



MOVE

CONTENTS

Vision & Mission	01
Financial Highlights	04
Chairman's Statement	08
Board of Directors	14
Key Management	20
Operations Review	23
Corporate Governance	26
Significant Events	34
Corporate Information	36
Financial Statements	38
Share Price Movement Chart	70
Shareholding Statistics	71
Notice of Annual General Meeting	72
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.

Vision & Mission

Financial Highlights
Chairman's Statement
Board of Directors
Key Management

Operations Review
Corporate Governance
Significant Events
Corporate Information
Financial Statements

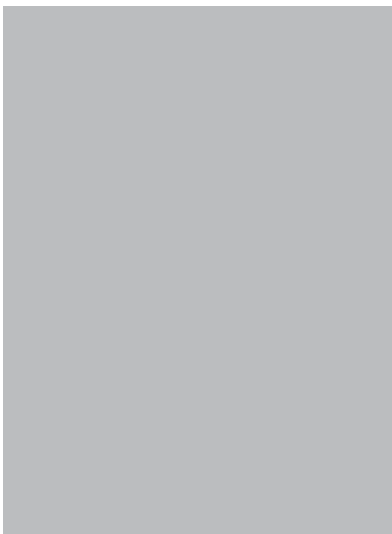
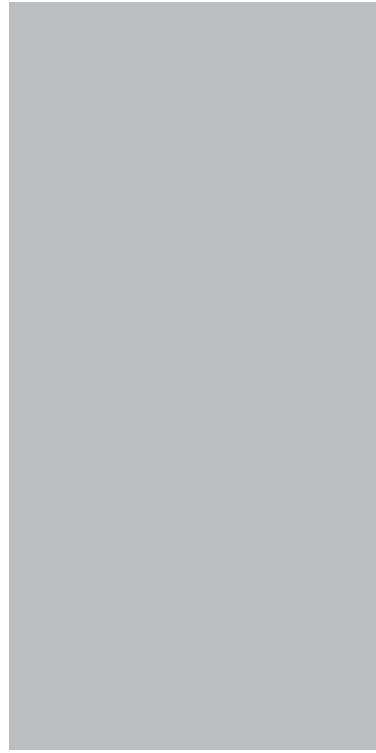
Share Price Movement Chart
Shareholding Statistics
Notice of Annual General Meeting

OUR BELIEFS

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

We will

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



Vision & Mission
 Financial Highlights
 Chairman's Statement
 Board of Directors
 Key Management

Operations Review
 Corporate Governance
 Significant Events
 Corporate Information
 Financial Statements

Share Price Movement Chart
 Shareholding Statistics
 Notice of Annual General Meeting

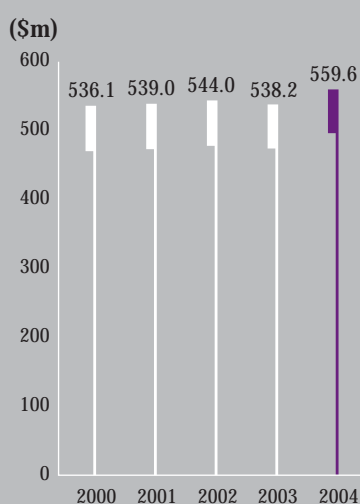
Financial Highlights

Turnover

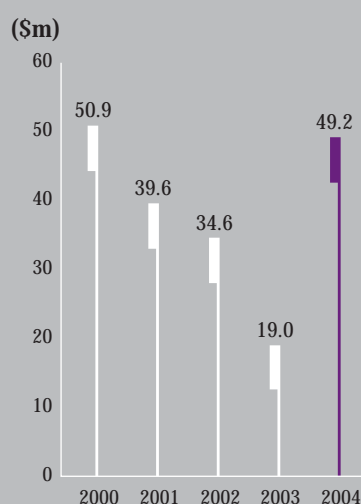
\$559.6 million

FIVE-YEAR SUMMARY

	2000	2001	2002	2003	2004
Turnover (\$m)	536.1	539.0	544.0	538.2	559.6
Revenue (\$m)	541.4	546.4	550.1	548.3	572.5
Operating profit (\$m)	70.7	49.1	42.2	24.9	52.7
Operating expenses (\$m)	471.7	497.2	507.8	570.7	519.8
Profit after tax (\$m)	50.9	39.6	34.6	19.0	49.2
Issued capital (\$m)	74.4	74.4	74.4	74.4	74.5
Capital & reserves (\$m)	206.4	221.9	239.7	244.8	278.7
Capital disbursement (\$m)	36.8	52.5	110.7	25.5	10.8
Internal funds generated (\$m)	115.7	97.7	92.9	125.0	84.6
Earnings per ordinary share (cents)	17.1	13.3	11.6	6.4	16.5
Net asset per ordinary share (cents)	69.4	74.6	80.5	82.3	93.6
Return on shareholder's equity (%)	24.7	17.9	14.4	7.8	18.8
Dividend per ordinary share (cents)	10.8	8.5	6.3	3.8	25.0
Dividend cover (number of times)	2.1	2.0	2.4	2.2	0.8
Earnings before interest, tax & depreciation (\$m)	127.6	102.1	93.3	72.1	85.3



Turnover



Profit after tax



Earnings per ordinary share

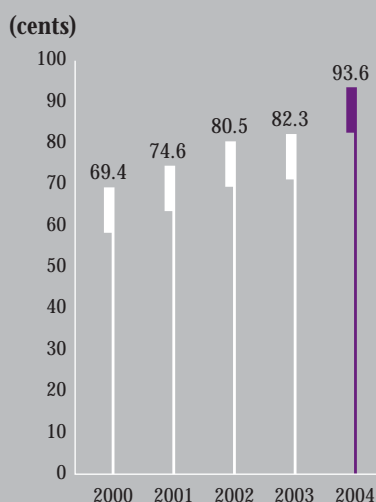
SBS TRANSIT LTD – VALUE-ADDED STATEMENT FOR

	2000		2001		2002		2003		2004	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Suppliers of capital – dividends and term loan interest	27,642	7.0	22,722	6.1	20,387	5.4	12,096	3.5	62,139	17.2
Taxation to the government	26,079	6.6	22,186	5.9	17,003	4.5	15,859	4.5	20,851	5.8
Retained earnings	81,234	20.6	65,769	17.5	64,170	17.1	53,705	15.4	13,398	3.7
Employees – salaries and other staff costs	259,298	65.8	264,984	70.5	273,415	73.0	267,008	76.6	263,946	73.2
Total value-added	394,253	100.0	375,661	100.0	374,975	100.0	348,668	100.0	360,334	100.0
Value-added per employee (\$ thousand)	50.7		46.0		45.8		45.5		51.1	

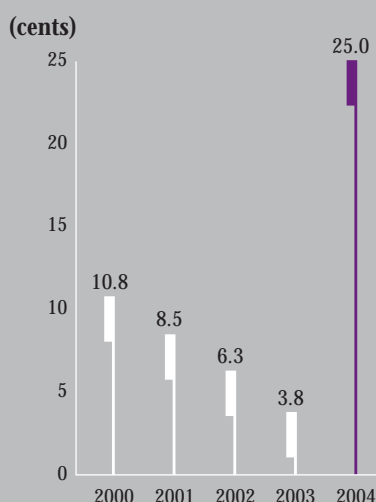


Operating profit

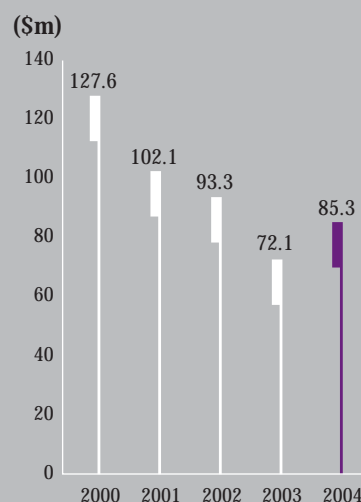
\$52.7 million



Net asset per ordinary share



Dividend per ordinary share



Earnings before interest, tax & depreciation





FORWARD

We push forward, leveraging on our past achievements – all of which will put us on stronger ground to face the challenges ahead.

Chairman's Statement

INTRODUCTION

The odds were stacked against us last year but we managed to overcome them all to once again put in a strong performance. It wasn't by luck nor was it by chance. It was through sheer hard work, effective cost management and innovative thinking.

Where it was SARS in 2003, the whammy last year came from the fuel sector. High oil prices dominated the headlines in the second half of 2004, leading to fears that we would be severely hit. We were not – thanks to effective hedging that was put in place.

Challenges were also thrown up from the security front. Terrorist attacks on Spain's rail system earlier in the year cast a spotlight on security systems around the world. The open nature of the public transport system meant that companies like ourselves had to take added precautions to ensure the safety of our passengers and staff. We spared no effort in meeting this commitment – moving dustbins away from the crowds in rail stations and bus interchanges, as well as employing armed security guards in our stations.

These added measures resulted in increased costs but we were committed to keep fares steady for the second year running. After all, the post-SARS economic recovery had just taken root and many families were still struggling to find their footing. In fact, we went one step further by absorbing the 1 percentage-point increase in Goods and Services Tax (GST) from 1 January 2004 – meaning that we were absorbing the full 5% GST on behalf of our commuters.

FINANCIAL RESULTS

I am pleased to report that the SBS Transit's total turnover for the year under review increased from \$538.2 million in 2003, to \$559.6 million last year.

Bus revenue dropped 2.4% from \$502.6 million to \$490.5 million. The decrease was due to lower fare revenue as a result of the rationalisation of bus routes which took place largely in December 2003 and the absorption of the 1% increase in GST with effect from 1 January 2004. However, despite

the drop in revenue, bus operations' profit before tax rose by 40.4% to \$60.3 million. This was achieved through tighter cost control, the staff restructuring exercise in 2003, and write back of provision for interest expense in 2004, partially offset by higher fuel costs. An extension of the statutory lives of our buses from 8 years to 12 years also helped reduce depreciation expense by 41.4% to \$27.6 million.

Rail revenue increased from \$26.3 million to \$59.0 million. The North

East Line (NEL) contributed \$55.5 million while Sengkang LRT contributed \$3.5 million, buoyed by an increase in ridership and fare yields. A slew of cost cutting measures also aided the rail bottomline.

In all, we managed to reduce total operating expenses by 8.9% last year.

Our advertisement business contributed \$18.4 million, an increase of 7.9% as compared to the previous year as a result of improving economy.



With higher turnover and lower operating costs, our profit before tax increased by 134.3% from \$25.7 million to \$60.1 million.

For the year under review, earnings per share was 16.52 cents based on the weighted average number of ordinary shares in issue as compared to 6.39 cents in 2003. Net assets per share stood at 94 cents, an increase of 12 cents from 2003. As at 31 December 2004, shareholders' funds rose to \$278.7 million, 13.9% higher than 2003. The return on shareholders' funds was 18.8%.

BUSINESS REVIEW

BUS

As the market leader with a 75% share of the local bus industry, we could have rested easy. But that is not our philosophy. We want to constantly better ourselves so as to deliver better services to our customers. Last year, we launched several new services aimed at catering to niche markets. A case in point: Our CityBuzz service. Targeted at city dwellers and tourists, the Citybuzz service is a loop service that provides coverage of major places within the city such as Orchard Road, Chinatown and Little India.

Service 160, which was launched in September 2004, is also targeted at a specific group of commuters –

residents living in the West who wish to travel to Johor Bahru. With the new Service 160 and the existing Service 170, commuters get to enjoy the convenience of transferring between the two bus services at the Woodlands and Johor Bahru Checkpoints.

Other new services introduced during the year include Service 183 which operates between Jurong East Interchange and Kent Ridge Terminal and Service 115 which operates between Hougang Street 21 and Hougang Avenue 3.

For the year under review, some bus services were rationalised to meet growth and changing passenger needs.

Following feedback from grassroots, we amended Services 6, 60, 325 and 401 to improve connection times. With the closure of Hougang South Interchange, services formerly operating from the interchange were either amended to operate from Hougang Interchange at Hougang Central or merged with other services to enhance inter-neighbourhood links within Hougang. We continue to review our services as part of our routine operations so as to meet the requirements of our commuters.

We rolled out the Vehicle Location System (VLS) in 2004, enabling fare stages to be updated automatically

through the use of the satellite technology known as Global Positioning System. Developed by the Land Transport Authority (LTA) to enhance the existing ez-link fare system, the introduction of VLS means that our Bus Captains no longer need to update the fare stages manually. Full implementation of VLS is expected in the first half of 2005.

