABILITIES:					
Deferred tax liabilities	18	18,499	19,818	18,499	19,818
Provision for service benefits and long service awards	19	11,613	12,522	11,613	12,522
Total non-current liabilities		30,112	32,340	30,112	32,340
CAPITAL AND RESERVES:					
Share capital	20	75,611	74,456	75,611	74,456
Capital reserves	21	6,593	1,161	6,593	1,161
Accumulated profits		191,911	203,119	190,404	201,790
Total equity		274,115	278,736	272,608	277,407
Total liabilities and equity		485,086	531,341	483,579	530,012

See accompanying notes to the financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year Ended 31 December 2005

	NOTE	2005 \$'000	2004 \$'000 (Restated)
Turnover	22	576,284	559,620
Other operating income	23	14,042	12,924
Revenue		590,326	572,544
Staff costs	24	(261,165)	(264,074)
Repairs and maintenance		(71,158)	(77,269)
Energy and fuel costs		(101,211)	(71,699)
Premises costs		(29,170)	(30,972)
Depreciation expense		(24,657)	(27,584)
Other operating expenses		(45,811)	(48,342)
Total operating expenses		(533,172)	(519,940)
Operating profit	25	57,154	52,604
Net income from investments	26	6,611	4,733
Finance (costs) income	27	(687)	2,434
Share of profit in associate		178	181
Profit before taxation		63,256	59,952
Taxation	28	(11,720)	(10,911)
Profit attributable to shareholders		51,536	49,041
Earnings per share (in cents):			
Basic	29	17.12	16.48
Diluted	29	17.07	16.44

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2005

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	SHARE CAPITAL \$'000	CAPITAL RESERVES \$'000	ACCUMULATED PROFITS \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2004	74,404	820	169,554	244,778
Net profit for the year	-	-	49,041	49,041
Exercise of share options	52	213	-	265
Recognition of share-based payments	-	128	-	128
Payment of dividends	-	-	(15,476)	(15,476)
Balance at 31 December 2004	74,456	1,161	203,119	278,736
Balance at 1 January 2005 as previously stated	74,456	1,033	203,247	278,736
Effect of adopting FRS 102	-	128	(128)	-
Effect of adopting FRS 39	-	1,780	694	2,474
Balance at 1 January 2005 restated	74,456	2,941	203,813	281,210
Loss on available-for-sale investments	-	(1,608)	-	(1,608)
Net profit for the year	-	-	51,536	51,536
Total recognised income and expense for the year	-	(1,608)	51,536	49,928
Exercise of share options	1,155	5,209	-	6,364
Recognition of share-based payments	-	51	-	51
Payment of dividends	-	-	(63,443)	(63,443)
Others	-	-	5	5
Balance at 31 December 2005	75,611	6,593	191,911	274,115

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 31 December 2005

	2005 \$'000	2004 \$'000 (Restated)
OPERATING ACTIVITIES:		
Profit before taxation	63,256	59,952
Adjustments for:		
Development costs written down	-	1,191
Depreciation expense	24,657	27,584
Share-based payment expense	51	128
Net loss on fair value changes of financial instruments	501	-
Gain on disposal of investments	(106)	(264)
Loss (Gain) on disposal of vehicles and equipment	18	(796)
Net interest expense (write-back)	687	(2,434)
Interest income	(7,120)	(4,542)
Provision for service benefits and long service awards	339	1,818
Share of profit in associate	(178)	(181)
	82,105	82,456
Payment of service benefits and long service awards	(1,248)	(439)
Operating profit before working capital changes	80,857	82,017
Trade receivables	(304)	150
Other receivables and prepayments	(8,143)	48,908
Inventories	(852)	(817)
Trade payables	9,085	15,353
Provision for claims	377	(630)
Cash generated from operations	81,020	144,981
Income tax paid	(11,409)	(6,413)
Net cash from operating activities	69,611	138,568
INVESTING ACTIVITIES:		
Interest received	6,667	4,092
Proceeds from disposal of vehicles and equipment	64	1,542
Transfer of equipment to ultimate holding company	1	13
Transfer of premises from immediate holding company	(1,800)	(7,100)
Transfer of vehicles and equipment from related companies	(1)	(95)
Purchase of vehicles and equipment	(16,626)	(3,648)
Payment of other payables	-	(30,256)
Purchase of held-for-trading investments	(538,197)	(540,001)
Purchase of available-for-sale investments	(18,000)	(36,927)
Proceeds from disposal of held-for-trading investments	545,350	486,250
Net cash used in investing activities	(22,542)	(126,130)
FINANCING ACTIVITIES:		
Proceeds from share issue	6,364	265
Interest paid	(1,197)	(1,212)
Dividend paid	(63,443)	(15,476)
Redemption of loan	(50,000)	-
Others	5	-
Net cash used in financing activities	(108,271)	(16,423)
Net decrease in cash and cash equivalents	(61,202)	(3,985)
Cash and cash equivalents at beginning of year	80,653	84,638
Cash and cash equivalents at end of year (Note 30)	19,451	80,653

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1 GENERAL

The Company (Registration No. 199206653M) is incorporated in the Republic of 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 2005 and the balance sheet of the Company as at 31 December 2005 were authorised for issue by the Board of Directors on 13 February 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except for hedging instruments, held-for-trading investments and available-for-sale investments that have been measured at fair value. The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as disclosed below and in the notes to the financial statements.

FRS 39 – Financial Instruments: Recognition and Measurement

FRS 39 requires the recognition, measurement and disclosure of financial assets and liabilities. The new accounting standard moves measurement from a cost

base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted in accordance with the transitional provisions of FRS 39. The adoption of FRS 39 has resulted in certain investments being carried at their respective fair values with the corresponding adjustments being taken to the revaluation reserve or the profit and loss statement.

Consequently, fair value adjustments of available-for-sale investments amounting to \$1,780,000 as at 1 January 2005, were recognised on the balance sheet and the resulting adjustments transferred to the revaluation reserve in equity. Fair value adjustments of held-for-trading investments amounting to \$694,000 as at 1 January 2005, were recognised on the balance sheet and the resulting adjustments transferred to the accumulated profits.

