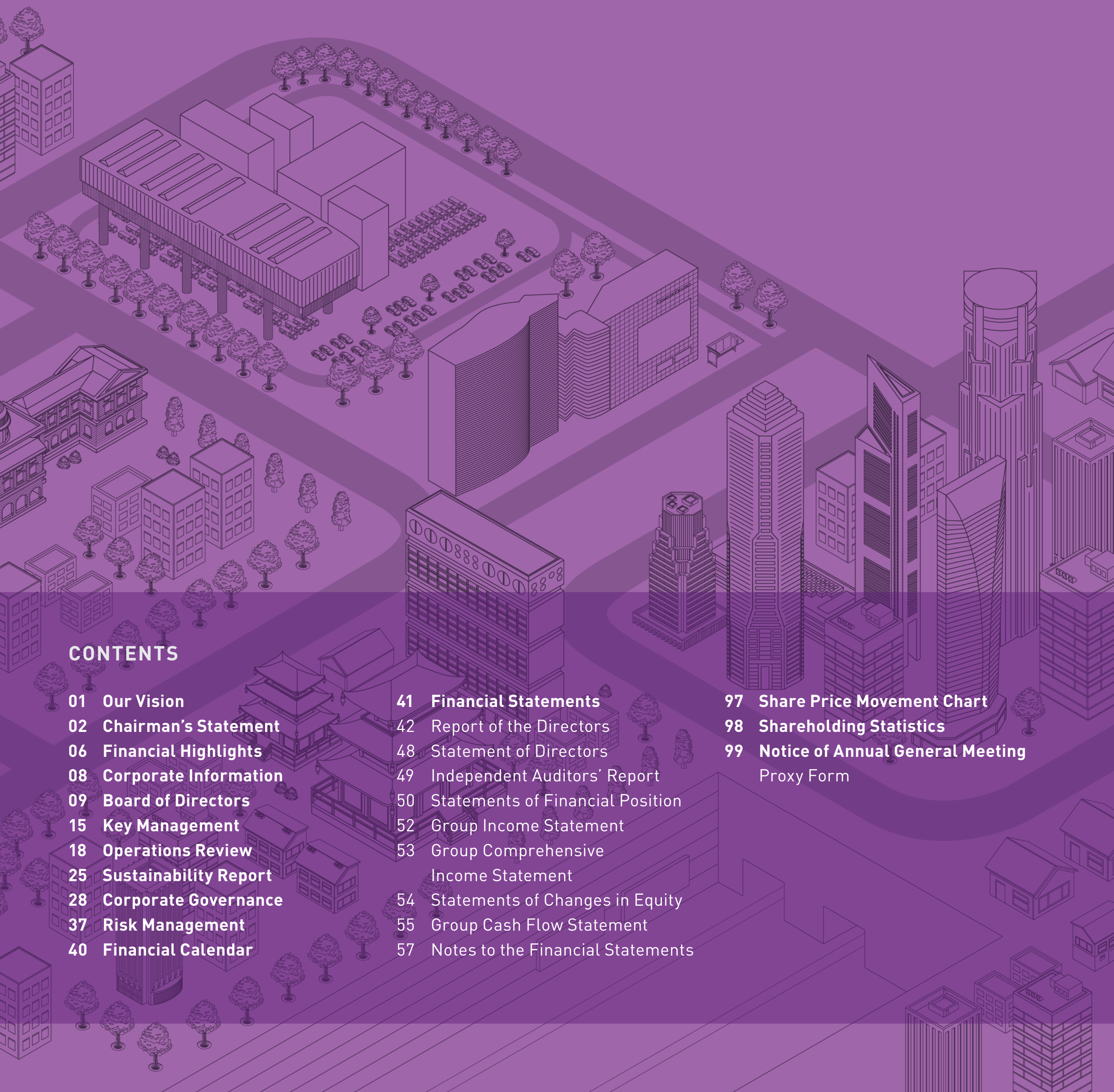
SBS Transit
A member of ComfortDelGro

ANNUAL REPORT 2012



CONTENTS

01 Our Vision
02 Chairman's Statement
06 Financial Highlights
08 Corporate Information
09 Board of Directors
15 Key Management
18 Operations Review
25 Sustainability Report
28 Corporate Governance
37 Risk Management
40 Financial Calendar

41 Financial Statements
42 Report of the Directors
48 Statement of Directors
49 Independent Auditors' Report
50 Statements of Financial Position
52 Group Income Statement
53 Group Comprehensive Income Statement
54 Statements of Changes in Equity
55 Group Cash Flow Statement
57 Notes to the Financial Statements

97 Share Price Movement Chart
98 Shareholding Statistics
99 Notice of Annual General Meeting
Proxy Form

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.

CORE 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

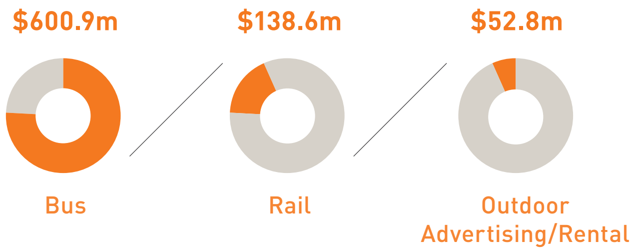
Maintain safety as a top priority

Collaborate with our partners for a win-win outcome

Give our shareholders a reasonable return

CHAIRMAN'S STATEMENT

REVENUES AT A GLANCE



INTRODUCTION

2012 was a bumpy ride – not just for us at SBS Transit, but for the public transport industry in general.

The unprecedented surge in population growth put additional stress on the land transport infrastructure with buses and trains running at full capacity. The situation was further exacerbated by a shortage of Bus Captains (BCs). In the rail business, technical problems at our North East Line (NEL) caused train services to be affected in March and August 2012.

RAIL DELAY AND DISRUPTION

Following those two incidents, we took extra precautionary measures and replaced components that were similar to the ones that malfunctioned, even though they were still in good working condition. Incident management procedures were also reviewed and refined, and a free alert service which informs commuters of train delays or disruptions, was introduced. With a Joint Team set up with the Land Transport Authority (LTA), we have now established that the incidents were caused by stress corrosion cracking of the stainless steel Balance Weight Anchor (BWA) wires and the stainless steel U-bolts, both of which are crucial parts of the Overhead Catenary System (OCS) that provides power to run the trains. The defects were unfortunately not detectable by the naked eye and could only be determined by laboratory tests. The Joint Team is looking at replacing the U-bolts with a corrosive-resistant material that is more suitable for the NEL tunnel environment while a study to find a new material for the BWA wires will need to be completed before replacement works can be carried out.

DEVELOPMENTS IN THE INDUSTRY

With the growth projected in the usage of public transport, the Government announced that more MRT lines will be built, doubling the current rail network from 178km to 360km by 2030. Two new rail lines – the Cross Island and the Jurong Region – will be built while new stations will be added to the NEL, the upcoming Downtown Line (DTL) and the Circle Line (CL).

Our NEL will be extended by 2km with a new station after Punggol to serve the new Punggol downtown. With the expansion in the rail network, eight in 10 households will be within 10 minutes of walking distance to a train station. We see these upcoming rail lines as opportunities to further develop our rail business.

Another key development during the year was an illegal strike by SMRT's China bus drivers – the first of its kind in over 26 years. To help minimise inconvenience to commuters, we deployed 30 of our BCs to help with some of SMRT's bus routes for about a month.

In 2012, the annual fare review exercise was suspended to allow the newly appointed Fare Review Mechanism Committee time to look at the existing framework and formulate a new one. We have since submitted our recommendations to the Committee including suggestions that costs – specifically fuel and electricity costs – be taken into consideration for future exercises.

BUS SERVICE ENHANCEMENT PROGRAMME

The Bus Service Enhancement Programme (BSEP) – which I mentioned in my last report – rolled out during the year. As part of the $1.1 billion programme, the Government is funding 550 buses while the public transport operators are adding 250 buses. In all, bus capacity is set to increase by a total of 800 buses with the revenue generated from the 550 BSEP buses that are running on new and amended routes going directly back to the LTA. The programme will therefore be profit neutral to us. During the year, three new bus routes were introduced and one was amended to further improve connectivity for commuters. BSEP buses were also deployed to beef up capacity on several existing heavy demand bus services. These are in addition to some of those services where we have already added more trips as part of our regular review. In all, 72 buses were rolled out during the year under BSEP.

With more buses being added, the need for more BCs has increased. Unfortunately, the recruitment of BCs continues to pose a challenge. To make the profession more attractive, we increased the salary of BCs as well as stepped up recruitment efforts, not only in Singapore but in Malaysia as well. Our efforts have borne some fruit with 1,039 BCs recruited during the year. As at 31 December 2012, we have more than 5,500 BCs in our workforce, an increase of 4.4% compared to 2011.

To keep pace with the increase in staff strength, the training facilities at our Bus Captain Development Centre were renovated and expanded. More driving instructors were hired and adjustments made to the practical training schedules to maximise the number of BCs we can train at any one time. The training syllabus for new BCs was also reviewed with two additional days of training added to focus on road safety aspects.

DOWNTOWN LINE

SBS Transit DTL Pte. Ltd., a wholly-owned subsidiary, was incorporated in February 2012 to operate the new 42-km DTL that is slated to open progressively at the end of this year.

In preparation for the operations, more than 200 staff have been recruited with headcount expected to double by the end of 2013. Some experienced staff from the NEL have been transferred to the new company. Yet others have headed to ChangChun in China to test the new trains manufactured there. To date, five out of eight trains planned for Phase 1 have already been delivered to the Kim Chuan Depot which is where the DTL will share part of its operation with the CL. These trains are currently undergoing integrated testing.

Equipment suppliers have also commenced training our staff. This will continue in 2013.

CORPORATE GOVERNANCE

Corporate Singapore underwent a transformation in 2012 with revisions to the Code of Corporate Governance (Revised Code) and amendments to The Companies Act. The former came into effect on 1 July 2012 while the latter is in the process of being amended for adoption by Parliament. As a result of the Revised Code, we will need to appoint a Lead Independent Director since I am not deemed to be independent. This is because ComfortDelGro Corporation Limited, where I am also Chairman, is a substantial shareholder of the Group. We have accordingly appointed Mr John De Payva, Chairman of our Nominating Committee, as the Lead Independent Director.

There is a section of the Revised Code which we will deviate from. We do not subscribe to the ruling that a director who has been with the Company for nine or more years is to be regarded as non-independent. We will examine each director who exceeds the nine-year rule on a case-by-case basis, taking into consideration his views on issues discussed and deliberated. We believe that tenure is not of critical importance but experience, independence and objectivity of views and contributions are far more important. We do, however, agree with the Revised Code that there should be a maximum number of directorships a director can assume. We decided that this should be six. Directors who wish to go beyond this number will have to seek special approval from the Chairman but the Chairman himself has to observe this ruling strictly.

We have no issue with the ruling that Central Provident Fund shareholders can attend our shareholders meetings. A full report on our stand on the Revised Code appears under the section on Corporate Governance of this Annual Report.

SERVING OUR COMMUTERS

Demand for bus services continued to grow in 2012 as the population increased. Our buses made 944 million passenger trips, 3.4% more than the previous year.

To cater to growing demand, we introduced 12 new short trips during the year. We also worked with the LTA to improve more than 50 existing services by operating more trips and deploying higher capacity double deck buses.

Passengers-in-wheelchairs were also not forgotten as we rolled out 36 wheelchair-accessible bus routes during the year. In all, 139 or 70.9% of our 196 basic bus services are now wheelchair-accessible, making it more convenient for passengers-in-wheelchairs to get around on public transport.

We will continue to roll out wheelchair-accessible routes as we take delivery of more new buses. During the year, 385 new Euro 5 buses were delivered while we placed another order for 1,000 new buses, comprising both single and double decks. This purchase will cost us $433 million and is part of our continuing effort to renew our fleet. By 2015 when delivery is completed, we would have expanded our fleet to more than 3,400, an increase of 12.4% from the current 3,089 buses. In all, the new buses bought since 2006 would have cost us $1.29 billion.

Demand for our NEL service increased by 6.3% in 2012 with 165.8 million passenger trips made. To cater to the growth in demand, we added 60 new trips a week to the NEL, bringing the total number of trips operated per week to 3,217 or 167, 284 trips for the year.

Ridership on our Sengkang West Light Rail Transit (LRT) has also been on the rise and we have started operating the service in both directions throughout the day from 1 January 2013. Cheng Lim Station on the Sengkang West LRT has also started revenue service to meet growing demand.

As demand for our LRT services is expected to increase over the years, the LTA, which is the owner and developer of the LRT systems, has announced that a two-vehicle train system will be introduced to enhance the capacity from 2016.

We continued to invest in the training of our staff so that they can be better equipped to provide good service to our commuters as well as be even more efficient in what they do. For the year, there was a 13% increase in the number of training places provided to our people. We developed a Rail Emergency Preparedness training programme, which all rail staff attend including those from our bus operations, so that all our staff are aware of our contingency plans during a train incident. A specialised module was also tailored to equip our staff who serve as Goodwill Ambassadors with the necessary skills and knowledge in providing assistance to our commuters during a rail incident.

As a result of our efforts, we were presented with the "Most Customer-Centric Transport Provider" award at the LTA's annual Land Transport Excellence Awards ceremony while one of our BCs received the "Most Service–Oriented Individual" award. We also won recognition for good corporate governance at the Securities Investors Association of Singapore's Investors' Choice Awards in the mid-market capitalisation category.

FINANCIAL RESULTS

Revenue for the year increased by 5.5% from $751.1 million to $792.3 million due to ridership growth despite a drop in the average fare. Revenue from bus operations increased by 6.2% to $600.9 million while revenue from rail operations grew by 3.1% to $138.6 million. Ridership grew by 3.4% for bus and 7.7% for rail. The two LRT systems continued to achieve a double-digit growth of 18.1% as more residents moved into the new towns. Revenue from Advertisement Business increased modestly by 1.6% to $36.8 million as compared to $36.2 million in 2011. On the other hand, revenue from Rental Business increased by 11.2% to $16.0 million from $14.4 million.

The increase in revenue of $41.2 million at the Group level was more than offset by a hefty increase in operating expenses of $61.5 million due mainly to higher staff costs, higher depreciation, higher repairs and maintenance costs and higher fuel costs. As a result, operating profit fell by 44.4% or $20.3 million to $25.4 million. The core bus business widened its loss to $14.7 million during the year as a result. If not for the hedging of fuel, the loss could have risen to $21 million.

Net profit attributable to shareholders fell by 49.4% from $36.7 million to $18.6 million.

Earnings per share was 6.01 cents, down from 11.89 cents previously, while net tangible asset per ordinary share increased by 2.8% to $1.11. As at 31 December 2012, total equity for the Group increased by 2.6% to $342.1 million due mainly to profits generated from operations, which were partially offset by the payment of dividends.

As at 31 December 2012, we have drawn down the balance $150 million of our $250 million Multicurrency Medium Term Note programme which was launched in 2010 at very attractive rates to fund our purchase of new buses.

In accordance with our dividend policy guideline, your Directors have proposed a tax-exempt one-tier final dividend of 1.65 cents per share. Together with the tax-exempt one-tier interim dividend of 1.35 cents per share paid earlier, the total tax-exempt one-tier dividend to be paid out for 2012 will be 3 cents per share, 49% lower than the previous year, in light of the lower profit.

THE YEAR AHEAD

As more BSEP buses are added over the next few years, the need for even more BCs becomes more acute. Besides BCs, the recruitment of staff for the DTL will also keep us busy in the year ahead.

