Annual Report

2006

ComfortDelGro Corporation Limited

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Contents

Our Vision

To be the undisputed global leader in land transport.

Our Mission

To be the world's number one land transport operator in terms of fleet size, profitability and growth within the next four to six years.

Our Strategies for Success

To look beyond the horizon

Grow within our existing footprint and expand our global footprint

Solve problems which might limit the growth and efficiency of the Group in a prompt manner

Be innovative and open to new ideas and opportunities

To do the right things – right

Never take our eyes off the ball

Continuously redeploy people and assets to projects with greater value

Never be afraid to admit and learn from mistakes

To grow our talent base

By setting the performance bar above industry norms

By giving credit where credit is due

By not stinting on rewards

Our Core Values for Guidance

Results Orientation

We will:
Set challenging and realistic goals

Focus on output

Identify and solve problems

Have a sense of urgency and ownership

Commitment

We will:
Anticipate our customers' needs and constantly upgrade ourselves to provide them with outstanding value and quality service

Reward our shareholders by delivering steady and sustainable results through growth in our core businesses

Care for our staff by providing a challenging environment with ample opportunities for growth and development

Continue to build on staff capabilities through effective recruitment, training and career planning, so as to develop their full potential

Promote teamwork, initiative and creativity

Stay committed to the authorities by upholding industry standards

Integrity and Ethics

We will:
Conduct our affairs in a manner consistent with the highest ethical and professional standards

Engage in fair and honest business practices

Show respect for each other, our customers, business partners, suppliers, shareholders, the authorities and communities we operate in

Communicate in a factual, honest and prompt manner

Be open and transparent in our dealings

Global
Footprint

Global Footprint

Forty thousand vehicles, 22,000 employees, spread over 22 cities in seven countries. This is how big ComfortDelGro is. In just three short years, we have widened our global footprint and strengthened our position as world number two. Going forward, we will continue to look at new opportunities for growth and build on all that we have achieved.


Jilin City
Beijing
Shenyang
Yantai
Suzhou
Shanghai
Chengdu
Chongqing
Hengyang
Xiamen
Nanning
Guangzhou
Ho Chi Minh City
Kuala Lumpur
Singapore
Hunter Valley
Sydney

Lim Jit Poh
Chairman

"We entered our fourth year of operations in 2006 with grave concerns over volatile high oil prices which had persisted from the previous year. The situation had a large negative financial impact on us and our share price. In China, the authorities helped the taxi and the bus companies to offset the huge oil costs. In Singapore, on the other hand, we had to subsidise our taxi drivers heavily so that they could continue to earn decent incomes. Despite the volatility of oil prices, we managed to hedge successfully. The Group continued to grow globally despite the various challenges.

CORPORATE GOVERNANCE

In boardroom affairs, corporate governance issues and failures continued to feature prominently in the newspapers. The role of independent directors was widely debated.

Our Directors received monthly financial reports as well as monthly investor relations reports. Board meetings were held regularly and important issues were discussed. The various mandated Board committees namely the Audit Committee, the Remuneration Committee and the Nominating Committee, continued to discharge their responsibilities and duties objectively and fairly. The self-regulated Investment Committee also had numerous meetings to review and monitor overseas investment activities. It is therefore no surprise that the recently introduced negative assurance undertaking that had to accompany each quarterly results announcement was easily implemented by us, with me and the Managing Director/Group Chief Executive Officer signing it.

I feel that our level of corporate governance is comparatively high. We also put to test the recent revision to the Code of Corporate Governance when a nominee director of the Singapore Labour Foundation (SLF) resigned because of her change in duties. As a result, another nominee took her place on the Board. This is the first change since the Board was established after the successful merger of Comfort Group Ltd and DelGro Corporation Limited in 2003. Under the Code, the new nominee had to be reviewed by the Nominating Committee and then the Board. The fact that this was the person's first time as a director in a listed company had to be disclosed too. The new Director also had to receive a letter of appointment outlining the responsibilities and duties of a Director. In addition, the new Director had to undergo some form of training and attend a familiarisation programme of our operations.

During the year under review, our single largest shareholder, the SLF, sold 6% of its shareholding and is now left with a 12% stake. The Group's shareholder base is now even more diverse.

Needless to say, my working relationship with the Managing Director/Group Chief Executive Officer continues to shape up very well with both of us understanding and respecting each other's role. This has placed us in situations where decisions are properly assessed and made quickly based on two different perspectives.

During the year, the new Minister for Transport made an important speech, asking for a new 10 to 15 year blueprint for the land transport industry. I immediately responded as Chairman of both the Company and our listed subsidiary, SBS Transit Ltd, by forwarding a copy of the speech to the Directors of the two Boards and requesting that meetings be held to put forth our stand as both an investor and a public transport operator.

With our overseas investments on the rise every year, we continue to hold at least one Board meeting outside Singapore, in a country we operate in. In 2006, we had it in Sydney.

A GLOBAL COMPANY

We are the world's second largest land transport Group. We have become a well-respected global leader, not just because of our sheer size, but because of the contributions we have made to the economies we operate in.

This was best seen in 2006 when we were awarded the UK Trade and Investment International Business Award. This is an honour and speaks very well of management.

> "We are the world's second largest land transport Group. We have become a well-respected global leader, not just because of our sheer size, but because of the contributions we have made to the economies we operate in.

Besides the UK, where we operate buses and taxis, we are also present in six other countries. In all, we operate in 22 cities across four time zones.

As at 31 December 2006, we operated 40,448 vehicles, representing an increase of 1,298 or 3% over 2005. Of the vehicles, 51% are in Singapore, 29% in China, 14% in UK and Ireland, 4% in Vietnam and Malaysia and 2% in Australia. We have 21,585 staff globally compared to 19,212 in 2005, a rise of 12%. Our global average daily wage bill in 2006 was S$2.4 million compared to S$2.1 million in 2005, an increase of 14%. Our total assets are worth S$3.1 billion and our shareholders' funds at the end of 2006 stood at S$1.4 billion.

We are transparent in all our business policies. We are focused and will not deviate from our core land transport businesses. We have a declared dividend policy of distributing at least 50% of our profit. We believe we shall be able to use up all the Section 44 tax credits by the deadline of 2007. Our target of achieving at least 50% of our revenue from abroad between five and seven years after merger remains unchanged. A review shall be undertaken after this milestone is reached.

I said in my Statement last year that we should reap profits in some of our matured businesses. I am pleased to say that during the year under review we managed to unlock and enhance shareholders' value in one of our matured assets. I refer to the share swap between CityFleet and Cabcharge Australia. We sold 18% of our stake in CityFleet and in return, we received 4.8 million new Cabcharge Australia shares. However, we still maintain a majority of 67% equity interest in CityFleet. In the process, we made a handsome S$42.1 million gain. Shareholders will benefit from this given our dividend policy. In addition, the new Cabcharge Australia shares increased in value at the end of the year with a share price of A$9.30 compared to the issued price of A$7.88, a rise of 18%. In absolute terms, the gain is about S$8.2 million. We now have slightly more than a 5% stake in the listed company in Sydney.

OVERSEAS ACTIVITIES

Our overseas expansion plan continued aggressively and remains unabated. China is still an attractive market but it is not the only destination.

Australia

In the short period of time that we have been in Sydney, we have made our presence felt. We have introduced innovative measures to our year-old bus operations and are well-received by our partners, the staff and the authorities.

In 2006, we acquired another bus company with 29 buses and six scheduled routes for A$7.7 million (S$9.2 million). Together with an additional investment of 50 buses, we now operate a total of 693 buses on 123 routes.

We were able to replace our old Hunter Valley contracts with an Outer Metropolitan Bus Service Contract, giving us better profitability for the next seven years. As a result, we decided to invest in a depot that was previously on lease. We also invested A$150,000 (S$179,850) in the Sydney Coach Terminal.

In all, we have invested close to S$151.5 million in Australia.

In terms of revenue, our overseas operations accounted for

44%

of our Group's total revenue

Ireland

We also expanded in Ireland by introducing our third bus route. The long-awaited liberalisation of the land transport business in Ireland has yet to take place.

United Kingdom – Britain and Scotland

We operate bus, coach, taxi and private hire vehicles businesses in the United Kingdom.

In London, Metroline continues to perform up to our expectations. We continue to maintain a market share of 14%, running 77 contracts with 1,183 buses. We will be developing a new Central Engineering Facility to improve our engineering capabilities as well as redeveloping our 100-year old Cricklewood Depot. This will enable us to not only house more buses but relocate other administrative and training activities under one roof.

Our partnership with Stagecoach in Scotland is also doing well. We run 91 buses under our 65% subsidiary Scottish Citylink Coaches Limited.

Corporate clients in London, which comprise a large part of our customer base, are now favouring taxis and private hire. We have responded to the changing tastes and acquired two private hire vehicle companies – Flightlink International in London and Onward Travel in Edinburgh. With the introduction of in-vehicle technology, these private hire vehicles have been able to support Computer Cab in account work coverage. It has provided our account customers with a much better level of service.

Likewise, we added 23 vehicles in Scotland through the purchase of an Aberdeen Airport operator. We are also working with the British Airports Authority for an airport rank operation in Aberdeen Airport which is growing rapidly because of the booming oil and gas industry.

By the end of 2006 our total investment in UK reached S$295.8 million compared to S$274.6 million from a year ago. It is still our largest overseas investment destination.

China

Our growth in China continues unabated. Our expansion in 2006 was mainly in the taxi, workshop and driving school businesses. As at the end of 2006, we operated a total of 11,373 vehicles in China – accounting for more than a quarter of our global fleet.

Our new investments in China in 2006 totalled RMB 96.4 million or S$19.2 million. Together with past investments, our figure in China at the end of 2006 stood at RMB 1.3 billion or S$282.4 million. It is our second largest investment destination after the UK. Our top five China cities in terms of investment dollar are (i) Shenyang, (ii) Beijing, (iii) Guangzhou, (iv) Shanghai and (v) Chengdu.

Throughout China, we have been investing in a wide range of land transport businesses – mirroring what we already have in Singapore. This is something we will continue to do.

Our largest bus operation in China is located in Shenyang. As the city's largest scheduled bus operator with 1,763 buses, we have taken the lead in many areas including service quality and routing. We have introduced heating and lighting on our buses and also replaced the hard plastic seats with comfortable cushioned ones. As a result, we have gained a reputation for being a top-class operator in Shenyang.

We also run 535 buses in Shanghai. Our decision there to replace our existing fleet with high-end and air-con Volvos three years ago has paid off and we are doing well.

Besides buses, we also have an extensive taxi operation in China, operating over 7,800 taxis. Our largest taxi operation is in Beijing, where we run 5,029 cabs. We have accelerated the renewal of our fleet thanks to incentives given by the authorities in preparation for the 2008 Olympics. We will be replacing another 1,689 taxis in 2007.

Second to our Beijing operations is Shenyang, where we run 1,291 taxis. We have amalgamated the back end operations of our two taxi companies and this has continued to provide cost savings.

Our taxi operation in Nanning is our third largest in China and is performing well. We were awarded another 80 taxi licences – over and above the additional 100 which we received in 2005 – bringing our fleet size to 480. This makes us the largest taxi operator in Nanning with a 15% market share. The 180 licences were taken back by the authorities from poorly performing companies and awarded to us because of our excellent management and performance. The fact that we run our own workshop facilities is an added advantage.

Other cities in which we run taxi services are Chengdu, Hengyang, Jilin City, Shanghai, Suzhou, Xiamen and Yantai.

The Group also runs car rental and leasing operations in China. Our subsidiary in Beijing is doing well with 928 vehicles. We are ranked number three in Beijing and have 12 outlets positioned in strategic locations across the capital. Similarly, our wholly-owned subsidiary in Chengdu is growing steadily, from 16 vehicles in 2004 to 55 in 2006.

In Guangzhou, we operate our only bus terminal. It is a good business and continues to grow significantly in profitability. We handled about 8 million passengers in 2006 compared to 7 million in 2005. The renovation of the terminal building, estimated at RMB 19.4 million or S$3.9 million, is targeted for completion by end-2007. This will give the 10-year-old building a new look and a fresh feel. In addition, the construction of the Number 3 Guangzhou MRT line is nearing completion and is scheduled to be up and running by early 2007. This will boost passenger traffic. The part of the land that had been previously surrendered for the construction of the MRT line is due to be returned to us by the middle of 2007 and this will enable us to relocate some of our services to within the terminal perimeter.

Our car dealership in Suzhou continued to do well. We hit record sales of 1,025 cars in 2006 compared to 885 in 2005 and 766 in our first year in 2004. In all, we have sold 2,676 cars. We are the Number One Toyota dealer in the Jiangsu Province and have been named by Toyota China as one of the top three dealers in China for outstanding after-sales service.