Hedging instruments were carried at fair value at the balance sheet date. At 31 December 2005, the hedging instruments were fair valued at \$70,000 (assets) and \$12,000 (liabilities). These were not designated as accounting hedges, and accordingly, the fair value changes were recognised in the profit and loss statement.

As the revised accounting policy has been applied in accordance with the transitional provisions of FRS 39, the change has no impact on amounts reported for 2004 or prior periods.

FRS 102 – Share-based Payment

FRS 102 *Share-based Payment* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of FRS 102, the Group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after 22 November 2002 that were unvested as of 1 January 2005, and to liabilities for share-based transactions existing at 1 January 2005. The adoption of FRS 102 therefore applies to share options of the Company granted in 2004 and 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For 2004, the change in accounting policy has resulted in a net decrease in profit for the year of \$128,000 (share-based payments expense). The balance sheet at 31 December 2004 has been restated to reflect a share option reserve of \$128,000.

For 2005, the impact of share-based payments is a net charge to income of \$51,000. At 31 December 2005, the share option reserve amounted to \$175,000.

The share-based payments expense of \$51,000 (2004 : \$128,000) has been included as staff costs in the profit and loss statement.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 40	– Investment Property
FRS 106	– Exploration for and Evaluation of Mineral Resources
FRS 107	– Financial Instruments: Disclosures
INT FRS 104	– Determining whether an Arrangement contains a Lease
INT FRS 105	– Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
INT FRS 106	– Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
INT FRS 107	– Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Directors anticipate that the adoption of the above mentioned FRSs and INT FRSs that were issued but not yet effective until future periods will not have a material impact on the financial statements of the Group and the Company.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Cash and cash equivalents

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

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Investments are classified as either investments held-for-trading or as available-for-sale, based on the intention at the point of purchase, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated

future cash flows discounted at the effective interest rate computed at initial recognition.

Financial liabilities and 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. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Hedging instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates, fuel prices and interest rates. The Group uses hedging instruments, primarily forwards, options and interest rate swaps 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.

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

Hedging instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of hedging instruments that are not designated as accounting hedges and/or do not qualify for hedge accounting are recognised in profit or loss as they arise.

Fair value changes of hedging instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread 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.

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

VEHICLES, PREMISES AND EQUIPMENT –

Vehicles, premises and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

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	12
Leasehold land and buildings	over terms of leases which are 4 to 28 years
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	3 to 5
Motor vehicles	5
Furniture, fittings and equipment	7

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

Capital projects in progress consist of development and construction costs incurred during the period of construction. Depreciation is not provided on capital projects in progress until such assets are completed.

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.

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the relevant leases.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any 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.

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 impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

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

IMPAIRMENT OF ASSETS – At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss 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 impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

FUEL PRICE EQUALISATION ACCOUNT – At the direction of the Public Transport Council ("PTC"), a fuel price equalisation account has been set up to account for diesel price and electricity tariff adjustment charge. In accounting for diesel price and electricity tariff variation, reference is made to the diesel price and electricity tariff (hereafter referred to as "standard diesel price and electricity tariff") as determined by the PTC annually.

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

In the year when the actual diesel price and electricity tariff are above the standard diesel price and electricity tariff, the fuel price equalisation account previously set up can be released to that year's profit and loss statement upon an application by the Company and subject to the approval by PTC. However, the amount to be released is limited to the extent that the balance outstanding in the fuel price equalisation account after draw down, is at or above that year's fuel consumption using the standard diesel price and electricity tariff.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS – Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that the Group and the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at balance sheet date, and are discounted to present value where the effect is material.

SERVICE BENEFITS

These comprise the following:

- a) Retirement Benefits – Under the Collective Agreement entered into by the Company with the Union, a retirement benefit subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the age of 62 years and on completion of at least five years of service. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.
- b) Long Service Awards – Staff serving more than 15 years are entitled to long service awards of \$250 for 15 years of service; \$350 for 20 years; \$500 for 25 years and \$700 for 30 years. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

The provision for retirement benefits and long service awards is discounted using the market yield of Singapore Government Bonds at balance sheet date.

- c) Apart from the Retirement Benefits described in (a) above, the Company participates in a defined contribution retirement benefit plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense as they fall due.
- d) Employee leave entitlements – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

- e) Share-based payments – The Company issues equity-settled share-based payments to certain employees. 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 management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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.

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 exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

BORROWING COSTS – Borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary

items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

PROVISIONS

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

a) 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 2005, the provision for claims is \$7,767,000 (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

b) Insurance premium

The Company has undertaken personal injury insurance to cover its liability for injury to third party where claims are in excess of \$15,000. The insurance premium payable is based on an agreed minimum sum payable in advance and an additional amount payable should the incurred claims per bus exceed the minimum amount as stipulated in the insurance policy for that year. The Company had in the previous financial years incurred additional premium payable as the insurance claims per bus had exceeded the minimum stipulated amount. Accordingly, based on the past history of incurred claims per bus for each of the policy year, an estimate of the liability is made. As at 31 December 2005, the provision for insurance premium for the period from 1999 to 2005 included in trade payables (Note 15) is \$17,347,000.

c) Retirement Benefits

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 based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at balance sheet date and after taking into account an estimated attrition rate. The estimated attrition rate used is based on management's best estimate of the Company's attrition rate, based on past experience. As at 31 December 2005, the provision for retirement benefit is \$8,888,000 (Note 19).

d) Long Service Awards

Staff with more than 15 years is entitled to long service awards of \$250 for 15 years of services; \$350 for 20 years; \$500 for 25 years and \$700 for 30 years. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at balance sheet date and after taking into account an estimated attrition rate. The estimated attrition rate used is based on management's best estimate of the Company's attrition rate, based on past experience. As at 31 December 2005, the provision for long service awards is \$2,725,000 (Note 19).

UNQUOTED INVESTMENTS

The fair values of unquoted debt securities are obtained from market makers (dealers) of the debt securities. The prices represent the dealers' price of these debt securities at the last market day of the financial year. As at 31 December 2005, the fair value of unquoted investments is \$214,306,000.