Works to replace the BWA wires and the U-bolts in the NEL OCS will continue over the next two years. Other replacement works and a comprehensive review to enhance the overall OCS by an independent consultant will also be carried out.

We will also continue to work at reviewing and fine-tuning our incident management procedures where the safety and well-being of our commuters is our key focus. This is to ensure that our plans remain ever relevant so that we will be well prepared for any contingency.

The operating environment will continue to be a challenging one. Bus and train ridership is expected to increase at a slower rate. Manpower cost is expected to rise with an increase in staff strength, salary adjustments and increases in foreign workers' levy. At the same time, depreciation expense will increase as we continue with our fleet renewal and expansion programme.

APPRECIATION

I would like to thank our Chief Executive Officer, Mr Gan Juay Kiat, and his Team for their commitment and hard work throughout the year. I would also like to thank our Deputy Chairman, Mr Kua Hong Pak, who is also the Managing Director and Group Chief Executive Officer of our parent company, ComfortDelGro, for his leadership in guiding the Team in the day-to-day matters.

To my fellow Directors, thank you for your invaluable advice, insights and unstinting support. I welcome Professor Lim Seh Chun, who is the Deputy Dean in the Faculty of Engineering at the National University of Singapore, to the Board.

I would also like to thank the National Transport Workers' Union, the various Authorities, Constituency Advisors and Grassroots Leaders as well as members of the Media for their cooperation, assistance, understanding and support.

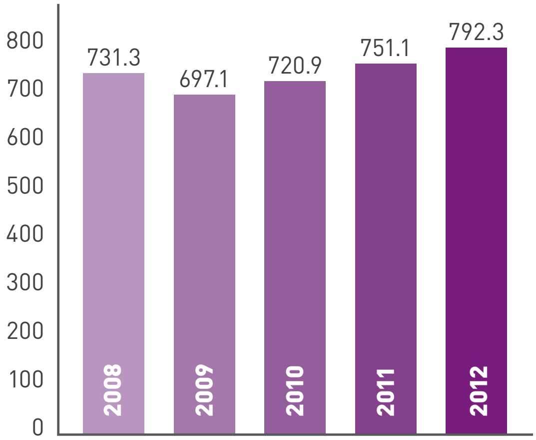
My appreciation also goes to our loyal Shareholders. We will continue to work hard to drive shareholders' value while balancing our responsibility as a responsible public bus and rail transport operator.

To our Customers, thank you for your support and patronage. We remain committed to improving our services and service delivery standards in serving your travel needs safely.

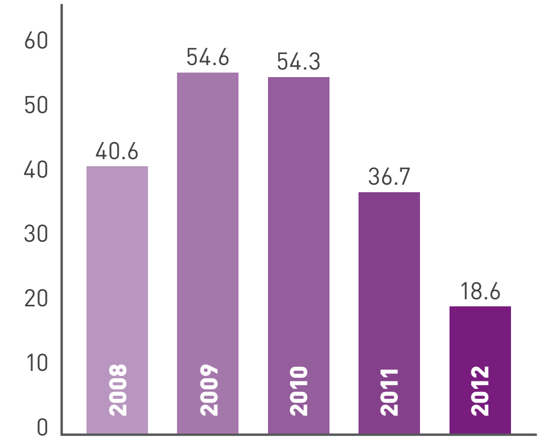
LIM JIT POH
Chairman

FINANCIAL HIGHLIGHTS

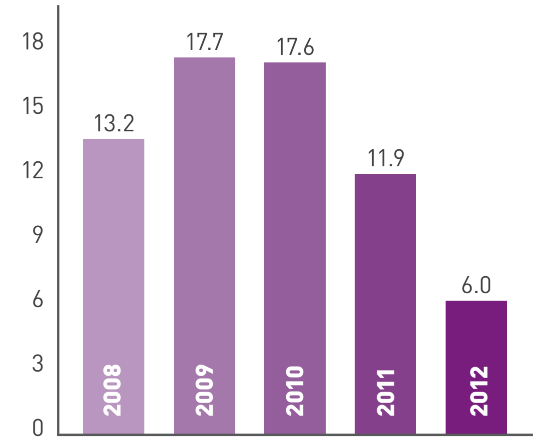
REVENUE
($'mil)



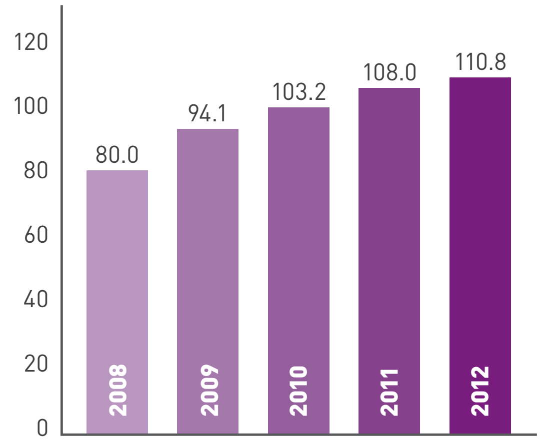
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
($'mil)



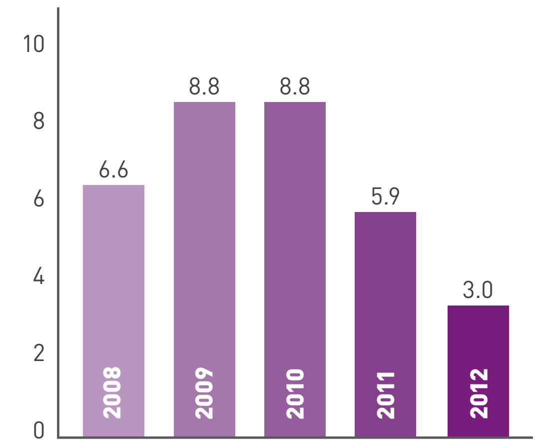
EARNINGS PER ORDINARY SHARE
(cents)



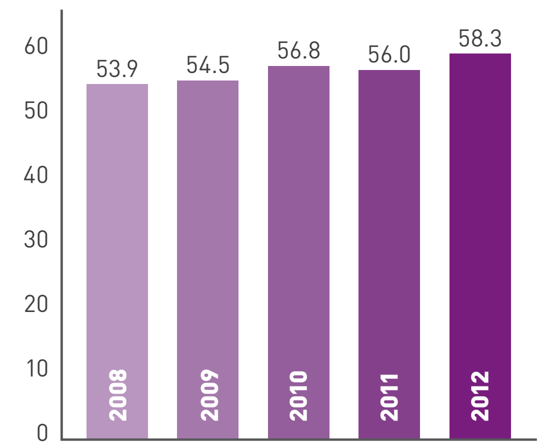
NET ASSET VALUE PER ORDINARY SHARE
(cents)



TOTAL DIVIDEND PER ORDINARY SHARE
(cents)



VALUE-ADDED PER EMPLOYEE
($'000)



FINANCIAL SUMMARY

	2008	2009	2010	2011	2012
Revenue ($'mil)	731.3	697.1	720.9	751.1	792.3
Operating profit ($'mil)	47.1	62.2	64.7	45.7	25.4
Operating expenses ($'mil)	684.2	634.9	656.2	705.4	766.9
Profit attributable to shareholders ($'mil)	40.6	54.6	54.3	36.7	18.6
EBITDA ($'mil)	78.6	102.7	112.1	93.4	82.4
Issued capital ($'mil)	92.3	92.3	93.0	93.9	93.9
Capital and reserves ($'mil)	246.2	289.6	317.9	333.4	342.1
Capital disbursement ($'mil)	152.6	167.3	106.6	153.8	202.7
Internal funds generated ($'mil)	77.2	101.2	117.6	91.2	80.9
Earnings per ordinary share (cents)	13.2	17.7	17.6	11.9	6.0
Net asset value per ordinary share (cents)	80.0	94.1	103.2	108.0	110.8
Return on shareholders' equity (%)	16.9	20.4	17.9	11.3	5.5
Total dividend per ordinary share (cents)	6.6	8.8	8.8	5.9	3.0
Dividend cover (number of times)	2.0	2.0	2.0	2.0	2.0

VALUE-ADDED FOR THE GROUP

	2008		2009		2010		2011		2012	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Suppliers of capital										
– dividends and term loan interest	20,310	5.3	27,079	6.7	27,488	6.5	24,535	5.9	15,649	3.6
Taxation to the government	23,960	6.3	22,355	5.5	25,126	6.0	23,073	5.6	21,416	4.9
Retained earnings	48,810	12.8	67,528	16.6	74,054	17.7	61,520	14.8	62,672	14.2
Employees										
– salaries and other staff costs	287,743	75.6	289,113	71.2	292,780	69.8	305,525	73.7	340,343	77.3
Total value-added	**380,823**	**100.0**	**406,075**	**100.0**	**419,448**	**100.0**	**414,653**	**100.0**	**440,080**	**100.0**
Value-added per employee ($'000)	53.9		54.5		56.8		56.0		58.3	

CORPORATE INFORMATION

BOARD OF DIRECTORS

LIM JIT POH
Chairman

KUA HONG PAK
Deputy Chairman

GAN JUAY KIAT
Chief Executive Officer

CHEONG YIP SENG

CHIN HARN TONG

JOHN DE PAYVA
Lead Independent Director (Appointed as Lead Independent Director on 1 January 2013)

LIM SEH CHUN
(Appointed on 1 October 2012)

TAN KONG ENG

WEE SIEW KIM

WONG CHIN HUAT, DAVID

AUDIT AND RISK COMMITTEE

WEE SIEW KIM
Chairman

CHIN HARN TONG

LIM SEH CHUN
(Appointed on 1 October 2012)

TAN KONG ENG

REMUNERATION COMMITTEE

CHIN HARN TONG
Chairman

JOHN DE PAYVA

LIM JIT POH

NOMINATING COMMITTEE

JOHN DE PAYVA
Chairman

CHEONG YIP SENG

WONG CHIN HUAT, DAVID

SERVICE QUALITY COMMITTEE

WONG CHIN HUAT, DAVID
Chairman

CHEONG YIP SENG

LIM SEH CHUN
(Appointed on 1 October 2012)

WEE SIEW KIM

CORPORATE DIRECTORY

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

Company Secretary
CHAN WAN TAK, WENDY

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

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

Partner-in-Charge:
TOH YEW KUAN , JEREMY

Date of Appointment:
1 November 2011

BOARD OF DIRECTORS

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

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

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

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

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lim will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 25 April 2013. He is a non-independent Director of the Company.

BOARD OF DIRECTORS

KUA HONG PAK
Deputy Chairman (Non-Executive & Non-Independent)

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

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd, PSA Corporation Limited and StarHub Ltd. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991 and the Public Service Star in 1996 by the President of the Republic of Singapore and re-appointed a Justice of the Peace in 2010. He was awarded the Medal of Commendation in 2005 and the Medal of Commendation (Gold) in 2010 by the National Trades Union Congress.

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

Pursuant to Article 97 of the Company's Articles of Association, Mr Kua will be due for re-election at the forthcoming Annual General Meeting to be held on 25 April 2013. He is a non-independent Director of the Company.

GAN JUAY KIAT
Chief Executive Officer & Director

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

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

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

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

Mr Gan was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 26 April 2012. He is a non-independent Director of the Company.

BOARD OF DIRECTORS

CHEONG YIP SENG

Director (Non-Executive & Independent)

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

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

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

CHIN HARN TONG

Director (Non-Executive & Independent)

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

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

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

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Chin will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 25 April 2013.

BOARD OF DIRECTORS

JOHN DE PAYVA
Director (Non-Executive & Lead Independent)

Mr John De Payva has been a non-executive Director of SBS Transit Ltd since 1999. He is an independent Director of the Company and was appointed Lead Independent Director of the Company since 1 January 2013. Mr De Payva is the Chairman of the Nominating Committee and a member of the Remuneration Committee.

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

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

Mr De Payva was awarded the Public Star Medal in 1998, the Public Service Star in 2004 and the Meritorious Service Medal in 2011 by the President of the Republic of Singapore.

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

LIM SEH CHUN
Director (Non-Executive & Independent)

Professor Lim Seh Chun was appointed a non-executive Director of SBS Transit Ltd on 1 October 2012. He is an independent Director of the Company. Professor Lim is a member of both the Audit and Risk Committee and the Service Quality Committee.

Professor Lim is the Deputy Dean of the Faculty of Engineering and a Professor in the Department of Mechanical Engineering, at the National University of Singapore (NUS), where he started his academic career as a Lecturer in 1986. Prior to his current appointment, he held several management positions including Special Assistant (Policy) to Vice-Chancellor, Chief of Staff, Acting Director for Institutional Resources, Associate President, Head of Department of Mechanical Engineering and Director of NUS-CREATE. His main research effort is to understand the friction and wear behaviour of engineering materials.

Professor Lim was a Public Service Commission (PSC) Overseas Merit Scholar. He holds a Bachelor of Arts (Hons) in Engineering Science from Oxford University, Master of Arts from Oxford University, Master of Engineering from National University of Singapore and Doctor of Philosophy from Cambridge University. He is a Fellow of the Institution of Engineers, Singapore, the Institution of Mechanical Engineers, UK and the Institute of Materials, Minerals and Mining, UK. He is a registered Professional Engineer in Singapore and a Chartered Engineer in the UK. He was awarded the Public Administration Medal (Silver) in 2005.

Professor Lim is a Member of the Singapore National Youth Orchestra Advisory Board and a Director of the Singapore Symphonia Company Limited.

Pursuant to Article 103 of the Company's Articles of Association, Professor Lim will be due for re-election at the forthcoming Annual General Meeting to be held on 25 April 2013.

BOARD OF DIRECTORS

TAN KONG ENG
Director (Non-Executive & Independent)

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

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Tan will be due for re-appointment as a Director at the forthcoming Annual General Meeting to be held on 25 April 2013.

WEE SIEW KIM
Director (Non-Executive & Independent)

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

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

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

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

Pursuant to Article 97 of the Company's Articles of Association, Mr Wee will be due for re-election at the forthcoming Annual General Meeting to be held on 25 April 2013.

BOARD OF DIRECTORS

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

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

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

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

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

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

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

Mr Wong was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 26 April 2012. He is a non-independent Director of the Company.

KEY MANAGEMENT

WOON CHIO CHONG

Executive Vice President, Bus Development

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

WONG WAI KEONG

Executive Vice President, Rail

Mr Wong Wai Keong joined SBS Transit as Deputy Director, Engineering (Rail) in 2000. He was appointed Director, Engineering (Rail) in 2001 and later promoted to Senior Vice President (Rail) in 2005. In January 2012, Mr Wong assumed the position of Executive Vice President for the Rail Business Area. Mr Wong has extensive experience working in the rail industry. Prior to joining SBS Transit, he was with the Mass Rapid Transit Corporation and the Land Transport Authority for some 16 years until March 2000. Mr Wong was awarded the Public Administration Medal (Bronze) in 1996 by the Singapore Government for his outstanding contributions to the development of the local rail network. Mr Wong holds a Bachelor of Engineering (Hons) in Electrical and Electronic Engineering from the University of Birmingham, United Kingdom. He is a Professional Engineer accredited with the Singapore Professional Engineers Board. A Chartered Engineer, he is also a Member of the United Kingdom's Institution of Engineering and Technology.