Last year, we entered into our 12th Chinese city – Chongqing. Our 80%-owned driving school there is one of two in China. The other is in Chengdu. Unlike other driving schools in China, we operate on a model where we employ all instructors and own all vehicles.

We also operate a whole range of other land transport services in China. We have, for example, vehicle inspections business in Chengdu and Beijing and vehicle workshops in Chengdu, Nanning and Yantai.

As at the end of 2006, we operated 23 companies in 12 cities in China.

Malaysia

Our investment of car rental and leasing business in Kuala Lumpur is steady. We have 435 vehicles and plans are underway to increase the paid-up capital of the subsidiary there.

Vietnam

We operate two taxi companies in Ho Chi Minh City and have a combined total of 1,115 taxis. The main problem faced in 2006 was a shortage of drivers who were discouraged by the high oil prices. Car prices are also low and there are many idle taxis. We are taking steps to rectify the situation. Overall, in Ho Chi Minh City, we still make a profit.

Despite some difficulties we face when we go abroad, the efforts are still worthwhile. In 2006, we invested S$117.9 million overseas. Together with our past investments, our total investment abroad is now S$741.6 million. It is 51% of our total shareholders' funds. However, it derives an operating profit of S$129.3 million which is an attractive return. In terms of revenue, our overseas operations accounted for 44% of our Group's total revenue. Overseas operating profit is about 42% of our Group's operating profit. These are healthy and encouraging signs which will spur us to work harder.

For the Group, the merger represented the start-up phase of a systematic approach to establishing a global footprint. We are still in a building block stage, finding new businesses and new partners in new environments. These will take time, energy and effort.

SINGAPORE BUSINESSES

Of our local businesses, two are undertaken by our listed subsidiaries, SBS Transit Ltd and VICOM Ltd. Both companies operate in a mature industry and opportunities for growth are limited.

In 2006, Singapore's new Minister for Transport called for a review of the land transport industry. Other issues of significance during the year were (i) the Report of the Inter-Ministerial Committee on Aging Population, (ii) our efforts in meeting the land transport needs of the delegates of the International Monetary Fund/World Bank Group (IMF/WBG) Meetings and (iii) a review of service standards released by the Public Transport Council (PTC).

The Minister for Transport, in calling for a review of the industry, has urged operators to look at measures needed to increase the percentage of passengers taking buses during peak hours. I have convened special Board meetings to examine the situation and to suggest improvements. A position paper has been submitted to the Minister. In it, the issues of bus arrival times, linking to headway times, over-crowdedness and traffic conditions on the roads have been addressed.

The Report of the Inter-Ministerial Committee on Aging Population addresses the need for low-floor, wheelchair-accessible buses. We took immediate steps to introduce this and presently run five services using these vehicles.

In support of the IMF/WBG Meetings in Singapore, our buses were contracted to ferry the delegates and their entourages to and from the various meetings and events. We took the opportunity to showcase our Intelligent Route Information System (*iris*) that provides information on real-time bus arrivals for the convenience of the delegates and organisers alike.

I am pleased to say that in 2006 our North East Line turned in a profit. This is after about three years of revenue operation. It speaks very well of our management.

More details on the operations and performance of SBS Transit can be found in the SBS Transit Annual Report.

VICOM had another successful year in 2006 with an increase in vehicle inspections conducted. Riding on strong economic growth, Setsco Services, the technical testing and consultancy arm of VICOM, also achieved a good set of results. To better cater to its customers' needs, Setsco Services set up an aerospace testing centre at the end of 2006.

The Chassis Dynamometer Smoke Test has been made compulsory with effect from 1 January 2007 for all diesel powered vehicles. We shall be conducting these tests in all our seven centres. This new service is expected to bring in additional revenue.

More details on the operations and performance of VICOM can be found in its Annual Report.

Competition in the taxi industry continued to intensify. Our closest competitor posted losses for four straight quarters to December 2006. We have managed to stay in the black but it has not been easy. We have been giving out more benefits and higher diesel subsidies to drivers to maintain our market share.

Our call bookings continued to be our strong selling point and we catered to a record 17 million booking jobs in 2006, 20% more than the previous year. In fact, our system has been recognised for its innovative use of infocomm technology by a private sector firm at the 2006 National Infocomm Awards in Singapore.

With the implementation of the Euro IV emission standard, we have selected the Hyundai Sonata to replace the Toyota Crown and Nissan Cedric after a six-month trial. We have entered into an exclusive agreement with Komoco Motors to buy 1,400 new Hyundai Sonatas with an option for another 1,000 units exercisable in 2007.

Our repairs and maintenance services business has seen an increase in third-party repairs and maintenance work. For private car repairs and maintenance, a revamp is underway to grow the business aggressively. A tagline, 'First for Car Care' has been created to soften the image of the company and to reach out to private car owners. The growing share of parallel imports will also be beneficial to our business as more parallel importers are appointing us as their authorised service workshops.

The diesel sales business has been affected by the discounts and subsidies we have been giving to our taxi drivers. Close to 100% of our hirers used our facilities in 2006. To cater to growing demand, we added one more kiosk in 2006 bringing the number to 18.

Corporate demand for car rental and leasing has remained stable in 2006. We are gradually scaling down our rental fleet and sub-contracting cars from other car rental operators. With this, we have started the move towards providing management services in the car rental and leasing business.

Our driving school continued to maintain its momentum of growth. The total enrolment of more than 23,000 in 2006 is 15% higher than the previous year. The increase is partially attributed to the launch of our online enrolment as well as e-Learning services that reaches out to a wider clientele.

"In 2006, we invested S$117.9 million overseas. Together with our past investments, our total investment abroad is now S$741.6 million.

Vehicles advertising has increased by more than 25% compared to 2005. Occupancy rates for our buses and taxis are high. We have also rolled out new initiatives like the SilkAir Bus, Nokia Music Bus, Moovelite for Tiger Beer and Sky Liner for OCBC. We also developed advertising packages to cater to small and medium enterprises as well as large companies.

Our in-house insurance broking arm continues to save large sums of money for the Group. This was done through negotiations with underwriters, both locally and abroad. Our staff also aggressively pursued businesses from outside the Group. Currently this accounts for about

20% of our total revenue in this sector. We obtained a reinsurance broking licence from the Monetary Authority of Singapore in October 2006. This will strengthen our total resources and offer our clients greater access to insurance markets.

INVESTOR RELATIONS

The investor relations team was kept busy in 2006. As the Group expanded internationally in both size and stature, more tier-one international research houses initiated coverage on us.

No less than 70 reports were written on us. During the course of the year, our Group played host to 141 teams of visitors drawn from USA (44%), UK (25%), Hong Kong (12%), Europe (9%), Australia (7%) and Japan (3%). This compared to 129 in 2005.

Our substantial shareholders now comprise major instituitional funds like the Capital Group. Eighty-one percent of our shares was held by institutional and corporate shareholders as at the end of 2006. Of those held by institutional shareholders, 56% was held by foreign-based investors.

CORPORATE SOCIAL RESPONSIBILITY

We continued to support the needs of the community, the needy and the disadvantaged. As a Group, we have a clear policy of giving back to the communities we operate in. From China to the UK, from Singapore to Vietnam, we try to render assistance – in cash or in kind – as best we can.

In 2006, we donated no less than S$2.6 million to help the less fortunate and to help grow the community.

Environmental stewardship is a core part of our business. As a land transport provider, we are aware that our operations may have an impact on the environment. With this in mind, many of our operations started equipping themselves with Euro IV emission vehicles in 2006 including our taxi and bus operations in Singapore, London and Shenyang.

FINANCIALS

Our 2006 turnover was S$2.8 billion or about 12% higher than 2005. Our profit before tax was S$360.8 million, 20% better than the previous year and our best result so far. Profit after tax was S$289.8 million, a rise of about 21% compared to 2005. This included a one-time gain of about S$42.1 million.

Earnings per share was 11.82 cents. This is better than last year by about 21%. Our net assets per share is 69.61 cents, 7% higher than 2005 as we have returned a substantial amount of our profit to shareholders in the form of ordinary and special dividends. Return on equity is also good at 14%. This is better than last year by 1.5 percentage points. Our net cash from operating activities is healthy at S$547.6 million. Our gearing continues to be low at 22%.

Overseas indicators are becoming prominent. Forty-four percent of our revenue in 2006 was from abroad. Interestingly, 42% of our operating profit also came from our overseas operations. The target of 50% for the former should be achieved soon.

In the bus segment, which accounts for almost half of the Group's total turnover, overseas turnover continued to outstrip that of the local operations by 59% to 41%. This is not surprising as our investments in London, Sydney and Shenyang are significant.

In the taxi business, which is 31% of our Group's total turnover, the local portion is still higher at 61%. It is a question of time before the overseas operations overtake the local one.

We continue to utilise our Section 44 tax credit balance. Our gross interim and special dividends for 2006 were 3.125 cents and 3.375 cents per share respectively. If the shareholders at the forthcoming Annual General Meeting approve the proposed final dividend of 3 cents and special dividend of 1.5 cents per share, the total dividend for the year 2006 would be 11 cents per share. In absolute number it is about 75% of our profit for the year. Based on the closing price of our stock at S$1.61, the yield is about 6.8%. We should be able to use up all our available Section 44 tax credits by the 2007 deadline.

Total assets as at the end of 2006 were S$3.1 billion. This is S$26.2 million higher than last year. Our shareholders' funds, despite the huge dividend payout, was S$1.4 billion compared to S$1.3 billion, an increase of about 8%. With the large dividend payout and an aggressive overseas expansion plan, the cash flow is still healthy.

Market capitalisation of the Group as at the end of 2006 was S$3.3 billion. This is marginally higher than 2005. Among 708 listed companies in Singapore, we were ranked 38th as at the end of 2006.

FUTURE ISSUES

We had an exciting and rewarding 2006, both locally and abroad. Locally, we faced strong pressures from commuters to improve our bus delivery services. Late arrivals, long waiting times and dirty buses are common complaints. We are taking steps to rectify the situation as best we can even though we do face adverse road conditions and traffic congestion.

We have submitted our views to the Minister for Transport in response to his public call for improvements in public land transport usage and services for the next 10 to 15 years. Our views stem from two perspectives, one as an investor and shareholder and the other as a public transport operator. It is, however, interesting to note that there were calls by some for a single operator in public land transport in one extreme, and in the other extreme, calls for a co-operative to be set up to manage public land transport services.

Increased supply of taxis is not meeting the demands of commuters at peak hours and rainy days even though the industry has been liberalised with more operators and taxis. The real problem is not in the number of taxis or operators. The issue is to have taxis during peak periods and rainy days. One way is to use the differential price mechanism to determine the supply and demand as fares in Singapore are still low.

Oil prices seem to have stabilised, albeit at a high level. It is still a factor that we have to consider and manage carefully.

Our network of engineering workshops in Singapore has to be exploited. Efforts are being made to increase our share of private sector business.

Our overseas efforts are very commendable. We will continue with our punishing pace as opportunities still abound in China, Australia and the United Kingdom.

2008 will be our sixth year of existence or I would like to label it as the beginning of our second five-year cycle. I intend to have a fifth anniversary celebration in March 2008 and make known our plans for the second cycle as I believe our first cycle's target of attaining 50% of our revenue from abroad within a period of five to seven years after merger is in sight. A new blueprint is therefore in order. Specific targets have to be defined. Strategy and direction have to be mapped out and management shall be tasked to grow the Group further. Crucial to this shall be our human resource programmes including succession plans.

CONCLUSION

Our Managing Director/Group Chief Executive Officer, Mr Kua Hong Pak, has, no doubt, led the Group very well in driving the Group towards achieving the initial target of 50% overseas revenue. He has also discharged his responsibilities and duties excellently in realising the objectives of the merger between Comfort Group Ltd and DelGro Corporation Limited in business synergy, elimination of duplicated functions and overseas expansion.

Shareholders have already been handsomely rewarded as judged by the share price of the Company against the share prices of Comfort and DelGro immediately prior to the merger. A simple calculation shows that the prices of Comfort and DelGro had risen by an average of close to 23% compounded annually for the past four years. This is in addition to the huge dividends paid each year based on at least 50% of the profit as well as special dividends paid to take advantage of the Section 44 tax credit balance. Total Shareholders' Return have increased by an annual compounded rate of 27% for the past four years.

The Board regrets to see the departure of Ms Nancy Teo on 1 January 2007. This has been inevitable as she has moved from her post as the Chief Executive Officer of SLF to assume the position of the Director of NTUC's International Affairs. On behalf of the Board, I wish to acknowledge with gratitude her invaluable contributions to the Group for the past 12 years, first as a Director of Comfort Group Ltd and subsequently as a Director of the Company when the merger took place. We wish her the very best in her new assignment. However, we will not lose her completely as she will continue to serve on our VICOM Ltd Board.