4 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of DelGro Corporation Limited, incorporated in the Republic of Singapore. The Company's ultimate holding company is ComfortDelGro Corporation Limited, incorporated in the Republic of Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

4 **HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS** (cont'd)

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

	2005 \$'000	2004 \$'000
Purchases of inventories from a related company	27,392	28,927
Rental expense from immediate holding company	3,136	10,315
Purchase of goods and services from:		
Ultimate holding company	2,085	2,051
Related companies	1,054	810
Transfer of vehicles, premises and equipment from:		
Immediate holding company	1,800	7,100
Related company	1	99
Sales of goods and services to:		
Ultimate holding company	(97)	(261)
Related companies	(3,569)	(2,970)
Transfer of vehicles and equipment to:		
Ultimate holding company	(2)	(13)
Related companies	(1)	(4)

The amounts outstanding are unsecured, interest-free and will be settled in cash, within the normal credit period of 30 to 60 days. 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	
	2005 \$'000	2004 \$'000
Cash and bank balances (Note 34b)	3,008	3,490
Time deposits (Note 34b)	16,443	77,163
Total	19,451	80,653

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

6 HELD-FOR-TRADING INVESTMENTS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
a) Quoted investments, at fair value (2004 : at cost):		
Bonds in corporations	9,871	10,418
Notes in corporations	-	10,000
b) Unquoted investments, at fair value (2004 : at cost):		
Bonds in corporations	14,918	4,752
Notes in corporations	183,532	189,993
Total	208,321	215,163

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

The basis of which the fair values of unquoted investments are determined is stated in Note 3.

7 AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
a) Quoted investments at fair value (2004 : at cost):		
Bonds in corporations	41,243	35,927
b) Unquoted investments at fair value (2004 : at cost):		
Bonds in corporations	2,996	3,000
Notes in corporations	12,860	-
Total	57,099	38,927
Analysed as:		
Current	2,996	-
Non-current	54,103	38,927
	57,099	38,927

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

The basis of which the fair values of unquoted investments are determined is stated in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

8 TRADE RECEIVABLES

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Associate (Note 12)	2	-
Related companies (Note 4)	4	-
Outside parties	3,927	3,876
	3,933	3,876
Provision for doubtful trade receivables from outside parties	(99)	(346)
Net	3,834	3,530

The provision for doubtful trade receivables from outside parties has been determined by reference to past default experience.

9 OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Receivables from:				
Ultimate holding company (Note 4)	110	290	110	290
Immediate holding company (Note 4)	71	80	71	80
Subsidiary (Note 11)	-	-	16	16
Associate (Note 12)	147	242	147	242
Related companies (Note 4)	638	530	638	530
Total	966	1,142	982	1,158
Provision for doubtful receivables from subsidiary	-	-	(16)	(16)
Net	966	1,142	966	1,142
Down payments for the purchase of vehicles, premises and equipment	9,513	-	9,513	-
Prepayments	4,606	4,192	4,606	4,192
Interest receivable	1,685	1,302	1,685	1,302
Staff advances	374	323	374	323
Security deposits:				
Immediate holding company (Note 4)	1,526	2,293	1,526	2,293
Outside parties	476	487	476	487
Others	500	1,381	500	1,381
Net	19,646	11,120	19,646	11,120

The receivables from associate are interest-free, unsecured and are repayable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

10 INVENTORIES

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Parts, accessories and consumable stores	11,567	10,715

11 SUBSIDIARY

	THE COMPANY	
	2005 \$'000	2004 \$'000
Unquoted equity shares – at cost	-	-

The Company has a 100% (2004 : 100%) equity interest in Monteria Pte Ltd, incorporated in the Republic of Singapore.

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. The costs of investment in the subsidiary is \$2.00. The subsidiary is not audited.

12 ASSOCIATES

	THE GROUP		THE COMPANY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Unquoted equity shares, at cost	1,026	1,071	1,026	1,071
Add: Share of post-acquisition reserves	1,507	1,284	-	-
Total	2,533	2,355	1,026	1,071
Impairment loss	-	-	-	(45)
Net	2,533	2,355	1,026	1,026

a) Details of associates are as follows:

ASSOCIATE	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION/ OPERATIONS	COST OF INVESTMENTS		GROUP'S EFFECTIVE INTEREST	
			2005 \$'000	2004 \$'000	2005 %	2004 %
TransitLink Pte Ltd ⁽¹⁾⁽²⁾	Provide support services to the transport operators in Singapore	Singapore	1,026	1,026	33 $\frac{1}{3}$	33 $\frac{1}{3}$
EzCard Pte Ltd ⁽³⁾	Inactive	Singapore	-	45	-	45
Total			1,026	1,071		

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

12 ASSOCIATES (cont'd)

(1) During the financial year, TransitLink Pte Ltd earned a service fee of \$10,934,000 (2004 : \$11,508,000) from the Company.

(2) Audited by PricewaterhouseCoopers, Singapore. The financial statements of the company are made up to 31 March each year. The financial reporting date is consistent with the financial reporting date of its holding company. For the purpose of applying the equity method of accounting, the financial statements of the company for the year ended 31 March 2005 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2005.

(3) During the financial year, EzCard Pte Ltd was dissolved by members' voluntary winding-up.

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

	2005 \$'000	2004 \$'000
Total assets	38,326	38,051
Total liabilities	(30,726)	(30,985)
Net assets	7,600	7,066
Group's share of associates' net assets	2,533	2,355
Revenue	4,830	5,368
Profit for the year	536	542
Group's share of associates' profit for the year	178	181

13 HEDGING INSTRUMENTS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Foreign currency exchange option	(12)	-
Interest rate swaps	70	-
	58	-
Analysed as:		
Non-current assets	70	-
Current liabilities	(12)	-
	58	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

13 HEDGING INSTRUMENTS (cont'd)

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

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Foreign currency exchange options	9,978	-
Interest rate swaps	10,000	-
Commodity swaps	-	1,936

The Group and the Company had foreign currency exchange options to purchase up to United States \$6,000,000 as a hedge against exchange movements on future purchase of fuel. These arrangements are designed to address significant exchange exposures for the financial year 2006, and are renewed on a revolving basis as required.