We also looked into harnessing the latest technology to improve our business processes. One significant step was the acquisition of a web-based and process-oriented software designed for more effective operations and material management.

RAIL

We are a new operator in the rail business but our performance thus far belies this fact. Since NEL started its operation in June 2003, its average daily ridership has climbed steadily from 155,942 in 2003 to 175,785 in 2004, an increase of 12.7% while average daily ridership for Sengkang LRT East Loop saw a sharp increase of 40% from 12,490 in 2003 to 17,503 in 2004.

More significantly, we have managed to maintain service availability of 99.5% for NEL and 99.2% for LRT during the year – far surpassing LTA's minimum requirement of 98%.

WITH HIGHER TURNOVER AND LOWER OPERATING COSTS, OUR
PROFIT BEFORE TAX INCREASED BY 134.3% FROM \$25.7 MILLION
TO **\$60.1 MILLION.**

WE MANAGED TO MAINTAIN SERVICE AVAILABILITY OF **99.5%** FOR NEL AND 99.2% FOR LRT, FAR SURPASSING LTA'S MINIMUM REQUIREMENT OF 98%.

On 1 December 2004, the LTA handed over the Punggol LRT system to us. Catering to residents in Punggol New Town, this new system opened for revenue service on 29 January 2005 and has seen an average daily ridership of 5,861.

During the year, some said that it would make good sense to have one rail operator in order to avoid duplication and help contain costs. Since then, there has been much speculation as to whether our rail operations would be merged with that of our competitor's. My view is while this may have made sense at the initial stage of our operations, the case for it diminishes with time as the operational and financial performances improve. Having taken on this challenge, SBS Transit is committed to ensuring that our commuters are best served and our shareholders' interests are met. We continue to be responsible to our commuters and shareholders in this regulated business.

Even as we look to improve the quality of service to our local passengers, we are also replicating our success across the globe by offering technical assistance to our parent ComfortDelGro Corporation, which is now operating in seven countries across the world.

Apart from lending expertise, SBS Transit's efficiency in managing and operating the bus operations has been used as a benchmark for the overseas bus ventures. Some of the benchmarking indicators include schedule adherence, bus utilisation rate and manpower efficiency.

CORPORATE SOCIAL RESPONSIBILITY

SBS Transit is not just about profit and sales. For the third year running, we participated in the annual President's Challenge fund-raising event. More than \$400,000 was raised in 2004 for Community Chest, Grace Orchard School, Rainbow Centre,

The Salvation Army Peacehaven Nursing Home, St Luke's Eldercare Centre and ALIFE Ltd. This brings the total raised to about \$1.6 million since 2002.

DIVIDEND PROPOSAL

For the year under review, the Directors have proposed a final dividend of 25% or 6.25 cents per ordinary share less 20% tax and a special dividend of 60% or 15.00 cents per ordinary share less 20% tax for the approval of the shareholders. Together with the interim dividend of 15% or 3.75 cents per ordinary share, the total dividend paid will be 100% or 25.00 cents per share for 2004.

If the proposed final and special dividends are approved, together with the interim dividend, the total dividend payout will be \$59.6 million. This is 121.1% of the profit after tax in 2004. Last year, the total dividend payout was \$8.9 million which represented 46.6% of the net profit.



SBS Transit operated a peak scheduled fleet of 2,418 buses on 192 service routes, commanding a

75%

share of the scheduled bus market in Singapore.

THE YEAR AHEAD

We expect the year ahead to be one of continued improvement both in financials and operations. We hope to see revenue growth through new bus services introduced as well as higher ridership for trains. Our continued emphasis on cost control would also help boost the bottom line.

Our advertising business should also benefit from the improving economy and the introduction of new and innovative products. Late last year, for example, we introduced new “Santa Claus caps” on our buses – something which the advertisers and the general public took very well to. As a result, we replicated the concept for the Lunar New Year, swapping the Santa Claus hats for those of the Fortune God.

Our focus will continue to be on the quality of our services, the profitability of our operations and the capability of our people.

APPRECIATION

On behalf of our Board of Directors, I would like to thank our customers for their unwavering support and patronage. To our staff, thank you for your commitment and contribution to the company’s performance.

To the National Transport Workers’ Union, I thank you for your support and cooperation.

To the government agencies, advisors and grassroots leaders, I thank you for the trust and feedback you have given us.

Special thanks too to my fellow Directors for their advice and cooperation. And finally, my deepest appreciation to you, our shareholder, for your continued support.

Lim Jit Poh
Chairman





STEER

Our Board of Directors bring with them a wealth of experience and insight into the industry – qualities we need to help steer us into the next stage of growth.

Board of Directors



MR LIM JIT POH

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 and VICOM Ltd as well as a Director of The Ascott Group Limited, Inchem Holdings International Limited, International Factors (Singapore) Ltd, SHC Capital Limited, Kim Eng Holdings Limited and China Sun Bio-Chem Technology Group Company Ltd. All these are public companies listed on the Singapore Exchange Securities Trading Limited with business interests in finance (stockbroking and factoring), insurance, hospitality and manufacturing.

Mr Lim was a former top civil servant and a Fulbright scholar. He was awarded the Public Administration Medal by the Government of Singapore in 1972 and three awards by the National Trades Union Congress, namely, Friend of Labour Award in 1986, Meritorious Service Award in 1990 and Distinguished Service Award in 2000.

Mr Lim is a trustee of the Singapore National Employers Federation. Mr Lim was a Council Member of the Singapore Chinese Chamber of Commerce and Industry and the National University of Singapore, and a member of the Singapore British Business Council. He was also very active in community work being Chairman of a community centre management committee. Presently, he serves as Vice President of Orchid Country Club and the Board of Management of Pei Chun Public School.

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

Mr Lim was last re-elected a Director of the Company pursuant to Article 103 of the Company's Articles of Association at the Annual General Meeting held on 29 May 2003. He is a non-independent Director of the Company.



MR KUA HONG PAK

Mr Kua Hong Pak was appointed Executive Director of SBS Transit Ltd in 2002 and non-executive Deputy Chairman in 2003. He is also a member of the Audit Committee. Mr Kua is presently the Managing Director/ Group Chief Executive Officer of ComfortDelGro Corporation Limited. Prior to this, he was the President/ Chief Executive Officer of Times Publishing Limited from 1989 to 2001.

Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, Overseas Union Enterprise Limited, PSA International Pte Ltd, PSA Corporation Limited, StarHub Ltd and Ringier Print (HK) Limited. He is also an Honorary Citizen of Shenyang City, People's Republic of China. In recognition of his contributions to community service, he was awarded the Public Service Medal in 1991 and Public Service Star in 1996 by the President of the Republic of Singapore and appointed a Justice of the Peace in 2000.

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

Mr Kua was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 29 April 2004. He is a non-independent Director of the Company.



MR CHEONG YIP SENG

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

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

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

Pursuant to Article 97 of the Company's Articles of Association, Mr Cheong will be due for re-election at the forthcoming Annual General Meeting to be held on 28 April 2005. He is an independent Director of the Company.



MR CHIN HARN TONG

Mr Chin Harn Tong has been a non-executive Director of SBS Transit Ltd since 1993. He is a member of the Company's Audit Committee and Nominating Committee. He is currently also a Director of CityCab Pte Ltd.

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

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

Mr Chin holds a Bachelor of Arts from Nanyang University (1963).

Pursuant to Article 97 of the Company's Articles of Association, Mr Chin will be due for re-election at the forthcoming Annual General Meeting to be held on 28 April 2005. He is an independent Director of the Company.

Board of Directors



MR JOHN DE PAYVA

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

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

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

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

Mr De Payva was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 29 April 2004. He is an independent Director of the Company.



MR TAN KONG ENG

Mr Tan Kong Eng has been a non-executive Director of SBS Transit Ltd since 1992. He was the Managing Director of DelGro Corporation Limited from 1973 to 1994. He 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 28 April 2005. He is an independent Director of the Company.



MR WEE SIEW KIM

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

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

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

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

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 of the Company to be held on 28 April 2005. He is an independent Director of the Company.



MR WONG CHIN HUAT, DAVID

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

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

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

Mr Wong was awarded the Friend of Labour in 1989, the Meritorious Service Award in 1995 and the Distinguished Service Award in 2001 by the National Trades Union Congress. In 1991, he was awarded the Public Service Star by the President of the Republic of Singapore for community and social services rendered. Mr Wong also received a Certificate of Appreciation by the Singapore Labour Foundation for services rendered as a Director of Pasir Ris Resort Services Pte Ltd in 1989.

Mr Wong holds a LL.B (Hons) from the University of Singapore and a LL.M from Centre for Commercial Law, Queen Mary College, University of London.

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 29 April 2004. He is a non-independent Director of the Company.





INNOVATE

New ideas and new ways of bringing about new services – this is the mantra of the SBS Transit team.

Key Management

MR ONG BOON LEONG

Mr Ong Boon Leong first joined DelGro Corporation Limited on 1 December 1994 as Senior Manager, Corporate Development where he was responsible for business development, corporate planning and corporate communications. From 1 August 1998, he was concurrently appointed Group Chief Financial Officer.

On his promotion to Executive Vice President on 1 August 2000, Mr Ong assumed the position of Chief Executive Officer (CEO), Europe Business, a position which oversees the Group's operations in United Kingdom and Ireland. Subsequently, on 1 August 2001, he was concurrently appointed as Deputy CEO of SBS Transit. On 16 February 2003, Mr Ong assumed the position of Chief Operating Officer of SBS Transit. He oversees the day-to-day operations of both the bus and rail businesses.

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

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

MR SIMON BENEDICT LANE

Mr Simon Benedict Lane was appointed Chief Operating Officer (Rail) with the corporate rank of Executive Vice President on 1 August 2001. He is responsible for ensuring high levels of service delivery in the areas of operations, maintenance and safety. In addition, he is responsible for developing and monitoring the key business risks and performance for the rail business.

Mr Lane brings with him more than 20 years' experience in rail operations, having worked with British Railways in ScotRail in the United Kingdom before moving to Australia. From May 1994 to November 1997, he was Managing Director of Met Trains in Melbourne, a business unit of the Public Transport Corporation, Victoria. Prior to joining SBS Transit, he was the CEO of State Rail Authority, New South Wales.

Mr Lane holds a Bachelor of Arts (Hons) degree in Economics from the University of Wales.

MR WOON CHIO CHONG

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

Mr Woon holds a Bachelor of Science (Hons) degree in Information Science from the Victoria University of Wellington, New Zealand.

MR LIM GIM HONG

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

Mr Lim holds a Bachelor of Engineering (Hons) degree from the University of Singapore and Master of Science (Industrial Engineering) degree from the National University of Singapore.

MS LINDA NG YEW LIN

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

Ms Ng holds a Bachelor of Accountancy degree from the National University of Singapore.

MS DAISY CHAN MUI WAH

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

She was reappointed SBS Transit's Human Resource Manager in 1996. Ms Chan holds a degree in Psychology from the University of Western Australia.

Key Management

MS LIM BEE HONG

Ms Lim Bee Hong joined SBS Transit on 18 June 1984. She started as a Personnel Officer and rose through the ranks in the Human Resource Department. On 30 December 1995, she assumed the position of Vice President, Training and Management Services and was appointed to her current position as Director, Learning & Development on 1 July 2001. She also oversees the Bus Captain Development Centre and Technical Training Centre.

Mrs Lim holds a Bachelor of Business Administration degree from the National University of Singapore.

MS ANGIE TAN WEE ENG

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

Ms Tan holds a Bachelor of Science degree in Mathematics from Nanyang University.

MS TAMMY TAN I-LIN

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

Operations Review

BUS BUSINESS

OUR FLEET

At the end of 2004, SBS Transit operated a peak scheduled fleet of 2,418 buses on 192 service routes, commanding a 75% share of the scheduled bus market in Singapore. A majority of 75% of the buses were air-conditioned.

Faced with bus rationalisation and a drop in ridership, we have been exploring new services to offer commuters.

SERVICE DEVELOPMENT

To enhance bus ridership as well as meet the needs of the different market segments, new services targeted at niche markets were launched in 2004.

For example, we introduced CityBuzz, a city loop service for tourists and locals in December 2004. Our three CityBuzz services provide coverage of the three main areas of interest within the city area i.e. Orchard Road, Chinatown and Little India. Like a monorail, these services call at all designated stops without the need for passengers to press the buzzer. Fares are priced at an easy-to-remember \$1 for both cash and ez-link payments. And to further simplify travel, we also introduced a \$5 CityBuzz Pass that allows for unlimited travel on all three CityBuzz routes.