We warmly welcome on board Ms Adeline Sum, the new Chief Executive Officer of SLF. Though new to listed companies, I am certain that with her excellent qualifications and vast experience as the Chief Executive Officer of both the NTUC Choice Homes Co-operative and the NTUC Childcare Co-operative, she will bring new and fresh ideas to the Board. I look forward to her inputs and guidance.

The next few years shall continue to be challenging as we continue with our overseas expansion plans. The development and recruitment of competent and dedicated staff with the passion to work in the land transport field is a key challenge. As a global Group, our staff must be drawn from different nationalities. Cross-border and cross-cultural management style shall evolve.

Finally, let me on behalf of the Board and shareholders express our sincere thanks to the management under the capable and exemplary leadership of Mr Kua Hong Pak for doing a very fine job. I have no doubt that management will continue to discharge its responsibilities and duties with the same degree of hard work, dedication and commitment that we have witnessed in the past four years. I also wish to record my appreciation to my fellow Directors for their commitment, dedication and passion in shouldering their heavy responsibilities in a demanding global environment.

To our loyal shareholders, let me thank you for trusting that we will deliver what we have committed. To our partners and business associates and unions, we wish to thank you for your understanding, cooperation and assistance as we work together. To the various authorities and regulators, we also wish to express our gratitude for your confidence in our ability to deliver the various services entrusted to us. To our faithful commuters, we will continue to render safe, reliable and affordable services to you.

Lim Jit Poh
Chairman

Group Financial Highlights

FINANCIAL SUMMARY

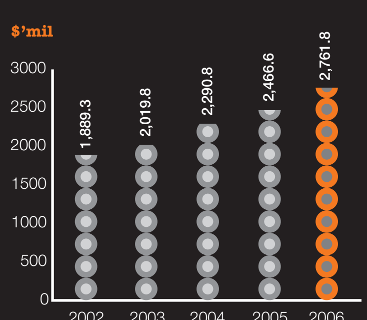
	2002	2003	2004	2005	2006
Turnover ($'mil)	1,889.3	2,019.8	2,290.8	2,466.6	2,761.8
Operating expenses ($'mil)	1,707.3	1,894.5	2,006.5	2,193.4	2,487.7
Profit attributable to shareholders ($'mil)	149.3	133.9	199.4	201.9	244.6
Issued capital ($'mil)	505.6	509.6	513.8	517.0	537.5
Capital and reserves ($'mil)	1,178.4	1,264.1	1,274.1	1,345.0	1,441.3
Capital disbursement ($'mil)	380.3	246.6	363.1	401.7	386.1
Internal funds generated ($'mil)	505.7	555.9	582.8	568.4	585.3
Earnings per ordinary share (cents)	7.4	6.6	9.7	9.8	11.8
Net asset per ordinary share (cents)	58.3	62.0	62.0	65.0	69.6
Return on shareholders' equity (%)	13.2	11.0	15.7	15.4	17.6
Dividend per ordinary share (cents)	2.7	4.2	9.6	10.0	11.0
Dividend cover (number of times)	3.5	2.0	1.3	1.2	1.3

GROUP TURNOVER BY BUSINESS SEGMENT

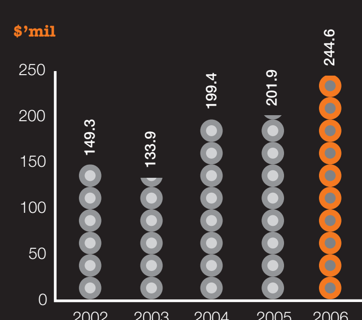
	2002		2003		2004		2005		2006	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Bus	882.6	46.7	952.1	47.1	1,061.1	46.3	1,191.8	48.3	1,373.9	49.7
Bus station	10.2	0.5	10.8	0.5	13.5	0.6	16.1	0.7	15.7	0.5
Rail	n.a	n.a	24.9	1.2	57.3	2.5	65.3	2.6	76.6	2.8
Taxi	822.0	43.5	799.1	39.6	856.3	37.4	840.9	34.1	866.5	31.4
Diesel sales	45.9	2.4	71.9	3.6	117.9	5.1	165.3	6.7	209.8	7.6
Automotive engineering	52.0	2.8	58.9	2.9	59.0	2.6	51.8	2.1	68.4	2.5
Vehicle inspection & testing	16.6	0.9	43.8	2.2	46.2	2.0	49.4	2.0	54.7	2.0
Car rental & leasing	37.7	2.0	40.9	2.0	38.6	1.7	36.5	1.5	36.6	1.3
Car dealership	n.a	n.a	n.a	n.a	24.4	1.1	29.9	1.2	35.2	1.3
Driving centre	13.9	0.7	15.2	0.8	16.5	0.7	19.6	0.8	24.4	0.9
Others	8.4	0.5	2.2	0.1	n.a	n.a	n.a	n.a	n.a	n.a
Group	**1,889.3**	**100.0**	**2,019.8**	**100.0**	**2,290.8**	**100.0**	**2,466.6**	**100.0**	**2,761.8**	**100.0**

GROUP TURNOVER BY GEOGRAPHICAL SEGMENT

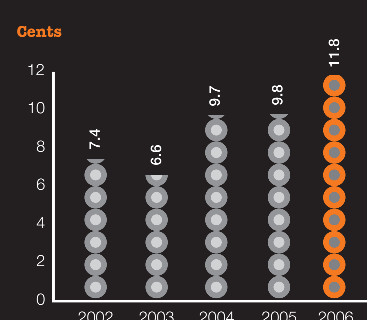
	2002		2003		2004		2005		2006	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Singapore	1,268.9	67.2	1,311.9	65.0	1,395.9	60.9	1,432.5	58.1	1,539.3	55.7
United Kingdom/Ireland	534.9	28.3	613.7	30.3	752.1	32.8	842.3	34.1	889.0	32.2
China	85.5	4.5	88.6	4.4	133.3	5.8	147.2	6.0	187.9	6.8
Australia	n.a	n.a	n.a	n.a	n.a	n.a	31.9	1.3	131.6	4.8
Vietnam	n.a	n.a	4.5	0.2	5.5	0.3	8.3	0.3	9.0	0.3
Malaysia	n.a	n.a	1.1	0.1	4.0	0.2	4.4	0.2	5.0	0.2
Group	**1,889.3**	**100.0**	**2,019.8**	**100.0**	**2,290.8**	**100.0**	**2,466.6**	**100.0**	**2,761.8**	**100.0**



Turnover



Profit Attributable To Shareholders



Earnings Per Ordinary Share

PROFIT BEFORE TAX BY BUSINESS SEGMENT

	2002		2003		2004		2005		2006	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Bus	51.4	23.5	77.1	37.4	109.2	34.2	106.7	35.5	129.3	35.8
Bus station	2.9	1.3	2.7	1.3	5.6	1.8	7.1	2.4	8.1	2.3
Rail	n.a	n.a	(32.9)	(16.0)	(17.3)	(5.4)	(6.3)	(2.1)	0.6	0.2
Taxi	113.8	51.9	98.9	48.0	171.6	53.7	140.7	46.7	109.0	30.2
Diesel sales	6.0	2.7	9.2	4.5	16.0	5.0	6.0	2.0	14.6	4.1
Automotive engineering	22.0	10.0	26.9	13.1	30.7	9.6	25.0	8.3	23.2	6.4
Vehicle inspection & testing	7.4	3.4	12.0	5.8	11.9	3.7	11.4	3.8	13.1	3.6
Car rental & leasing	8.1	3.7	7.9	3.8	0.1	n.m	5.2	1.7	6.4	1.8
Car dealership	n.a	n.a	n.a	n.a	0.7	0.2	1.1	0.4	0.8	0.2
Driving centre	2.8	1.3	3.3	1.6	3.8	1.2	5.1	1.7	6.5	1.8
Others	4.8	2.2	0.9	0.5	(13.0)	(4.0)	(1.4)	(0.4)	49.2	13.6
Group	**219.2**	**100.0**	**206.0**	**100.0**	**319.3**	**100.0**	**300.6**	**100.0**	**360.8**	**100.0**

PROFIT BEFORE TAX BY GEOGRAPHICAL SEGMENT

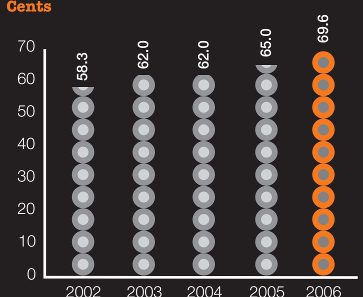
	2002		2003		2004		2005		2006	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
					(Restated)**					
Singapore	183.8	83.9	176.3	85.6	244.6	76.6	212.4	70.7	240.3	66.6
United Kingdom/Ireland	13.4	6.1	21.1	10.2	46.4	14.5	50.6	16.8	60.4	16.7
China	22.0	10.0	7.2	3.5	26.6	8.3	32.9	10.9	42.4	11.8
Australia	n.a	n.a	n.a	n.a	n.a	n.a	2.0	0.7	17.0	4.7
Vietnam	n.a	n.a	1.3	0.6	1.7	0.6	2.1	0.7	0.3	0.1
Malaysia	n.a	n.a	0.1	0.1	n.m	n.m	0.6	0.2	0.4	0.1
Group	**219.2**	**100.0**	**206.0**	**100.0**	**319.3**	**100.0**	**300.6**	**100.0**	**360.8**	**100.0**

VALUE-ADDED FOR THE GROUP

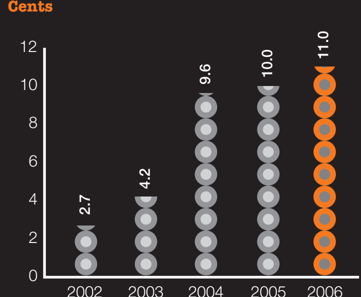
	2002		2003		2004		2005		2006	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Suppliers of capital – loan interest & dividends	69.0	5.6	89.3	7.0	175.6	12.3	187.9	12.9	179.5	11.6
Taxation to the government	158.5	13.0	169.9	13.3	201.2	14.0	186.9	12.8	195.7	12.7
Retained earnings **	401.9	32.9	363.5	28.4	335.8	23.4	314.5	21.5	308.6	19.9
Employees – salaries CPF and other benefits **	593.5	48.5	656.2	51.3	720.1	50.3	772.2	52.8	862.9	55.8
Total Value-added	**1,222.9**	**100.0**	**1,278.9**	**100.0**	**1,432.7**	**100.0**	**1,461.5**	**100.0**	**1,546.7**	**100.0**
Value-added per employee ($'000)	84.8		87.5		93.4		85.9		78.7	

*** Figures have been adjusted to account for the effect of adoption of FRS 102 in 2004.*

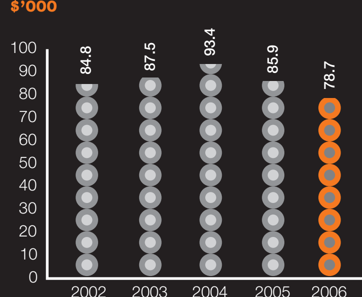
Notes:
- *Certain restatements and reclassifications have been made to 2002 to enhance comparability with the year under review.*
- *Throughout this report, all figures are stated in Singapore dollars, unless otherwised stated.*
- *n.a.: not applicable*
- *n.m: not meaningful*



Net Asset Per Ordinary Share



Dividend Per Ordinary Share



Value-added Per Employee

Corporate Information

BOARD OF DIRECTORS

Lim Jit Poh
Chairman

Kua Hong Pak
Managing Director/Group Chief Executive Officer

Ong Ah Heng

Oo Soon Hee

Sum Wai Fun, Adeline
(Appointed on 1 January 2007)

Tow Heng Tan

Wang Kai Yuen

Wong Chin Huat, David

Teo Geok Har, Nancy
(Resigned on 1 January 2007)

AUDIT COMMITTEE

Oo Soon Hee
Chairman

Ong Ah Heng

Wong Chin Huat, David

REMUNERATION COMMITTEE

Lim Jit Poh
Chairman

Tow Heng Tan

Wang Kai Yuen
(Appointed on 1 January 2007)

Wong Chin Huat, David

NOMINATING COMMITTEE

Wang Kai Yuen
Chairman

Lim Jit Poh

Sum Wai Fun, Adeline
(Appointed on 1 January 2007)

INVESTMENT COMMITTEE

Lim Jit Poh
Chairman

Kua Hong Pak

Sum Wai Fun, Adeline
(Appointed on 1 January 2007)

Tow Heng Tan

Wang Kai Yuen

CORPORATE DIRECTORY

Registered Office

205 Braddell Road
Singapore 579701

Mainline (65) 6383 8833
Facsimile (65) 6287 0311
Email info@comfortdelgro.com
Website www.comfortdelgro.com
Company Registration No. 200300002K

Company Secretary

Cheng Pei Jiuan, Rebecca

Share Registrar

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

Auditors

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

Partner-in-Charge:
Mah Chee Kheong, Chaly

Date of appointment:
29 April 2004

Mr Lim Jit Poh was appointed non-executive Chairman and Director of ComfortDelGro Corporation Limited in 2003. He is the Chairman of both the Remuneration Committee and the Investment Committee, and a member of the Nominating Committee. Mr Lim is also the Chairman of SBS Transit Ltd, VICOM Ltd, Ascott Residence Trust Management Limited, China Aviation Oil (Singapore) Corporation Ltd, China Printing & Dyeing Holding Limited and Sky China Petroleum Services Ltd as well as a Director of several listed companies with business interests in stock broking, property trust, hospitality, manufacturing and oil and energy services. Mr Lim is also a Director of several unlisted companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings (Private) Limited.