At 31 December 2005, the fair value of the Group's and the Company's foreign currency exchange options is estimated to be approximately \$12,000 (2004 : \$Nil). These amounts are based on market prices for equivalent instruments at the balance sheet date comprising \$12,000 liabilities (2004 : \$Nil). As the Group and the Company had not adopted FRS 39 for the preceding year, adjustments were made to the opening balances as at 1 January 2005 in accordance with the transitional provisions of FRS 39.

The Group and the Company use interest rate swaps to manage their exposure by swapping a proportion of their investments from fixed rates to floating rates. Two contracts with nominal value of \$5,000,000 each, totalling \$10,000,000, which swap payments of fixed interest at rates of 2.725% and 3.180% per annum respectively for floating interest receipts at 3 basis points plus 3-month SGD Swap Offer Rate and 4 basis points plus 6-month SGD Swap Offer Rate respectively for periods up to 2008.

The fair value of swaps entered into at 31 December 2005 is estimated at \$70,000 (2004 : \$Nil). These amounts are based on market prices for equivalent instruments at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

14 VEHICLES, PREMISES AND EQUIPMENT

	BUSES \$'000	LEASEHOLD LAND \$'000	LEASEHOLD BUILDINGS \$'000	COMPUTERS AND AUTOMATED EQUIPMENT \$'000	WORKSHOP MACHINERY, TOOLS AND EQUIPMENT \$'000	MOTOR VEHICLES \$'000	FURNITURE, FITTINGS AND EQUIPMENT \$'000	CAPITAL PROJECTS IN PROGRESS \$'000	TOTAL \$'000
THE GROUP AND THE COMPANY									
Cost:									
At 1 January 2004	688,746	16,642	33,427	73,124	16,326	4,050	10,731	23,455	866,501
Additions	216	-	-	680	755	119	140	1,738	3,648
Write down (Note b)	-	-	-	-	-	-	-	(1,191)	(1,191)
Disposals	(876)	-	-	(11,705)	(2,682)	(78)	(323)	-	(15,664)
Transfers from (to) related companies	99	-	20,083	(5,280)	(67)	-	(57)	-	14,778
At 31 December 2004	688,185	16,642	53,510	56,819	14,332	4,091	10,491	24,002	868,072
Additions	30	-	-	238	721	65	129	15,443	16,626
Disposals	(4,124)	-	-	(2,128)	(868)	(272)	(1,305)	-	(8,697)
Transfers from (to) related companies	-	-	1,800	3	-	-	(9)	-	1,794
Reclassifications	4,138	-	-	2	(2)	-	-	(4,138)	-
At 31 December 2005	688,229	16,642	55,310	54,934	14,183	3,884	9,306	35,307	877,795
Accumulated depreciation:									
At 1 January 2004	614,900	995	2,136	41,163	11,464	3,156	5,118	-	678,932
Depreciation	13,903	594	1,636	8,271	1,504	424	1,252	-	27,584
Disposals	(876)	-	-	(11,677)	(2,019)	(77)	(269)	-	(14,918)
Transfers from (to) related companies	-	-	12,983	(5,269)	(67)	-	(51)	-	7,596
At 31 December 2004	627,927	1,589	16,755	32,488	10,882	3,503	6,050	-	699,194
Depreciation	10,779	594	2,485	8,018	1,383	299	1,099	-	24,657
Disposals	(4,124)	-	-	(2,127)	(849)	(272)	(1,243)	-	(8,615)
Transfers from (to) related companies	-	-	-	2	-	-	(8)	-	(6)
At 31 December 2005	634,582	2,183	19,240	38,381	11,416	3,530	5,898	-	715,230
Carrying amount:									
At 31 December 2005	53,647	14,459	36,070	16,553	2,767	354	3,408	35,307	162,565
At 31 December 2004	60,258	15,053	36,755	24,331	3,450	588	4,441	24,002	168,878

Note:

- Included under Buses are total cost of \$221,536,000 (2004 : \$221,312,000) and carrying amount of \$34,851,000 (2004 : \$40,853,000) which are the subject of five cross border leasing transactions. The Group's and the Company's legal obligations under these transactions have been legally defeased (See Note 32).
- This pertains to write down of certain development costs.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

14 VEHICLES, PREMISES AND EQUIPMENT (cont'd)

c) Details of leasehold land and buildings wholly owned by the Group and the Company are as follows:

LOCATION	APPROXIMATE LAND AREA	TENURE	USAGE
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000	Bus depot
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	30 years from 1 January 1983	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	30 years from 1 January 1983	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation License Issued by Land Authority of Singapore	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation License Issued by Land Authority of Singapore	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,953 sq m	15 years from 1 March 1994	Bus depot

15 TRADE PAYABLES

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Payables to:		
Ultimate holding company	280	489
Immediate holding company	304	-
Related companies	4,236	4,601
Associate	1,958	2,979
Outside parties	22,952	19,861
Accruals	89,809	80,823
Deferred income	289	61
Deposit and advance payments received from customers	880	915
Others	2,913	5,317
Total	123,621	115,046

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

Included in the balance due to outside parties for the Group and the Company is an amount of \$8,443,000 (2004 : \$8,443,000) representing the current amount due to the Land Transport Authority of Singapore ("LTA") arising from the acquisition of certain on-board bus equipment in 2002.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

16 LOAN PAYABLE

The 3-year fixed rate notes issued to third parties were redeemed in August 2005. They were unsecured and bore interest at a rate of 2.45% (2004 : 2.45%) per annum payable on a semi-annual basis.

17 PROVISION FOR CLAIMS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
At beginning of year	7,390	8,020
Charges to profit and loss	3,085	1,864
Payments	(2,708)	(2,494)
At end of year	7,767	7,390

The provision for claims represents the estimated amount which the Group and the Company will have to pay to outside parties for accidents involving buses and rail.