ENG SOK YONG

Senior Vice President, Corporate Development

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

NG YEW LIN, LINDA

Senior Vice President, Finance

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

KEY MANAGEMENT

TAN I-LIN, TAMMY

Senior Vice President, Corporate Communications

Ms Tan I-Lin, Tammy is Senior Vice President, Corporate Communications of SBS Transit. She is also the Group Corporate Communications Officer and Spokesperson for ComfortDelGro Corporation Limited, SBS Transit's parent company. She is responsible for all corporate communications functions, including promoting the Group's image, overseeing its various publications, coordinating requests for sponsorships and donations, and liaising with the media community. Ms Tan started her career with Singapore Press Holdings in 1995 and 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.

LEONG YIM SING

Senior Vice President, Rail Engineering

Mr Leong Yim Sing joined SBS Transit in 2003 as Director, Rolling Stock. In 2005, he was appointed as Vice President, Rail Engineering, to oversee all engineering activities to support the North East Line and Sengkang-Punggol LRT operations. In 2011, he was promoted to Senior Vice President, Rail Engineering. Mr Leong has 27 years of experience in the operations and maintenance of Singapore's rail systems. A pioneer in the rail industry, he was actively involved in the setting up of Singapore's first MRT system including the North-South and East-West Lines in 1985. In 1995, he oversaw the setup and operations of the first driverless LRT system in Singapore. Mr Leong graduated with First Class Honours in Mechanical Engineering from the Imperial College, London. He is a certified Professional Engineer in Singapore, and an Associate of the City & Guilds Institute, London.

TAN ENG KOK, IVAN

Senior Vice President, West District, Bus Operations

Mr Tan Eng Kok, Ivan joined SBS Transit in 1996 as Vice President (Corporate Development) and later assumed the position of Vice President (Operations). He was subsequently appointed Vice President in charge of bus operations for the West district in 1998. He was promoted to Senior Vice President on 1 January 2012. Prior to joining the Company, Mr Tan had worked as an Engineer with Hewlett Packard. He also has corporate planning and market research experience from his stint with SISIR. Mr Tan holds a Bachelor of Engineering (Hons) in Mechanical Engineering from the National University of Singapore. He also obtained a Master of Business Administration from the same university.

ANG WEI NENG

Senior Vice President, East District, Bus Operations

Mr Ang Wei Neng joined SBS Transit in 2004. Prior to his current appointment as Senior Vice President for bus operations in the East District, he held key positions in service development, operations development and security. Before joining the Company, he had held various managerial positions in operations and business development in diverse industries, covering countries in Southeast Asia, Hong Kong and China. Mr Ang, a Public Service Commission (PSC) Scholar, served in the Singapore Police Force before joining the private sector. He holds a Bachelor of Social Sciences (Hons) from the National University of Singapore and a Master of Business Administration (MBA) from the Nanyang Technological University. Mr Ang is also a Member of Parliament for Jurong GRC.

KEY MANAGEMENT

GOEI BENG GUAN, ALEX

Senior Vice President, Rail Operations

Mr Goei Beng Guan, Alex is responsible for the operations of the North East Line (NEL) and the Sengkang Punggol Light Rapid Transit system (SPLRT). He first joined the Company in 1985, starting with bus service planning and project management. From September 1998, Mr Goei was extensively involved in the launch of the North East Line (NEL), which is Singapore's first underground, driverless rail system. Heading traffic, passenger service and operations, he played an integral role in ensuring the successful opening of the NEL in 2003. He was subsequently promoted to Senior Vice President, Rail Operations in January 2013. Mr Goei graduated from the National University of Singapore with a Bachelor of Arts in Economics and History. He also obtained post-graduate diplomas in Road Passenger Transport and Training and Development Management from the Chartered Institute of Logistics & Transport and UK Institute of Training and Development respectively. He is also an Associate of the Institute of Railway Signal Engineers.

POH EE HUAT

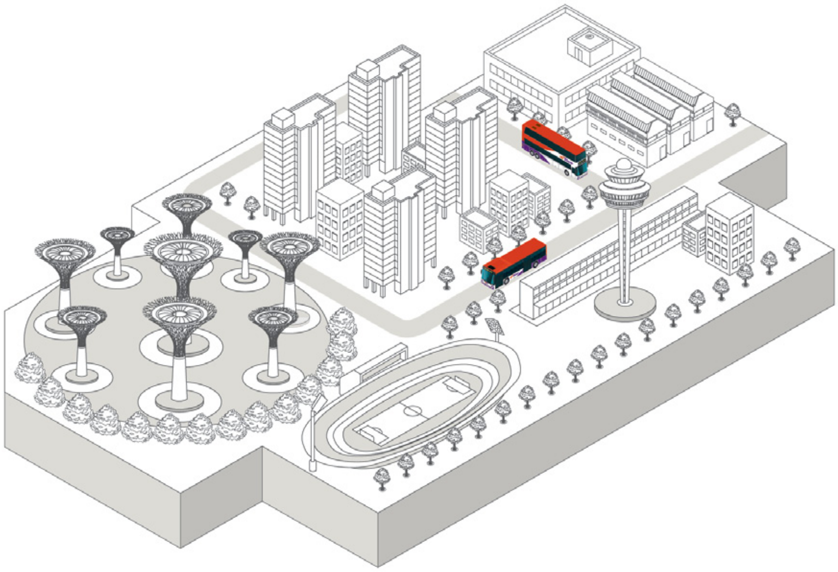
Vice President, Engineering and Supplies

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

CHAN WAN TAK, WENDY

Company Secretary

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



Basic Services / Fast Forward Services / Chinatown Direct Services / Parks Service/ Express Services / Premium Services / Nite Owl Services

Revenue ($'mil)

600.9

EBITDA ($'mil)

40.2

Average Daily Ridership ('000)

2,579

Total Operating Fleet Size

3,089

Total Number of Employees

6,821

SBS Transit is Singapore's largest scheduled bus service provider with a 75% share of the market. With a fleet of 3,089 buses, we operate 251 bus routes which consist of 196 basic bus services, 31 premium bus services and 24 niche bus services to cater to as wide a spectrum of commuters as possible.

During the year, our buses made 944 million passenger trips, 3.4% more than in 2011.

To cater to heavy ridership demand during peak hours, short trips were introduced on 12 services – 13A, 43A, 63M, 70B, 72A, 88A, 88B, 98B, 138A, 139A, 154A and 200A. These ply a section of the normal route to cater to demand where it is heaviest. For example, Service 13A was introduced to run between Ang Mo Kio Avenue 6 and Bishan Road – the busiest section of Service 13 which plys between Yio Chu Kang and Upper East Coast Road.

Our Premium Bus Services, which offer heartland commuters a faster and more direct link to the Central Business District, continued to grow in popularity. New trips were added to about 13% of these services.

We also amended the routes of four services – Services 85, 231, 235 and 402 – to cater to changes in commuters' travel patterns.

During the year, we worked with the Land Transport Authority (LTA) to improve 53 existing services by operating more trips and deploying higher capacity double deck buses. Services identified for improvements were based on feedback from commuters, bus loading records and quality checks carried out by management staff during peak hours.

On the eve of public holidays, we continued to extend the operating hours of selected bus services to better serve our commuters.

In November 2012, we lent support to SMRT Corporation when its China bus drivers went on strike – the first industrial action of its kind in Singapore in 26 years. To ensure that public transport services remained undisrupted, we responded swiftly by sending 30 of our Bus Captains (BCs) to help operate some of SMRT's routes. Our BCs were attached with SMRT for about a month.

Another significant development during the year was the announcement by the Government that it would inject $1.1 billion over 10 years to ramp up bus capacity by adding 550 new buses under a new Bus Service Enhancement Programme (BSEP). We will also be adding 150 buses for growth. During the year, we rolled out three new bus routes – Services 50, 116 and 513 – and amended Service 119 as part of the programme. In all, 72 buses were rolled out for the year under BSEP.

We continued with our roll-out of wheelchair-accessible bus services during the year. A total of 36 new routes were introduced, bringing the total number of wheelchair-accessible routes to 139. This means seven in 10 of our basic bus services are now wheelchair accessible.

In addition to the new buses being rolled out under the BSEP, SBS Transit has also been adding on new buses over the years. In 2012, we put 385 new buses on the roads. With that, 66.4% of our fleet is now made up of new buses, with four in 10 being double deck ones. We have placed an order for another 1,000 new buses comprising 450 award-winning, single deck Citaro buses and 550 double deck Volvo buses at a cost of $433 million. This order is scheduled for delivery over the next three years starting from January 2013. When delivery is completed by 2015, we would have expanded our fleet to more than 3,400, up from the current 3,089 buses. In all, the new buses bought since 2006 would have cost us $1.29 billion.

Our intelligent route information system, *iris* NextBus, continued to rise in popularity with the widespread proliferation of smartphones. The *iris* app, which is available for both iPhones and Android phones, received an average of three million queries a day for next bus arrival timings. This is two times more than the number of enquiries received a day in 2011. With such a large number of commuters dependent on us for accurate travel information, we added on more features including delay and disruption icons to inform users if their services are affected by route diversions or delays. A new tab was also created to provide updates on bus-related information such as changes in operating hours during special occasions or events.

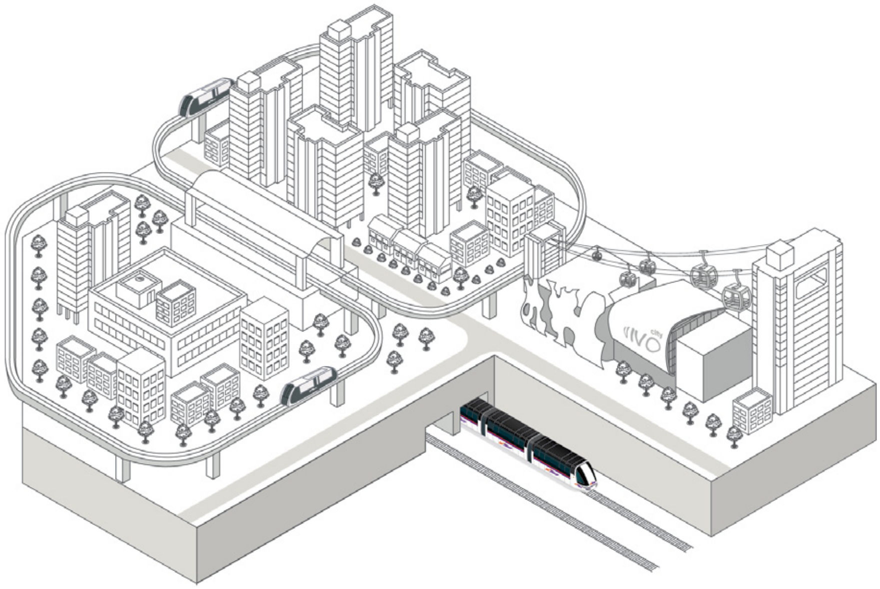
Besides *iris*, next bus arrival timings are also available on 10 other smartphone applications which have been developed by private individuals or organisations. Information has been given to these private developers on condition that their apps are offered free to users as well.

To further enhance information flow, we have also been working with the LTA on a trial project to provide commuters with bus loading information in addition to next bus arrival timings. This is aimed at making journey planning more effective for commuters. Five bus services are currently involved in this trial project.

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

Our efforts in enhancing our services and improving our existing service levels have not gone unnoticed. In 2012, the number of compliments we received hit a record high and exceeded valid complaints by more than three times. We were also named the "Most Customer-Centric Transport Provider" by the LTA at the 2012 Land Transport Excellence Awards while one of our BCs was named the "Most Service-Oriented Individual".

OPERATIONS REVIEW
RAIL



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

Revenue ($'mil)

138.6

EBITDA ($'mil)

5.7

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

453

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

70

Total Number of Employees

835

Average daily ridership on our rail network continued to grow in 2012, albeit at a slower rate.

In 2012, an average of 452,897 people rode on the North East Line (NEL) every day, representing a growth of 6% over the previous year. Average daily ridership of the Punggol and Sengkang Light Rail Transit (LRT) systems also increased, by 17.8% to 70,471. The strong growth on the LRT systems can be attributed to the increase in the number of residential developments that have recently been completed.

In all, more than 191.5 million passenger trips were made on our rail network in 2012, 7.7% more than in 2011.

To cater to the increase in our rail ridership, we added 60 more trips a week on the NEL in March 2012. As a result, the waiting time for commuters during the shoulder of morning peak hours has been reduced by up to two minutes to 3.5 minutes. On the Punggol East LRT, we added 50 additional trips per week during the weekday evening peak period to reduce waiting time and create greater elbow space for our commuters.

On the Sengkang West LRT, we opened Cheng Lim Station for revenue service on 1 January 2013 and also operated the service in both directions throughout the day instead of only during peak hours.

We extended the train operating hours on the eve of public holidays and started service operation earlier during the Standard Chartered Singapore Marathon to provide connectivity for participants and volunteers.

To meet projected demand for our rail services in the long run, the Land Transport Authority (LTA) has announced its purchase of 18 trains for the NEL which will be delivered progressively from 2014. This will increase our train fleet by 70% when they are fully delivered by 2016. In preparation for the arrival of the new trains, we have been conducting tests with the LTA on a series of enhancements that are being undertaken in the signalling, communications and the Integrated Supervisory Control Systems. Separately, the expansion of tracks to house the additional trains has been completed at the NEL depot.

The Sengkang and Punggol LRT systems will also be upgraded to a two-vehicle train system to cater to ridership growth. The LTA has placed an order for 16 new vehicles for delivery from 2016 while modification works will be undertaken on 16 existing ones. Modification works will also be carried out on the signalling system to accommodate the two-vehicle LRT operations.

New standard tickets for travel on the rail network were also launched during the year. These new tickets are designed for use of up to six times with a 10 cents discount given on the last ride. At the same time, the ticketing machines at our rail stations are being progressively upgraded to dispense this new type of tickets. By May 2013, all the ticketing machines at our 16 NEL stations and 21 LRT stations will be outfitted with the upgraded machines, which not only come equipped with larger screens for easier viewing, but also a magnifying function so commuters can "zoom" in on the various map locations.

DISRUPTIONS

Due to component failures in the Overhead Catenary System (OCS), which provides power to run the trains, NEL service experienced a disruption in March 2012 and a prolonged delay in August 2012. Stainless steel Balance Weight Anchor (BWA) wires had snapped in the March incident while stainless steel U-bolts broke during the August incident.

To prevent further incidents from occurring, we took precautionary measures by replacing similar components on the Line even though they were still in good working order. We also stepped up our maintenance regime by increasing the frequency of our inspections not only for the OCS but also other areas of rail infrastructure. For instance, our track patrolmen now conduct checks on the rail tracks twice a week instead of once every seven days. As a result, our staffing level for maintenance works is expected to increase by 25% over the next two years. We have also embarked on a pre-emptive replacement programme with regards to our critical electronic control equipment in signalling as well as communications and rolling stock systems – even though the recommendation by the systems' manufacturers is to replace them only upon failure. Proactive stocking up of critical spares has also been undertaken as a Standard Operating Procedure.

With a Joint Team set up by the LTA, we have now established that the cause of the two rail incidents was stress corrosion cracking. The Joint Team is looking at replacing the U-bolts with a corrosive-resistant material that is more suitable for the NEL's tunnel environment. Meanwhile, a study is underway to find a new material for the BWA wires. The study is expected to be concluded by May 2013 before replacement works are carried out and completed by mid-2014.

Our incident management procedures were also reviewed and refined to enable us to respond better to such incidents in the future. This also included lessons learnt from the findings concluded by the Committee of Inquiry that was tasked to look into the major North-South Line MRT disruptions in December 2011. Best practices of rail operators in other countries were also adopted into our processes.