In September 2004, Service 160, which plys from Jurong East Interchange to Johor Bahru, was launched to benefit residents staying in the West with direct links across the Causeway. Commuters can also

transfer between Service 160 and the existing cross-border Service 170 at the Woodlands and Johor Bahru Checkpoints without additional cost.

Other niche services are being planned for 2005 to include peak services operating with limited stops to provide commuters with faster connections between housing estates and CBD destinations. More leisure and weekend services which will promote family outings are also in the pipeline.

During the year under review, one of the oldest interchanges in Singapore, the Hougang South Interchange, was shut down. To minimise inconvenience to our commuters, Services 51, 132 and 151 from Hougang South Interchange, were amended to operate from Hougang Central Interchange instead. To enhance the inter-neighbourhood links within Hougang, existing Feeder services 321, 322, 326 and 327 were also merged with Services 112 and 113. Feeder service 328 was also renumbered Service 101 and its route amended and extended to serve Serangoon Interchange at one end, and Buangkok Crescent at the other.

These changes, together with other service fine-tunings, were implemented after consultations with our grassroots partners.

With the start of the 5-day work week for the civil service in September 2004, the Saturday schedules of services serving work places were also amended to optimise the use of resources.

As at 31 December 2004, SBS Transit had a total network coverage of 5,561 kilometres.

SERVICE ENHANCEMENT

In August 2004, the existing ez-link fare system was enhanced with the Vehicle Location System (VLS) that allows automatic updating of fare stages. By end of 2004, SBS Transit had rolled out the VLS on 85 bus services covering over 900 buses.

As part of our efforts to enhance customer service, *SEND 655, a short message service (SMS) that enables commuters to find out the estimated bus arrival times was introduced in October 2004. The service, which is on trial on Service 518, uses the Location Base Service technology provided by SingTel to help commuters better plan and manage their travel routes.

At the same time, the online digital mapping system on SBS Transit's website was enhanced to allow for a search of all of our bus services using keywords like the landmark, postal code and address of the desired destination. It has also been enhanced with a new feature that enables commuters to search for amenities like restaurants, shopping centres and hospitals around bus interchanges, North East Line (NEL) stations and bus stops. In addition, a new SBS Transit Guide that provides integrated information on our bus and train services was introduced and made available at all our bus interchanges and NEL stations.

AS AT 31 DECEMBER 2004, SBS TRANSIT HAD A TOTAL NETWORK COVERAGE OF **5,561** KILOMETRES.

237 EMPLOYEES WERE PRESENTED THE 2004 EXCELLENT SERVICE AWARDS WHILE ANOTHER 30 EMPLOYEES WERE AWARDED THE TRANSPORT GOLD AWARD 2004.

The accident rate for 2004 was 0.61 cases per 100,000 km. This was better than the 0.75 cases per 100,000 km set by Land Transport Authority (LTA). This has been possible due to a concerted effort aimed at promoting safety awareness, especially the need to slow down at junctions and approaching bus stops.

RAIL BUSINESS

The NEL turned one in June 2004. Despite being a new player in the rail business and a pioneer in the operations of the world's first fully automated heavy rail system, we achieved a 99.5% result for both service availability and train reliability during peak hours. The result surpassed the 98% target set by the authority. Average daily ridership for NEL also climbed steadily from 155,942 in 2003 to 175,785 in 2004, an increase of 12.7%.

Average daily ridership for Sengkang LRT East Loop also rose. It saw a sharp increase of 40% from 12,490 in 2003 to 17,503 in 2004, while at the

same time exceeded the authority's service availability target by hitting the 99.2% mark.

Our rail business continued to expand when LTA handed the Punggol LRT to SBS Transit on 1 December 2004. Both the Punggol LRT and Sengkang LRT West Loop commenced revenue service on 29 January 2005.

The prospects for 2005 look good with ridership growth expected to increase as a result of economic growth and a series of marketing initiatives.

With the start-up phase coming to an end, there will be a renewed emphasis on streamlining internal processes which should enable further economies to be achieved.

In 2004, the passenger injury rate was 0.02 per million passenger journeys which is significantly better than the target of 0.4 per million passenger journeys in the Licence Condition. In addition, there were no significant

safety related incidents affecting train operations in 2004.

ADVERTISEMENT BUSINESS

SBS Transit's advertisement business continued to face stiff competition from other advertising mediums in 2004. To stay competitive, several creative ideas were generated. In the area of rail advertising, we launched an impressive marketing campaign for Nike Speed at the Dhoby Ghaut NEL Station. We maximised Nike's exposure by pasting large scale pictures of athlete Justin Gatlin on pillars together with three-dimensional, red finishing lines across the walls. Towards the end of the year, we also came up with an innovative marketing idea where 150 buses were fitted with bright red three-dimensional "Santa Claus Hats". It was a world's first. We expect to introduce many more new and exciting packages to engage our advertisers.

With the restructuring in the television media industry in 2004, the advertising rates should be on firmer ground.



OUR PEOPLE

Our commitment to building a quality and effective workforce was reflected in our investment in staff training and development. In 2004, we provided 10,883 training places – equivalent to 1.5 training places per staff. Our average training hours stands at 41.6 hours in the same year.

The year in review continued to see some of SBS Transit employees making the company proud by winning coveted service awards. A total of 237 SBS Transit employees were presented with the 2004 Excellent Service Awards (EXSA) for their outstanding achievements in quality service while another 30 employees were awarded with the Transport Gold Award 2004. Among the winners were Bus Captains, Route Group staff, Rail Station staff, Customer Service Officers and Administration staff.

SBS Transit is a firm believer in the old adage: Healthy Bodies, Healthy Minds. Our Workplace Health Promotion (WHP), which included internal

friendly tournaments such as Bowling, Table Tennis and Badminton as well as health screenings and mass workouts, won the Bronze Award in the Singapore H.E.A.L.T.H (Helping Employees Achieve Life-Time Health) Award 2004. The award was presented by the Health Promotion Board to give national recognition to organisations with commendable WHP programmes.

The children of our staff were also not forgotten. In 2004, SBS Transit gave out 16 scholarship awards to the children of the staff for their university and polytechnic education. Retirement ceremonies were also held to recognise 77 employees for their years of service and contributions to the company.

A new collective agreement between SBS Transit and National Transport Workers' Union (NTWU) was also signed in 2004.

OUR COMMUNITY SERVICE

As a leading transport operator in Singapore, SBS Transit has a special duty to be a responsible corporate citizen.

Last year, SBS Transit continued to support the President's Challenge by raising funds through the Heart Bus. Corporate and public donors responded readily to the call and more than \$400,000 was raised. In all, 22 Heart Buses, each decked with 2,000 colourful hearts carrying the signatures of well-wishers, plied the roads in Singapore.

In December 2004, SBS Transit donated a double deck air-conditioned bus to Heartware Network who transformed the bus into a mobile training centre for their cross border youth exchange programmes.

Customers were also not forgotten. On 23 December 2004, management and front line staff handed out 20,000 packets of premium rice to passengers at selected bus interchanges and NEL stations during our "Thank You Commuters Day" which is now in its sixth year.

Corporate Governance

INTRODUCTION

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

BOARD OF DIRECTORS

PRINCIPLE 1 – THE BOARD’S CONDUCT OF ITS AFFAIRS

At the helm in the decision making process of the Company is the Board. The Board is responsible for:

- (i) setting the overall strategic direction and objectives of the Company;
- (ii) putting in place appropriate and adequate systems of internal control, risk management process, and financial authority limits;
- (iii) monitoring and approving financial performance, annual budgets, major capital and operating expenditures, and acquisition and disposal of significant investments; and
- (iv) overseeing and monitoring managerial performance.

The Board delegates the day to day management and running of the Company to management while reserving certain key issues and policies for its approval.

To assist the Board in the detailed consideration of various issues and to facilitate decision making, the Board has delegated some of its authorities to three committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. Each committee has its own specific terms of reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken. Ad-hoc Committees are also formed to look into specific issues as and when the need arises.

To strive for full attendance and to assist Directors in planning their attendance at Board and Committee meetings of the Company, meetings are scheduled in advance at the beginning of the year in consultation with the Directors. The attendance of the Directors at the Board and Committee meetings of the Company and the frequency of such meetings are set out below:

Name	BOARD		AUDIT COMMITTEE		NOMINATING COMMITTEE		REMUNERATION COMMITTEE	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Jit Poh	5	5	-	-	-	-	3	3
Kua Hong Pak	5	5	4	4	-	-	-	-
Cheong Yip Seng *	5	4	4	3	-	-	3	3
Chin Harn Tong	5	5	4	4	1	1	-	-
John De Payva	5	3	-	-	1	1	3	2
Tan Kong Eng	5	5	-	-	-	-	-	-
Wee Siew Kim	5	5	4	4	-	-	-	-
Wong Chin Huat, David	5	5	-	-	1	-	-	-

* Stepped down as member of the Audit Committee on 1 January 2005.

Principle 1 – The Board's Conduct of its Affairs (cont'd)

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

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

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

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

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

PRINCIPLE 2 – BOARD COMPOSITION AND BALANCE

The Board presently comprises eight Directors, all of whom are non-executive. Of the eight non-executive Directors, five of them are considered by the Nominating Committee to be independent.

The Nominating Committee, having reviewed the composition of the Board, is satisfied that the present size of the Board is effective for decision making. The Nominating Committee is also satisfied that the Board,

comprised of Directors with a variety of skills, core competencies, and expertise and working experiences from various industries, has the necessary competencies to discharge their duties and responsibilities.

PRINCIPLE 3 – CHAIRMAN, DEPUTY CHAIRMAN AND CHIEF OPERATING OFFICER

Mr Lim Jit Poh is presently the non-executive Chairman of the Company while Mr Kua Hong Pak is the non-executive Deputy Chairman. Mr Ong Boon Leong is the Company's Chief Operating Officer. The roles of the Chairman, Deputy Chairman and Chief Operating Officer are separate.

The Chairman is responsible for the effective functioning of the Board while the Chief Operating Officer is responsible for the day-to-day operations of the Company and reports to the Deputy Chairman. This separation of roles ensures that there is an effective check and balance on management and independence in the decision making process of the Board.

The Chairman, Deputy Chairman and Chief Operating Officer are not related to each other.

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

PRINCIPLE 4 – BOARD MEMBERSHIP

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

Corporate Governance

Principle 4 – Board Membership (cont'd)

The Nominating Committee is responsible for:

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

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

The Articles of Association of the Company provides that all Directors (including the Managing Director), are subject to retirement by rotation at least once every three years. The Company does not have a Director assuming the Managing Director position and all Directors have been subjected to retirement by rotation once every three years. In addition, Directors appointed during the year will be subjected to re-election at the Annual General Meeting immediately following his appointment. For the forthcoming Annual General Meeting, Mr Chin Harn Tong, Mr Cheong Yip Seng and Mr Wee Siew Kim are due for re-election pursuant to Article 97 of the

Company's Articles of Association while Mr Tan Kong Eng will be due for re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50.

The Nominating Committee subscribes to the view that while it is important for Directors to devote sufficient time and attention to the affairs of the Company, the issue of multiple board representations should be left to the judgment and discretion of each Director. To focus on Directors' attendance at Board meetings per se may not be an adequate evaluation of the contributions of Directors. Directors' ability to provide strategic networking to enhance the business of the Company, accessibility for guidance and advice outside the scope of a formal Board meeting and contributions in specialised areas are also factors relevant in assessing the contributions of a Director. While the Nominating Committee will not stipulate the number of boards each non-executive Director is to be involved in, the Nominating Committee will continue to monitor the contributions and the performance of each Director and assess whether each Director has devoted sufficient time and attention to the affairs of the Company.

It is also the policy of the Company that if there is any executive Director appointed in the future, the executive Director will have to seek the approval of the Chairman before accepting any directorships of other companies outside the ComfortDelGro Corporation Limited (ComfortDelGro) Group. In deciding whether or not to grant the approval, the Chairman will consider the time commitment of the executive Director, and whether the new external directorships will provide a strategic fit and networking to the businesses of the Company. The Chairman will also ensure that the executive Director do not accept appointments on boards of competitors.

PRINCIPLE 5 – BOARD PERFORMANCE

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

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

PRINCIPLE 6 – ACCESS TO INFORMATION

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

The Board has full access to the senior management team and the Company Secretary. The Company Secretary has defined roles and responsibilities and attends all Board meetings of the Company. In addition, the Company Secretary also attends committee meetings where he has been appointed Secretary to the Committee.