18 DEFERRED TAX LIABILITIES

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
At beginning of year	19,818	19,825
Credit to profit and loss	(1,319)	(1,179)
Transfer from income tax payable	-	1,172
At end of year	18,499	19,818
The balance comprises the tax effects of:		
Excess of tax written down value over carrying amount	22,846	24,372
Provision for fuel equalisation	(6,815)	(6,815)
Other items	2,468	2,261
Net	18,499	19,818

19 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
At beginning of year	12,522	11,143
Charge to profit and loss	339	1,818
Payments	(1,248)	(439)
At end of year	11,613	12,522
The balance comprises provision for:		
Retirement benefits	8,888	9,131
Long service awards	2,725	3,391
	11,613	12,522

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

20 SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2005 NUMBER ('000) OF ORDINARY SHARES OF \$0.25 EACH	2004	2005 \$'000	2004 \$'000
Authorised	400,000	400,000	100,000	100,000
Issued and paid up:				
At beginning of year	297,823	297,615	74,456	74,404
Exercise of share options	4,620	208	1,155	52
At end of year	302,443	297,823	75,611	74,456

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 24.

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

21 CAPITAL RESERVES

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000 (Restated)
Share premium:		
At beginning of year	233	20
Arising during the year	5,209	213
Transfer from share option reserve	4	-
At end of year	5,446	233
Capital redemption reserve:		
At beginning and end of year	800	800
Share option reserve:		
At beginning of year (as previously stated)	-	-
Effect of adopting FRS102	128	-
At beginning of year (restated)	128	-
Recognition of share-based payments	51	128
Transfer to share premium	(4)	-
At end of year	175	128
Revaluation reserve:		
At beginning of year (as previously stated)	-	-
Effect of adopting FRS 39	1,780	-
At beginning of year (restated)	1,780	-
Loss on available-for-sale investments	(1,608)	-
At end of year	172	-
Net	6,593	1,161

Details of the changes in accounting policies in the year are set out in Note 2.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

22 **TURNOVER**

Turnover comprises the following amounts:

	THE GROUP	
	2005 \$'000	2004 \$'000
Transport services:		
Bus	493,188	485,628
Rail	63,875	55,612
Advertisements	19,221	18,380
Total	576,284	559,620

23 **OTHER OPERATING INCOME**

	THE GROUP	
	2005 \$'000	2004 \$'000
Accident claims recovered	664	719
Diesel commission	2,326	1,992
Handling fee income from associate	1,483	1,233
Licence fee income from associate	83	87
Rental income	4,633	4,293
Others	4,853	4,600
Total	14,042	12,924

24 **STAFF COSTS**

- a) Included in staff costs are:
i) Directors' remuneration

THE GROUP REMUNERATION BAND	SALARY %	BONUSES %	OTHERS %	TOTAL COMPENSATION %
2005 (\$500,000 - \$749,999) Ong Boon Leong	48	43	9	100

The remuneration of all the other non-executive Directors is below \$250,000 and comprised entirely of Directors' fees (Note 25).

The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

24 STAFF COSTS (cont'd)

ii) Key executives' remuneration

THE GROUP REMUNERATION BAND	SALARY %	BONUSES %	OTHERS %	TOTAL COMPENSATION %
2005 (\$250,000 - \$499,999) No. of executives : 3	61	25	14	100
2004 (\$500,000 - \$749,999) No. of executives : 1	46	44	10	100
(\$250,000 - \$499,999) No. of executives : 3	59	26	15	100

The remuneration of key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Group.

	THE GROUP	
	2005 \$'000	2004 \$'000
iii) Cost of defined contribution plan	20,674	20,969

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

24 STAFF COSTS (cont'd)

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

	THE COMPANY			
	2005		2004	
	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$
Outstanding at the beginning of the year	7,494,250	1.42	6,455,000	1.38
Granted during the year	4,413,750	2.23	1,576,250	1.60
Cancelled/Lapsed during the year	(477,750)	1.93	(329,000)	1.48
Exercised during the year	(4,619,500)	1.38	(208,000)	1.28
Outstanding at the end of the year	6,810,750	1.94	7,494,250	1.42
Exercisable at the end of the year	2,645,750	1.50	5,918,000	1.38

The weighted average share price at the date of exercise for share options during the year was \$2.25 (2004 : \$1.59). The options outstanding at the end of the year have a weighted average remaining contractual life of 8.02 years (2004 : 7.38 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.

In 2005, options were granted on 24 February, 28 July and 18 November. The estimated fair values of the options granted on those dates are \$0.09, \$0.06 and \$0.05 respectively. In 2004, options were granted on 19 July. The estimated fair value of the options granted on that date is \$0.01.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2005	2004
Weighted average share price	\$2.24	\$1.60
Weighted average exercise price	\$2.23	\$1.60
Expected volatility	20.11%	19.82%
Expected life (years)	4.63	4.63
Risk free rate	2.52%	2.24%
Expected dividend yield	11.35%	15.63%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1.5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

25 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	
	2005 \$'000	2004 \$'000
Development costs written down	-	1,191
Proposed Directors' fees	280	264
Foreign currency exchange adjustment gain, arising from operations	(98)	(45)
Loss (Gain) on disposal of vehicles and equipment	18	(796)
Legal fees paid to a firm of which a Director is a member	11	3
Provision for claims	3,085	1,864
Provision for service benefits and long service awards	339	1,818
Audit fees:		
Paid to auditors of the Company	113	103
Non-audit fees:		
Paid to auditors of the Company	26	49
Paid to other auditors	10	25

26 NET INCOME FROM INVESTMENTS

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Interest income:		
Bonds	2,109	2,026
Time deposits	829	527
Notes	4,112	1,989
Fair value gains on interest rate swaps	70	-
Other investment income:		
Gain on disposal of bonds/notes	106	264
Loss arising from changes in fair values	(501)	-
Foreign currency exchange adjustment loss	(114)	(81)
Others	-	8
Total	6,611	4,733

27 FINANCE (COSTS) INCOME

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Interest expense on borrowings	(687)	(1,212)
Write-back of interest expense to LTA	-	3,646
Total	(687)	2,434