A Rail Emergency Preparedness training programme was developed with a core module for all staff – including those from the bus business. Specialised modules were developed for specific groups of staff to enable them to operate better in a crisis – including special training courses for Goodwill Ambassadors and those managing the shuttle bus services.

We also participated in a combined table-top exercise conducted by the LTA for better rail incident management. As a result, commuters can now board any bus service for free at designated bus stops during any train disruption. This is something that we have been doing since 2007.

We also rolled out a Short Message Service (SMS) in April to alert commuters to train delays or disruptions on the NEL. Since then, 28,000 commuters have signed up for this free alert service.

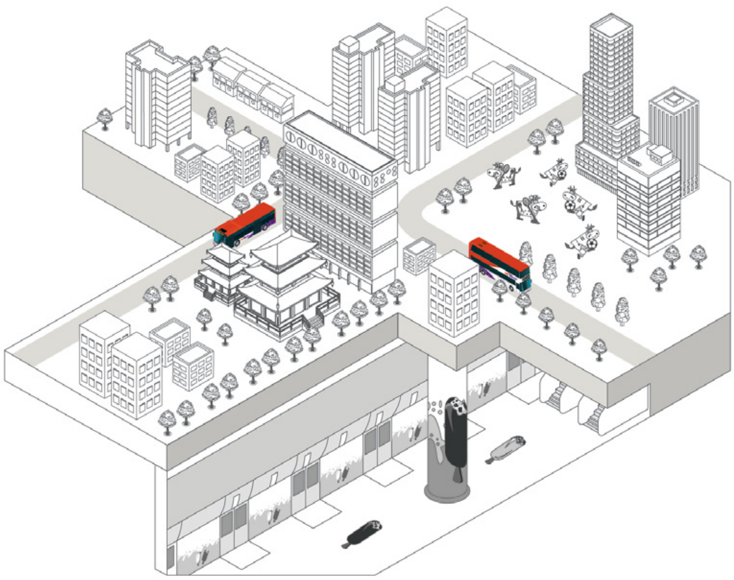
With the proliferation of smartphones, and the soaring popularity of the *iris* application, we also launched a push notification service on the *iris* app to alert commuters to delays and disruptions not only on the NEL but also the other MRT lines not operated by us. Today, we have more than 800,000 iPhone and Android phone users who have subscribed to receive this push notification service.

DOWNTOWN LINE

Work to get Phase One of the 42-km Downtown Line (DTL) ready for revenue service by the end of 2013 began in earnest in 2012. A fully-owned subsidiary known as "SBS Transit DTL Pte. Ltd." was incorporated in February 2012. Since then, we transferred some of our very experienced staff from the NEL to the new company. We have also recruited more than 200 new staff – all of whom are undergoing operations and maintenance training. Several teams have also been to ChangChun in China to participate in the integration testing of the trains.

During the year, we took delivery of 10 train locomotives and completed testing them successfully with the LTA and its contractors. Five electric trains have also been delivered to the Kim Chuan Depot, which is where the Line will share part of its operation with the Circle Line. The trains are currently undergoing system integrated testing.

OPERATIONS REVIEW
OUTDOOR ADVERTISING/RENTAL



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

Revenue ($'mil)

52.8

EBITDA ($'mil)

36.5

Total Number of Employees

70

ADVERTISING

Moove Media, a sister company which generates advertising revenue on our buses, trains, stations and interchanges, continued to come up with new and innovative ideas during the year.

As a result, advertisement revenue increased by 1.6% during the year to $36.8 million.

It, for example, developed its first multi-sensory advertising concept for IKEA's kitchen sets. Designed with visuals and 'live' sound effects of cabinets and drawers opening and closing, the high impact campaign drew the attention of many commuters at the NEL Dhoby Ghaut Station. Equally captivating was Magnum's new "Temptation ice-cream" campaign which comprised glittery ice cream posters wrapped around the floor-to-ceiling columns of the NEL Dhoby Ghaut Station.

Moove Media, which has become famous for its "grazing cows", put them out on the open fields of Singapore once again in July, this time dressed in a variety of work outfits. The campaign, which was launched as a tribute to Singapore's workforce, involved "dressing" the cows to look like soldiers, chefs, Bus Captains, nurses, executives and even durian sellers. The 500 cows were eventually sold to raise funds for charity.

During the year, Moove Media also consolidated its support, operations as well as sales and marketing departments in one location.

OPERATIONS REVIEW
OUTDOOR ADVERTISING/RENTAL

RENTAL

Our retail spaces enjoyed a higher occupancy rate of 99% in 2012, compared to 92% a year ago. Notably, demand for rental spaces at the NEL Punggol, Sengkang and Buangkok stations increased significantly as the number of residents in the area grew.

Through creative planning, a total of 1,105 square metres of new retail and roadshow spaces was added on during the year. The strong demand for these spaces contributed to the increase in rental revenue which grew by 11% to $16 million in 2012.

At SBS Transit, growing and expanding our business and creating a better, safer and greener world are not conflicting goals. Indeed, firmly entrenched in our psyche is the need to better the welfare of those in need, as well as the desire to protect the environment. At the same time, developing our people is also an integral aspect so that we can continue to run the race with a qualified and committed team whose members share a common vision.

HUMAN SUSTAINABILITY

Helping the Community

We continued to reach out to the community in 2012 by sponsoring several charitable projects and offering free travel on the North East Line (NEL) to the elderly residents of the Kwong Wai Shiu Hospital for their excursions.

Our staff also spent a morning reading stories to elderly folks in partnership with the Lions Befrienders of Singapore. Organised by our parent company, ComfortDelGro Corporation, the morning at the National Library saw 40 elderly folk and 20 staff volunteers exchanging smiles and laughter as they regaled each other with stories.

Besides this, some of our staff also joined those from our parent company on a cross-country run to raise funds for charity. In all, the 600 staff raised $33,000 following a dollar-for-dollar matching by the ComfortDelGro Group.

Promoting Graciousness, Safety and Security

Safety and security are key elements that underpin our bus and train operations. The importance we place on them is strongly reflected in our policies, procedures, training and community engagement programmes.

During the year, 1,379 Bus Captains (BCs) attended the "Driving Skills Enhancement Programme" for an assessment of their driving competency. With this, all our 5,567 BCs have now completed the programme which uses motion sensors, cameras and a mapping software to analyse driving patterns and give BCs an objective report of their performance.

New BCs attending basic training had their curriculum extended by two days to further focus on safety aspects specifically at traffic junctions and pedestrian crossings. This brings the training duration to 31 days for local BCs and up to 52 days for foreign BCs.

We stepped up our security measures during the year, translating into a 10% increase in the number of transit security officers deployed to our rail and bus depots, train stations and bus interchanges. Enhancements were also made to the design of the guardhouses at our major bus depots to provide our security officers with better visibility of their surroundings. To further strengthen the perimeter security of our train and bus depots, we installed a Fence Intrusion Detection System which is complemented by regular night patrols. Over 70% of our bus fleet is now equipped with a CCTV system, up from 50% a year ago.

Making sure we leave no stone unturned, we also engaged the services of CERTIS CISCO to conduct an independent security audit of our NEL depot. The results affirmed that our measures are in compliance with the requirements stipulated by the Public Transport Security Committee.

Systems aside, we also upped the human factor in the security equation by organising regular briefings to staff and keeping them updated on security threats in the evolving security environment. Covert security exercises were also conducted throughout the year to test the vigilance of our frontline staff.

In October, we partnered the Singapore Police Force to conduct a counter-terrorism exercise known as "Exercise Heartbeat Alpha". This was a simulated terrorist attack which culminated in a "bomb" exploding on a bus. In that scenario, a vigilant passenger was ableto alert the BC after spotting a suspicious object on board and all passengers were evacuated before the "bomb" exploded.

In our schools engagement programme, we engaged over 46,000 primary and secondary school students during the year, focussing on topics like safety, security and graciousness. We also took special effort to explain the common occurrences like bus bunching so that young commuters can be better informed about the challenges of operating a public transport system.

We continued to reach out to the residents living along the north-east corridor by inviting them to participate in our annual train safety and evacuation programme. Conducted four times a year in November and December, 800 residents joined us for half a day each to learn about the safety and security measures and practices that are in place at our stations and on board trains. They also participated in a train evacuation drill at our NEL depot. To date, 3,800 residents have attended this programme since it started in 2008.

For the year, we put up posters on our buses, trains, stations and interchanges to promote gracious acts over a six-month period. During National Day, an independent group of about 300 volunteers went on board our trains and NEL stations to encourage commuters to be gracious by giving up their seats to those who need them more.

TALENT SUSTAINABILITY

Training and Development

As human resources are our most valuable assets, we continued to invest in the training and development of our people. In 2012, we provided 27,934 training places – 13% more than the previous year – and averaged 74.15 training hours per staff.

To keep pace with the increase in the number of BCs being recruited in support of the Bus Service Enhancement Programme (BSEP), the training facilities at our Bus Captain Development Centre were renovated and expanded during the year. Six new driving instructors were hired and adjustments made to the practical training schedules to maximise the number of BCs who can be trained at any one time. As a result, training capacity has increased from about 20 to more than 30 per week.

Since May 2012, all new BCs who attend basic training are certified under the national Workforce Skills Qualification (WSQ) programme. This WSQ programme tailored for the industry was launched in April 2011 to enhance and professionalise the skill standards of public transport workers for better productivity and efficiency. As a result, they are able to deliver better services to our commuters. Existing BCs are certified through the "Recognition of Prior Learning" scheme.

With new buses being delivered, we continued to conduct operations training for BCs, ensuring that they are familiar with the new features of the buses. To date, more than 65% of our BCs have received training to operate the new buses.

Besides technical skills, our BCs also received training to equip them in handling incidents while on the road. During the year, more than 700 BCs attended this training.

As part of our rail incident management plan, we developed a Rail Emergency Preparedness training programme for all staff, including those from our bus operations. The aim of the programme is to equip all staff with the necessary skills to ensure that the inconvenience caused to commuters during a rail incident is minimised. Several specialised modules were also developed for various groups of staff handling specific responsibilities.

With the successful roll out of CARES in 2008, we embarked on a second phase known as *"CARES Service from the Heart"* for existing staff. This customer service initiative is anchored in eight service standards to deliver quality service to our commuters. The second phase focusses on customers with special needs and how we can further enhance our service in the areas of safety and reliability. At the same time, new staff will continue to be put through the original CARES training to inculcate in them a caring, reliable and safe attitude towards our commuters.

As a member of ComfortDelGro Corporation, our management staff were given the opportunity to participate in the Group's talent management programme. A leadership competency framework, premised on the organisational and job-enabling skills underpinned by leadership as well as functional competencies, was developed to support the development of "High Potentials". This group of staff was given further exposure to the operations of the Group in the form of added portfolios and responsibilities, and participated in key meetings and discussions of other business units within the Group.

The Group also launched a cross-business unit and off-line mentoring programme in 2012 to allow our talents the opportunity to learn from the senior management team. As part of this programme, Business Unit Heads and Group Officers took on the role of mentors to one or more staff for one year.

Commitment to Excellence

Our commitment to excellence has not gone unnoticed. For the year under review, 1,202 staff received the 2012 Excellent Service Awards while another 100 received the Transport Gold Award from the Minister of Transport. Another 22 of our BCs were 'caught' by the Traffic Police for acts of courtesy on the road, and each of them was awarded a "Courteous Motorists" award. One of our Senior BCs, See Chip Yew, was named the "Most Service-Oriented Individual (Public Transport)" by the LTA at the Land Transport Excellence Award. BC Ramakrishnan A/L Gobel also made us proud when he handed in $5,900 that a commuter had accidentally left behind on his bus.

On the corporate level, we were named the "Most Customer-Centric Transport Provider" at the LTA Land Transport Excellence Awards 2012. We also won recognition for good corporate governance at the Securities Investors Association of Singapore's Investors' Choice Awards in the mid-market capitalisation category. We were also named the runner-up in the "Most Transparent Company" in the Travel, Leisure and Automobiles and Parts category.

Commuters too have written in with compliments. For the year, the number of compliments received exceeded the number of valid complaints by more than three times.

The Singapore Police Force and the Singapore Civil Defence Force jointly presented us with the "Meritorious Home Team Partner Award" while we received the "Meritorious Defence Partner Award" from the Ministry of Defence for our exemplary support towards National Service activities to ensure operational readiness and defence of our nation.

Recruitment and Retention

The recruitment of BCs continues to pose a challenge. With the introduction of BSEP, the need to hire more BCs is even greater as more buses will be added to serve commuters' travel needs better.

To make the profession more attractive, we upped the salaries of BCs by between $75 and $225 depending on their schemes of employment. Recruitment efforts were also stepped up with more roadshows held at our bus depots and interchanges. We also increased our recruitment drives to Malaysia. During the year, a total of 1,039 new BCs joined us, bringing their staff strength to more than 5,500, representing an increase of 4.4% over 2011.

In employee engagement, we organised regular feedback sessions between our line supervisors and staff to keep communication channels open. Processes are in place to ensure that grievances are managed and escalated to management to ensure harmonious employer-employee relations. We also worked closely with the union on all matters related to human resources. Union representatives are invited to attend our staff dialogue sessions, events and awards ceremonies.

For our new China BCs, managers of our respective interchanges conduct regular house visits to help them adjust to their new surroundings. Staff also chip in to offer assistance where needed such as helping them book holiday chalets.

To attract quality staff to join us in management, we launched our first ever SBS Transit scholarship under the Singapore-Industry Scholarship (SgIS) Scheme in collaboration with the Government. The scheme focuses on talent development in sectors that are critical to Singapore's economic and social progress. We have offered a scholarship to a student who will be enrolled in an engineering course at a local university in August 2013.

To encourage our employees' children to continue their tertiary education, we awarded scholarships totalling $52,000 during the year.

ENVIRONMENTAL SUSTAINABILITY

Climate change is one of the most pressing challenges of our generation. As a responsible transport operator, we are keenly aware of the important role we play in the preservation of our environment.

We continued to replace older buses with environmentally friendly ones. In 2012, we took delivery of 385 buses that are Euro 5-compliant. This brings the total number of environmentally friendly buses in our fleet to 1,865 which include Euro 5, Euro 4, Compressed Natural Gas and two diesel hybrid models. This is an increase of 26% compared to a year ago.

To reduce pollutants in the environment, Moove Media, which is the advertising arm of our parent company, ComfortDelGro Corporation Limited, became one of the very few media owners in Singapore to replace its large-format hard-solvent ink printing machines with environmentally friendly ones. As a result, these new generation machines emit some 50% less fumes and odour into our environment. In addition, the wastes that are discharged by these machines do not contain any toxins and are environmentally friendly to our water resources.

We will continue in our efforts to reduce, reuse and recycle our resources across our bus and rail operations.

CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE STATEMENT

SBS Transit Ltd strongly believes that good corporate governance makes good business. To this end, the Group has taken steps to maintain the highest standards of corporate governance, professionalism and integrity, as we build an organisation that our Shareholders, Employees, Business Partners, the Authorities and other Stakeholders can trust and be proud of.

On 2 May 2012, the Monetary Authority of Singapore (MAS) issued the revised Code of Corporate Governance (Code). The revised Code is effective for annual reports with financial years commencing from 1 November 2012. Our commitment to upholding the highest standards of corporate governance is evidenced in our proactive approach in ensuring our adherence to the revised Code before its effective date. We spare no effort in ensuring that these are upheld by each and every one in the Group. We have also adopted a Code of Business Conduct, which sets out the principles and policies upon which our businesses are to be conducted, and implemented a Whistleblowing Policy, which serves to prevent the occurrence of unethical or illegal conduct or behaviour, whilst protecting the whistleblowers from reprisal within the limits of the law.