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

REMUNERATION MATTERS

PRINCIPLE 7 – PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee was formed to provide the Board with an independent assessment and review of executive remuneration, and also propose and adopt an appropriate remuneration framework and strategy for executive compensation.

The Remuneration Committee comprises three non-executive Directors. The Chairman of the Remuneration Committee and the non-executive Directors are independent of management and free from any business or other relationships which may materially interfere with the exercise of independent judgment. The Director of Human Resource is the Secretary to the Remuneration Committee.

The terms of the Remuneration Committee include the following:

- (i) adopt a remuneration framework for compensation and to ensure that the level of remuneration offered is appropriate to the level of contribution and that the overall remuneration package is attractive to retain and motivate key executives;
- (ii) recommend a formal and transparent process for determining Directors' fees for non-executive Directors of the Company; and

Corporate Governance

Principle 7 – Procedures for Developing Remuneration

Policies (cont'd)

- (iii) approve the participants and determine the quantum of options to be granted under the SBS Transit Employees' Share Option Scheme and to administer the Scheme.

PRINCIPLE 8 – LEVEL AND MIX OF REMUNERATION

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

Directors' fees are based on a framework comprising basic fees and additional fees for serving on Board committees and also undertaking additional services for the Company. The fees are subject to approval of shareholders at Annual General Meetings.

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

PRINCIPLE 9 – DISCLOSURE OF REMUNERATION

The remuneration of the Directors and key executives of the Company (who are also not Directors) for the financial year 2004 is as follows:

DIRECTORS

The remuneration of all the Directors of the Company falls below \$250,000 and comprised 100% Director's fees. However, no Director's fees were paid to the Deputy Chairman being an executive of ComfortDelGro.

KEY EXECUTIVES

The remuneration of the key executives is as follows:

Remuneration Band	Salary %	Bonuses %	Others %	Total Compensation %
(\$500,000 – \$749,999) No. of executives : 1	46	44	10	100
(\$250,000 – \$499,999) No. of executives : 3	59	26	15	100

Principle 9 – Disclosure of Remuneration (cont'd)

Further information on the SBS Transit Employees' Share Option Scheme can be found on pages 40 to 41 of the Annual Report.

During the financial year 2004, no key executive was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10 – ACCOUNTABILITY

During the financial year 2004, the Company released its quarterly and full-year results within 45 days from the end of each quarter or financial year as the case may be.

PRINCIPLE 11 – AUDIT COMMITTEE

The Company's present Audit Committee comprises three non-executive Directors, of whom two including the Chairman, are independent. The Board has reviewed and is satisfied that the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

The roles of the Audit Committee include the following:

- (i) review the effectiveness of the Company's material internal controls, including financial, operational, compliance and risk management;
- (ii) review the quarterly and annual financial statements, and also significant accounting and reporting issues and their impact on financial statements and recommend to the Board the acceptance of such financial statements;
- (iii) review the scope and results of the audit undertaken by the internal and external auditors, including non-audit services performed by external auditors to ensure that there is a balance between maintenance of objectivity and cost effectiveness;
- (iv) review interested person transactions;
- (v) recommend the re-appointment of the external auditors at Annual General Meetings and review the fees due to them; and
- (vi) review the audit plans of the internal and external auditors.

In the performance of its duties, the Audit Committee has explicit authority to investigate into the affairs falling within

its terms of reference, full access to and cooperation from management, discretion to invite any Director to attend its meetings and reasonable resources to enable it to discharge its duties properly.

During the financial year, the Audit Committee also met with the external and internal auditors without the presence of management. The Audit Committee has also reviewed the independence of the external auditors, Deloitte & Touche, including the scope of non-audit services performed, and has formed the view that the external auditors are independent. The non-audit fees for financial year 2004 amounted to \$45,000 (FY2003: \$175,000).

PRINCIPLE 12 – INTERNAL CONTROLS

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

- (i) **Financial Authority Limits**
Comprehensive and specific financial authority limits are put in place for capital expenditure, operating expenses, treasury matters, direct investments, revenue tender participation, and disposal and write-off of assets. These authority limits are delegated based on the organisational hierarchy from the Chairman down to the heads of departments with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit delegated is referred to the Board for approval.
- (ii) **Budgetary Control**
A robust and challenging annual budget is prepared and approved by the Board prior to the commencement of a new financial year. Variations between actual and budgeted performance are reviewed and justifications provided, if material. The annual budget is also reviewed half way through the financial year to ensure that the budget assumptions used remained valid and sustainable. Specific approvals are also required for unbudgeted expenditures exceeding a relevant threshold.
- (iii) **Investment Proposals and Business Opportunities**
To ensure that the rate of return on any new investment or business opportunity is commensurate with the risk exposure taken, apart from undertaking a detailed feasibility study, the new investment opportunity is evaluated by management in terms of (a) return on investment; (b) pay back period; (c) cash flow generation; (d) potential for internal and external growth; (e) investment climate; and (f) political stability.

Corporate Governance

Principle 12 – Internal Controls (cont'd)

(iv) Operational Risks

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

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

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

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

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

(v) Financial Risks

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

Further details of the financial risks and how the Company manages them are set out on page 66 of the Annual Report.

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

PRINCIPLE 13 – INTERNAL AUDIT

The internal audit function of the Company is performed by the Internal Audit Department of its holding company comprising a team of 10 staff and headed by the Group Internal Audit Officer. She is the Secretary to the Audit Committee and reports functionally to the Chairman of the Audit Committee.

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

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

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

COMMUNICATIONS WITH SHAREHOLDERS

PRINCIPLE 14 – REGULAR, EFFECTIVE AND FAIR COMMUNICATIONS WITH SHAREHOLDERS

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

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

As part of a programme of investors relations, the Group's Investors Relation Team together with senior management meet with major institutional investors on a regular basis and participated in road shows organised by securities houses.

PRINCIPLE 15 – SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The Articles of Association of the Company provides for voting in person at Annual General Meetings of the Company. The Chairman of the various Board Committees as well as the external auditors, represented by the Audit Partner in charge, are present to address questions raised by shareholders at Annual General Meetings.

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

DEALINGS IN SECURITIES

The Company has adopted an internal code based on the Singapore Exchange Securities Limited's guideline to provide

guidance to the Directors and officers of the Company in relation to dealings in the securities of the Company, ComfortDelGro and/or VICOM Ltd (VICOM). Directors and officers of the Company have to refrain from dealing in the securities of the Company, ComfortDelGro and/or VICOM during the period commencing two weeks before the announcement of the Company's, ComfortDelGro's and/or VICOM's first, second and third quarter results, and one month before the announcement of the full-year results, and ending on the date of the announcement of the relevant results.

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

INTERESTED PERSON TRANSACTION

LISTING MANUAL – RULE 907

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S'000
ComfortDelGro Corporation Limited and associates	6,064

The aggregate value of the above transactions does not include the aggregate value of \$10.3 million from the renewal of the Licence Agreements disclosed in the Introductory Document of the Company dated 3 December 1997. These transactions relate to leasing charges paid to DelGro Corporation Limited for the use of premises.

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

Significant Events

13 FEBRUARY

HOUGANG SOUTH BUS INTERCHANGE CLOSES

After 25 years, the Hougang South Interchange bid farewell to residents to make way for more developments by the Government. Complimentary tickets were distributed to thank the residents for their support over the years. Most of the services previously stopping at the interchange were re-routed to serve Hougang Central Bus Interchange.

15 APRIL

'GRACIOUS MOVEMENTS' CAMPAIGN

SBS Transit embarked on a 'Gracious Movements' campaign to instill a sense of graciousness amongst commuters in Singapore. In all, 500 commuters were given a heart-shaped pewter key chain for their kind acts over a three-month period.

SBS TRANSIT STEPS UP SECURITY IN BUSES, AT BUS INTERCHANGES AND ON THE NORTH EAST LINE (NEL)

SBS Transit embarked on an intensive programme to enhance security in buses, at bus interchanges, in trains and at NEL stations to minimise threats to the transport system.

20 JUNE

NEL 1ST YEAR ANNIVERSARY

NEL celebrated its 1st year Anniversary amid much fanfare. Train reliability in peak hours averaged at 99.5% which is above the Licence Condition target of 98%. **1**

1 AUGUST

INTRODUCTION OF VEHICLE LOCATION SYSTEM TO BUS SERVICES

The Vehicle Location System, which uses satellite technology to deduct fares automatically, was introduced in phases.

SBS TRANSIT TAKES ON PRESIDENT'S CHALLENGE FOR THE 3RD YEAR

For the third year running, SBS Transit helped raised more than \$400,000 for the President's Challenge through the iconic Heart Bus. **2**

5 SEPTEMBER

SERVICE 160 STARTS ITS INAUGURAL TRIP TO JOHOR BAHRU

Service 160 was launched to benefit residents staying in the West by offering direct links to Johor Bahru. Commuters also enjoyed the benefit of transferring between Service 160 and Service 170 at the Woodlands and Johor Bahru checkpoints without having to pay additional fares for the transfer. **3**

6 OCTOBER

TRANSPORT GOLD AWARD

30 SBS Transit staff were awarded the prestigious Transport Gold Award which honours staff with the best customer service in the public transport industry.



18 OCTOBER

LAUNCH OF *SEND 655

SBS Transit started a pilot run of this new service on Service 518 enabling users to check bus arrival times using their mobile phones. The service makes use of the Location Base Service technology to provide estimated bus arrival times for commuters, helping them to better plan and manage their travel time. **4**

29 OCTOBER

LAUNCH OF SERVICE 115

Service 115 was launched to link Hougang residents from Hougang Avenue 3 to Kovan City at Hougang Street 21 by Madam Cynthia Phua, MP for Paya Lebar Aljunied GRC.

4 NOVEMBER

ENHANCEMENT OF SERVICE 60

Service 60 was enhanced to serve residents of Blocks 611 to 632 along Bedok Reservoir Road in the direction towards Bedok Interchange.

1 DECEMBER

LAND TRANSPORT AUTHORITY (LTA) HANDS OVER PUNGGOL LRT TO SBS TRANSIT FOR TRIAL RUNNING

The Punggol LRT system, which serves residents in Punggol new town, was handed over to SBS Transit by LTA for trial runs. **5**

13 DECEMBER

LAUNCH OF CITYBUZZ SERVICE

Three CityBuzz Services looping the city centre including Orchard Road, Little India and Chinatown were launched. **6**

23 DECEMBER

THANK YOU COMMUTERS DAY

SBS Transit handed out 20,000 packets of premium rice to commuters to thank them for their support and patronage. **7**

25 DECEMBER

EXTENDED COVERAGE OF SERVICE 325

Coverage of feeder Service 325 was extended to serve residents of Hougang Street 51, 91 and 93, linking them to Hougang Avenues 2 and 10.



Corporate Information

BOARD OF DIRECTORS

Chairman	Mr Lim Jit Poh
Deputy Chairman	Mr Kua Hong Pak
Members	Mr Cheong Yip Seng Mr Chin Harn Tong Mr John De Payva Mr Tan Kong Eng Mr Wee Siew Kim Mr Wong Chin Huat, David

AUDIT COMMITTEE

Chairman	Mr Wee Siew Kim
Members	Mr Chin Harn Tong Mr Kua Hong Pak

NOMINATING COMMITTEE

Chairman	Mr John De Payva
Members	Mr Chin Harn Tong Mr Wong Chin Huat, David

REMUNERATION COMMITTEE

Chairman	Mr Cheong Yip Seng
Members	Mr John De Payva Mr Lim Jit Poh

CORPORATE DIRECTORY

Company Secretary	Mr Tan Cher Chong, Bobby
Registered Office	205 Braddell Road Singapore 579701 Mainline (65) 6284 8866 Facsimile (65) 6287 0311 Website www.sbstransit.com.sg
Company Registration Number	199206653M
Share Registrar	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
Auditors	Deloitte & Touche Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809
Partner-in-charge	Mr Philip Yuen Ewe Jin
Date of Appointment	24 May 2002

FINANCIAL STATEMENTS

CONTENTS

Report of the Directors	38
Auditors' Report	43
Balance Sheets	44
Consolidated Profit and Loss Statement	45
Consolidated Statement of Changes in Equity	46
Consolidated Cash Flow Statement	47
Notes to the Financial Statements	48
Statement of Directors	69

Report of the Directors

The directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended December 31, 2004 and the balance sheet of the Company as at December 31, 2004.