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

28 TAXATION

	THE GROUP	
	2005 \$'000	2004 \$'000
Taxation charge in respect of profit for the financial year:		
Current taxation	13,039	12,090
Deferred tax (Note 18)	(1,319)	(1,179)
	<u>11,720</u>	<u>10,911</u>

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 20% (2004 : 20%) to profit before taxation as a result of the following differences:

	THE GROUP	
	2005 \$'000	2004 \$'000
Taxation charge at statutory rate	12,651	11,990
Non-(taxable) allowable items	(149)	901
Effect of changes in tax rate	-	(1,179)
Other items	(782)	(801)
	<u>11,720</u>	<u>10,911</u>

29 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:

	2005	2004 (Restated)
Net profit attributable to shareholders of the Company (\$'000)	51,536	49,041
Weighted average number of ordinary shares in issue ('000)	301,040	297,641
Basic earnings per share (in cents)	<u>17.12</u>	<u>16.48</u>

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. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

29 EARNINGS PER SHARE (*cont'd*)

	2005	2004 (Restated)
Net profit attributable to shareholders of the Company (\$'000)	51,536	49,041
Weighted average number of ordinary shares in issue ('000)	301,040	297,641
Adjustments for share options ('000)	819	624
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	301,859	298,265
Diluted earnings per share (in cents)	17.07	16.44

30 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprises the following amounts:

	THE GROUP	
	2005 \$'000	2004 \$'000
Short-term deposits and bank balances (Note 5)	19,451	80,653

31 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

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

- a) Transport : Income is generated through bus and rail fare collections.
- b) Advertisements : Income is generated through advertisements on the buses, trains and at MRT and LRT Stations.

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

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.

Associates: Income from associates are not allocated as they are not specifically attributable to business segments, and correspondingly the investments in associates are not included as segment assets of the business segments.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

31 BUSINESS SEGMENT INFORMATION (cont'd)

	BUS \$'000	RAIL \$'000	ADVERTISEMENT \$'000	TOTAL \$'000
2005				
TURNOVER	493,188	63,875	19,221	576,284
RESULTS				
Segment results	50,708	(10,506)	12,955	53,157
Finance costs				(687)
Net income from investments				6,611
Other income				3,997
Share of profit in associate				178
Profit before taxation				63,256
Taxation				(11,720)
Profit after taxation				51,536
OTHER INFORMATION				
Additions of vehicles, premises and equipment	16,112	503	11	16,626
Depreciation expense	23,582	1,008	67	24,657
Non-cash expenses other than depreciation	3,414	9	1	3,424
BALANCE SHEET				
ASSETS				
Segment assets	184,397	8,122	3,718	196,237
Investment in associates				2,533
Unallocated corporate assets				286,316
Consolidated total assets				485,086
LIABILITIES				
Segment liabilities	156,440	15,407	1,457	173,304
Unallocated corporate liabilities				37,667
Consolidated total liabilities				210,971

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

31 BUSINESS SEGMENT INFORMATION (cont'd)

	BUS \$'000 (Restated)	RAIL \$'000 (Restated)	ADVERTISEMENT \$'000 (Restated)	TOTAL \$'000 (Restated)
2004				
TURNOVER	485,628	55,612	18,380	559,620
RESULTS				
Segment results	60,215	(21,731)	13,524	52,008
Finance costs				(1,208)
Net income from investments				4,733
Other income				4,238
Share of profit in associate				181
Profit before taxation				59,952
Taxation				(10,911)
Profit after taxation				49,041
OTHER INFORMATION				
Additions of vehicles, premises and equipment	3,138	493	17	3,648
Depreciation expense	26,212	1,280	92	27,584
Non-cash expenses other than depreciation	3,243	435	4	3,682
BALANCE SHEET				
ASSETS				
Segment assets	183,651	6,995	3,358	194,004
Investment in associates				2,355
Unallocated corporate assets				334,982
Consolidated total assets				531,341
LIABILITIES				
Segment liabilities	149,950	13,319	1,232	164,501
Unallocated corporate liabilities				88,104
Consolidated total liabilities				252,605

32 CONTINGENT LIABILITIES – UNSECURED

As at 31 December 2005, the Group and the Company have contingent liabilities totalling \$11,698,000 (2004 : \$13,551,000) in respect of cross border leasing transactions, under which they have legally defeased all their liabilities under the leases except for the risk of having to pay off this amount to counterparties should they cause the collapse of these leasing arrangements. The management is not aware of any conditions that will cause the Group and the Company to initiate the collapse of these leasing arrangements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

33 COMMITMENTS

As at 31 December 2005, 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	
	2005 \$'000	2004 \$'000
Purchase of vehicles and equipment	67,113	88,755
Purchase of a bus depot from immediate holding company	-	1,800

b) Operating lease commitments:

The Group and the Company as lessee

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Minimum lease payment under operating leases included in the profit and loss statement (net of rebates)	7,304	2,974

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

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Within one year	6,165	5,898
In the second to fifth year inclusive	16,628	20,215
After five years	6,097	13,217
Total	28,890	39,330

Operating lease payments represents rentals payable by the Group and the Company for office premises and bus depots. Leases are negotiated for an average term of 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 during the year was \$4,716,000 (2004 : \$4,380,000). The properties are managed and maintained by the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

33 COMMITMENTS (cont'd)

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

	THE GROUP AND THE COMPANY	
	2005 \$'000	2004 \$'000
Within one year	3,580	4,544
In the second to fifth year inclusive	3,053	5,632
Total	6,633	10,176

34 ADDITIONAL INFORMATION ON FINANCIAL ASSETS
AND LIABILITIES

a) **Financial risks and management**

The main areas of financial risk faced by the Group are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and commodity risk. The Group recognises that management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

Foreign currency exchange rate risk

The Group is exposed to currency risk as a result of its purchases of buses, spare parts, fuel and any other purchases where the currency denomination differs from its functional currency (Singapore dollars). Its main exposures include United States Dollars, Swedish Kroner, Euro and Sterling Pounds. The Group manages its foreign currency exposure by active management using hedging instruments such as forwards or options where necessary.