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. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore. Mr Lim is a trustee of the Singapore National Employers' Federation.

Lim Jit Poh
Chairman
(Non-Executive)

In his previous employment as Executive Director of two public-listed companies, Mr Lim had been directly involved in negotiations with business partners and relevant authorities on various joint venture projects in the ASEAN region as well as in China, Hong Kong, United Kingdom, Australia and Mauritius. He was also involved in the management of these operations. Mr Lim was a Council Member of the Singapore Chinese Chambers of Commence 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 a member of the Board of Management of Pei Chun Public School.

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

Pursuant to Article 91 of the Company's Articles of Association, Mr Lim will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2007. He is an independent Director of the Company.

Mr Kua Hong Pak was appointed Managing Director/Group Chief Executive Officer of ComfortDelGro Corporation Limited in 2003. He is a member of the Investment Committee. Mr Kua was appointed the Executive Director of SBS Transit Ltd in 2002 and then went on to assume the position of Managing Director/Chief Executive Officer of DelGro Corporation Limited in 2003. Prior to this, he was the President/Chief Executive Officer of Times Publishing Limited. As President/Chief Executive Officer of Times Publishing, Mr Kua spent over a period of 15 years managing its overseas operations in the United States, United Kingdom, China, Japan, Hong Kong and Australia.

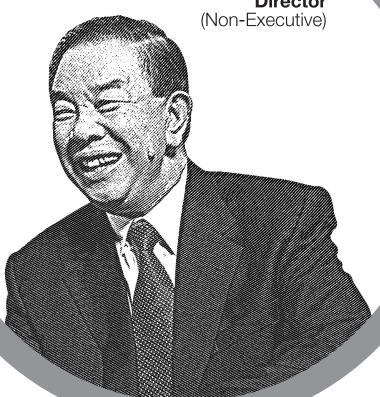
Mr Kua also serves on the boards of Temasek Holdings (Private) Limited, PSA International Pte Ltd, PSA Corporation Limited, StarHub Ltd, Ringier Print (HK) Limited and Cabcharge Australia Limited. He is also an Honorary Citizen of Shenyang City, China. In recognition of his contributions to community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

Mr Kua holds a Bachelor of Accountancy 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 91 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2006. He is a non-independent Director of the Company.

Kua Hong Pak
Managing Director/
Group Chief Executive Officer

Mr Ong Ah Heng was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is a member of the Audit Committee. Mr Ong is a Member of Parliament for Nee Soon Central Single Member Constituency. He is presently the Alignment Director of Care & Share Secretariat in the National Trades Union Congress (NTUC) and the Honorary Consultant of the National Transport Workers' Union. He is also a Director of Singapore Post Limited. Mr Ong was the former Assistant Secretary-General of NTUC and Executive Secretary of the National Transport Workers' Union.



Ong Ah Heng
Director
(Non-Executive)

Having been involved in the trade union movement since 1980 and having taken care of members in the transport industry, Mr Ong has built cordial relationships with counterparts in foreign unions, such as Chinese Federation of Drivers in the Republic of China, Korea Automobile and Transport Workers' Federation and International Transport Workers' Federation. Besides having exchange programmes with these unions, Mr Ong also represents the Union in attending various international conferences and seminars.

Mr Ong holds a Bachelor of Arts (Government & Public Administration) from Nanyang University and a Masters of Arts (Political Science) from the University of Arkansas.

Mr Ong was last re-elected a Director of the Company pursuant to Article 91 of the Company's Articles of Association at the Annual General Meeting held on 29 April 2005. He is a non-independent Director of the Company.

Mr Oo Soon Hee was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is also the Chairman of the Audit Committee. Mr Oo is presently the President and Director of NatSteel Asia Pte Ltd.

Over the past 30 years, Mr Oo has had experiences handling export development and exports/imports to and from various overseas markets. These include the United States, Europe, Middle East, China, Japan, Australia and the ASEAN region. In addition, he was also involved in negotiations for investments in China and various ASEAN countries, and sat on the boards of companies in China, Hong Kong, Australia and in the ASEAN region.

Oo Soon Hee
Director
(Non-Executive)

Mr Oo holds a Bachelor of Science (Hons) from the University of Singapore.

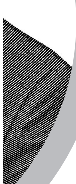
Mr Oo was last re-elected a Director of the Company pursuant to Article 91 of the Company's Articles of Association at the Annual General Meeting held on 29 April 2005. He is an independent Director of the Company.

Ms Sum Wai Fun, Adeline was appointed a non-executive Director of ComfortDelGro Corporation Limited in January 2007. She is also a member of the Nominating Committee and the Investment Committee. Ms Sum is presently the Chief Executive Officer of Singapore Labour Foundation and NTUC Childcare Co-operative Limited. She is also a Director of NTUC FairPrice Co-operative Limited, NTUC Choice Homes Co-operative Limited, Pasir Ris Resort Pte Ltd, SLF Leisure Enterprises (Pte) Ltd, SLF Properties Pte Ltd and other private companies in the property, leisure, childcare and service industries.

Ms Sum holds a Bachelor of Arts (History) from the National University of Singapore, a Masters of Business Administration (Accountancy) from the Nanyang Technological University and a Masters of Public Administration from Harvard University.

Pursuant to Article 97 of the Company's Articles of Association, Ms Sum will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2007. She is a non-independent Director of the Company.

Sum Wai Fun, Adeline
Director
(Non-Executive)



Mr Tow Heng Tan was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is a member of the Remuneration Committee and the Investment Committee. Mr Tow is presently the Senior Managing Director of Investments of Temasek Holdings (Private) Limited.

Mr Tow is also a Director of Keppel Corporation Limited.

Mr Tow is a Fellow of the Association of Chartered Certified Accountants (UK), a Fellow of the Chartered Institute of Management Accountants (UK) and is a member of the Institute of Certified Public Accountants of Singapore.

Mr Tow was last re-elected a Director of the Company pursuant to Article 91 of the Company's Articles of Association at the Annual General Meeting held on 28 April 2006. He is an independent Director of the Company.

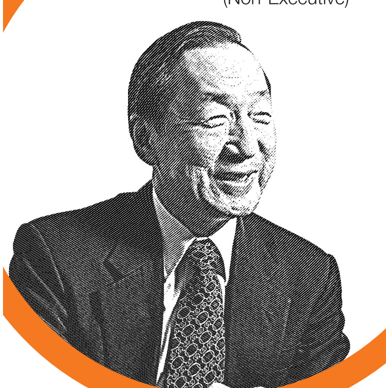
Tow Heng Tan
Director
(Non-Executive)

Dr Wang Kai Yuen was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is the Chairman of the Nominating Committee and a member of the Investment Committee and the Remuneration Committee. Dr Wang is the Managing Director of Xerox Singapore Software Centre and was formerly a Member of Parliament for Bukit Timah Single Member Constituency. He is the Chairman of Xpress Holdings Ltd, Asian Micro Holdings Ltd and PDC Corp Ltd. He also holds directorships in listed companies including COSCO Corporation (Singapore) Ltd, Hiap Hoe Ltd, Matex International Ltd, Nylect Technology Ltd, SuperBowl Holdings Ltd, Koon Holdings Limited, China Lifestyle Food & Beverages Group Ltd and Airocean Group Ltd. As Managing Director of Xerox Singapore Software Centre, Dr Wang manages a software centre with 100 employees. In that capacity, he interacts with senior managers of business and product development divisions in the United States, China and Japan of the global office equipment company. Dr Wang is familiar with the United States and Asian cultures, international business practices and corporate finance and governance. Dr Wang has also participated in many international meetings of parliamentarians. He has wide business and political contacts in China having led many grassroots delegations to visit numerous city and state governments. In December 2005, he was invited as a guest speaker at the Anti-Corruption Seminar held in Phnom Penh under the auspices of the National Assembly of Cambodia.

Dr Wang holds a Bachelor of Engineering (Electrical Engineering) (Hons) from the University of Singapore and a Masters of Science (Industrial Engineering), a Masters of Science (Electrical Engineering) and a PhD (Electrical Engineering) from Stanford University.

Pursuant to Article 91 of the Company's Articles of Association, Dr Wang will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2007. He is an independent Director of the Company.

Wang Kai Yuen
Director
(Non-Executive)



Mr Wong Chin Huat, David was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is a member of the Audit Committee and the Remuneration Committee.

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

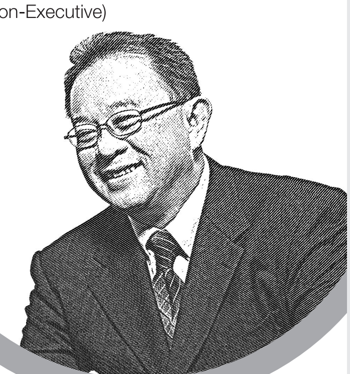
Mr Wong is also a Director of SBS Transit Ltd and several other listed companies. He also serves as a member of the Public Service Commission and the Singapore Labour Foundation as well as the Chairman of Bedok Citizens' Consultative Committee.

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

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

Pursuant to Article 91 of the Company's Articles of Association, Mr Wong will be due for re-election at the forthcoming Annual General Meeting to be held on 27 April 2007. He is an independent Director of the Company.

Wong Chin Huat, David
Director
(Non-Executive)



Key Management
(Corporate Office)

Mr Choo Chek Siew is the Group Financial Officer. He is responsible for the Group's Financial and Statutory Reporting, Budgeting, Financial Control & Policies, Treasury & Debt Management and Taxation. Mr Choo joined the Group in July 2003. He started his career with PricewaterhouseCoopers and moved on to become Group Internal Audit Manager of United Engineers Ltd. Mr Choo was the Regional Financial Controller at Citibank N.A and Chief of Staff at Union Bank of Switzerland before joining the Development Bank of Singapore Ltd as Head of Integration. Prior to joining the Group, he was with Oversea-Chinese Banking Corporation Ltd as Group Head of Finance. He holds a Bachelor of Economics (Hons) from the Australia National University and is an Australian Chartered Accountant.

Choo Chek Siew
Group Financial Officer

Mr Lim Hung Siang is the Group Business Development & Special Projects Officer. He oversees the Group's business development. Mr Lim joined CityCab Pte Ltd in 1995 as its Chief Executive Officer. In December 1996, Mr Lim was also appointed Chief Executive Officer of the then SBS Engineering Pte Ltd which subsequently changed its name to DelGro Engineering Pte Ltd. Prior to joining the Group, Mr Lim was the General Manager (Commercial) of Singapore Automotive Engineering Ltd, and served as Higher Executive Engineer in the Anti-Pollution Unit of the Prime Minister's Office before starting his career in the private sector. Mr Lim holds a Bachelor of Engineering (Mechanical) (1st Class Hons) and a Masters of Science (Industrial Engineering) both from the University of Singapore.

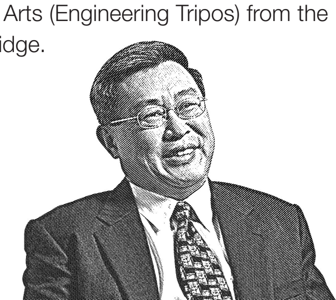
Lim Hung Siang
Group Business Development & Special Projects Officer

Mr Ng Tong Sing joined as Group Information Officer in June 2003. He oversees the Group's IT functions and applications and supports strategic and business needs. Mr Ng started his career at the Systems & Computer Organisation of the Ministry of Defence. He has held senior management positions in several IT services firms catering to the needs of Government agencies, airlines, banks and logistic companies in the region. Prior to joining the Group, he was the Executive Vice President, Operations at Singapore Computer Systems Limited. He holds a Bachelor of Science (Systems Engineering) (1st Class Hons) from the University of Bath in the United Kingdom.