1 DIRECTORS

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

Lim Jit Poh (Chairman)
 Kua Hong Pak (Deputy Chairman)
 Cheong Yip Seng
 Chin Harn Tong
 John De Payva
 Tan Kong Eng
 Wee Siew Kim
 Wong Chin Huat, David

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	HELD IN THE NAME OF DIRECTOR			DEEMED INTEREST		
	At January 1, 2004	At December 31, 2004	At January 21, 2005	At January 1, 2004	At December 31, 2004	At January 21, 2005
Interest in the Company						
(a) Ordinary shares of \$0.25 each						
Cheong Yip Seng	-	-	120,000	-	-	-
Tan Kong Eng	4,800	4,800	4,800	691,548	691,548	691,548
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	180,000	230,000	230,000	-	-	-
Kua Hong Pak	150,000	195,000	195,000	-	-	-
Cheong Yip Seng	120,000	155,000	35,000	-	-	-
Chin Harn Tong	100,000	130,000	130,000	-	-	-
John De Payva	100,000	135,000	135,000	-	-	-
Tan Kong Eng	100,000	130,000	130,000	-	-	-
Wee Siew Kim	120,000	155,000	155,000	-	-	-
Wong Chin Huat, David	120,000	150,000	150,000	-	-	-

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

	HELD IN THE NAME OF DIRECTOR			DEEMED INTEREST		
	At January 1, 2004	At December 31, 2004	At January 21, 2005	At January 1, 2004	At December 31, 2004	At January 21, 2005
Interest in ultimate holding company, ComfortDelGro Corporation Limited						
(a) Ordinary shares of \$0.25 each						
Lim Jit Poh	270,848	457,636	457,636	-	-	-
Kua Hong Pak	124,530	874,530	874,530	-	-	-
Tan Kong Eng	64,162	64,162	64,162	9,277,513	9,277,513	9,277,513
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	573,577	686,789	686,789	-	-	-
Kua Hong Pak	750,000	1,350,000	1,350,000	-	-	-
Wong Chin Huat, David	100,000	250,000	250,000	-	-	-
Interest in related company, VICOM Ltd						
(a) Ordinary shares of \$0.25 each						
Lim Jit Poh	30,000	30,000	30,000	-	-	-
Cheong Yip Seng	10,000	10,000	10,000	-	-	-
(b) Options to subscribe for ordinary shares of \$0.25 each						
Lim Jit Poh	140,000	150,000	150,000	-	-	-
Kua Hong Pak	36,000	45,000	45,000	-	-	-
Cheong Yip Seng	53,000	-	-	-	-	-

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.

Report of the Directors

5 SHARE OPTIONS

a) SBS Transit Share Option Scheme

- i) The SBS Transit Share Option Scheme (the "SSOS") was approved by the shareholders of the Company on June 9, 2000. The SSOS is administered by the Remuneration Committee (the "Committee") comprising Messrs Cheong Yip Seng, John De Payva and Lim Jit Poh.
- ii) The SSOS provides the Company with a means whereby (a) employees of the Company and its subsidiary of the rank of Executive and above, and (b) certain categories of persons who are not employees but who work closely with the Company and its subsidiary, are given an opportunity to participate in the equity of the Company. A person who is a controlling shareholder of the Company or an associate of a controlling shareholder of the Company is not eligible to participate in the SSOS.
- iii) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares of \$0.25 each in the share capital of the Company comprised in the option at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in an option may be adjusted in certain events under the rules of the SSOS. Additionally, in the case of incentive options, depending on the extent to which set

performance targets are met, the subscription price of such options may be adjusted by a discount of up to 20% at the end of an incentive period. Such options may also be cancelled if the targets are not met. The consideration for the grant of an option is \$1.00. The option may be exercised at any time after the first anniversary of, or in the case of incentive options, after the second anniversary of, the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive directors) of the date of grant of that option or such shorter period as determined by the 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 Committee.

- iv) Participants of the SSOS are not restricted from participating in other share option or share incentive schemes, whether implemented by the Company or its subsidiary or otherwise.
- v) 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 December 31, 2004 were as follows:

NUMBER OF SHARES UNDER OPTIONS							
Date of grant	Outstanding at January 1, 2004	Granted	Exercised	Cancelled/ lapsed	Outstanding at December 31, 2004	Subscription price per share	Expiry date
September 26, 2000	1,095,000	-	-	(93,000)	1,002,000	\$1.59	September 26, 2010
September 6, 2001	1,250,000	-	-	(123,000)	1,127,000	\$1.60	September 6, 2011
August 22, 2003	1,600,000	-	(165,000)	(84,000)	1,351,000	\$1.29	August 22, 2013
August 22, 2003	495,000	-	-	-	495,000	\$1.29	August 22, 2008
December 10, 2003	1,520,000	-	(43,000)	(29,000)	1,448,000	\$1.22	December 10, 2013
December 10, 2003	495,000	-	-	-	495,000	\$1.22	December 10, 2008
July 19, 2004	-	1,286,250	-	-	1,286,250	\$1.60	July 19, 2014
July 19, 2004	-	290,000	-	-	290,000	\$1.60	July 19, 2009
	<u>6,455,000</u>	<u>1,576,250</u>	<u>(208,000)</u>	<u>(329,000)</u>	<u>7,494,250</u>		

The options outstanding as at December 31, 2004 include 448,750 options granted to former employees of the Group, who have been granted an extension of time from their respective dates of cessation of employment, by the Committee to exercise their outstanding options.

5 SHARE OPTIONS (CONT'D)

vi) Details of the options granted to directors during the financial year and since the commencement of the SSOS up to December 31, 2004 were as follows:

Director	NUMBER OF SHARES UNDER OPTIONS			
	Granted during the financial year ended December 31, 2004	Granted since the commencement to December 31, 2004	Exercised since the commencement to December 31, 2004	Outstanding as at December 31, 2004
Lim Jit Poh	50,000	230,000	-	230,000
Kua Hong Pak	45,000	195,000	-	195,000
Cheong Yip Seng	35,000	155,000	-	155,000
Chin Harn Tong	30,000	130,000	-	130,000
John De Payva	35,000	135,000	-	135,000
Tan Kong Eng	30,000	130,000	-	130,000
Wee Siew Kim	35,000	155,000	-	155,000
Wong Chin Huat, David	30,000	150,000	-	150,000

The terms of the options granted to the directors during the financial year are disclosed in paragraph 5(a)(iii) above.

vii) None of the options granted under the SSOS included a discount feature to the market price of the shares at the time of grant. None of the options granted were incentive option. No participants to the SSOS are controlling shareholders of the Company and their associates.

viii) None of the directors or employees of the Company and its subsidiary received 5% or more of the total number of options available to all directors and employees of the Company and its subsidiary under the SSOS for the financial year ended December 31, 2004.

b) **Except as disclosed in paragraph 5(a) above:**

i) during the financial year, there were no other options granted to any person to take up unissued shares in the Company or any corporation in the Group and there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

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

Report of the Directors

6 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises three non-executive directors, of whom two including the Chairman are independent:

Wee Siew Kim (Chairman)
Chin Harn Tong
Kua Hong Pak

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

In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the scope and results of their respective audits.

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

The Audit Committee has nominated Deloitte & Touche for re-appointment as auditors of the Company at the forthcoming annual general meeting.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Singapore
February 14, 2005

Auditors' Report

to the Members of SBS Transit Ltd

We have audited the accompanying financial statements of SBS Transit Ltd for the year ended December 31, 2004 set out on pages 44 to 68. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2004 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche

Certified Public Accountants

Philip Yuen Ewe Jin

Partner

Singapore

February 14, 2005

Balance Sheets

December 31, 2004

	Note	THE COMPANY		THE GROUP	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
ASSETS					
Current assets:					
Cash and bank balances	4	80,653	84,638	80,653	84,638
Short-term investments	5	222,163	158,148	222,163	158,148
Trade receivables	6	3,530	3,680	3,530	3,680
Other receivables and prepayments	7	11,120	59,594	11,120	59,578
Inventories	8	10,715	9,898	10,715	9,898
Total current assets		328,181	315,958	328,181	315,942
Non-current assets:					
Subsidiary	9	-	-	-	-
Associates	10	1,026	1,026	2,355	2,174
Other investments	11	31,927	5,000	31,927	5,000
Vehicles, premises and equipment	12	168,878	187,569	168,878	187,569
Total non-current assets		201,831	193,595	203,160	194,743
Total assets		530,012	509,553	531,341	510,685
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables	13	115,046	96,653	115,046	96,653
Fuel price equalisation account	14	34,075	34,075	34,075	34,075
Loan payable	15	50,000	-	50,000	-
Provision for claims	16	7,390	8,020	7,390	8,020
Income tax payable		13,754	9,249	13,754	9,249
Total current liabilities		220,265	147,997	220,265	147,997
Non-current liabilities:					
Other payable	17	-	36,942	-	36,942
Loan payable	15	-	50,000	-	50,000
Deferred tax liabilities	18	19,818	19,825	19,818	19,825
Provision for service benefits and long service awards	19	12,522	11,143	12,522	11,143
Total non-current liabilities		32,340	117,910	32,340	117,910
Capital and reserves:					
Issued capital	20	74,456	74,404	74,456	74,404
Capital reserves	21	1,033	820	1,033	820
Accumulated profits		201,918	168,422	203,247	169,554
Total equity		277,407	243,646	278,736	244,778
Total liabilities and equity		530,012	509,553	531,341	510,685

See accompanying notes to the financial statements.

Consolidated Profit and Loss Statement

Year ended December 31, 2004

	Note	2004 S'000	2003 S'000
Turnover	22	559,620	538,211
Other operating income		12,924	10,104
Revenue		572,544	548,315
Staff costs	23	(263,946)	(267,008)
Repairs and maintenance		(77,269)	(72,503)
Energy and fuel costs		(71,699)	(54,638)
Premises costs		(30,972)	(27,694)
Depreciation expense		(27,584)	(47,064)
Other operating expenses		(48,342)	(101,808)
Total operating expenses		(519,812)	(570,715)
Exceptional item	28	-	47,257
Profit from operations		52,732	24,857
Finance costs	24	2,434	(3,392)
Net income from other investments	25	4,733	3,975
Share of profit in associate		226	223
Profit before taxation	26	60,125	25,663
Taxation	27	(10,956)	(6,648)
Profit attributable to shareholders		49,169	19,015
Earnings per share (in cents):			
Basic	29	16.52	6.39
Diluted	29	16.49	6.39

See accompanying notes to the financial statements.

Vision & Mission
Financial Highlights
Chairman's Statement
Board of Directors
Key Management

Operations Review
Corporate Governance
Significant Events
Corporate Information
Financial Statements

Share Price Movement Chart
Shareholding Statistics
Notice of Annual General Meeting

Consolidated Statement of Changes in Equity

Year ended December 31, 2004

	Issued capital S'000	Capital reserves S'000	Accumulated profits S'000	Total S'000
Balance at January 1, 2003	74,404	820	164,467	239,691
Net profit for the year	-	-	19,015	19,015
Payment of dividends (Note 34)	-	-	(13,928)	(13,928)
Balance at December 31, 2003	74,404	820	169,554	244,778
Exercise of share options	52	213	-	265
Net profit for the year	-	-	49,169	49,169
Payment of dividends (Note 34)	-	-	(15,476)	(15,476)
Balance at December 31, 2004	74,456	1,033	203,247	278,736

See accompanying notes to the financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2004

	2004 \$'000	2003 \$'000
Cash flows from operating activities:		
Profit before taxation	60,125	25,663
Adjustments for:		
Development costs written down	1,191	51,162
Depreciation expense	27,584	47,064
Gain on disposal of vehicles and equipment	(796)	(508)
Net interest (write back) expense	(2,434)	3,392
Interest income	(4,542)	(4,097)
Provision for claims	1,864	2,152
Provision for service benefits and long service awards	1,818	423
Share of profit in associate	(226)	(223)
Operating profit before working capital changes	84,584	125,028
Trade receivables	150	262
Other receivables and prepayments	48,908	(45,758)
Inventories	(817)	1,140
Trade payables	15,353	(1,907)
Payment for claims	(2,494)	(3,220)
Payment for service benefits and long service awards	(439)	(1,153)
Cash generated from operations	145,245	74,392
Interest paid	(1,212)	(1,226)
Income tax paid	(6,413)	(12,197)
Dividend paid	(15,476)	(13,928)
Net cash flow from operating activities	122,144	47,041
Cash flows from (used in) investing activities:		
Interest received	4,092	4,449
Other payable	(30,256)	-
Proceeds from disposal of vehicles and equipment	1,542	610
Transfer of equipment to ultimate holding company	13	-
Transfer of vehicles, premises and equipment (from) to immediate holding company	(7,100)	245
Transfer of vehicles and equipment (from) to related companies	(95)	23
Purchase of vehicles and equipment	(3,648)	(25,535)
(Purchase) Redemption of investments	(90,942)	12,729
Transfer of other investment to immediate holding company	-	126
Net cash used in investing activities	(126,394)	(7,353)
Cash flows from financing activity:		
Proceeds from share issue resulting from exercise of share options	265	-
Net (decrease) increase in cash and cash equivalents	(3,985)	39,688
Cash and cash equivalents at beginning of year	84,638	44,950
Cash and cash equivalents at end of year (Note 4)	80,653	84,638

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2004

1 GENERAL

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

The principal activities of the Company are the provision of public transport services, namely bus and rail services. The principal activity of the subsidiary is described in Note 9.