Interest rate risk

The Group's primary interest rate risk relates to its investments in fixed income securities, deposits and its borrowings. During the financial year, the Group fully redeemed its \$50,000,000 Medium Term Note ("MTN") which bore fixed interest rate.

The Group uses financial 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.

Credit risk

The Group has minimal credit risk arising from its public transport operations. Majority of its commuters use the contactless smart card where cash is collected upfront. Credit risk from advertisements is controlled via upfront deposits, strict credit terms and regular monitoring of advertisers' financial standing. It enters into treasury transactions only with creditworthy institutions and seeks to invest in quality investee companies. Almost all of its fixed income investments are above investment grade of at least BBB-rated as assigned by international credit-rating agencies. There is no significant concentration of credit risk.

Liquidity risk

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

Commodity risk

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

Fair values of financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

34 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (cont'd)

- b) 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					
2005					
Financial Assets					
Cash and bank balances:					
In functional currency:					
Interest-bearing	405	-	-	405	1.19 – 1.75
Non-interest-bearing	2,435	-	-	2,435	-
In non-functional currencies:					
SEK	53	-	-	53	-
USD	42	-	-	42	-
EURO	29	-	-	29	-
GBP	24	-	-	24	-
Others	20	-	-	20	-
Total	3,008	-	-	3,008	
Time deposits:					
In functional currency	16,443	-	-	16,443	3.00 – 3.13
Short-term deposits and cash and bank balances comprise bank deposits with an original maturity of three months or less. The carrying amounts of these financial assets approximate their fair values. The average remaining tenor for short-term deposits is 0.25 months.					
Held-for-trading investments:					
Bonds in functional currency	24,789	-	-	24,789	2.29 – 3.11
Notes in functional currency	183,532	-	-	183,532	1.85 – 3.55
Total	208,321	-	-	208,321	
Available-for-sale investments:					
Bonds in functional currency	2,996	25,522	15,721	44,239	2.30 – 4.84
Notes in functional currency	-	12,860	-	12,860	2.77 – 3.26
Total	2,996	38,382	15,721	57,099	
Hedging instruments:					
In functional currency	-	70	-	70	-
In non-functional currency:					
USD	(12)	-	-	(12)	-
Total	(12)	70	-	58	
Financial Liabilities					
Trade payables:					
In functional currency	122,060	-	-	122,060	-
In non-functional currencies:					
SEK	785	-	-	785	-
USD	459	-	-	459	-
EURO	187	-	-	187	-
GBP	122	-	-	122	-
Others	8	-	-	8	-
Total	123,621	-	-	123,621	

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

34 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (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					
2004					
Financial Assets					
Cash and bank balances:					
In functional currency:					
Non-interest-bearing	3,271	-	-	3,271	-
In non-functional currencies:					
JPY	58	-	-	58	-
EURO	52	-	-	52	-
USD	50	-	-	50	-
GBP	33	-	-	33	-
Others	26	-	-	26	-
Total	3,490	-	-	3,490	
Time deposits:					
In functional currency	77,163	-	-	77,163	1.10 – 1.40
Held-for-trading investments:					
Bonds in functional currency	15,170	-	-	15,170	1.63 – 9.28
Notes in functional currency	199,993	-	-	199,993	1.34 – 2.50
Total	215,163	-	-	215,163	
Available-for-sale investments:					
Bonds in functional currency	-	23,927	15,000	38,927	2.30 – 4.84
Financial Liabilities					
Trade payables:					
In functional currency					
In non-functional currencies:	113,104	-	-	113,104	-
SEK	825	-	-	825	-
EURO	681	-	-	681	-
USD	271	-	-	271	-
GBP	128	-	-	128	-
Others	37	-	-	37	-
Total	115,046	-	-	115,046	

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

35 DIVIDENDS

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

	2005 \$'000	2004 \$'000
Final dividend less tax in respect of the previous financial year:		
– 6.25 cents (2004 : 2.75 cents) per ordinary share less tax	15,102	6,548
Special dividend less tax in respect of the previous financial year:		
– 15.00 cents (2004 : Nil cents) per ordinary share less tax	36,245	-
Interim dividend less tax in respect of the current financial year:		
– 5.00 cents (2004 : 3.75 cents) per ordinary share less tax	12,096	8,928
Total	63,443	15,476

b) Subsequent to the balance sheet date, the Directors of the Company recommended that for the financial year ended 31 December 2005:

- i) a final dividend be paid at 5.00 cents per ordinary share less tax on the ordinary shares of the Company totalling \$12,098,000; and
- ii) a special dividend be paid at 15.00 cents per ordinary share less tax on the ordinary shares of the Company totalling \$36,293,000.

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

36 LICENCE CONDITION FOR RAIL SERVICES

A licence condition (“LC”) dated 15 January 2003 was issued by 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 such 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

37 COMPARATIVE FIGURES

Certain adjustments have been made to the prior year's financial statements following the Group's and the Company's adoption of the FRSs that became effective during the financial year. As a result, certain line items have been amended on the face of the balance sheet, profit and loss statement, statement of changes in equity and cash flow statement, and the related notes to the financial statements. Apart from those already disclosed elsewhere in the financial statements, the following comparative figures have been adjusted to conform with current year's presentation:

a) Arising from adopting FRS 39:

	THE GROUP AND THE COMPANY	
	PREVIOUSLY REPORTED \$'000	AFTER RECLASSIFICATION \$'000
Balance Sheet		
Short-term investments	222,163	-
Other investments	31,927	-
Held-for-trading investments	-	215,163
Available-for-sale investments	-	38,927

b) Arising from adopting FRS 102:

	THE GROUP	
	PREVIOUSLY REPORTED \$'000	AFTER RESTATEMENT \$'000
Consolidated Profit and Loss Statement		
Staff cost	(263,946)	(264,074)
Total operating expenses	(519,812)	(519,940)
Profit attributable to shareholders	49,169	49,041
Earnings per share (in cents):		
Basic	16.52	16.48
Diluted	16.49	16.44

STATEMENT OF DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the balance sheet of the Company set out on pages 52 to 87 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 2005, and of the results, changes in equity and the cash flows of the Group for the financial year ended on that date and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

KUA HONG PAK
Deputy Chairman

Singapore
13 February 2006

SHARE PRICE MOVEMENT CHART

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER



Source: Bloomberg L.P.