This report sets out the corporate governance practices that were in place during the year with specific reference to the updated practices following the revisions in the Code. For the financial year 2012, we are pleased to report that the Group complied substantially with the revised key principles and supporting guidelines set out in the Code except where specifically identified and disclosed in this report.

1. BOARD MATTERS

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

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 Group;

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

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

(iv) Monitoring Management performance.

The Board has delegated the day-to-day management of the Group to the Management headed by the Chief Executive Officer (CEO), Mr Gan Juay Kiat, while reserving certain strategic issues and policies for its approval.

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

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

Considering the importance of risk management to the Group, the AC was renamed the ARC during the financial year to reflect its added scope and responsibility.

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

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

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

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

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

Attendance of Directors at Board and Committee Meetings in 2012

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

* Attended meetings by invitation of the Committee

** Mr John De Payva was a member of the Service Quality Committee ("SQC") in 2012. He relinquished his membership in the SQC with effect from 1 January 2013.

*** Professor Lim Seh Chun was appointed an independent non-executive Director and a Member of the Audit and Risk Committee and SQC on 1 October 2012.

Board Composition and Balance

There is a strong element of independence in the Board. The Board presently comprises the CEO and nine non-executive Directors. Of the nine non-executive Directors, six of them are considered by the NC to be independent which exceeds the Code's requirement of at least half of the Board of Directors to comprise independent Directors where the Chairman is not an independent Director.

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

The NC is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the Code, and requires each Director to assess his own independence. The Director is required to declare any circumstances in which he may be considered non-independent. The NC will then review the Confirmation of Independence to determine whether a Director is independent. The NC deems a Director who is directly associated with a 10% Shareholder (as defined in the Code) as non-independent. Mr Lim Jit Poh, Mr Kua Hong Pak and Mr Wong Chin Huat, David are deemed as non-independent as they are also Directors of ComfortDelGro Corporation, a substantial Shareholder. Consistent with the revised guidelines in the Code, as the Chairman, Mr Lim Jit Poh, is deemed non-independent, the Board has unanimously appointed Mr John De Payva as the Lead Independent Director with effect from 1 January 2013.

As at 31 December 2012, five out of six independent Directors have served on the Board for more than nine years. They are Mr Cheong Yip Seng, Mr Chin Harn Tong, Mr John De Payva, Mr Tan Kong Eng and Mr Wee Siew Kim. The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board. Hence, the Board does not impose a limit on the length of service of the independent Directors. However, the Board and the NC will exercise due and careful review, taking into consideration other factors, in assessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business, relationship and/or any other material contractual relationship with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgement with a view to the best interests of the Group. After due and careful rigorous review, the Board is of the view that all independent Directors remain independent in their exercise of judgement and objectivity in Board matters.

The Board and its committees provide a diversity of skills and experiences including financial, legal, regulatory and business management. Each Director provides a valuable network of industry contacts which are considered essential to the Group.

Chairman and CEO

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

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

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

Board Membership and Board Performance

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

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. Consistent with the Code, the Lead Independent Director is also the Chairman of the NC who is not associated with a 10% Shareholder. The Company Secretary is the Secretary to the NC. Appointments and re-appointments of Directors to the Board of the Company are subject to the approvals of the Land Transport Authority and the Public Transport Council.

The Articles of Association of the Company provide that one-third of the Board of Directors, including the CEO, are subject to retirement and re-election by rotation at every Annual General Meeting (AGM). All Directors are required to retire from office at least once every three years. Re-election is, however not automatic, and all Directors are assessed by the NC on their past performance and contributions before being recommended for re-election. Newly appointed Directors are also subject to retirement and re-election at the AGM immediately following their appointments. For the forthcoming AGM, Mr Kua Hong Pak and Mr Wee Siew Kim are due for re-election pursuant to Article 97, and Mr Lim Jit Poh, Mr Chin Harn Tong and Mr Tan Kong Eng are due for re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50. Professor Lim Seh Chun, a newly appointed Director in 2012, is due for retirement and re-election pursuant to Article 103 of the Articles of Association.

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

The NC subscribes to the view that it is important for Directors to devote sufficient time and attention to the affairs of the Group. Consistent with the revised guidelines in the Code, the NC and the Board adopt the following as a proactive step in ensuring that Directors devote sufficient time and attention to the affairs of the Group:

- A Director who is in full-time employment should not serve as a director on the board of more than three listed companies;
- A Director who is not in full-time employment should not serve as a director on the board of more than six listed companies.

The NC prescribes that Directors who are affected by the revised guidelines on multiple board representations shall be given up to three years to comply. As the number of board representations should not be the only measure of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold board representations in more than the maximum stated per the guidelines, the request must be made to the Chairman of the Board for approval. As a policy, the Chairman himself should not hold more than six directorships in listed companies.

In assessing a Director's contribution, the NC takes a holistic approach. Focussing solely on Directors' attendance at Board Meetings per se may not be an adequate evaluation of the contribution of Directors. Instead, their abilities to provide valuable insights and strategic networking to enhance the businesses of the Group, 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.

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

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

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

Consistent with the Code, the Board does not have any alternate Director.

Access to Information

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

The Board has full access to the Senior Management team. The Company Secretary assists in scheduling Board and Committee Meetings and prepares the agenda in consultation with the Chairman and CEO. The Company Secretary attends the Board and Committee Meetings of the Company and prepares Minutes of Board and Committee proceedings. She keeps the Directors informed of any significant developments, or events relating to the Group and ensures compliance with all relevant rules and regulations. She assists in professional development and training by regularly disseminating details of suitable training courses and arranging for the Directors to attend such courses when requested.

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 Group will arrange for the appointment of the relevant professional advisers at its own cost.

2. REMUNERATION MATTERS

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

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

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

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

The terms of reference of the RC are to:

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

(ii) Review and approve the remuneration of senior management staff to ensure that the overall remuneration package is attractive to retain and motivate key executives.

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

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

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

The non-executive Directors of the Company are appointed pursuant to, and hold office in accordance with, the Articles of Association. They had been granted options under the SBS Transit Share Option Scheme before the said scheme expired on 8 June 2010. Information on the SBS Transit Share Option Scheme can be found on pages 44 to 46 of this Annual Report.

The remuneration of the Directors and the key executives of the Group (who are not Directors) for the Financial Year 2012 can be found on pages 82 and 83 of this Annual Report.

During the Financial Year 2012, no key executive was an immediate family member of any Director of the Group.

Procedures Adopted by RC

In 2012, the RC held two meetings. All decisions by the RC are made by a majority of votes of the RC members who are present and voting. The RC's decisions also exclude the vote, approval or recommendation of any members with a conflict of interest in relation to the subject matter under consideration. The CEO is not present at any RC discussions relating to his own compensation, terms and conditions of service and the review of his performance. He is, however, in attendance when the compensation and incentive policies of senior management staff are discussed.

3. ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Audit and Risk Committee

During the financial year, the Audit Committee has been renamed the 'Audit and Risk Committee' to reflect its added responsibility for the Group's risk management. This includes oversight of risk identification and reviewing the adequacy of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations. The Company's ARC comprises four non-executive independent Directors. The Board has reviewed and is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities.

The roles of the ARC include the following:

(i) Risk identification and reviewing the adequacy and effectiveness of financial, operational, compliance and information technology controls and risk management systems to ensure effectiveness in the management of risks and compliance with internal policies and external regulations;

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

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

(iv) 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;

(v) Review Interested Person transactions;

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

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

(viii) Review the effectiveness of the Group's Whistleblowing Policy, which has been put in place for staff to raise concerns in confidence, about possible improprieties in matters of financial reporting or other matters and ensure that an independent investigation and appropriate follow-up actions are taken. The Whistleblowing Policy is described in more detail on page 39 of this Annual Report.

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

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

Internal Audit

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

The ComfortDelGro Group Internal Audit Department adopts a risk-based approach in its continuous audit work. Based on the audit plan, it provides an independent and objective evaluation of the internal control systems and corporate governance processes of the Group. The audit plan is developed by the ComfortDelGro Group Internal Auditors in consultation with, but independent of the Management, and is subject to the ARC's approval before the start of each financial year. Quarterly internal audit summary reports are also prepared and submitted to the ARC on the status of audits carried out. Any material non-compliance or lapses in internal controls are reported to the ARC and the CEO for improvements to be made.

The independence of the ComfortDelGro Group Internal Auditors' function is ensured as the ARC meets with the GIAO at least once a year without the presence of Management.

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

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

Internal Controls and Risk Management

Risk management is an important and integral part of SBS Transit's strategic planning and decision making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Plans that are necessary to manage and mitigate the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. A detailed description of the Group's approach to internal controls and risk management is set out on pages 37 to 39 of this Annual Report.

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

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

4. COMMUNICATIONS WITH SHAREHOLDERS

Regular, Effective and Fair Communications with Shareholders

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

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

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

Greater Shareholders' Participation at AGM

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

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

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

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

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Beyond complying with the requirements of the Code, the SGX-ST Listing Manual and the Companies Act, the Company has also taken various additional measures to enhance corporate governance and improve transparency, including:

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

(ii) The Company sends electronic annual reports (by way of a CD-ROM) to all Shareholders (including foreign Shareholders) at least 21 days before the AGM to ensure that all Shareholders have adequate time to review the annual reports before the AGM. Upon request, hardcopies are also provided to Shareholders.

Voting by Poll

Voting at general meetings of Shareholders was conducted by show of hands in the past. Consistent with the revised guidelines in the Code, the Company will move from show of hands to voting by poll to have greater transparency in the voting process and allow all Shareholders present or represented at the general meetings to vote on a one share, one vote basis.

Voting by poll at general meetings will be introduced from the 2013 AGM onwards. The Chairman of the meeting will be exercising his right under Article 67(a) of the Articles of Association of the Company to demand a poll in respect of the resolutions to be put to the vote of members at the AGM and at any adjournment thereof. Accordingly, Shareholders will be invited to vote on each of the resolutions by poll. The voting results of all votes cast for, or against, each resolution will be screened at the meeting and announced via the SGXNET after the meeting. Voting by poll is the most accurate means of tabulating Shareholders' votes according to the number of shares owned and its adoption demonstrates the Company's commitment to high standards of corporate governance and transparency.

5. ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

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

Corporate Gifts/Entertainment Policy

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

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

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

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

Information Protection Policy

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

INTERESTED PERSON TRANSACTIONS

Listing Manual – Rule 907

Name of Interested Person	Aggregate value of all Interested Person transactions during the financial year under review (excluding transactions less than $100,000 and transaction conducted under Shareholders' mandate pursuant to Rule 920)
ComfortDelGro Corporation Limited and associates	$5,125,000

The aggregate value of the above transactions does not include the aggregate value of $2.6 million from the renewal of the Licence Agreement disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to ComfortDelGro Corporation Limited for the use of the premises.

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

RISK MANAGEMENT

Risk management is an important and integral part of the Group's strategic planning and decision making process. While risks cannot be eliminated completely, an effective risk identification and management process reduces the uncertainties surrounding the achievement of the Group's business objectives and allows the Group to take advantage of opportunities that may arise.

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

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

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

FINANCIAL RISKS

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

Financial Authority Limits

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

Budgetary Control

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

Financial Risk Management

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

A detailed description of the financial risks and how the Group manages them are set out in the Notes to the Financial Statements on pages 90 to 95.

Economic Cycle

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

OPERATIONAL RISKS

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

Safety

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

Environmental

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

Human Resource

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

Information Technology

Information technology system failures are key risks for the Group since almost all the businesses rely heavily on information technology. This can take the form of a major system failure which can result in disruption of the business, loss of data or a security breach of our information technology systems. Information security means protecting information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. The Group's information technology security management framework complies with current industry standards. We have put in place various controls and data recovery measures to mitigate the risks, including the use of intrusion prevention systems, multi-level firewalls and data loss prevention controls to manage Internet security and cyber threats.

Property and Liability

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

Business Continuity

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information system failures, we have put in place Business Continuity Plans (BCPs) to mitigate the risks of disruption and catastrophic loss to our operations, people, information database and other assets.

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

COMPLIANCE RISKS

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

STRATEGIC RISKS

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

AUDIT PROCESS

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

CODE OF BUSINESS CONDUCT AND WHISTLEBLOWING POLICY

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

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

OPINION OF THE BOARD

Risk management is an important and integral part of SBS Transit's strategic planning and decision making process. Key risks are identified and presented to the Board annually. Ownership of the risk management process is clearly defined and cascaded to the executive and functional level, with stewardship retained at Senior Management. Action plans that are necessary to manage the risks are in place and closely monitored. The adequacy of the internal controls in place is also assessed as part of the process. Based on these reviews, the Board is of the view, with the concurrence of the Audit and Risk Committee, that there are adequate internal controls in place within SBS Transit to address its financial, operational, compliance and information technology risks.

FINANCIAL CALENDAR

2012	
Announcement of 2011 Full Year Results	10 February 2012
Annual General Meeting	26 April 2012
Announcement of 1st Quarter 2012 Results	11 May 2012
Payment of 2011 final dividend (2.8 cents/share)	14 May 2012
Announcement of 2nd Quarter 2012 Results	10 August 2012
Payment of 2012 interim dividend (1.35 cents/share)	30 August 2012
Announcement of 3rd Quarter 2012 Results	9 November 2012

2013	
Announcement of 2012 Full Year Results	7 February 2013
Annual General Meeting	25 April 2013
Announcement of 1st Quarter 2013 Results	13 May 2013*
Payment of 2012 final dividend (1.65 cents/share) *(Subject to Shareholders' approval at the forthcoming Annual General Meeting)*	13 May 2013
Announcement of 2nd Quarter 2013 Results	13 August 2013*
Announcement of 3rd Quarter 2013 Results	12 November 2013*

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

FINANCIAL STATEMENTS

Contents

42 Report of the Directors
48 Statement of Directors
49 Independent Auditors' Report
50 Statements of Financial Position
52 Group Income Statement
53 Group Comprehensive Income Statement
54 Statements of Changes in Equity
55 Group Cash Flow Statement
57 Notes to the Financial Statements

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the Financial Year ended 31 December 2012.