Ng Tong Sing
Group Information Officer

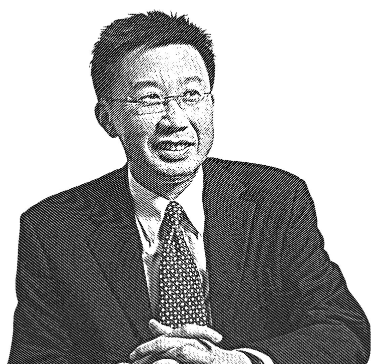
Mr Gan Juay Kiat is the Group Corporate Planning Officer and is responsible for the Group's Strategic and Continuity Planning functions. He joined the Group in February 2006. Mr Gan is also concurrently the Chief Executive Officer of ComfortDelGro Bus Pte Ltd. He started his career in the Singapore Armed Forces where he held several senior command and staff appointments. He moved on to join General Electric Company as a Divisional Director. He later joined Times Publishing Limited in business development, corporate planning and was appointed Senior Vice President (Retail & Distribution). Prior to joining the Group, Mr Gan was Chief Corporate Officer at the Ascott Group and Senior Vice President (Corporate Planning) at CapitaLand Limited. He was a President's scholar and SAF (UK) scholar in 1976. He holds a Bachelor of Arts (Engineering Tripos) from the University of Cambridge.

Gan Juay Kiat
Group Corporate Planning Officer



Mr Choo Peng Yen is Senior Vice President (Group Business Development), with responsibilities for the Group's business development. Mr Choo joined the Group in 1978 and has served in various planning, business development, operations and corporate communications positions within the Group. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD.

Choo Peng Yen
Senior Vice President
Group Business Development



Ms Tan I-Lin, Tammy was appointed Group Corporate Communications Officer in March 2004. She is responsible for the Group's corporate communications including promoting the Group's image, overseeing the Group's various publications, co-ordinating requests for sponsorships and donations, and liaising with the media and investment community. Ms Tan, who is also in charge of investor relations, is the Group's Spokesman. 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.

Tan I-Lin, Tammy
Group Corporate
Communications Officer

Ms Ong Poh Sim, May is Group Internal Audit Officer. She is responsible for the internal audit functions of the Group. She joined the Group in 1981 as Internal Auditor and was subsequently appointed to head the Internal Audit Department. She holds a Bachelor of Accountancy from Nanyang University.

Ong Poh Sim, May
Group Internal
Audit Officer

Ms Chan Mui Wah, Daisy is Group Human Resource Officer. 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). Ms Chan holds a degree in Psychology from the University of Western Australia.

Chan Mui Wah, Daisy
Group Human
Resource Officer

Key Management
(Strategic Business Units)

SINGAPORE

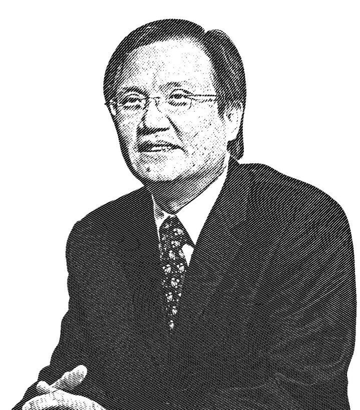
Ong Boon Leong
Executive Director
SBS Transit

Mr Ong Boon Leong is the Executive Director of SBS Transit Ltd. Mr Ong joined the Group in 1994 as Senior Manager of Corporate Development. Over the years, he held various positions within the Group including Chief Financial Officer and Chief Executive Officer (Europe). Prior to joining the Group, he was an Investment Analyst with Standard Chartered Securities. He also served in the Administrative Service with stints as Deputy Director of the Ministry of Communications and the Ministry of Home Affairs. Mr Ong was a Monbusho scholar and holds a Bachelor of Economics from Hitotsubashi University in Japan.

Yang Ban Seng
Chief Executive Officer
Taxi Business

Mr Yang Ban Seng is the Chief Executive Officer of Taxis Business in Singapore. He oversees the operations of Comfort Transportation Pte Ltd, CityCab Pte Ltd and Yellow-Top Cab Pte Ltd. Prior to joining the Group in 1989, Mr Yang served as Assistant Director of the Ministry of Education, Deputy Director of the Ministry of Home Affairs and NTUC's Secretary for Co-operatives. He holds a Bachelor of Science (Operations Research and Statistics) (Hons) from the University of Manchester and a Masters of Business Administration from the National University of Singapore.

Chiu Loo Tong
Chief Executive Officer
ComfortDelGro Engineering



Mr Chiu Loo Tong joined the Group in July 2006 and is the Chief Executive Officer of ComfortDelGro Engineering Pte Ltd. Prior to joining the Group, he was the Managing Director of Pirelli Asia Pte Ltd. Mr Chiu has more than 25 years of management experience and holds a Bachelor of Engineering from the University of Singapore.

Key Management
(Strategic Business Units)

SINGAPORE

Mr Heng Chye Kiou is the Chief Executive Officer of VICOM Ltd. He joined VICOM in 1981 as a Project Engineer and was promoted to his present position in 2003. Mr Heng is a registered engineer in Singapore and a registered chartered engineer in the UK. He is currently a Vice President and Member of the Belgium-based Bureau Permanent of the International Vehicle Inspection Committee and Chairman of the School Advisory Committee of National Junior College. For his contributions to education, he was awarded the Public Service Medal (PBM) in 2001. Mr Heng holds a Bachelor in Engineering (Mechanical) from the University of Singapore and a Masters of Science (Industrial Engineering) from the National University of Singapore.

Heng Chye Kiou
Chief Executive Officer
VICOM

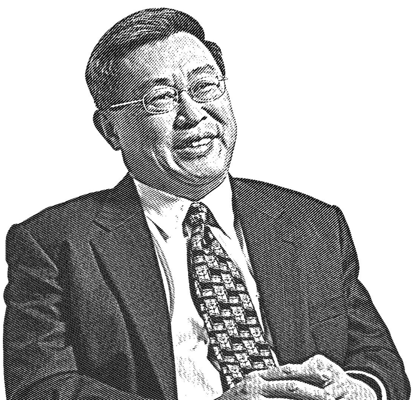
Chua Teck Leong, Jimmy
Chief Executive Officer
ComfortDelGro
Insurance Brokers

Mr Chua Teck Leong, Jimmy is the Chief Executive Officer of ComfortDelGro Insurance Brokers Pte Ltd. He is responsible for all aspects of the Group's insurance, and claims and risk management activities. Prior to joining the Group, Mr Chua was the Chief Executive Officer of Zuellig Insurance Brokers Pte Ltd. Mr Chua graduated from the University of Singapore with a Bachelor of Arts (Hons) and holds a MBA from the University of Hull, UK. In recognition of his contribution to community service, Mr Chua was awarded the Public Service Medal (PBM) in 1997 and the Public Service Star (BBM) in 2001. He was appointed a Justice of the Peace in 2005.

Mr Huam Chak Khoon is the Chief Executive Officer of Comfort Driving Centre Pte Ltd. He was responsible for the setting-up and operation of the driving centre when he was appointed its Executive Director in 1996. Mr Huam joined the Group in 1984 as a Trainer. Mr Huam holds a Bachelor of Commerce from Nanyang University, a graduate diploma in Training & Development from Singapore Institute of Management, and a Masters of Science in Education & Training from University of Leicester, UK.

Huam Chak Khoon
Chief Executive Officer
Comfort Driving Centre

Gan Juay Kiat
Chief Executive Officer
ComfortDelGro Bus



Mr Gan Juay Kiat is the Chief Executive Officer of ComfortDelGro Bus Pte Ltd. He is also the Group Corporate Planning Officer responsible for the Group's Strategic and Continuity Planning functions. Mr Gan started his career in the Singapore Armed Forces where he held several senior command and staff appointments. He moved on to join General Electric Company as a Divisional Director. He later joined Times Publishing Limited in business development, corporate planning and was appointed Senior Vice President (Retail & Distribution). Prior to joining the Group, Mr Gan was Chief Corporate Officer at the Ascott Group and Senior Vice President (Corporate Planning) at CapitaLand Limited. He was a President's Scholar and SAF (UK) Scholar in 1976. He holds a Bachelor of Arts (Engineering Tripos) from the University of Cambridge.

Mrs Jayne Kwek joined the Group in October 2004 and she is currently the Chief Executive Officer of Moove Media Pte Ltd. Mrs Kwek has been actively involved in the local advertising business for many years and is very familiar with the bus and taxi advertising business. She was running her own advertising company for a number of years. She was conferred the Degree of Associate in Science (Fashion Merchandising) by Daytona Beach Community College, Florida, USA and Honorary Doctor of Philosophy (Business Administration) by Kennedy-Western University, Cheyenne, USA.

Jayne Kwek
Chief Executive Officer
Moove Media

Teo Boon Leng, Richard
Chief Executive Officer
ComfortDelGro Rent-A-Car

Mr Teo Boon Leng, Richard joined the Group in 1996 and is the Chief Executive Officer of ComfortDelGro Rent-A-Car Pte Ltd. He has more than 20 years' experience in the auto services industry, and was the Executive Director of Ken-Air Group's Auto Services Division before joining the Group.

CHINA

Liew Kok Pun, Michael
General Manager
East China Business Unit

Mr Liew Kok Pun, Michael is the General Manager of the East China Business Unit. He is responsible for the bus and taxi operations in Shanghai and Suzhou. He is also responsible for business development in East China. Mr Liew joined the Group in December 2002 as Executive Director of Comfort (China) and Vietnam. Prior to joining the Group, Mr Liew was the Senior Vice President of Times Publishing Group Ltd. Mr Liew holds a Bachelor of Science (Physics) (Hons) from the University of Singapore. He was also awarded a Commonwealth Scholarship to pursue a post-graduate degree in management at the University of Leeds (UK). He was conferred the Public Service Medal by the Singapore Government in 1972 and was a former Member of Parliament in Singapore. He was bestowed in 2005 the National University of Singapore Outstanding Alumni Award.

Tan Chek Ping, Lawrence
General Manager
North-East China Business Unit

Mr Tan Chek Ping, Lawrence is the General Manager for North-East China Business Unit. He is responsible for bus and taxi operations in North Eastern China (Liaoning, Jilin and Heilongjiang Provinces) and Yantai (Shangdong Province). Between 1994 and 2001, he was the General Manager of Times Publishing JV printing and packaging plants in Shenyang and Vice President of Business Development in China. Prior to joining the Group, he was the General Manager of China Operations for SEB Corp in Panyu, Guangdong Province. Mr Tan holds a Bachelor of Business Administration from the National University of Singapore.

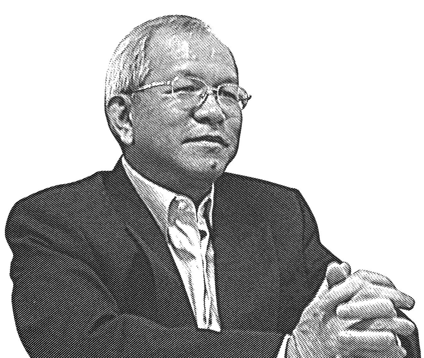
Leong Kwok Sun
General Manager
North China Business Unit

Mr Leong Kwok Sun is the General Manager of the North China Business Unit. He is responsible for the supervision and development of North China businesses. Prior to joining the Group, Mr Leong was the Senior Vice President in Times Publishing. He has held senior positions in various organisations in his more than 30 years of working life with extensive experience in manufacturing industries and managed overseas operations, especially in China over the last ten years. Mr Leong is a registered Professional Engineer in Mechanical Engineering and he holds a Bachelor of Engineering from the University of Singapore.

Mr Tan Seow Boon, Simon is the General Manager of the West China Business Unit and is responsible for the Group's taxi, car rental, vehicle inspection, motor workshop and driving school joint ventures in Chengdu and Chongqing. Mr Tan joined the Group in 1995 and was one of the first executives to be posted to China in 1997. He was the General Manager of Shanghai Shen Xin Bus Service Ltd and Shanghai City Qi Ai Taxi Services Co., Ltd. Prior to joining the Group, he was an Investigations Officer with the Republic of Singapore Police Force. Mr Tan holds a Bachelor of Science (Hons) from the University of London.

Tan Seow Boon, Simon
General Manager
West China Business Unit

Koo Kok Wing
General Manager
Guangzhou Xin Tian Wei Transportation Development



Mr Koo Kok Wing is the General Manager of the Guangzhou Xin Tian Wei Transportation Development Co., Ltd. Prior to joining the Group, he was the Chief Operating Officer of Panpac Media Group. Mr Koo started his career in Singapore Airport Terminal Services Ltd and subsequently moved to join Standard Chartered Bank. He later held a variety of posts in various publishing companies. Mr Koo graduated from the University of Sheffield with an honours degree in Economics and Business Studies.