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



Source: Bloomberg L.P.

SHAREHOLDING STATISTICS
as at 6 March 2006

SHARE CAPITAL	:	S\$82,160,277.20
NUMBER OF SHARES	:	302,645,516
CLASS OF SHARES	:	Ordinary shares with equal voting rights
VOTING RIGHTS	:	1 vote per ordinary share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 999	2,092	10.12	689,826	0.23
1,000 - 10,000	18,280	88.45	27,365,925	9.04
10,001 - 1,000,000	287	1.39	13,073,768	4.32
1,000,001 & Above	9	0.04	261,515,997	86.41
Total	20,668	100.00	302,645,516	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	
		%
DelGro Corporation Limited	227,857,512	75.29
DBS Nominees Pte Ltd	9,275,505	3.07
United Overseas Bank Nominees Pte Ltd	7,006,580	2.32
HSBC (Singapore) Nominees Pte Ltd	4,903,700	1.62
Raffles Nominees Pte Ltd	3,585,700	1.18
Morgan Stanley Asia (Singapore) Pte Ltd	2,877,500	0.95
Citibank Nominees Singapore Pte Ltd	2,820,500	0.93
OCBC Nominees Singapore Pte Ltd	1,912,500	0.63
The Asia Life Assurance Society Ltd - Par Fund	1,276,500	0.42
Changi Bus Company (Private) Limited	691,548	0.23
NTUC Thrift & Loan Co-Operative Limited	480,000	0.16
Lim Gim Hong	440,000	0.15
Tan Kay Yeong	400,000	0.13
The Asia Insurance Company Limited - Fund Account	390,000	0.13
The Asia Life Assurance Society Ltd - Non-Par Fund	377,000	0.12
Asia General Holdings Limited	370,000	0.12
Ong Boon Leong	280,000	0.09
Royal Bank Of Canada (Asia) Ltd	249,000	0.08
National University Of Singapore	240,000	0.08
Woon Chio Chong	200,000	0.07
Total	265,633,545	87.77

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

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
1. DelGro Corporation Limited	227,857,512	75.29	-	-
2. ComfortDelGro Corporation Limited	-	-	227,857,512	75.29

As at 6 March 2006, approximately 24.13% 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 Thirteenth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 27 April 2006 at 2.30 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 2005 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of 5 cents per ordinary share less income tax and a special dividend of 15 cents per ordinary share less income tax in respect of the financial year ended 31 December 2005. (Resolution 2)
3. To approve the payment of Directors' fees of S\$280,000 for the financial year ended 31 December 2005. (FY2004: \$264,000) (Resolution 3)
4. To re-elect Mr Lim Jit Poh, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Wong Chin Huat, David a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Mr John De Payva, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 6)
7. To re-elect Mr Ong Boon Leong, a Director retiring pursuant to Article 103 of the Company's Articles of Association. (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 as Auditors and authorise the Directors to fix their remuneration. (Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS:

10. To consider and, if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions:

A. "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, provided that:

- (a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 50% of the issued shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued shares in the capital of the Company;
- (b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding at the time this Resolution is passed, and (ii) any subsequent consolidation or subdivision of shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is the earlier."

(Resolution 10)

B. "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 issued shares in the capital of the Company from time to time."

(Resolution 11)

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 from 16 May 2006 to 17 May 2006 (both dates inclusive) for the purposes of determining shareholders' entitlements to the proposed final dividend of 5 cents per ordinary share less income tax and special dividend of 15 cents per ordinary share less income tax for the financial year ended 31 December 2005.

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 15 May 2006 will be registered before shareholders' entitlements to the final and special dividends are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 15 May 2006 will be entitled to the proposed final and special dividends.

The final and special dividends, if approved by the shareholders at the Thirteenth Annual General Meeting of the Company, will be paid on 26 May 2006.

By Order of the Board

TAN CHER CHONG, BOBBY

Company Secretary

Singapore

28 March 2006

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 Tan Kong Eng is a member of the Audit Committee. He is considered an Independent Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 10 is to empower the Directors (from the passing of Resolution 10 until the next Annual General Meeting) to issue shares in the capital of the Company up to a number not exceeding in aggregate 50% of the issued shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders does not exceed 20% of the issued shares in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the number of issued shares in the capital of the Company when Resolution 10 is passed, after adjusting for the conversion or exercise of any convertible securities and share options that have been issued or granted and which are outstanding when Resolution 10 is passed, and any subsequent consolidation or subdivision of shares.

Resolution 11 is to authorise the Directors to issue shares upon the exercise of options in accordance with the SBS Transit Share Option Scheme. This scheme was approved by shareholders at the Extraordinary General Meeting held on 9 June 2000 and has a maximum duration of 10 years. The aggregate number of shares over which the Committee may grant options under the scheme for its entire duration is limited to 15% of the issued ordinary shares in the capital of the Company from time to time.

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT

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

I/We _____ (Name)

of _____ (Address)

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

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Thursday, 27 April 2006 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting.

NO.	RESOLUTIONS	FOR*	AGAINST*
1.	Adoption of Directors' Report and Financial Statements		
2.	Declaration of Final and Special Dividends		
3.	Approval of Directors' fees		
4.	Re-election of Mr Lim Jit Poh as Director		
5.	Re-election of Mr Wong Chin Huat, David as Director		
6.	Re-election of Mr John De Payva as Director		
7.	Re-election of Mr Ong Boon Leong as Director		
8.	Re-appointment of Mr Tan Kong Eng as Director under Section 153(6) of the Companies Act, Cap. 50		
9.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
10.	General authority to issue shares		
11.	Authority to issue shares pursuant to exercise of options		

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

Dated this _____ day of _____ 2006

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

Fold along this line

Affix
postage
stamp

**The Company Secretary
SBS Transit Ltd
205 Braddell Road
Singapore 579701**

Fold along this line