1 DIRECTORS

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

Lim Jit Poh	(Chairman)
Kua Hong Pak	(Deputy Chairman)
Gan Juay Kiat	(Chief Executive Officer)
Cheong Yip Seng	
Chin Harn Tong	
John De Payva	
Lim Seh Chun	(Appointed on 1 October 2012)
Tan Kong Eng	
Wee Siew Kim	
Wong Chin Huat, David	

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have interest		
Names of Directors and Companies in which interests are held	**At 1 January 2012**	**At 31 December 2012**	**At 21 January 2013**	**At 1 January 2012**	**At 31 December 2012**	**At 21 January 2013**
Interest in the Company						
(a) Ordinary shares						
Lim Jit Poh	200,000	200,000	200,000	–	–	–
Cheong Yip Seng	185,000	185,000	185,000	–	–	–
Chin Harn Tong	210,000	210,000	210,000	–	–	–
Tan Kong Eng	214,800	214,800	214,800	691,548	691,548	691,548
Wong Chin Huat, David	215,000	215,000	215,000	–	–	–

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

	Shareholdings registered in the names of Directors			Shareholdings in which Directors are deemed to have interest		
Names of Directors and Companies in which interests are held	**At 1 January 2012**	**At 31 December 2012**	**At 21 January 2013**	**At 1 January 2012**	**At 31 December 2012**	**At 21 January 2013**
Interest in the Company (Cont'd)						
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	300,000	200,000	200,000	–	–	–
Kua Hong Pak	270,000	180,000	180,000	–	–	–
Gan Juay Kiat	240,000	240,000	240,000	–	–	–
Cheong Yip Seng	150,000	100,000	100,000	–	–	–
Chin Harn Tong	195,000	130,000	130,000	–	–	–
John De Payva	195,000	130,000	130,000	–	–	–
Tan Kong Eng	150,000	100,000	100,000	–	–	–
Wee Siew Kim	195,000	130,000	130,000	–	–	–
Wong Chin Huat, David	130,000	65,000	65,000	–	–	–
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares						
Lim Jit Poh	1,044,425	1,044,425	1,044,425	–	–	–
Kua Hong Pak	2,824,530	2,824,530	2,824,530	–	–	–
Tan Kong Eng	64,162	64,162	64,162	9,244,095	9,244,095	9,244,095
Wong Chin Huat, David	100,000	100,000	100,000	–	–	–
(b) Options to subscribe for ordinary shares						
Lim Jit Poh	1,160,000	1,200,000	1,200,000	–	–	–
Kua Hong Pak	7,200,000	7,200,000	7,200,000	–	–	–
Gan Juay Kiat	1,170,000	1,470,000	1,470,000	–	–	–
Wong Chin Huat, David	580,000	600,000	600,000	–	–	–
Interest in related company, VICOM Ltd						
(a) Ordinary shares						
Lim Jit Poh	190,000	190,000	190,000	–	–	–
Kua Hong Pak	54,000	54,000	54,000	–	–	–
Cheong Yip Seng	10,000	10,000	10,000	–	–	–

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

SBS Transit Share Option Scheme ("SSOS")

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

(b) The SSOS provides the Company with a means whereby (i) employees of the Company of the rank of Executive and above, and (ii) certain categories of persons who are not employees but who work closely with the Company, are given an opportunity to participate in the equity of the Company. A person who is a controlling shareholder of the Company or an associate (as defined in the Singapore Exchange Securities Trading Listing Manual) of a controlling shareholder of the Company is not eligible to participate in the SSOS.

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

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

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 2012 are as follows:

	Number of options to subscribe for ordinary shares						
Date of grant	Outstanding at 1 January 2012	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2012	Subscription price per share	Expiry date
22 August 2003	85,000	–	–	(35,000)	50,000	$1.29	22 August 2013
10 December 2003	35,000	–	–	(35,000)	–	$1.22	10 December 2013
19 July 2004	150,000	–	–	(60,000)	90,000	$1.60	19 July 2014
24 February 2005	311,250	–	–	(60,000)	251,250	$2.29	24 February 2015
28 July 2005	316,250	–	–	(60,000)	256,250	$2.23	28 July 2015
18 November 2005	318,750	–	–	(60,000)	258,750	$2.16	18 November 2015
13 July 2006	1,102,500	–	–	(152,500)	950,000	$2.15	13 July 2016
22 June 2007	1,647,500	–	–	(187,500)	1,460,000	$3.40	22 June 2017
22 June 2007	550,000	–	–	(550,000)	–	$3.40	22 June 2012
25 June 2008	1,855,000	–	–	(117,500)	1,737,500	$2.18	25 June 2018
25 June 2008	550,000	–	–	–	550,000	$2.18	25 June 2013
25 June 2009	1,317,500	–	–	(100,000)	1,217,500	$1.58	25 June 2019
25 June 2009	485,000	–	–	–	485,000	$1.58	25 June 2014
	8,723,750	–	–	(1,417,500)	7,306,250		

5 SHARE OPTIONS (CONT'D)

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

	Number of options to subscribe for ordinary shares			
Director	Aggregate options granted since the commencement to 31 December 2012	Aggregate options exercised since the commencement to 31 December 2012	Aggregate options lapsed since the commencement to 31 December 2012	Aggregate options outstanding as at 31 December 2012
Lim Jit Poh	780,000	380,000	200,000	200,000
Kua Hong Pak	690,000	150,000	360,000	180,000
Gan Juay Kiat	240,000	–	–	240,000
Cheong Yip Seng	455,000	255,000	100,000	100,000
Chin Harn Tong	470,000	210,000	130,000	130,000
John De Payva	495,000	135,000	230,000	130,000
Tan Kong Eng	410,000	210,000	100,000	100,000
Wee Siew Kim	515,000	255,000	130,000	130,000
Wong Chin Huat, David	475,000	295,000	115,000	65,000

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

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

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

6 AUDIT AND RISK COMMITTEE

During the financial year, the Audit Committee has been re-named the "Audit and Risk Committee" to reflect its added responsibility for the Group's risk management. At the date of this report, the Audit and Risk Committee comprises four non-executive and independent Directors:

Wee Siew Kim	(Chairman)
Chin Harn Tong	
Lim Seh Chun	(Appointed on 1 October 2012)
Tan Kong Eng	

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 and the Code of Corporate Governance 2012.

6 AUDIT AND RISK COMMITTEE (CONT'D)

In performing its functions, the Audit and Risk 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 four times during the year to discuss the scope and results of their respective audits, and at least once annually without the presence of Management. The Audit and Risk Committee has reviewed the independence of the external auditors, Messrs Deloitte & Touche LLP, including the scope of the non-audit services performed and confirmed that the auditors are independent.

In addition, the Audit and Risk Committee reviewed the financial statements of the Group before their submission to the Board of Directors of the Company and provided assurance to the Board on the adequacy of financial, operational, compliance and information technology controls.

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

Singapore
7 February 2013

STATEMENT OF DIRECTORS

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 96 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 2012, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

Singapore
7 February 2013

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SBS TRANSIT LTD

Report on the Financial Statements
We have audited the accompanying financial statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 December 2012, and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 96.

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

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

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

Opinion
In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
7 February 2013

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2012

		The Group		The Company	
	Note	2012	2011	2012	2011
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Short-term deposits and bank balances	5	18,247	5,540	18,111	5,540
Trade receivables	6	7,817	10,385	7,817	10,385
Other receivables and prepayments	7	33,843	11,501	38,996	11,501
Inventories	8	33,402	30,347	33,402	30,347
Total current assets		93,309	57,773	98,326	57,773
Non-current assets					
Subsidiary	9	–	–	100	–
Available-for-sale investments	10	11,021	11,105	11,021	11,105
Prepayments	11	41,518	17,927	41,518	17,927
Vehicles, premises and equipment	12	784,252	662,223	784,001	662,223
Total non-current assets		836,791	691,255	836,640	691,255
Total assets		930,100	749,028	934,966	749,028

STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012

	Note	The Group 2012 $'000	The Group 2011 $'000	The Company 2012 $'000	The Company 2011 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	1,253	28,500	1,253	28,500
Trade and other payables	14	131,499	120,675	130,246	120,675
Trade payables for buses		26,879	20,099	26,879	20,099
Deposits received	15	2,180	2,286	2,180	2,286
Insurance premiums payable and provision for accident claims	16	31,039	32,938	31,039	32,938
Fuel price equalisation account		19,992	19,992	19,992	19,992
Income tax payable		69	1,462	69	1,462
Total current liabilities		212,911	225,952	211,658	225,952
Non-current liabilities					
Borrowings	13	276,911	100,000	276,911	100,000
Deferred grant income	17	5,495	4,246	5,495	4,246
Deposits received	15	3,701	2,984	3,701	2,984
Deferred tax liabilities	18	56,233	49,811	56,233	49,811
Provision for service benefits and long service awards	19	12,800	12,622	12,774	12,622
Fuel price equalisation account		19,992	19,992	19,992	19,992
Total non-current liabilities		375,132	189,655	375,106	189,655
Capital and reserves					
Share capital	20	93,875	93,875	93,875	93,875
Other reserves	21	6,522	3,814	6,522	3,814
Accumulated profits		241,660	235,732	247,805	235,732
Total equity		342,057	333,421	348,202	333,421
Total liabilities and equity		930,100	749,028	934,966	749,028

See accompanying notes to the financial statements.

GROUP INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2012

		The Group	
	Note	2012	2011
		$'000	$'000
Revenue	22	792,277	751,106
Staff costs	23	(340,343)	(305,525)
Repairs and maintenance		(97,301)	(90,499)
Fuel and electricity costs		(177,148)	(171,397)
Premises costs		(31,454)	(28,442)
Depreciation expense		(57,031)	(47,692)
Other operating expenses		(63,582)	(61,862)
Total operating expenses		(766,859)	(705,417)
Operating profit	24	25,418	45,689
Net income from investments	25	473	521
Finance costs		(2,841)	(1,701)
Profit before taxation		23,050	44,509
Taxation	26	(4,493)	(7,833)
Profit attributable to shareholders		18,557	36,676
Earnings per share (in cents):			
Basic	27	6.01	11.89
Diluted	27	6.01	11.87

See accompanying notes to the financial statements.

GROUP COMPREHENSIVE INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2012

	The Group	
	2012	**2011**
	$'000	**$'000**
Profit attributable to shareholders	18,557	36,676
Other comprehensive income:		
Fair value adjustment on cash flow hedges	2,944	485
Fair value adjustment on available-for-sale investments	(85)	315
Total comprehensive income for the year attributable to shareholders of the Company	21,416	37,476

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2012

	The Group			
	Attributable to shareholders of the Company			
	Share capital (Note 20)	Other reserves (Note 21)	Accumulated profits	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 January 2011	92,973	3,172	221,727	317,872
Total comprehensive income for the year	–	800	36,676	37,476
Exercise of share options	902	(73)	–	829
Payment of dividends (Note 31)	–	–	(22,834)	(22,834)
Others	–	(85)	163	78
Balance at 31 December 2011	93,875	3,814	235,732	333,421
Total comprehensive income for the year	–	2,859	18,557	21,416
Payment of dividends (Note 31)	–	–	(12,808)	(12,808)
Others	–	(151)	179	28
Balance at 31 December 2012	93,875	6,522	241,660	342,057

	The Company			
	Share capital (Note 20)	Other reserves (Note 21)	Accumulated profits	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 January 2011	92,973	3,172	221,727	317,872
Total comprehensive income for the year	–	800	36,676	37,476
Exercise of share options	902	(73)	–	829
Payment of dividends (Note 31)	–	–	(22,834)	(22,834)
Others	–	(85)	163	78
Balance at 31 December 2011	93,875	3,814	235,732	333,421
Total comprehensive income for the year	–	2,859	24,702	27,561
Payment of dividends (Note 31)	–	–	(12,808)	(12,808)
Others	–	(151)	179	28
Balance at 31 December 2012	93,875	6,522	247,805	348,202

See accompanying notes to the financial statements.

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2012

	The Group	
	2012	2011
	$'000	$'000
Operating activities		
Profit before taxation	23,050	44,509
Adjustments for:		
Depreciation expense	57,031	47,692
Finance costs	2,841	1,701
Net gain on disposal of vehicles and equipment	(1,514)	(2,165)
Interest income	(473)	(521)
Operating cash flows before movements in working capital	80,935	91,216
Trade receivables	2,568	(987)
Other receivables and prepayments	(18,590)	(2,274)
Inventories	(3,055)	(1,203)
Trade payables	9,809	(6,149)
Trade payables for buses	6,780	3,511
Deferred grant income	1,249	1,779
Deposits received	611	545
Provision for service benefits and long service awards	178	84
Insurance premiums payable and provision for accident claims	(1,899)	(1,480)
Cash generated from operations	78,586	85,042
Income tax paid	(67)	(77)
Net cash from operating activities	78,519	84,965

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2012

	The Group	
	2012	2011
	$'000	$'000
Investing activities		
Interest received	471	544
Proceeds from disposal of vehicles and equipment	1,817	2,188
Purchase of vehicles, premises and equipment	(202,721)	(153,843)
Net cash used in investing activities	(200,433)	(151,111)
Financing activities		
New loans raised	28,432	28,500
Repayment of loans	(28,768)	–
Proceeds from share issue	–	829
Proceeds from long-term loans	150,000	–
Interests paid	(2,263)	(1,950)
Dividends paid	(12,808)	(22,834)
Others	28	78
Net cash from financing activities	134,621	4,623
Net increase (decrease) in cash and cash equivalents	12,707	(61,523)
Cash and cash equivalents at beginning of year	5,540	67,063
Cash and cash equivalents at end of year (Note 5)	18,247	5,540

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

1 GENERAL

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

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

The principal activities of the subsidiary are described in Note 9 to the financial statements.

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 and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2012 were authorised for issue by the Board of Directors on 7 February 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF REVISED FINANCIAL STANDARDS – In the current financial year, the Group has adopted all the revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on 1 January 2012.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Amendments to FRS 1	–	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
Amendments to FRS 19	–	Employee Benefits
FRS 27 (Revised)	–	Separate Financial Statements
FRS 110	–	Consolidated Financial Statements
FRS 112	–	Disclosure of Interest in Other Entities
FRS 113	–	Fair Value Measurement
Amendments to FRS 32	–	Financial Instruments: Presentation
Amendments to FRS 107	–	Financial Instruments: Disclosure (Offsetting Financial Assets and Financial Liabilities)
Amendments to FRS 16	–	Property, Plant and Equipment

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

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

The results of subsidiary acquired or divested during the year are included in the Group comprehensive income statement from the effective date of acquisition or up to the effective date of divestment, as appropriate.

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

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

In the statement of financial position of the Company, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Effective interest method

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

Financial assets

Cash and cash equivalents

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

Investments

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

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

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

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

(b) Available-for-sale investments

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

Trade and other receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions for impairment of financial assets

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

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Borrowings

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

Trade and other payables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Hedging instruments and hedge accounting

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

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

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

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

The Group designates any interest rate swap for hedging of interest rate risk arising from borrowings as cash flow hedges. Hedges of foreign currency risk for future purchases of goods are designated as cash flow hedges. Hedges of fuel price risk for future purchases of goods are also designated as cash flow hedges.

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

Note 30(b) contains details of the fair values of the hedging instruments.

(a) Fair value hedge

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

(b) Cash flow hedge

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Group as lessee

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

Rentals payable under operating leases (net of any incentive received from lessor) are charged to profit or loss on a straight-line basis over the term of the relevant lease.

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

The Group as lessor

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

SERVICE BENEFITS – These comprise the following:

(a) Retirement benefits – Under the Collective Agreement entered into by the Group 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 65 years and on completion of at least five years of service. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

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

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

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

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

(e) Share-based payments – The Company issues share options to certain employees and Directors. Share options 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 share options is expensed on a straight-line basis over the vesting period, based on the Group'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.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Transactions in currencies other than each group entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

3 KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Provisions

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

(a) Accident claims

Claims for property damage and personal injury are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims. As at 31 December 2012, the provision for claims is $13,966,000 (2011 : $13,636,000) (Note 16).

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Insurance premium

With effect from 2008, the Group has undertaken personal injury insurance with a fixed annual premium per vehicle. However, the Group had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum amount as stipulated in the insurance policy for those years. An estimate of the liability for the period from 2002 to 2008 of $17,073,000 (2011 : $19,302,000) had been made based on the history of incurred claims per vehicle for each of the policy year (Note 16).

(c) Retirement benefits

Retirement benefits subject to a maximum of $3,000 is payable to a retiring employee on or after attaining the age of 65 years and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.26% to 1.71% (2011 : 0.36% to 2.37%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the best estimate of the Management's attrition rate, based on past experience. As at 31 December 2012, the provision for retirement benefits is $9,743,000 (2011 : $9,895,000) (Note 19).