Mr Richard Tang Yew Meng is General Manager of Suzhou Comfort, Xiamen Comfort and Nanning Comfort. Prior to joining the Group, Richard has a wealth of experience in the service industry having worked in senior management positions in prestigious hotel management companies in Perth, Shanghai, Beijing and Guangzhou. Mr Tang holds a Diploma in Administrative Management (UK).

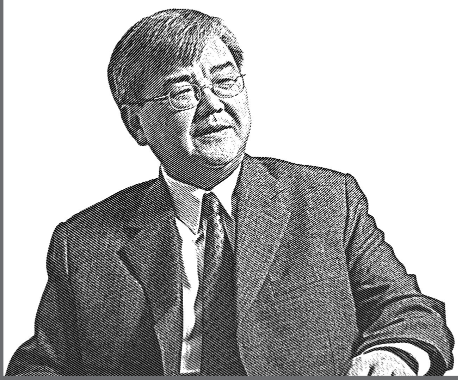
Tang Yew Meng, Richard
General Manager
Suzhou Comfort, Xiamen Comfort and Nanning Comfort

Key Management
(Strategic Business Units)

UNITED KINGDOM & IRELAND

Mr Lee Kah Wah, John is the Chief Executive Officer of UK Taxis/Coaches and Executive Director of Metroline. He was formerly the Chief Executive Officer of Comfort Transportation Pte Ltd and Yellow-Top Cab Pte Ltd. He joined CityCab Pte Ltd in 1996 as General Manager and became Chief Operating Officer in 2000. Prior to joining the Group, Mr Lee held various positions within the logistics and food arm of the Singapore Technologies Group. He served 10 years with the Singapore Technologies Group and spent about seven years in two overseas postings. He holds a Bachelor of Business Administration from the University of Singapore. He attended the Stanford-NUS Executive Programme in 1994.

Lee Kah Wah, John
Chief Executive Officer
UK Taxis/Coaches
United Kingdom



Jaspal Singh
Chief Executive Officer
Metroline
United Kingdom

Mr Jaspal Singh is the Chief Executive Officer of Metroline plc. He was a Colombo Plan scholar and joined the Administrative Service in 1978. Over the years, he held many senior-level appointments including Deputy Secretary in the Ministries of Finance and Transport. Mr Singh also held various directorships on the boards of Government-linked companies. He holds a Bachelor of Arts (Economics) and a Bachelor of Engineering (Industrial Engineering) (Hons Class One) from the University of Newscastle, Australia and a Masters of Public Administration from the Kennedy School, Harvard University, USA. He has also completed the Advanced Management Programme at the Harvard Business School.

Ms Cathy Cullen is the Managing Director of Cummers Commercial Ltd trading as Citylink Ireland. She is responsible for the day-to-day management and development of ComfortDelGro's operations in Ireland. Cummers Commercial operates intercity Citylink coach services within Ireland servicing Galway, Dublin, Limerick and Cork. Ms Cullen has more than 25 years experience in the Travel and Tourism industry servicing both the Corporate and Public sector. She holds a National Diploma in Travel and Tourism.

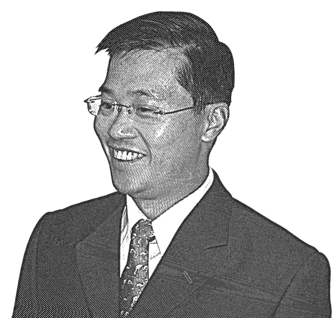
Cathy Cullen
Managing Director
Cummers Commercial
Ireland

Mr Owen Eckford is the Chief Executive Officer of ComfortDelGro Cabcharge Pty Ltd. He joined Westbus in early October 2002 as Operations Director. In January 2003 he took on the role of Managing Director. He brings a wealth of transport and corporate experience to the position, having held posts at the State Transit Authority, and Sydney Ferries. Mr Eckford holds a Bachelor of Engineering (Naval Architecture) and a Master of Engineering Science (Civil Engineering, Transport) from the University of New South Wales, and a Bachelor of Laws (LLB) from the University of Technology, Sydney.

Owen Eckford
Chief Executive Officer
ComfortDelGro CabCharge
Australia

Mr Chia Chuen Huei is the General Director of Vietnam Taxi Co., Ltd. He joined the Group in 2002. Prior to joining the Group, he held various positions within the Marine/Shipyard arm of Keppel Corporation Limited and served more than 10 years which included a 3½-year overseas posting. He was General Manager of Rotary Integrated Maintenance Centre, a subsidiary of Rotary Engineering Limited for two years. Mr Chia is a Keppel Corporation/Foreign and Commonwealth Office (UK) scholar and holds a Bachelor of Engineering (Mechanical) (1^{st} Class Hons) from the University of Westminster, UK and a Masters of Business Administration from the Nanyang Technological University.

Chia Chuen Huei
General Director
Vietnam Taxi
Vietnam



Mr Yap Seng Hock, Francis joined the Group in 1996 and is currently the General Director of ComfortDelGro Savico Taxi Company. He was formerly the Deputy Chief Executive Officer of the then CityLimo Pte Ltd and was responsible for the Group's car leasing and rental operations in Malaysia. He holds a Bachelor of Business Administration from Edith Cowan University, Australia.

Yap Seng Hock, Francis
General Director
ComfortDelGro Savico Taxi
Vietnam

Mr Teo Boon Leng, Richard joined the Group in 1996 and is the Chief Executive Officer of ComfortDelGro Rent-A-Car Pte Ltd. He oversees the car rental & leasing operations in Malaysia. He has more than 20 years' experience in the auto services industry, and was the Executive Director of Ken-Air Group's Auto Services Division before joining the Group.

Teo Boon Leong, Richard
Chief Executive Officer
ComfortDelGro Rent-A-Car
Malaysia

Operations Revi

32 Singapore

37 China

iew

The old adage that big is beautiful seems tailor-made for the land transport industry. Without it, companies will not be able to service a broad-based population and enjoy economies of scale. Without it, services will be limited and customer satisfaction will be lacking.

42
United Kingdom

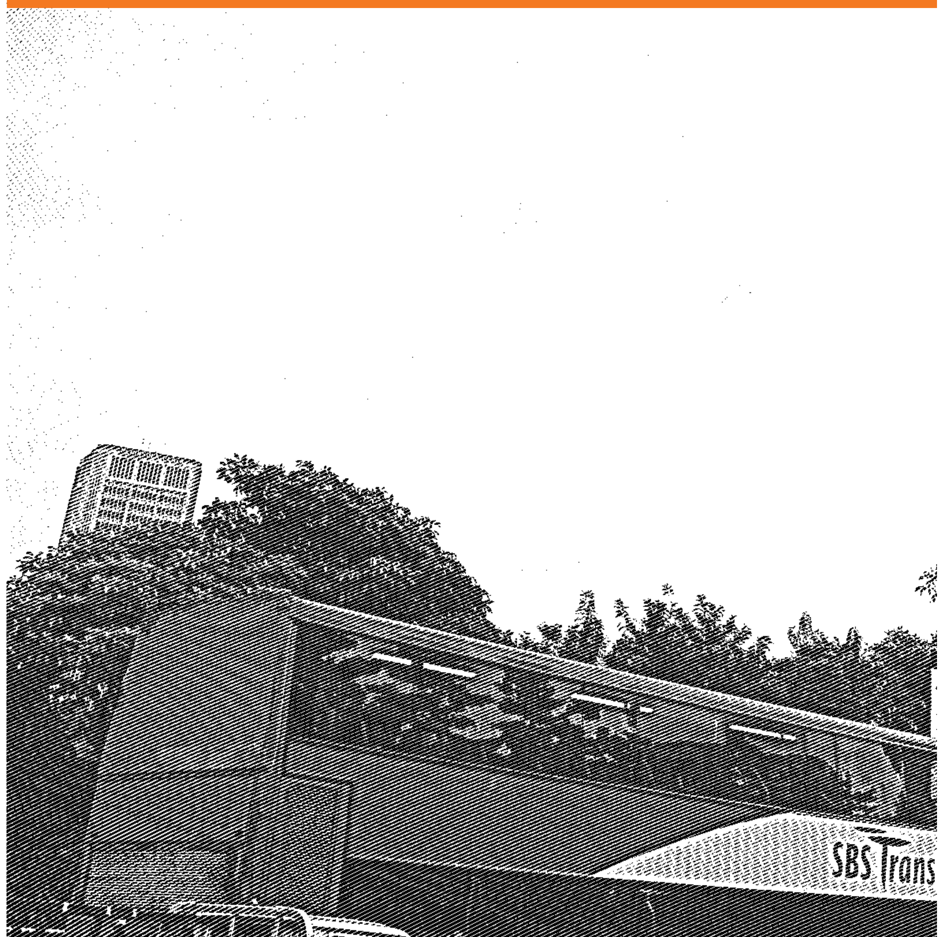
44
Australia

45
Vietnam

45
Malaysia

Our 2006 Group turnover was S$2.8 billion, **12%** higher than 2005

Profit after tax was S$289.8 million, a rise of about **21%** compared to 2005



This is why ComfortDelGro continues in its strategy of growing its business, investing in new companies, new vehicles and introducing new services.

In 2006, we reached a new milestone by crossing the 40,000 vehicle-mark. More significantly, half of our global fleet is located outside of Singapore. With operations in seven countries – Singapore, the United Kingdom, Ireland, China, Australia, Vietnam and Malaysia – we continue to possess the widest footprint among our peers.

SINGAPORE

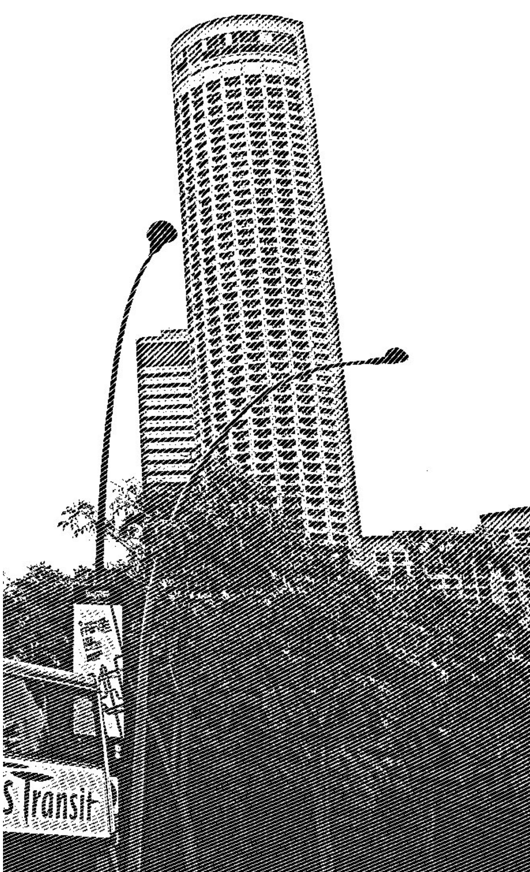
Bus

Our listed bus and rail subsidiary, SBS Transit Ltd, had a watershed year in 2006. It rolled out a fleet management system, trialed a real-time bus arrival information system, introduced Singapore's first wheelchair-friendly bus as well as played host to international guests of the International Monetary Fund (IMF) and World Bank.

SBS Transit, which operates a fleet of 2,529 buses and makes 2.1 million passenger trips daily, is Singapore's largest scheduled bus operator. It plys 223 scheduled bus routes and has a total network of 6,552 km.

In 2006, it continued to grow its operations by investing in new buses to increase the number of service routes and cut down on waiting time. In addition to the 150 air-conditioned, low-floor, double-deck buses purchased in 2005, it purchased another 50 units in 2006 to replace its older buses. These 200 new buses, costing close to S$100 million, are wheelchair-accessible so as to cater to the needs of passengers in wheelchairs.

During the year, SBS Transit rolled out a S$40 million fleet management



> In 2006, we reached a new milestone by crossing the 40,000 vehicle-mark. More significantly, half of our global fleet is located outside of Singapore. With operations in seven countries – Singapore, the United Kingdom, Ireland, China, Australia, Vietnam and Malaysia – we continue to possess the widest footprint among our peers.

system called Automatic Vehicle Management System (AVMS). With it, the Operations Control Centre (OCC) is able to locate all buses on the road using satellite technology. It is also able to "tell" where traffic jams are and redirect buses as necessary, thus ensuring a smoother ride for customers.

In September 2006, Singapore hosted delegates from the IMF and World Bank. Our bus subsidiaries, SBS Transit and ComfortDelGro Bus Pte Ltd, provided services to ferry the visitors from their hotels to the conference venues, as well as to places of interest. SBS Transit also provided a real-time bus arrival information service for delegates, making it more convenient for them to move from one venue to another.