The financial statements are expressed in Singapore dollars.

The financial statements of the Company and the consolidated financial statements of the Group for the year ended December 31, 2004 were authorised for issue by the Board of Directors on February 14, 2005.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) **BASIS OF ACCOUNTING** – The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”).
- b) **BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Company and the enterprise controlled by the Company (its subsidiary) made up to December 31 of each financial year. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the subsidiary are measured at their fair values at the date of acquisition. The results of subsidiary acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances between the Group enterprises are eliminated on consolidation.

Associates are entities over which the Group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

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

- c) **FINANCIAL ASSETS** – The Company's and the Group's principal financial assets are cash and bank balances, investments and trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts.
- d) **FINANCIAL LIABILITIES AND EQUITY** – Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities include trade payables, interest-bearing loans and other payable.

The accounting policy adopted for finance lease obligations is outlined below.

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the fair value of consideration received, net of direct issue costs.

- e) **INVESTMENTS** – Investments are recorded on trade date. Other investments where the Company and the Group are not in a position to exercise control or significant influence are stated at cost less impairment loss. Losses are recognised when the investment's carrying amount exceeds its estimated recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Quoted investments held on a short-term basis are stated at the lower of cost and market value on an aggregate portfolio basis.

Unquoted investments held on a short-term basis are stated at cost less impairment loss.

- f) **VEHICLES, PREMISES AND EQUIPMENT** – Vehicles, premises and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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

Leasehold land and building	Number of years over terms of lease which are 8 and 28 years
Buses	12
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	3 to 5
Furniture, fittings and equipment	7
Motor vehicles	5

During the financial year, the Group changed the estimate of the useful life of buses from 8 years to 12 years to reflect more appropriately its useful life. As a result of the change, depreciation expense was lower and consequently, profit after tax was higher by \$12,600,000 for the Company and the Group for the financial year ended December 31, 2004.

Leasehold land and building are depreciated over the remaining lives of their leases.

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

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.

- g) **IMPAIRMENT OF ASSETS** – At each balance sheet date, the Company and the Group review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company and the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. 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 (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

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

- h) **INVENTORIES** – Inventories consisting mainly of parts, accessories and consumable stores required for the operation and maintenance of vehicles and certain equipment are measured at the lower of cost (weighted average method) and net realisable value.

Notes to the Financial Statements

December 31, 2004

2 SUMMARY OF SIGNIFICANT ACCOUNTING

POLICIES (CONT'D)

- i) 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease using the effective interest rate method.

Rental payable under operating leases are charged to profit and loss statement on a straight-line basis over the term of the relevant lease.

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

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

In the year when the actual diesel price and electricity tariff is above the standard diesel price and electricity tariff, the fuel price equalisation account previously set up is released to that year's profit and loss statement to the extent that the balance outstanding in the fuel price equalisation account after draw down, is at or above that year's consumption using the standard diesel price and electricity tariff.

- k) PROVISION FOR CLAIMS – Claims for accidents, public liabilities and others are provided in the financial statements based on the claims outstanding and the estimated amounts payable.

- l) PROVISIONS – A provision is recognised when the Company and the Group have a present obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

- m) SERVICE BENEFITS:

These comprise the following:

- (i) Retirement Benefits – Under the Collective Agreement entered into by the Company with the Union, a retirement benefit of \$3,000 is payable to a retiring employee when such employee retires on or after attaining the age of sixty 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 services rendered by qualifying employees.

- (ii) 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 services rendered by qualifying employees.

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

- (iii) Apart from the Retirement Benefits described above, the Group participates in the defined contribution retirement benefit plan managed by the Singapore Government (“Singapore Central Provident Fund”). Payments made to these plans are charged as an expense when they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(v) Share options are not recorded as an expense. When exercised, the exercise price is allocated between issued capital and share premium accordingly.

n) **REVENUE RECOGNITION** – Revenue from rendering of services that are of short duration is recognised when services are completed.

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

Dividend income from investments is recognised when the right to receive payment has been established.

o) **INCOME TAX** – Tax expense is determined on the basis of tax-effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the tax asset is realised or the tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

p) **FOREIGN CURRENCY TRANSACTIONS** – Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are reported at rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement. Exchange differences arising from monetary assets and liabilities denominated in foreign currencies at balance sheet date that are hedged against future commitments are dealt with in the same manner as the underlying hedged transactions.

q) **CASH AND CASH EQUIVALENTS** – Cash and cash equivalents for cash flow statement comprise cash, bank balances and fixed deposits.

3 HOLDING COMPANY AND RELATED COMPANIES

The Company's immediate and ultimate holding company are DelGro Corporation Limited and ComfortDelGro Corporation Limited respectively, both incorporated in the Republic of Singapore. Members of the ultimate holding company's group of companies are referred to as related companies in these financial statements.

During the financial year, the Company had transactions with its ultimate and immediate holding company and related companies and the effects of these on the bases determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and without fixed repayment terms unless stated otherwise.

Notes to the Financial Statements

December 31, 2004

3 HOLDING COMPANY AND RELATED COMPANIES (CONT'D)

Significant intercompany transactions are as follows:

	2004 \$'000	2003 \$'000
Purchase of inventories from a related company	28,927	27,747
Rental expense from immediate holding company	10,315	13,734
Purchase of other goods and services from:		
Ultimate holding company	2,051	-
Immediate holding company	-	1,641
Related companies	810	1,188
Transfer of vehicles, premises and equipment from:		
Immediate holding company	7,100	17
Related company	99	-
Sale of goods and services to:		
Ultimate holding company	(261)	-
Immediate holding company	-	(74)
Related companies	(2,970)	(2,230)
Transfer of vehicles and equipment to:		
Ultimate holding company	(13)	-
Immediate holding company	-	(262)
Related company	(4)	(23)

4 CASH AND BANK BALANCES

THE COMPANY AND GROUP

	2004 \$'000	2003 \$'000
Cash and bank balances	3,490	4,385
Fixed deposits	77,163	80,253
Total	80,653	84,638

5 SHORT-TERM INVESTMENTS

THE COMPANY AND GROUP

	2004 \$'000	2003 \$'000
i) Quoted investments, at cost:		
Bonds in corporations (Market value of bonds \$15,351,000; 2003 : \$32,163,000)	14,418	30,648
Notes in corporations (Market value of notes \$10,000,000; 2003 : \$10,000,000)	10,000	10,000
ii) Unquoted investments, at cost:		
Bonds in corporations	7,752	8,500
Notes in corporations	189,993	109,000
Total – at cost	222,163	158,148

6 TRADE RECEIVABLES

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Outside parties	3,876	3,873
Provision for doubtful trade receivables	(346)	(193)
Net	3,530	3,680

7 OTHER RECEIVABLES AND PREPAYMENTS

	THE COMPANY		THE GROUP	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Receivables from:				
Ultimate holding company	290	29	290	29
Immediate holding company	80	109	80	109
Subsidiary	16	16	-	-
Associate	242	213	242	213
Related companies	530	397	530	397
Receivable from the Land Transport Authority of Singapore ("LTA") (Note 28)	-	47,257	-	47,257
Prepayments	4,192	5,210	4,192	5,210
Interest receivable	1,302	852	1,302	852
Security deposits with:				
– immediate holding company	2,293	4,231	2,293	4,231
– outside parties	487	132	487	132
Others	1,704	1,148	1,704	1,148
Total	11,136	59,594	11,120	59,578
Less provision for doubtful debts from subsidiary	(16)	-	-	-
Net	11,120	59,594	11,120	59,578

8 INVENTORIES

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
At cost	10,715	10,299
Less provision for inventory obsolescence	-	(401)
Net	10,715	9,898

Notes to the Financial Statements

December 31, 2004

9 SUBSIDIARY

	THE COMPANY	
	2004 S'000	2003 S'000
Unquoted equity shares – at cost	-	-

The Company has a 100% (2003 : 100%) equity interest in Monteria Pte Ltd, incorporated in the Republic of Singapore.

The subsidiary's role was to assume the rights and obligations under certain leases and related agreements previously entered into by a related company. The subsidiary is dormant during the financial year.

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

10 ASSOCIATES

	THE COMPANY		THE GROUP	
	2004 S'000	2003 S'000	2004 S'000	2003 S'000
Unquoted equity shares – at cost	1,071	1,071	1,071	1,071
Share of post-acquisition reserves	-	-	1,284	1,103
Total	1,071	1,071	2,355	2,174
Impairment loss	(45)	(45)	-	-
Net	1,026	1,026	2,355	2,174

The Group's investment in associates are as follows:

Associate	Principal activity	Country of incorporation/ operations	Cost of investments		Group's effective interest	
			2004 S'000	2003 S'000	2004 %	2003 %
TransitLink Pte Ltd ^{(1) (2)}	Provide support services to the transport operators in Singapore	Singapore	1,026	1,026	33 ¹ / ₃	33 ¹ / ₃
EzCard Pte Ltd ⁽²⁾	Provide support services to the transport operators in Singapore (in liquidation)	Singapore	45	45	45	45
Total			1,071	1,071		

⁽¹⁾ During the financial year, TransitLink Pte Ltd earned a service fee of \$11,508,000 (2003 : \$13,261,000) from the Company.

⁽²⁾ Audited by PricewaterhouseCoopers, Singapore.

11 OTHER INVESTMENTS

THE COMPANY AND GROUP

	2004 \$'000	2003 \$'000
Quoted bonds in corporations, at cost (Market value of bonds \$33,350,000; 2003 : \$5,000,000)	31,927	5,000

12 VEHICLES, PREMISES AND EQUIPMENT

	Leasehold land and building \$'000	Buses \$'000	Computers and automated equipment \$'000	Workshop machinery, tools and equipment \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Capital project in progress \$'000	Total \$'000
The Company and Group								
Cost:								
At beginning of year	50,069	688,746	73,124	16,326	10,731	4,050	23,455	866,501
Write down (Note b)	-	-	-	-	-	-	(1,191)	(1,191)
Additions	-	216	680	755	140	119	1,738	3,648
Disposals	-	(876)	(11,705)	(2,682)	(323)	(78)	-	(15,664)
Transfer from (to) related companies	20,083	99	(5,280)	(67)	(57)	-	-	14,778
At end of year	70,152	688,185	56,819	14,332	10,491	4,091	24,002	868,072
Accumulated depreciation:								
At beginning of year	3,131	614,900	41,163	11,464	5,118	3,156	-	678,932
Charges	2,230	13,903	8,271	1,504	1,252	424	-	27,584
Disposals	-	(876)	(11,677)	(2,019)	(269)	(77)	-	(14,918)
Transfer from (to) related companies	12,983	-	(5,269)	(67)	(51)	-	-	7,596
At end of year	18,344	627,927	32,488	10,882	6,050	3,503	-	699,194
Depreciation for last year	1,814	33,095	8,755	1,601	1,337	462	-	47,064
Net carrying amount:								
At end of year	51,808	60,258	24,331	3,450	4,441	588	24,002	168,878
At beginning of year	46,938	73,846	31,961	4,862	5,613	894	23,455	187,569

Note:

a) Included under buses are:

- i) Buses with a total cost of \$115,796,000 (2003 : \$115,796,000) and net book value of \$3,292,000 (2003 : \$4,118,000) under finance leases for which the lease obligations have been legally defeased.
- ii) Buses with a total cost of \$105,516,000 (2003 : \$105,516,000) and net book value of \$37,561,000 (2003 : \$42,930,000) which is the subject of financing arrangements with a financial institution. The Group's legal obligations under the financing arrangements have been legally defeased (Note 31).

Notes to the Financial Statements

December 31, 2004

12 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

b) This pertains to write down of certain development costs.