(d) Long service awards

Staff with more than 15 years of service are entitled to long service awards of $250 for 15 years of services, $350 for 20 years, $500 for 25 years and $700 for 30 years. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period of 0.26% to 1.71% (2011 : 0.36% to 2.37%) per annum and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the best estimate of the Management's attrition rate, based on past experience. As at 31 December 2012, the provision for long service awards is $3,057,000 (2011 : $2,727,000) (Note 19).

Useful lives of vehicles, premises and equipment

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

4 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

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

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

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

Related parties include associate or joint venture of a member of the ultimate holding company.

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

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

	The Group	
	2012	2011
	$'000	$'000
Purchases of inventories from a related company	20,235	27,123
Rental expense from:		
Ultimate holding company	2,581	2,444
Related companies	600	587
Purchase of goods and services from:		
Ultimate holding company	2,629	2,832
Related companies	1,539	1,216
Associate of the ultimate holding company	71	712
Firm of which a director is a member	17	20
Option costs from ultimate holding company	268	345
Transfer of equipment to ultimate holding company	1	–
Sales of goods and services to:		
Ultimate holding company	(48)	(68)
Related companies	(2,097)	(2,673)
Rental income from related companies	(198)	(193)

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

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

5 SHORT-TERM DEPOSITS AND BANK BALANCES

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash and bank balances	4,747	5,540	4,611	5,540
Time deposits	13,500	–	13,500	–
Total	18,247	5,540	18,111	5,540

6 TRADE RECEIVABLES

	The Group and The Company	
	2012	2011
	$'000	$'000
Related companies (Note 4)	5	5
Outside parties	7,812	10,414
	7,817	10,419
Allowance for doubtful trade receivables from outside parties	–	(34)
Net	7,817	10,385

The amounts outstanding are interest-free and the average credit period is 7 to 30 days (2011 : 7 to 30 days).

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

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

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Receivables from:				
Ultimate holding company (Note 4)	3	44	3	44
Related companies (Note 4)	422	475	422	475
Subsidiary (Note 9)	–	–	5,177	–
Total	425	519	5,602	519
Prepayments	5,670	4,882	5,660	4,882
Interest receivable	98	97	98	97
Staff advances	289	100	283	100
Security deposits:				
Ultimate holding company (Note 4)	732	732	732	732
Outside parties	910	884	910	884
Accrued income	12,118	–	12,118	–
Grant receivables	3,911	–	3,911	–
Others	9,690	4,287	9,682	4,287
Total	33,843	11,501	38,996	11,501

8 INVENTORIES

Inventories comprised substantially of consumables and supplies.

9 SUBSIDIARY

On 6 February 2012, the Company newly incorporated a wholly owned subsidiary, SBS Transit DTL Pte. Ltd. in Singapore. The cost of investment is $100,000.

The principal activities of the subsidiary are those of the operation and maintenance of Downtown Line ("DTL"). The subsidiary has not yet commenced operations during the financial year.

On 22 January 2013, the Company subscribed for an additional 4,900,000 ordinary shares of the subsidiary for a cash consideration of $4,900,000.

10 AVAILABLE-FOR-SALE INVESTMENTS

	The Group and The Company	
	2012	**2011**
	$'000	**$'000**
Quoted investments, at fair value:		
Bonds in corporations	11,021	11,105

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

11 PREPAYMENTS

Prepayments pertain to downpayments for the purchase of vehicles, premises and equipment.

12 VEHICLES, PREMISES AND EQUIPMENT

	Buses $'000	Leasehold land $'000	Leasehold buildings $'000
The Group			
Cost:			
At 1 January 2011	952,068	16,642	62,901
Additions	1,050	–	205
Disposals	(72,074)	–	–
Reclassifications	149,040	–	65
Transfer from related parties	–	–	–
At 31 December 2011	1,030,084	16,642	63,171
Additions	1,210	–	57
Disposals	(84,806)	–	(891)
Reclassifications	164,915	–	406
Transfer to ultimate holding company	–	–	–
At 31 December 2012	1,111,403	16,642	62,743
Accumulated depreciation:			
At 1 January 2011	498,835	5,154	34,787
Additions	33,732	594	3,063
Disposals	(72,070)	–	–
Transfer from related parties	–	–	–
At 31 December 2011	460,497	5,748	37,850
Additions	42,408	594	3,094
Disposals	(84,529)	–	(891)
Transfer to ultimate holding company	–	–	–
At 31 December 2012	418,376	6,342	40,053
Carrying amount:			
At 31 December 2012	693,027	10,300	22,690
At 31 December 2011	569,587	10,894	25,321

Computers and automated equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Capital projects in progress $'000	Total $'000
99,521	18,977	4,224	10,296	19,046	1,183,675
711	1,527	529	321	167,470	171,813
(2,466)	(369)	(279)	(176)	–	(75,364)
(2)	1,785	–	385	(151,273)	–
1	–	–	–	–	1
97,765	21,920	4,474	10,826	35,243	1,280,125
1,162	2,027	846	319	173,742	179,363
(602)	(447)	(861)	(245)	–	(87,852)
–	437	–	1,524	(167,282)	–
–	–	–	(76)	–	(76)
98,325	23,937	4,459	12,348	41,703	1,371,560
79,683	15,060	3,501	8,356	–	645,376
8,148	1,644	262	423	–	47,866
(2,466)	(359)	(279)	(167)	–	(75,341)
1	–	–	–	–	1
85,366	16,345	3,484	8,612	–	617,902
8,204	1,805	349	577	–	57,031
(601)	(443)	(857)	(229)	–	(87,550)
–	–	–	(75)	–	(75)
92,969	17,707	2,976	8,885	–	587,308
5,356	6,230	1,483	3,463	41,703	784,252
12,399	5,575	990	2,214	35,243	662,223

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

	Buses $'000	Leasehold land $'000	Leasehold buildings $'000
The Company			
Cost:			
At 1 January 2011	952,068	16,642	62,901
Additions	1,050	–	205
Disposals	(72,074)	–	–
Reclassifications	149,040	–	65
Transfer from related parties	–	–	–
At 31 December 2011	1,030,084	16,642	63,171
Additions	1,210	–	57
Disposals	(84,806)	–	(891)
Reclassifications	164,915	–	406
Transfer to ultimate holding company	–	–	–
Transfer to subsidiary	–	–	–
At 31 December 2012	1,111,403	16,642	62,743
Accumulated depreciation:			
At 1 January 2011	498,835	5,154	34,787
Additions	33,732	594	3,063
Disposals	(72,070)	–	–
Transfer from related parties	–	–	–
At 31 December 2011	460,497	5,748	37,850
Additions	42,408	594	3,094
Disposals	(84,529)	–	(891)
Transfer to ultimate holding company	–	–	–
Transfer to subsidiary	–	–	–
At 31 December 2012	418,376	6,342	40,053
Carrying amount:			
At 31 December 2012	693,027	10,300	22,690
At 31 December 2011	569,587	10,894	25,321

Computers and automated equipment $'000	Workshop machinery, tools and equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Capital projects in progress $'000	Total $'000
99,521	18,977	4,224	10,296	19,046	1,183,675
711	1,527	529	321	167,470	171,813
(2,466)	(369)	(279)	(176)	–	(75,364)
(2)	1,785	–	385	(151,273)	–
1	–	–	–	–	1
97,765	21,920	4,474	10,826	35,243	1,280,125
1,071	2,027	846	239	173,639	179,089
(602)	(447)	(861)	(245)	–	(87,852)
–	437	–	1,421	(167,179)	–
–	–	–	(76)	–	(76)
(3)	–	–	–	–	(3)
98,231	23,937	4,459	12,165	41,703	1,371,283
79,683	15,060	3,501	8,356	–	645,376
8,148	1,644	262	423	–	47,866
(2,466)	(359)	(279)	(167)	–	(75,341)
1	–	–	–	–	1
85,366	16,345	3,484	8,612	–	617,902
8,184	1,805	349	573	–	57,007
(601)	(443)	(857)	(229)	–	(87,550)
–	–	–	(75)	–	(75)
(2)	–	–	–	–	(2)
92,947	17,707	2,976	8,881	–	587,282
5,284	6,230	1,483	3,284	41,703	784,001
12,399	5,575	990	2,214	35,243	662,223

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Note: Details of leasehold land and buildings of the Group and the Company are as follows:

Location	Approximate land area	Tenure	Usage
No. 28 Soon Lee Road Singapore	26,670 sq m	30 years from 1 April 2000	Bus depot
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	43 years from 1 January 1983	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	33 years from 1 January 1983	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence	Bus park
No. 15 Ang Mo Kio Street 63 Singapore	63,953 sq m	19 years from 1 March 1994	Bus depot

13 BORROWINGS

	The Group and The Company	
	2012	2011
	$'000	$'000
Borrowings comprise the following:		
(a) Short Term Bank Loans	–	28,500
(b) Long Term Loan from External Party	28,164	–
(c) Medium Term Notes	250,000	100,000
Total	278,164	128,500
Analysed as:		
Current	1,253	28,500
Non-current	276,911	100,000
Total	278,164	128,500

(a) Short Term Bank Loans

In 2011, short term bank loans were for a tenure of 3 to 7 weeks, unsecured and bore interest at rates ranging from 0.34% to 0.39% per annum.

(b) Long Term Loan from External Party

The long term loan from external party is a loan extended to the Company for the purchase of buses and related accessories under the Bus Service Enhancement Programme ("BSEP"). This loan bears an interest rate of 6% per annum for the first 5 years and is payable to the extent of the Financing Subsidy made available to the Company.

The loan from external party is intended to be secured over the BSEP buses and related accessories of the Company. Subsequent to year end, the terms of the security were finalised and the carrying amount of vehicles pledged amounted to $17,125,000.

	The Group	
	2012	2011
	$'000	$'000
Long Term Loan from External Party – Current	1,253	–
Long Term Loan from External Party – Non-current	26,911	–
Total	28,164	–

13 BORROWINGS (CONT'D)

(c) Medium Term Notes

On 24 May 2010, the Group established a $250m Multicurrency Medium Term Note Programme (the "MTN Programme"). In 2012, the Group issued $150m 5-year fixed rate unsecured Series 002 notes due on 12 September 2017 from the MTN Programme. The notes bear an interest rate of 1.80% per annum payable on a semi-annual basis. The Group issued $100m 5-year fixed rate unsecured Series 001 notes due on 26 October 2015 in 2010. The notes bear an interest rate of 1.95% per annum payable on a semi-annual basis.

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

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Payables to:				
Ultimate holding company (Note 4)	699	840	699	840
Related companies (Note 4)	3,377	2,858	3,377	2,858
Outside parties	37,369	32,625	37,239	32,625
Accruals	85,182	82,207	84,059	82,207
Deferred income	4,872	2,145	4,872	2,145
Total	131,499	120,675	130,246	120,675

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

The amounts outstanding are interest-free and the average credit period is 30 days (2011 : 30 days).

15 DEPOSITS RECEIVED

	The Group and The Company	
	2012	2011
	$'000	$'000
Deposits received	5,881	5,270
Less: Due within 12 months	(2,180)	(2,286)
Due after 12 months	3,701	2,984

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

16 INSURANCE PREMIUMS PAYABLE AND PROVISION FOR ACCIDENT CLAIMS

	The Group and The Company	
	2012	2011
	$'000	$'000
At beginning of year	32,938	34,418
Charge to profit or loss	1,488	1,924
Payments	(3,387)	(3,404)
At end of year	31,039	32,938

The balance comprises provision for:

Insurance premiums	17,073	19,302
Accident claims	13,966	13,636
	31,039	32,938

17 DEFERRED GRANT INCOME

During the financial year, government grants amounting to $1,953,000 (2011 : $1,953,000) have been received from the government authorities to purchase certain assets. The grants received/receivable have been recognised as deferred income in accordance with the Group's accounting policy.

18 DEFERRED TAX LIABILITIES

	The Group and The Company	
	2012	2011
	$'000	$'000
At beginning of year	49,811	43,098
Charge to profit or loss (Note 26)	5,819	6,614
Charge to other comprehensive income	603	99
At end of year	56,233	49,811

The balance comprises the tax effects of:

Excess of carrying amount over tax written down value	66,797	62,326
Other items	(10,564)	(12,515)
Net	56,233	49,811

19 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of year	12,622	12,538	12,622	12,538
Charge to profit or loss	747	765	721	765
Payments	(569)	(681)	(569)	(681)
At end of year	12,800	12,622	12,774	12,622

The balance comprises provision for:

Retirement benefits	9,743	9,895	9,740	9,895
Long service awards	3,057	2,727	3,034	2,727
	12,800	12,622	12,774	12,622

20 SHARE CAPITAL

	The Group and The Company			
	2012	2011	2012	2011
	Number ('000) of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	308,630	308,106	93,875	92,973
Exercise of share options	–	524	–	902
At end of year	308,630	308,630	93,875	93,875

Details of the outstanding share options of the Company as at the end of the financial year are set out in Note 23(b).

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

21 OTHER RESERVES

	The Group and The Company	
	2012	2011
	$'000	$'000
Share option reserve:		
At beginning of year	919	1,077
Transfer to share capital on exercise of share options (Note 20)	–	(73)
Transfer to accumulated profits	(151)	(85)
At end of year	768	919
Revaluation reserve:		
At beginning of year	1,105	790
(Loss) Gain on available-for-sale investments	(85)	315
At end of year	1,020	1,105
Hedging reserve:		
At beginning of year	1,790	1,305
Gain on cash flow hedges	2,944	485
At end of year	4,734	1,790
Total	6,522	3,814

22 REVENUE

Revenue comprises the following amounts:

	The Group	
	2012	2011
	$'000	$'000
Transport services:		
Bus	600,936	566,093
Includes fare revenue from:		
– Contactless Smart Card	540,447	522,434
– Cash	31,791	35,412
Rail	138,607	134,456
Advertisements	36,754	36,189
Rental	15,980	14,368
Total	792,277	751,106

23 STAFF COSTS

(a) Included in staff costs are:

(i) Directors' remuneration

The Group

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2012				
($500,000 – $749,999)				
Gan Juay Kiat	46	48	6	100
2011				
($500,000 – $749,999)				
Gan Juay Kiat	47	48	5	100

The remuneration of all the other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 24).

(ii) Key executives' remuneration

The Group

Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2012				
($250,000 – $499,999)				
No. of executives : 3	62	32	6	100
(below $250,000)				
No. of executives : 2	66	31	3	100
2011				
($250,000 – $499,999)				
No. of executives : 3	61	33	6	100
(below $250,000)				
No. of executives : 2	65	35	–	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

23 STAFF COSTS (CONT'D)

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

(iii) The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and the Group. The total remuneration for the Directors and key executives comprising short term benefits amounted to $2,507,060 (2011 : $2,409,452).

	The Group	
	2012	2011
	$'000	$'000
(iv) Cost of contribution to Central Provident Fund	26,898	24,465

(b) Share-based payments

Share option scheme

The Company has a share option scheme for employees of the Group of the rank of Executive and above, and certain categories of persons who are not employees but who work closely with the Group. The scheme is administered by the Remuneration Committee. Information on the share option plan is disclosed in paragraph 5 to the Report of the Directors. 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 Group, subject to certain exceptions at the discretion of the Remuneration Committee.

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

	The Company			
	2012		2011	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	8,723,750	2.34	10,124,000	2.29
Cancelled/Lapsed during the year	(1,417,500)	2.70	(876,500)	2.16
Exercised during the year	–	–	(523,750)	1.58
Outstanding at the end of the year	7,306,250	2.27	8,723,750	2.34
Exercisable at the end of the year	7,306,250	2.27	8,723,750	2.34

23 STAFF COSTS (CONT'D)

No options were exercised during the year. The weighted average share price at the date of exercise for share options exercised for 2011 was $2.00. The options outstanding at the end of the year have a weighted average remaining contractual life of 4.2 years (2011 : 4.8 years). For further details on the exercise prices of the options outstanding at the end of the year, please refer to the Report of the Directors.