Besides public scheduled bus services, the Group also operates Singapore's largest private bus-chartering service through ComfortDelGro Bus. During the year, ComfortDelGro Bus clinched several major contracts. In addition to the IMF/World Bank meetings, it was also appointed official transport service provider for Asian Aerospace 2006, Osim Masters 2006 and the Amway China Leadership Seminar 2006.

ComfortDelGro Bus has also been growing its cross-border coach services. In March 2006, it was awarded an additional five Bas Persiaran licences by the Malaysia Ministry of Tourism, bringing the total number of licences to eight.

Taxi

With a fleet of close to 15,000 Comfort, CityCab and Yellow-Top taxis, ComfortDelGro continued to maintain its leadership position in Singapore, commanding a market share of 66%.

As competition intensified and fuel prices reached a record high, the need to retain existing drivers and attract new ones became more pronounced.

In addition to an enhanced benefits package, the Company continued to extend significant diesel subsidies to its drivers. In all, a total of S$73 million was returned to drivers in 2006 – some 93% more than the previous year. But with oil prices hitting an all-time high of US$77 per barrel in July 2006, more needed to be done to help supplement drivers' significantly reduced incomes. Taxi fares were raised in July 2006 and less than a month later, taxi drivers started seeing an 8% increase in their net earnings.

For the benefit and convenience of commuters, many new services were introduced during the year. One such service was the introduction of

NETS in October 2006. Widely-used in Singapore, NETS is a popular form of cashless payment that utilises a bankcard. With its introduction, taxi commuters now have an added form of payment when travelling on ComfortDelGro taxis.

A new taxi model was also introduced – one that not only meets new environmental standards but is roomier and easier to operate. The Euro IV Hyundai Sonata hit the streets in early 2007 and is fast becoming a much sought-after model amongst taxi drivers. One of its advantages over the older models is that it operates on automatic transmission, making for less strenuous driving.

With a fleet of almost 15,000 taxis, an efficient and effective call booking system is no longer a luxury but a necessity. The Group has therefore invested in a call booking system which utilises satellite technology to make for hassle-free call booking. For example, the system is able to "recognise" a frequent caller and "identify" his or her favourite pick-up locations within seconds. On average, commuters who use the ComfortDelGro call booking service wait no more than 30 seconds for a taxi number to be given to them. Such efficiency resulted in a record 17 million call bookings being received during the year – 20% more than in 2005.

With a fleet of close to 15,000 Comfort, CityCab and Yellow-Top taxis, ComfortDelGro continued to maintain its leadership position in Singapore, commanding a market share of 66%.

Rail

In Singapore, we have been operating the North East Line (NEL), the world's first driverless, underground heavy rail system since 2003. Since then, we have seen ridership grow steadily. In 2006, average daily ridership crossed 220,000 for the first time, representing a 15% increase over the previous year.

As a result, our rail operation clocked in a maiden full-year profit of S$0.6 million in 2006 – much earlier than generally expected.

In addition to the NEL, we also operate two light rail transit systems (LRTs) – Sengkang LRT and Punggol LRT, which commenced revenue

service in January 2005. For the year, Sengkang LRT recorded an average daily ridership of 27,434 passengers and Punggol LRT achieved a daily ridership of 7,306 passengers.

To ensure high safety standards at our rail operations, we engaged TUV Rheinland Group Germany, a reputable international professional safety assurance organisation, to conduct an independent audit of our safety management systems. We were given the thumbs up.

On the security front, the terrorist attacks on the land transport system in London and Madrid have amplified the need for vigilance and preparedness. About 300 of our bus and rail staff were directly involved in Singapore's first islandwide emergency exercise on 8 January 2006. Called NorthStar V, the Singapore Civil Defence Force-led exercise was a good test of our security and crisis management capabilities.

Car Rental & Leasing

Demand for car rental and leasing services in general fell in 2006 due to a drop in car prices. Yet, ComfortDelGro Rent-A-Car Pte Ltd continued to grow its profits thanks to strong cost containment measures as well as increased marketing efforts. With a fleet of 1,450 cars, ComfortDelGro Rent-A-Car maintained its position as the market leader in an increasingly competitive industry.

Automotive Engineering, Maintenance Services & Diesel Sales

Our automotive engineering and diesel sales subsidiary, ComfortDelGro Engineering Pte Ltd, continued to grow its business last year, led by an increase in diesel sales, private car accident repairs and growth in fleet management services.

Diesel sales volume grew by 3.5% to 220 million litres in 2006 as close to 100% of our taxi hirers chose to pump with us, up from 90% previously.

Revenue from private car repairs increased by 17% in 2006 due to marketing efforts and strong relationships with insurance companies. In all, ComfortDelGro Engineering handled about 500 accident repair jobs and 3,500 servicing and repair jobs every month. As part of its continuous efforts to remain relevant in an increasingly competitive environment, ComfortDelGro Engineering started promoting its services under the 'First for Car Care' motto in 2006.

ComfortDelGro Engineering's fleet management business also performed well in 2006 due to several successful public tenders. It currently commands a 41% share of the value for public tenders awarded and a 23% share of the number of vehicles contracted.

Besides vehicle maintenance, ComfortDelGro Engineering also assembles specialised vehicles through its Vehicle Construction Unit. It was responsible for the production of specialised vehicles like Wide Body Paramedic Ambulances for the Singapore Civil Defence Force and the assembly of double-deck, wheelchair-accessible buses for Volvo under its contract with SBS Transit.

Vehicle Inspection & Technical Testing Services

Our listed subsidiary, VICOM Ltd, maintained its pole position in 2006 with a 73% market share in the vehicle inspection business. Its wholly-owned technical testing services subsidiary, Setsco Services Pte Ltd, also turned in good results, particularly in the area of biochemistry and aerospace industry.

During the year, a total of 335,890 vehicles were inspected – 5% more than in 2005. The implementation by the National Environment Agency of the mandatory Chassis Dynamometer Smoke Test (CDST) for all diesel-driven vehicles from 1 January 2007 will add to the business going forward.

Demand for vehicle assessments has fallen after the General Insurance Association decided that it would no longer require motorists to make accident reports at our Independent Damage Assessment Centres (Idac). To counter this fall in demand, VICOM Assessment Centres have been turned into one-stop shops for car-owners, offering a wider range of services ranging from assistance in accident

Our total assets are worth
S$3.1 billion

Our total investment abroad is now
S$741.6 million

reporting and third-party claims, to the co-ordination of vehicle repair works and inspection of repaired vehicles.

VICOM's technical testing business, Setsco Services, undertook several major contracts in 2006 involving chemical and biological testing, dioxin sampling and analysis, as well as inspection of structural steelworks. Setsco Services, which is gaining a strong reputation for excellence in the field of testing, has multiple accreditations from various international agencies including the Federal Aviation Administration, the National Association of Defence Contractors Accreditation Programme and the Singapore Accreditation Council. Setsco Services was also awarded the Distinguished Partner Award at the Total Defence Awards Presentation Ceremony in Singapore for its contributions towards national defence.

Learner Drivers' Instructional Services

In 2006, a record 23,000 individuals took up driving lessons at Comfort Driving Centre Pte Ltd – 15% more than the previous year. This was mainly due to the introduction of on-line enrolment and e-Learning services.

Moove Media introduced the Concept Bus in 2006. Here, buses are modelled to look like discotheques and even aeroplanes. The Nokia Music Mobile, for example, has white sofas and stools, padded ceilings and a bar counter.

The latter, for example, has enabled students to "attend" classes from the comforts of their own homes.

Comfort Driving Centre has also been conducting training for professional drivers in countries like Malaysia, Brunei, Hong Kong, China and South Korea, as well as specialised training courses for multinational corporations.

In addition to managing its daily operations, Comfort Driving Centre has been providing management expertise and training services to the Group's overseas driving centres in Chongqing and Chengdu, ensuring that standards in our China operations are comparable to the high standards that have been established in Singapore.

Comfort Driving Centre will be renamed ComfortDelGro Driving Centre in July 2007.

Insurance Broking Services

ComfortDelGro Insurance Brokers Pte Ltd performed well during the year and continues to save large sums of money for the Group. This is the result of its ability to profile and provide reliable information which is key to insurers. The Group continues to retain a substantial amount of self-insurance. Through the use of its claims management software system, ComfortDelGro Insurance Brokers is assisting the Group to settle claims promptly and more efficiently.

Backed by a reinsurance broking licence it attained in October 2006, ComfortDelGro Insurance Brokers is pursuing growth in non-group businesses as well. It recently entered into a working partnership with the Lockton Insurance Group, a leading global insurance broking group, to develop energy-related accounts in Singapore and South East Asia.

Outdoor Advertising

Moove Media Pte Ltd continued to change the face of outdoor advertising in Singapore in 2006. Known for its innovative two- and three-dimensional advertising ideas, the award-winning company branched into a new advertising medium in 2006 – the bus interchange. As a result, some of the Group's bus interchanges in Singapore started sporting retail booths.

The company also introduced the Concept Bus in 2006. Here, buses are modelled to look like discotheques and even aeroplanes. The Nokia Music Mobile, for example, has white sofas and stools, padded ceilings and a bar counter.

In recognition of her teams' tireless innovative advertising efforts, Moove Media's CEO, Mrs Jayne Kwek was named one of "The Singapore 20" by Marketing magazine, making her the only outdoor media representative in a list which portrays the most connected, respected and influential industry players.

CHINA

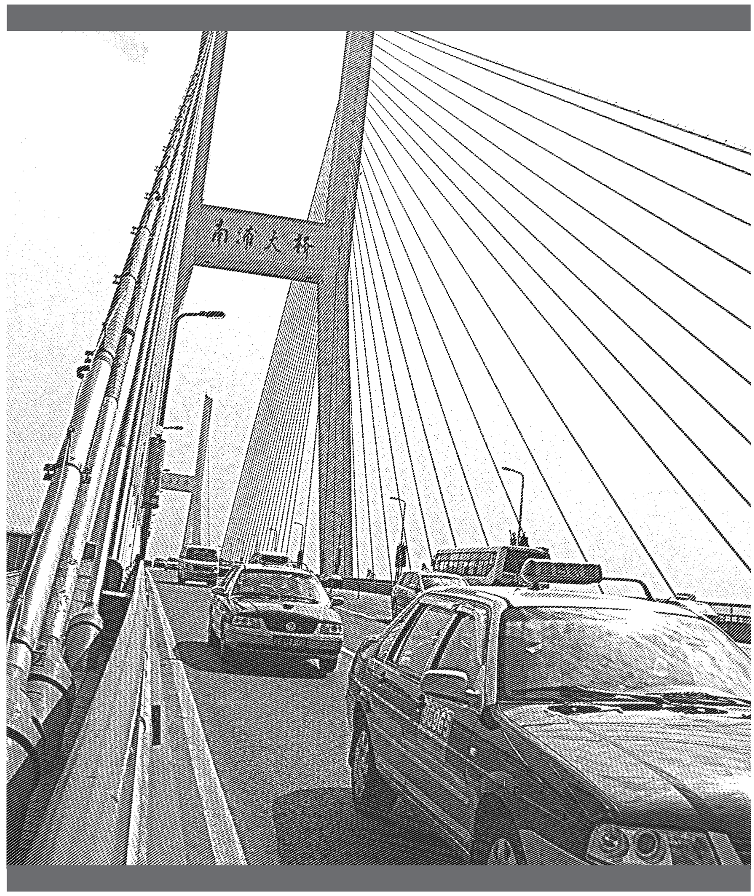
ComfortDelGro, already the largest foreign land transport operator in China, further broadened its footprint in 2006 with a new investment in Chongqing. This brings to S$282.4 million the total investment in China to-date, making it our second largest investment destination. We now operate 23 ventures in 12 cities in China. In terms of investment dollars, our top five China cities as at 31 December 2006 are: (i) Shenyang, (ii) Beijing, (iii) Guangzhou, (iv) Shanghai and (v) Chengdu.

SHENYANG

Bus

In 2006, our Shenyang bus operations – Shenyang ComfortDelGro Bus Co., Ltd and Shenyang ComfortDelGro Anyun Bus Co., Ltd – together operated 1,382 buses, travelled 37.2 million kilometres and carried 186 million passengers.

Shenyang ComfortDelGro Anyun Bus, which began operations in 2005, operated 511 buses and carried 96 million passengers during the year – double what it did in 2005. In all, its buses travelled 19.4 million kilometres and saw a 17% increase in average revenue collected per km. The company continued to make inroads in the industry with its quality service. Among the many accolades it won in 2006 were three Model Service Awards by the Shenyang Transport Bureau, and the Green Bus Services Award by the Shenyang Environment Bureau. The company was also recognised by the Shenyang Social Safety Committee for maintaining a low accident rate of 1.11 cases per 100,000 trips.