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

Location	Approximate land area	Tenure	Usage
Lot 3682 K, Mukim 6 Soon Lee Road Singapore	26,670 sq m	30 years from April 1, 2000	Bus depot
No. 550 Bukit Batok Street 23 Singapore	52,187 sq m	30 years from January 1, 1983	Bus depot
No. 4 Defu Ave 1 Singapore	74,236 sq m	30 years from January 1, 1983	Bus depot
No. 1470 Bedok North Ave 4 Singapore	62,220 sq m	Under Temporary Occupation Licence Issued by Land Authority of Singapore	Bus depot
No. 2A Ayer Rajah Crescent Singapore	17,939 sq m	Under Temporary Occupation Licence Issued by Land Authority of Singapore	Bus park

13 TRADE PAYABLES

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Payables to:		
Ultimate holding company	489	-
Immediate holding company	-	1,253
Related companies	4,601	3,400
Associate	2,979	1,508
Outside parties	19,861	12,973
Accruals	80,823	67,732
Others	6,293	9,787
Total	115,046	96,653

Included under balance due to outside parties is an amount of \$8,443,000 (2003 : \$1,981,000) representing the current amount due to the LTA arising from the acquisition of the Enhanced Integrated Fare System ("EIFS") as further elaborated in Note 17.

14 FUEL PRICE EQUALISATION ACCOUNT

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Balance at beginning and end of year	34,075	34,075

15 LOAN PAYABLE

The 3-year fixed rate notes issued to third parties are due in 2005, unsecured and bear interest at 2.45% (2003 : 2.45%) per annum payable on a semi-annual basis.

16 PROVISION FOR CLAIMS

This represents the net estimated amounts payable to outside parties for accidents involving buses and rail:

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Balance at beginning of year	8,020	9,088
Charge to profit and loss (Note 26)	1,864	2,152
Payments	(2,494)	(3,220)
Balance at end of year	7,390	8,020

17 OTHER PAYABLE

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Amounts due to LTA	8,443	38,923
Less:		
Due within 12 months	(8,443)	(1,981)
Due after 12 months	-	36,942

The amounts due to LTA pertains to the Company's acquisition of the EIFS in 2002.

After discussions with LTA, an amount of \$30,256,000 was paid to LTA during the year and the balance of \$8,443,000 is included as part of trade payables. No interest will be chargeable on the amounts due to LTA. Accordingly, a write-back of interest expense previously accrued for amounting to \$3,646,000 was made, as disclosed in Note 24.

For the prior year, the repayment amount for the first two years was based on a percentage of net revenue earned from bus operations adjusted for certain variables such as fare leakage savings.

Notes to the Financial Statements

December 31, 2004

18 DEFERRED TAX LIABILITIES

	THE COMPANY AND GROUP	
	2004 S'000	2003 S'000
Balance at beginning of year	19,825	21,287
Effect of change in tax rate (Note 27)	(1,179)	-
Transfer from (to) income tax payable	1,172	(1,462)
Balance at end of year	19,818	19,825

The balance in the financial statements comprises the tax effect of:

Excess of tax over book depreciation	24,372	32,848
Provision for fuel equalisation	(6,815)	(7,496)
Other provisions	2,261	(5,527)
Net	19,818	19,825

19 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	THE COMPANY AND GROUP	
	2004 S'000	2003 S'000
Balance at beginning of year	11,143	11,873
Charge to profit and loss (Note 26)	1,818	423
Payments	(439)	(1,153)
Balance at end of year	12,522	11,143

20 ISSUED CAPITAL

	THE COMPANY AND GROUP			
	2004 Number ('000) of ordinary shares of \$0.25 each	2003	2004 S'000	2003 S'000
Authorised	400,000	400,000	100,000	100,000
Issued and fully paid:				
At beginning of year	297,615	297,615	74,404	74,404
Issued pursuant to the share option scheme	208	-	52	-
At end of year	297,823	297,615	74,456	74,404

21 CAPITAL RESERVES

THE COMPANY AND GROUP

	2004 \$'000	2003 \$'000
Share premium:		
At beginning of year	20	20
Arising during the year	213	-
At end of year	233	20
Capital redemption reserve:		
At beginning and end of year	800	800
Total	1,033	820

22 TURNOVER

Turnover comprises the following amounts:

THE GROUP

	2004 \$'000	2003 \$'000
Transport services:		
Bus	485,628	496,196
Rail	55,612	24,949
Advertisements	18,380	17,066
Total	559,620	538,211

23 STAFF COSTS

THE GROUP

	2004	2003
a) Number of employees at end of year	7,136	7,206

THE GROUP

	2004 \$'000	2003 \$'000
b) Included in staff costs are:		
Directors' remuneration	-	208
Defined contribution plan	20,969	22,212

c) SBS Transit Share Option Scheme

The SBS Transit Share Option Scheme ("SSOS") entitles the option holder to subscribe for a specific number of ordinary shares of \$0.25 each in the share capital of the Company.

Details of the SSOS are described in Paragraph 5 of the Report of the Directors.

Notes to the Financial Statements

December 31, 2004

24 FINANCE COSTS

	THE GROUP	
	2004 \$'000	2003 \$'000
Write-back of interest expense to LTA (Note 17)	(3,646)	-
Interest expense to non-related companies	1,212	3,392
Total	(2,434)	3,392

25 NET INCOME FROM OTHER INVESTMENTS

	THE GROUP	
	2004 \$'000	2003 \$'000
Interest income:		
Bonds	2,026	2,639
Fixed deposits	527	211
Floating rate notes	1,989	1,247
Gain (Loss) on disposal of bonds	264	(83)
Others	(73)	(39)
Total	4,733	3,975

26 PROFIT BEFORE TAXATION

In addition to the charges and credits disclosed elsewhere in the notes to the profit and loss statement, this item includes the following charges (credits):

	THE GROUP	
	2004 \$'000	2003 \$'000
Development costs written down	1,191	51,162
Foreign currency exchange adjustment loss	36	177
Gain on disposal of vehicles and equipment	(796)	(508)
Legal fees paid to a firm of which a director is a member	3	-
Provision for inventory obsolescence written back	-	(203)
Proposed directors' fee:		
Directors of Company	264	248
Provision for claims	1,864	2,152
Provision for service benefits and long service awards	1,818	423
Restructuring expenses	-	9,283

27 TAXATION

	THE GROUP	
	2004 \$'000	2003 \$'000
Taxation charge in respect of profit for the financial year:		
Current taxation	12,090	6,599
Associate	45	49
	12,135	6,648
Deferred taxation (Note 18)	(1,179)	-
Net	10,956	6,648

27 TAXATION (CONT'D)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 20% (2003 : 22%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2004 \$'000	2003 \$'000
Taxation charge at statutory rate	12,025	5,646
Non-allowable items	901	2,093
Effect of change in tax rate	(1,179)	-
Transfer from deferred tax	-	(1,462)
Others	(791)	371
Net	10,956	6,648

28 EXCEPTIONAL ITEM

This relates to a receipt for assisting LTA in commissioning the North-East MRT System and the Sengkang LRT System in 2003.

29 EARNINGS PER SHARE

Earnings per share is calculated on the Group profit after income tax shown in the profit and loss statement divided by the weighted average number of ordinary shares in issue during the financial year as follows:

	2004	2003
Net profit for the year (\$'000)	49,169	19,015
Weighted average number of ordinary shares in issue	297,640,849	297,615,016
Basic earnings per share (in cents)	16.52	6.39

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

	2004	2003
Net profit for the year (\$'000)	49,169	19,015
Weighted average number of ordinary shares for diluted earnings per share	298,264,936	297,615,016
Diluted earnings per share (in cents)	16.49	6.39

Notes to the Financial Statements

December 31, 2004

30 BUSINESS SEGMENT INFORMATION

The Group operates principally in Singapore.

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

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

	Bus \$'000	Rail \$'000	Advertisements \$'000	Total \$'000
2004				
TURNOVER	485,628	55,612	18,380	559,620
RESULTS				
Segment results	60,326	(21,719)	13,529	52,136
Unallocated interest expense to non-related companies				(1,208)
Net income from other investments				4,733
Other income				4,238
Share of profit in associate				226
Profit before taxation				60,125
Taxation				(10,956)
Profit after taxation				49,169
OTHER INFORMATION				
Additions of vehicles, premises and equipment	3,138	493	17	3,648
Depreciation expense	26,212	1,280	92	27,584
Non-cash expenses other than depreciation	3,243	435	4	3,682
BALANCE SHEET				
ASSETS				
Segment assets	151,338	37,282	4,321	192,941
Investment in associates				2,355
Unallocated corporate assets				336,045
Consolidated total assets				531,341
LIABILITIES				
Segment liabilities	116,587	48,915	3,021	168,523
Unallocated corporate liabilities				84,082
Consolidated total liabilities				252,605

30 BUSINESS SEGMENT INFORMATION (CONT'D)

	Bus \$'000	Rail \$'000	Advertisements \$'000	Total \$'000
2003				
TURNOVER	496,196	24,949	17,066	538,211
RESULTS				
Segment results	42,970	(35,660)	13,229	20,539
Unallocated interest expense to non-related companies				(1,225)
Net income from other investments				3,975
Other income				2,151
Share of profit in associate				223
Profit before taxation				25,663
Taxation				(6,648)
Profit after taxation				19,015
OTHER INFORMATION				
Additions of vehicles, premises and equipment	4,717	20,818	-	25,535
Depreciation expense	45,489	1,489	86	47,064
Non-cash expenses other than depreciation	1,619	956	-	2,575
BALANCE SHEET				
ASSETS				
Segment assets	171,264	83,971	4,638	259,873
Investment in associates				2,174
Unallocated corporate assets				248,638
Consolidated total assets				510,685
LIABILITIES				
Segment liabilities	91,914	84,568	3,841	180,323
Unallocated corporate liabilities				85,584
Consolidated total liabilities				265,907

Notes to the Financial Statements

December 31, 2004

31 CONTINGENT LIABILITIES – UNSECURED

As at December 31, 2004, the Company and the Group has contingent liabilities totalling \$13,551,000 (2003 : \$14,118,000) in respect of cross border leasing transactions which it has legally defeased all its liabilities under the lease except for the risk of having to pay off this amount to counterparties should it causes the collapse of the leasing transactions. The management is not aware of any conditions that will cause the Company to initiate the collapse of the leasing transactions.

32 COMMITMENTS

a) As at December 31, 2004, the Company and the Group have the following commitments contracted but not provided for in the financial statements:

- i) the purchase of a bus depot from its immediate holding company, DelGro Corporation Limited, amounting to \$1,800,000 (2003 : \$7,100,000).
- ii) the purchase of vehicles and equipment of \$88,755,000 (2003 : \$13,700,000).

iii) Derivative financial instruments:

	2004			2003		
	Notional amount '000	Fair value asset (liability) \$'000	Term to maturity	Notional amount '000	Fair value asset (liability) \$'000	Term to maturity
Forward foreign exchange contracts	-	-	-	US\$4,000	(73)	January to June 2004
Foreign exchange option contracts	-	-	-	US\$2,500	(10)	January to March 2004
Commodity swaps	US\$1,185	24	January to March 2005	US\$6,423	1,489	June and December 2004

32 COMMITMENTS (CONT'D)

The fair values of derivative financial instruments represent the unrealised gains or losses of open contracts of which a net profit of approximately \$24,000 (2003 : \$1,406,000) arising from the hedged assets and liabilities in the balance sheet has not been recognised in the profit and loss statement.

The forward foreign exchange contracts and foreign exchange option contracts were entered into by the Company to hedge US dollar requirements arising from the purchase of fuel and electricity.

The commodity swaps were entered into by the Company to hedge commodity risk arising from its fuel and electricity usage.

b) Operating lease commitments

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Minimum lease payment paid under operating leases (net of rebates)	492	-

As at December 31, 2004, the Company and the Group have operating lease commitments in respect of rental of bus depots with a term of more than one year as follows:

	THE COMPANY AND GROUP	
	2004 \$'000	2003 \$'000
Within one year	5,898	-
In the second to fifth years inclusive	24,621	-
After five years	8,811	-
Total	39,330	-

Notes to the Financial Statements

December 31, 2004

33 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

a) FINANCIAL RISK MANAGEMENT

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

Foreign currency exchange rate risk

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

Interest rate risk

The Group's primary interest rate risk relates to its investments in fixed income securities deposits and its borrowings. As at December 31, 2004, the Group has an outstanding issue of \$50 million Medium Term Notes ("MTN") which bears fixed interest rate till maturity.