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

The Group recognised total expenses of $268,000 (2011 : $345,000) related to share-based payment transactions (included in staff costs) during the year.

24 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	
	2012	**2011**
	$'000	**$'000**
Directors' fees	362	345
Cost of inventories recognised in repairs and		
maintenance expense	70,169	67,762
Net gain on disposal of vehicles and equipment	(1,514)	(2,165)
Insurance premiums payable and provision for accident claims	1,488	1,924
Provision for service benefits and long service awards	747	765
Audit fees:		
Paid to auditors of the Company	120	123
Non-audit fees:		
Paid to auditors of the Company	26	27
Professional fee paid to a firm of which a director is a member	11	18

25 NET INCOME FROM INVESTMENTS

	The Group	
	2012	**2011**
	$'000	**$'000**
Interest income:		
Bonds	442	441
Time deposits	31	80
Total	473	521

26 TAXATION

	The Group 2012 $'000	The Group 2011 $'000
Current taxation	69	69
Deferred tax (Note 18)	5,819	6,614
(Over) Underprovision of current tax in prior years	(1,395)	1,150
	4,493	7,833

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2011 : 17%) to profit before taxation as a result of the following differences:

	The Group 2012 $'000	The Group 2011 $'000
Profit before taxation	23,050	44,509
Taxation charge at statutory rate	3,919	7,567
Non-allowable (Non-taxable) items	631	(827)
Tax-exempt income	(26)	(26)
Underprovision in prior years	–	1,150
Other items	(31)	(31)
	4,493	7,833

27 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:

	2012	2011
Profit attributable to shareholders of the Company ($'000)	18,557	36,676
Weighted average number of ordinary shares in issue ('000)	308,630	308,516
Basic earnings per share (in cents)	6.01	11.89

27 EARNINGS PER SHARE (CONT'D)

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

	2012	2011
Profit attributable to shareholders of the Company ($'000)	18,557	36,676
Weighted average number of ordinary shares in issue ('000)	308,630	308,516
Adjustments for share options ('000)	9	345
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	308,639	308,861
Diluted earnings per share (in cents)	6.01	11.87

28 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

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

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

(b) Rail : Income is generated substantially through rail fare collections.

(c) Advertisements : Income is generated through advertisements on the buses, trains and at Mass Rapid Transit ("MRT") and Light Rail Transit ("LRT") stations.

(d) Rental : Income is generated through rental collections from commercial and shop space at bus interchanges and rail stations.

28 BUSINESS SEGMENT INFORMATION (CONT'D)

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

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

	Bus $'000	Rail $'000	Advertisements $'000	Rental $'000	Total $'000
2012					
REVENUE	600,936	138,607	36,754	15,980	792,277
RESULTS					
Segment results	(14,738)	4,926	23,467	11,763	25,418
Net income from investments					473
Finance costs					(2,841)
Profit before taxation					23,050
Taxation					(4,493)
Profit after taxation					18,557
OTHER INFORMATION					
Additions of vehicles, premises and equipment	176,189	1,884	974	316	179,363
Depreciation expense	54,921	793	273	1,044	57,031
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	857,982	33,133	8,859	3,598	903,572
Unallocated corporate assets					26,528
Consolidated total assets					930,100
LIABILITIES					
Segment liabilities	236,421	24,281	5,531	10,086	276,319
Unallocated corporate liabilities					311,724
Consolidated total liabilities					588,043

28 BUSINESS SEGMENT INFORMATION (CONT'D)

	Bus $'000	Rail $'000	Advertisements $'000	Rental $'000	Total $'000
2011					
REVENUE	566,093	134,456	36,189	14,368	751,106
RESULTS					
Segment results	(6,039)	19,649	21,758	10,321	45,689
Net income from investments					521
Finance costs					(1,701)
Profit before taxation					44,509
Taxation					(7,833)
Profit after taxation					36,676
OTHER INFORMATION					
Additions of vehicles, premises and equipment	168,274	1,178	1,976	385	171,813
Depreciation expense	45,717	622	342	1,011	47,692
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Segment assets	696,447	25,831	8,648	4,077	735,003
Unallocated corporate assets					14,025
Consolidated total assets					749,028
LIABILITIES					
Segment liabilities	192,424	24,800	6,498	8,609	232,331
Unallocated corporate liabilities					183,276
Consolidated total liabilities					415,607

29 COMMITMENTS

As at 31 December 2012, 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	
	2012	2011
	$'000	$'000
Purchase of vehicles, premises and equipment	370,732	147,875

(b) Operating lease commitments:
The Group and the Company as lessee

	The Group	
	2012	2011
	$'000	$'000
Minimum lease payment under operating leases included in the profit or loss	8,064	7,796

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

	The Group and The Company	
	2012	2011
	$'000	$'000
Within one year	5,504	7,381
In the second to fifth year inclusive	11,814	642
After five years	11,249	–
Total	28,567	8,023

Operating lease payments represent rentals payable by the Group and the Company for office premises and bus depots. Leases are negotiated for periods up to 43 years and rental is fixed ranging from 1 year to 13 years.

29 COMMITMENTS (CONT'D)

The Group and the Company as lessor

The Group and the Company rent out part of their bus spaces and floor areas at bus depots and train stations under operating leases. Property rental and licence fee income earned under non-cancellable leases during the year was $11,665,000 (2011 : $11,328,000). The properties are managed and maintained by the Company.

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

	The Group and The Company	
	2012	**2011**
	$'000	**$'000**
Within one year	11,884	9,563
In the second to fifth year inclusive	11,755	6,944
Total	23,639	16,507

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk, management policies and objectives

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

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

Foreign currency exchange rate risk management

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

Foreign currency sensitivity

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

Interest rate risk management

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

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

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

Interest rate sensitivity

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

Credit risk management

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

Liquidity risk management

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

Fuel price risk management

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

Based on sensitivity analysis performed and taking into account the fuel hedges in place, as at end of the reporting period, every one percentage point change in the rates of diesel and electricity using the closing rates as at end of the reporting period as a basis will impact the Group's annual fuel and electricity costs by $0.6m (2011 : $1.31m). The sensitivity analysis assumes that consumption is held constant at the same level as in 2012.

Fair values of financial assets and financial liabilities

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

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

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

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

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

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

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

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

(b) Hedging instruments

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

	The Group and The Company	
	2012	2011
	$'000	$'000
Foreign exchange hedges	94,238	948
Fuel hedges	84,536	27,486

The Group and the Company use forward contracts and options to manage their exposure to foreign exchange risks. These arrangements are designed to address foreign exchange risk on future purchases of goods and are accounted for as cash flow hedges. As at 31 December 2012, the fair value of the Group's and the Company's foreign exchange hedging instruments comprising $30,000 of liabilities (2011 : $4,000 of liabilities) was matched by an equivalent fair value adjustment on cash flow hedges in other comprehensive income. Certain reclassifications arising from foreign exchange hedges have been made to the prior year's financial statements to enhance the comparability with the current year's financial statements. The effects of the reclassification are not significant to the financial statements and accordingly, no separate disclosure is made.

The Group and the Company use fuel hedges to hedge against fuel price risks. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as cash flow hedges. As at 31 December 2012, the fair value of the Group's and the Company's fuel hedging instruments comprised $5,734,000 of assets (2011 : $2,161,000 of assets) on cash flow hedges in other comprehensive income. Certain reclassifications arising from fuel hedges have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. The effects of the reclassification are not significant to the financial statements and accordingly, no separate disclosure is made.

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

(c) Capital risk management policies and objectives

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

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

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

	Within 1 year	Within 2 to 5 years	Beyond 5 years	Total	Effective interest rate at year end
	$'000	$'000	$'000	$'000	%
The Group and The Company					
2012					
Financial Assets					
Cash and bank balances:					
In functional currency	4,215	–	–	4,215	–
In non–functional currencies:					
USD	324	–	–	324	–
EUR	74	–	–	74	–
GBP	60	–	–	60	–
Others	74	–	–	74	–
Total	4,747	–	–	4,747	
Time Deposits:					
In functional currency	13,500	–	–	13,500	0.32 – 0.50

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

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

	Within 1 year	Within 2 to 5 years	Beyond 5 years	Total	Effective interest rate at year end
	$'000	$'000	$'000	$'000	%
2012					
Available-for-sale investments:					
Bonds in functional currency	–	5,195	5,826	11,021	3.98 – 4.84
Financial Liabilities					
Long Term Loan from External Party					
– unsecured	1,253	6,519	20,392	28,164	–
Medium Term Notes – unsecured	–	250,000	–	250,000	1.80 – 1.95

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

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

31 DIVIDENDS

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

	2012	2011
	$'000	$'000
Tax-exempt one-tier final dividend in respect of the previous financial year:		
– 2.80 cents (2011 : 4.30 cents) per ordinary share	8,642	13,268
Tax-exempt one-tier interim dividend in respect of the current financial year:		
– 1.35 cents (2011 : 3.10 cents) per ordinary share	4,166	9,566
Total	12,808	22,834

31 DIVIDENDS (CONT'D)

(b) Subsequent to the end of the reporting period, the Directors of the Company recommend that a tax-exempt one-tier final dividend of 1.65 cents per ordinary share of the Company totalling $5,092,000 be paid for the financial year ended 31 December 2012.

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

32 LICENCE CONDITION FOR RAIL SERVICES

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

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

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

(b) A fixed annual licence fee is payable to LTA from 1 April 2011 to 31 March 2014 and LTA will review the fee thereafter.

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

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

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

SHARE PRICE MOVEMENT CHART

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER

Source: Bloomberg Finance L.P.

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

Source: Bloomberg Finance L.P.

SHAREHOLDING STATISTICS
AS AT 5 MARCH 2013

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

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,963	9.44	633,769	0.20
1,000 – 10,000	18,195	87.51	31,110,977	10.08
10,001 – 1,000,000	627	3.02	22,551,284	7.31
1,000,001 & Above	6	0.03	254,333,736	82.41
Total	20,791	100.00	308,629,766	100.00

Top Twenty Shareholders	No. of Shares	%
ComfortDelGro Corporation Limited	232,125,512	75.21
BNP Paribas Securities Services Singapore	10,961,500	3.55
DBS Nominees Pte Ltd	5,103,100	1.65
United Overseas Bank Nominees Pte Ltd	3,186,880	1.03
OCBC Nominees Singapore Pte Ltd	1,492,860	0.48
Citibank Nominees Singapore Pte Ltd	1,463,884	0.47
Changi Bus Company (Private) Limited	691,548	0.22
Raffles Nominees (Pte) Ltd	567,100	0.18
Chiam Wei Jun Irvine	344,500	0.11
Jusin Private Limited	292,000	0.09
Woon Chio Chong	275,000	0.09
Ho Suck Yee @ Ho Seck Yee	250,000	0.08
Lim Jun Ying	250,000	0.08
Kuan Bon Heng	237,500	0.08
Loh Hon Seng Vincent	222,000	0.07
Tan Kay Yeong	217,500	0.07
Wong Chin Huat	215,000	0.07
Tan Kong Eng	214,800	0.07
Tang Wee Loke	211,000	0.07
Chin Harn Tong @ Chee Han Tong	210,000	0.07
Total	258,531,684	83.74

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

As at 5 March 2013, approximately 24.23% 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 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 Twentieth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 25 April 2013 at 10.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the Financial Year ended 31 December 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax-exempt one-tier final dividend of 1.65 cents per ordinary share in respect of the Financial Year ended 31 December 2012. **(Resolution 2)**

3. To approve the payment of Directors' fees of $362,250 for the Financial Year ended 31 December 2012. (FY2011: $345,000). **(Resolution 3)**

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

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

6. To re-elect Professor Lim Seh Chun, a Director retiring pursuant to Article 103 of the Company's Articles of Association. **(Resolution 6)**

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

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

9. 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 9)**

10. To re-appoint Messrs Deloitte & Touche LLP as Auditors and authorise the Directors to fix their remuneration. **(Resolution 10)**

SPECIAL BUSINESS:

11. To consider and, if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution: **(Resolution 11)**

    "THAT the Directors of the Company be and are hereby authorised to allot and issue up to 7,306,250 shares pursuant to the exercise of the remaining share options under the SBS Transit Share Option Scheme." *

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 7 May 2013 for the purposes of determining Shareholders' entitlements to the proposed tax-exempt one-tier final dividend of 1.65 cents per ordinary share for the Financial Year ended 31 December 2012.

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 6 May 2013 will be registered to determine Shareholders' entitlements to the final dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 6 May 2013 will be entitled to the proposed final dividend.

The final dividend, if approved by the Shareholders at the Twentieth Annual General Meeting of the Company, will be paid on 14 May 2013.

By Order of the Board

Chan Wan Tak, Wendy
Company Secretary
Singapore
27 March 2013

Notes:

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

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

ADDITIONAL INFORMATION ON ORDINARY BUSINESS

Mr Wee Siew Kim is the Chairman of the Audit and Risk Committee while Mr Chin Harn Tong, Mr Tan Kong Eng and Professor Lim Seh Chun are Members of the Audit and Risk Committee. They are considered independent Directors of the Company. If re-elected or re-appointed, Mr Wee Siew Kim will continue as Chairman of the Audit and Risk Committee while Mr Chin Harn Tong, Mr Tan Kong Eng and Professor Lim Seh Chun will continue as Members of the Audit and Risk Committee respectively.

* EXPLANATORY NOTE ON SPECIAL BUSINESS TO BE TRANSACTED

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 had a maximum duration of 10 years. This scheme expired on 8 June 2010 and the Company did not seek a renewal of the scheme. While the scheme has expired, the provisions of the scheme shall, in relation to the options granted and accepted and whether such options have been exercised (whether fully or partially) or not, remain in full force and effect.

This page is intentionally left blank.

This page is intentionally left blank.

SBS Transit Ltd

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

PROXY FORM
ANNUAL GENERAL MEETING

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

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

of____ (Address)

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

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

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held on Thursday, 25 April 2013 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

NOTE: The Chairman of the AGM will be exercising his right under Article 67(a) of the Articles of the Company to demand a poll in respect of the Resolutions to be put on the vote of the members at the AGM and at any adjournment thereof. Accordingly, such Resolutions at the AGM will be voted on by way of poll.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Directors' Report and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Kua Hong Pak as Director		
5.	Re-election of Mr Wee Siew Kim as Director		
6.	Re-election of Professor Lim Seh Chun as Director		
7.	Re-appointment of Mr Lim Jit Poh as Director		
8.	Re-appointment of Mr Chin Harn Tong as Director		
9.	Re-appointment of Mr Tan Kong Eng as Director		
10.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
11.	Authority to issue shares pursuant to exercise of options		

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

Dated this __________ day of __________ 2013

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

Total Number of Shares Held (Note 4)

IMPORTANT: PLEASE READ NOTES OVERLEAF

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

Email Address: ______________________ Mobile Phone No. ______________

NOTES

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

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

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

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

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

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
postage
stamp

THE COMPANY SECRETARY
SBS Transit Ltd
205 Braddell Road
Singapore 579701

This flap is for sealing

Designed and Produced by
Silicon+

MIX
Paper from responsible sources
FSC™ C074416
www.fsc.org

SBS Transit
A member of ComfortDelGro

205 Braddell Road
Singapore 579701

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