Management of interest rate risk is done through a balance of fixed and floating rate assets and liabilities. The interest rate and period of contractual repricing or maturity dates of financial assets and liabilities are disclosed below.

Credit risk

The Group has minimal credit risk arising from its public transport operations. Majority of its commuters use the contactless smart card where cash is collected upfront. Credit risk from bus advertisements is controlled via upfront deposits, strict credit terms and regular monitoring of advertisers' financial standing. It enters into treasury transactions only with creditworthy institutions and seeks to invest in quality investee companies. Almost all of its fixed income investments are above investment grade of at least BBB rated.

There is no significant concentration of credit risk.

Liquidity and funding risk

The Group regularly reviews its liquidity position comprising free cashflows from its operations, credit lines from bank and facility from its Medium Term Note ("MTN") programme to ensure its ability to access funding at any time with the best possible interest rates.

Commodity risk

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

Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities reported in the balance sheets, except for short-term investments and other investments which comprise quoted and unquoted investments, approximate the fair values of these assets and liabilities.

The fair values of quoted investments are disclosed in Notes 5 and 11. It is not practicable within the constraint of cost to reliably determine the fair values of unquoted investments. These are shown at cost, less any impairment in value.

The fair value of derivative financial instrument outstanding at the end of the financial year is disclosed in Note 32(a)(iv).

33 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES (CONT'D)

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

	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000	Effective interest rate during the year
2004					
Financial Assets					
Fixed deposits:					
Singapore dollars	77,163	-	-	77,163	1.10% - 1.40%
Investments:					
Notes	199,993	-	-	199,993	1.34% - 2.50%
Bonds	15,170	23,927	15,000	54,097	1.63% - 9.28%
Total	215,163	23,927	15,000	254,090	
Financial Liabilities					
Loan payable	50,000	-	-	50,000	2.45%
2003					
Financial Assets					
Fixed deposits:					
Singapore dollars	80,253	-	-	80,253	0.45% - 0.69%
Investments:					
Notes	119,000	-	-	119,000	0.89% - 5.76%
Bonds	-	39,148	5,000	44,148	5.08% - 9.28%
Total	119,000	39,148	5,000	163,148	
Financial Liabilities					
Loan payable	-	50,000	-	50,000	2.45%
Other payable	1,981	36,942	-	38,923	5.00% - 6.00%
Total	1,981	86,942	-	88,923	

Notes to the Financial Statements

December 31, 2004

34 DIVIDEND

During the financial year, the Company:

- i) paid a final dividend of 2.75 cents per ordinary share less tax on the ordinary shares of the Company totalling \$6,548,000 (2003 : \$11,607,000) in respect of the previous financial year.
- ii) declared and paid an interim dividend of 3.75 cents per ordinary share less tax on the ordinary shares of the Company totalling \$8,928,000 (2003 : \$2,321,000) in respect of the financial year ended December 31, 2004.

Subsequent to the balance sheet date, the directors of the Company recommended that for the financial year ended December 31, 2004:

- i) a final dividend be paid at 6.25 cents per ordinary share less tax on the ordinary shares of the Company totalling \$14,891,000; and
- ii) a special dividend be paid at 15.00 cents per ordinary share less tax on the ordinary shares of the Company totalling \$35,739,000.

35 LICENCE CONDITION FOR RAIL SERVICES

A licence condition ("LC") dated January 15, 2003 was issued by LTA to the Company under which the Company is licensed to operate the North-East MRT System, Punggol LRT System and the 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 January 15, 2003. The Company may apply to LTA to renew the licence for a further 30 years or any other period and upon terms and conditions as LTA may impose.

- b) An annual licence fee computed based on 0.5% of the total annual fare and non-fare revenue, net of goods and services tax, is payable to LTA for the first 10 years. LTA may retain or modify the basis for the purpose of calculating the licence fee thereafter.
- c) The Company and LTA shall jointly review the viability on the 5th anniversary of the date of the LC or such other period as may be agreed in writing between the Company and LTA. In such review, LTA shall determine the dates and time of the Company's purchase of the operating assets of the licensed system and the amount is based on the net book value as recorded in the latest audited accounts of LTA.
- d) The Company may apply in writing to LTA for a grant to replace any eligible operating assets computed based on the difference between the purchase cost of the new assets and the purchase cost of the operating assets to be replaced ("Replacement Grant").

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

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet of the Company set out on pages 44 to 68 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 December 31, 2004, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Deputy Chairman

Singapore
February 14, 2005

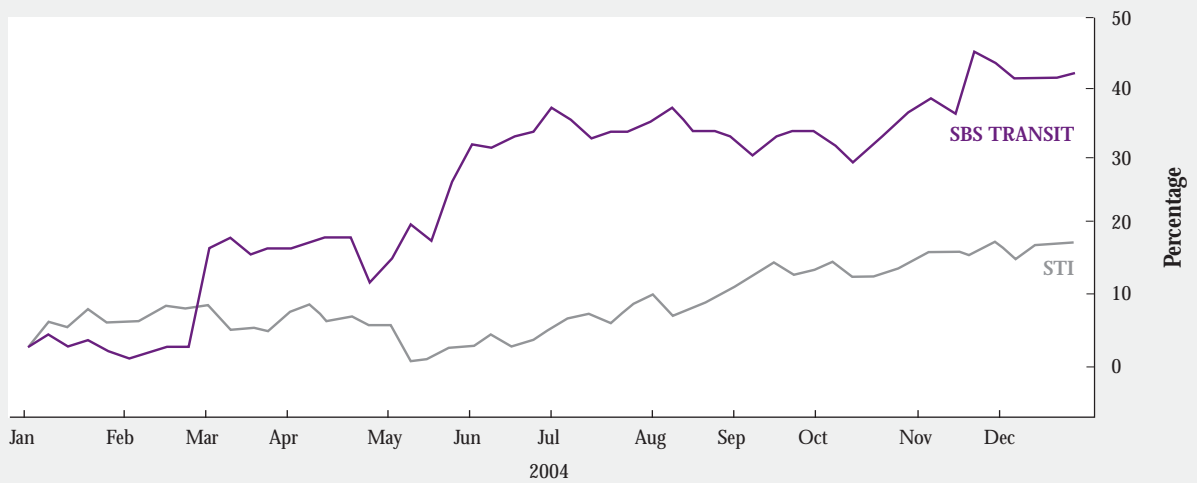
Share Price Movement Chart

SBS TRANSIT'S SHARE PRICE MOVEMENT AND VOLUME TURNOVER



Source: Bloomberg L.P.

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



Source: Bloomberg L.P.

Shareholding Statistics

as at 25 February 2005

Authorised Share Capital	:	S\$100,000,000
Issued And Fully Paid Capital	:	S\$74,577,504
Class Of Shares	:	Ordinary shares of S\$0.25 each with equal voting rights
Voting Rights	:	1 vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	2,146	10.15	710,876	0.24
1,000 – 10,000	18,701	88.42	28,077,490	9.41
10,001 – 1,000,000	294	1.39	13,406,958	4.49
1,000,001 & above	8	0.04	256,114,692	85.86
Total	21,149	100.00	298,310,016	100.00

Top Twenty Shareholders	No. of Shares	%
DelGro Corporation Limited	223,850,012	75.04
DBS Nominees Pte Ltd	11,922,300	4.00
United Overseas Bank Nominees Pte Ltd	6,622,180	2.22
Raffles Nominees Pte Ltd	5,665,500	1.90
HSBC (Singapore) Nominees Pte Ltd	2,383,500	0.80
Citibank Nominees S'pore Pte Ltd	2,227,300	0.75
OCBC Nominees Singapore Pte Ltd	2,167,400	0.73
The Asia Life Assurance Society Ltd – Par Fund	1,276,500	0.43
Changi Bus Company (Private) Limited	691,548	0.23
DB Nominees (S) Pte Ltd	488,500	0.16
UOB Kay Hian Pte Ltd	477,300	0.16
Tan Kay Yeong	472,000	0.16
NTUC Thrift & Loan Co-operative Limited	400,000	0.13
The Asia Insurance Company Limited – Fund Account	390,000	0.13
The Asia Life Assurance Society Ltd – Non-par Fund	377,000	0.13
Asia General Holdings Limited	370,000	0.12
Gautam Kapoor	272,500	0.09
RBC (Asia) Ltd	249,000	0.08
National University Of Singapore	240,000	0.08
Law Siew Ke @ Ivy Yeo Siew Ke	219,000	0.07
Total	260,761,540	87.41

As at 25 February 2005, approximately 24.7% of the issued ordinary shares of SBS Transit Ltd is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS IN WHICH THE SUBSTANTIAL SHAREHOLDER HAS A DIRECT INTEREST		SHAREHOLDINGS IN WHICH THE SUBSTANTIAL SHAREHOLDER HAS A DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
1. DelGro Corporation Limited	223,850,012	75.04	-	-
2. ComfortDelGro Corporation Limited	-	-	223,850,012	75.04

Vision & Mission
Financial Highlights
Chairman's Statement
Board of Directors
Key Management

Operations Review
Corporate Governance
Significant Events
Corporate Information
Financial Statements

Share Price Movement Chart
Shareholding Statistics
Notice of Annual General Meeting

Notice of Annual General Meeting

SBS TRANSIT LTD

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 199206653M)

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Thursday, 28 April 2005 at 2.30 p.m. for the purpose of transacting the following business:

Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2004 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of 25% (6.25 cents) per share less income tax and a special dividend of 60% (15.00 cents) per share less income tax in respect of the financial year ended 31 December 2004. (Resolution 2)
3. To approve the payment of Directors' fees of S\$264,000 for the financial year ended 31 December 2004. (FY2003: S\$247,666) (Resolution 3)
4. To re-elect Mr Chin Harn Tong, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Mr Cheong Yip Seng, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Mr Wee Siew Kim, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 6)
7. 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 7)
8. To re-appoint Messrs Deloitte & Touche as Auditors and authorise the Directors to fix their remuneration. (Resolution 8)

Special Business:

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

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

(a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company;

(b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding at the time this Resolution is passed, and (ii) any subsequent consolidation or subdivision of shares; and

(c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is the earlier."

(Resolution 9)

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

(Resolution 10)

Notice of Annual General Meeting

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from 12 May 2005 to 13 May 2005 (both dates inclusive) for the purposes of determining shareholders' entitlements to the proposed final dividend of 25% (6.25 cents) per share less income tax and special dividend of 60% (15.00 cents) per share less income tax for the financial year ended 31 December 2004.

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 11 May 2005 will be registered before shareholders' entitlements to the proposed final and special dividends are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 11 May 2005 will be entitled to the proposed final and special dividends.

The final and special dividends, if approved by the shareholders at the Twelfth Annual General Meeting of the Company, will be paid on 26 May 2005.

By Order of the Board

Tan Cher Chong, Bobby
Company Secretary
Singapore
18 March 2005

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 and Mr Chin Harn Tong are the Chairman and member of the Audit Committee respectively. They are considered Independent Directors of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 9 is to empower the Directors (from the passing of Resolution 9 until the next Annual General Meeting) to issue shares in the capital of the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders does not exceed 20% of the issued share capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the Company's issued share capital when Resolution 9 is passed, after adjusting for the conversion or exercise of any convertible securities and share options that have been issued or granted and which are outstanding when Resolution 9 is passed, and any subsequent consolidation or subdivision of shares.

Resolution 10 is to authorise the Directors to issue shares upon the exercise of options in accordance with the SBS Transit Share Option Scheme. This scheme was approved by shareholders at the Extraordinary General Meeting held on 9 June 2000.

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

I/We _____ (Name)

of _____ (Address)

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

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

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Thursday, 28 April 2005 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting.

NO.	RESOLUTIONS	FOR*	AGAINST*
1.	Adoption of Directors' Report and Financial Statements		
2.	Declaration of Final Dividend and Special Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Mr Chin Harn Tong as Director		
5.	Re-election of Mr Cheong Yip Seng as Director		
6.	Re-election of Mr Wee Siew Kim as Director		
7.	Re-appointment of Mr Tan Kong Eng as Director under Section 153(6) of the Companies Act, Cap. 50		
8.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
9.	General authority to issue shares		
10.	Authority to issue shares pursuant to exercise of options		

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

Dated this _____ day of _____ 2005

TOTAL NUMBER OF SHARES HELD

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

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES

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

Fold along this line

Affix
postage
stamp

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

Fold along this line

SBS Transit

A member of COMFORTDELGRO

SBS Transit Ltd
205 Braddell Road Singapore 579701

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