Our new subsidiary, Shenyang ComfortDelGro Bus, took possession of 30 routes and assets from the city's largest public bus operator, Shenyang Passenger Transportation Group, in June 2006. It then re-launched these services, replacing 132 buses which were 10 years or older with new 12-meter long Euro II buses. Equipped with interior lighting, pre-start ignition systems, padded handrails, more comfortable seats and electronic signboards, these new buses have become very popular with commuters who are used to cold, dark and uncomfortable public buses.

Besides an image revamp, Shenyang ComfortDelGro Bus has also introduced new operating procedures and electronically-controlled fare collection boxes to improve service efficiency and curb fare pilferage.

Taxi

Our taxi businesses in Shenyang – Shenyang ComfortDelGro Taxi Pte Ltd and CityCab (Shenyang) Ltd – achieved revenue and profit growth in 2006. Cost synergies and better economies of scale were realised after the integration of the backroom processes of both operations during the year. We are one of the largest taxi companies in the city with all 1,021 Shenyang ComfortDelGro Taxi and 270 CityCab (Shenyang) taxis leased out.

Besides gaining a reputation for efficiency and quality service, we also operate a vehicle repair workshop for our taxis, ensuring that the turnaround time for drivers is reduced.

As a result of our commitment to our drivers, we were named one of three "Dedicated Taxi Operators" by Shenyang Taoxian Airport and given the "National Model Taxi Company" title by the National Taxi and Car Leasing Federation in 2006. We also successfully negotiated to operate a taxi stand at Shenyang Traders Hotel, complementing our taxi stands at various train stations and the airport.

BEIJING

Taxi

With a fleet of 5,029, our 55%-owned subsidiary, Beijing Jin Jian Taxi Services Co., Ltd is our biggest taxi operation in China and, given its accelerated fleet renewal programme, one of our newest as well.

The company spent much of 2006 accelerating its vehicle replacement to take advantage of Government incentives aimed at encouraging operators to upgrade their fleet ahead of the 2008 Beijing Olympics. As a result, more than two-thirds of our fleet have been replaced. The remainder will be replaced in 2007. Significantly, all 5,029 taxis have been hired-out.

Beijing Jian Jian Taxi Services, which commands an 8% share of the Beijing taxi industry, has been strengthening its taxi management by paying more attention to drivers' performance, establishing supervisory groups to ensure high standards of operation and detailing a strict code of conduct for drivers.

As a result, the company has no rental payment outstanding from drivers and has successfully increased the number of double-shift taxis to 1,932, ensuring a more efficient use of its taxis.

For its efforts in promoting the image of the taxi industry, Beijing Jin Jian Taxi Services was named the National Taxi Industry's Normalised Management Advanced Enterprise. Three of its drivers, He Suli, Zhao Shoulong and Gu Baorong were also awarded the "Capital Taxi Model" title while another 96 drivers awarded the "Capital Taxi Star" title.

Car Rental & Leasing

The Group's car rental and leasing operations under Beijing CityLimo Yin Jian Auto Services Co., Ltd performed well in 2006, achieving a 26% increase in profits on the back of increased demand for new rental cars. The performance is especially commendable given the intense market competition. To differentiate itself from its competitors, the company purchased new cars for its contracted customers and increased its advertising and promotion efforts. Now, with an enlarged fleet of 928 cars, Beijing CityLimo Yin Jian Auto Services is able to bring value propositions to the growing expatriate community in Beijing.

Vehicle Inspection Services

Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd, our 80% subsidiary, provides vehicle safety and emission inspection services in the capital. The company was recently named the Best Managed Vehicle Inspection Centre by the District Vehicle Control Bureau. In February 2006, Beijing Tian Long Da Tian Vehicle Inspection hosted the official Vehicle Inspection and Handing Over Ceremony for vehicles used by delegates attending the Annual Liang Hui event, inspecting a total of 500 vehicles at one go.

The company recently completed its Safety Inspection Facility Retrofitting Project and is gearing up for increased vehicle inspection requirements ahead of the Beijing Olympics.

GUANGZHOU

Bus Station

Our bus station in Guangzhou, Tianhe Bus Station, had a good year in 2006 on the back of a healthy 14% growth in passenger volume to about 8 million passengers.

Located at the crossroads of major routes, our bus station has seen strong demand for its parking, ticketing, insurance, shop rental, lodging and parcel delivery services. In all, 600,000 bus trips were operated at the station in 2006, representing a 7% increase over the previous year.

Following the liberalisation of long distance bus routes by the Guangzhou Traffic Commission, inter-province bus terminals have been given free rein to attract bus operators to their stations. This has resulted in greater competition amongst bus terminal operators. To differentiate our services from the competition, we have continued to focus on providing quality services to both passengers and bus operators. We have focused on cleanliness, safety and efficiency to improve our attractiveness to bus

operators around the country. For example, the problem of illegal touts used to be rampant at the station. These touts would lure passengers away from the legitimate bus operators to feed the unregistered buses plying the area. This was a loss of income not just for us but for the bus operators who used our services. By working closely with the police and the Traffic Bureau, we have managed to stem this problem to serve the interests of our bus operators.

The opening of the Number 3 Guangzhou MRT line in January 2007 with a station just next to our bus station will augment our growth.

ComfortDelGro, already the largest foreign land transport operator in China, further broadened its footprint in 2006 with a new investment in Chongqing. This brings to S$282.4 million the total investment in China to-date, making it our second largest investment destination.

SHANGHAI

Bus

Our bus associate Shanghai Shenxin Bus Service Ltd operates 535 buses on 17 routes in Shanghai. Despite a highly competitive and fragmented environment comprising four big players and over 40 smaller operators, Shanghai Shenxin Bus Service maintained its competitiveness during the year through effective fleet management and the quality of its services. It cut back on inefficient routes and introduced more air-conditioned services. As a result, close to 85 million passenger trips were made during the year. Of this, 81% were on air-conditioned services, up from 61% in 2005.

In recognition of its commitment to its customers, Shanghai Shenxin Bus Service was named the industry's top service quality provider by the Shanghai Urban Transport Bureau. Its Route No 49 has even been singled-out as a nationwide 'Red-Flag' route in China, one of the most prestigious titles in China.

Taxi

Our 51%-owned subsidiary, Shanghai City Qi Ai Taxi Services Co., Ltd, acquired additional licences during the year, increasing the number of taxis in its fleet from 462 to 482. Having fully replaced its old Santana Pusang taxis with the new Santana 3000 model, its taxis have become highly sought after by taxi hirers given its ergonomic design and spacious passenger cabins. Together with its ISO 9002 certification and well-structured management system, Shanghai City Qi Ai Taxi Services has become known as a premium operator in the city.

CHENGDU

The investments in Chengdu may not be large in size, but they are certainly big on significance. Indeed, Chengdu is where we operate the broadest range of land transport services, outside of Singapore. With over S$12.4 million invested in taxi, automotive workshop, vehicle inspection, car rental and leasing, as well as driving school operations, Chengdu represents a model we hope to replicate in other parts of China.

Taxi

In March 2006, we acquired our joint venture partner's 49% shareholding in ComfortDelGro Yi You Taxi Co. Ltd and transferred all assets to a wholly-owned subsidiary, Chengdu ComfortDelGro Taxi Co. Ltd. With full ownership, we have been able to exert total control over the operations. The result: a 22% growth in revenue in 2006.

Chengdu ComfortDelGro Taxi, which is the first taxi operator in

Chengdu to collect taxi rental payments through electronic means, has also been actively encouraging its hirers to convert from the partially-leased scheme called "Gua Kow", to the fully-leased scheme called "Cheng Bao". The latter commands a higher rental and conversion to this model has helped the company improve its earnings.

Car Rental & Leasing

In May 2006, we acquired our joint venture partner's remaining 1.875% stake in Chengdu CityLimo Auto Services Co., Ltd. Once it became a wholly-owned subsidiary, we undertook a name change, and it is now known as ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd. With just five cars when it began operations in May 2004, ComfortDelGro Rent-A-Car (Chengdu) now has 55 vehicles on long-term lease to top multinational companies based in Chengdu and has become known for reliability and quality service.

Backed by a recently attained ISO 9001 certification, ComfortDelGro Rent-A-Car (Chengdu) aims to develop its daily car rental business as well. In the face of keen competition in this fast growing city, plans are underway to introduce a membership programme promoting car rental on a daily basis where customers enjoy better rates and quicker access to vehicles. The company is also looking to expand its car rental network to other regions in China to increase its competitiveness and market share.

Automotive Engineering & Maintenance Services

Our 51% subsidiary Sichuan ComfortDelGro Car Servicing Co., Ltd became an authorised Mitsubishi cars and spare parts dealer, as well as vehicle maintenance and repair workshop for Mitsubishi cars, in September 2006.

At its official opening on 27 December 2006, the new Mitsubishi Outlander EX was launched – much to the delight of Chengdu residents. We also made history by introducing the city's first "6S" car sales operation. This one-stop shop concept brings together Sale, Survey, Spare parts, Service, School and Second-hand Car Exchange, under one roof.

Vehicle Inspection Services

Our 51% subsidiary, Chengdu Jitong Integrated Vehicle Inspection Co., Ltd started operations on 1 July 2004 and has continued to lead the industry. With an upgraded software system and strong marketing efforts, it was able to increase the inspection volume. It is preparing to attain a new grading standard to offer quality service to its customers.

Learner Drivers' Instructional Services

The number of learner drivers at our first driving school overseas, Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd, increased steadily throughout 2006. In addition to technology and infrastructure improvements, the company purchased new vehicles to enhance the quality of training for its trainee drivers. With 115 training vehicles, including sedan cars and motorcycles, Chengdu ComfortDelGro Qing Yang Driving School is currently the largest driving school in the city with a training area of more than 15 hectares.

CHONGQING

Learner Drivers' Instructional Services

In October 2006, we acquired an 80% stake in our second driving school in China for S$10.2 million. The Grade 1 driving school, Chongqing ComfortDelGro Driver Training Co., Ltd, is the city's largest and has a fleet of 110 vehicles. It offers driving lessons for various classes of vehicles including coaches, cargo trucks and cars. Designated by the authorities as the sole test circuit in nine main city districts, Chongqing ComfortDelGro Driver Training has conducted driving lessons for 1,457 trainees so far, less than three months into the joint venture. With over 80 driving schools competing for trainer drivers, this enrolment number is commendable and is a positive start to our venture.

SUZHOU

Taxi

Our 70% taxi subsidiary, Suzhou Comfort Taxi Co., Ltd, enjoyed a 100% hired out rate in 2006 despite the competitive industry it operates in. All its 50 taxis have also been replaced with the new Santana 3000s, enabling the company to charge a higher rental rate.

Car Dealership

Suzhou Comfort Toyota Sales & Service Co., Ltd sold a record 1,025 cars in 2006 – despite the fact that there were more authorised Toyota dealers in Suzhou compared to the previous year. The company, which distinguishes itself with its outstanding after-sales service, has sold 2,676 cars since it commenced operations in 2004.

Its impressive sales record enabled Suzhou Comfort Toyota Sales & Service to be crowned Toyota's Number One dealer for the 3rd year running. It is also only one of three Toyota dealers in China to have been recognised for being tops in after-sales service.

JILIN CITY

Taxi

Our 95% subsidiary, Jilin ComfortDelGro Taxi Co., Ltd, is the third largest taxi company in Jilin City with a fleet of 330 taxis. Since it began operations in 2002, the company has grown steadily. In 2006, it not only grew revenue by 20% but also won many accolades. It was, for example, awarded the "Star Taxi Enterprise" title by the National Taxi Federation, making it the only taxi company from Jilin City to have won this coveted title.

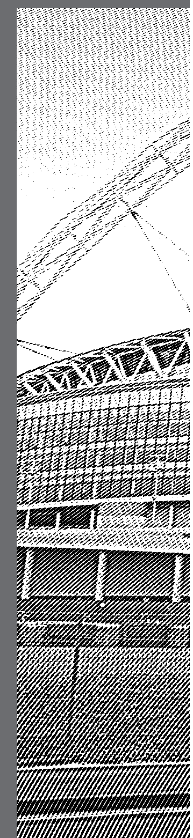
NANNING

Taxi

2006 was an eventful year for our 80% subsidiary, Nanning Comfort Transportation Co., Ltd. The company, which is already Nanning's largest taxi operator with a 15% market share, was awarded 80 new licences by the Municipal Government in September 2006. This brings its total fleet size to 480 taxis. It also acquired a 60% stake in the workshop operations of our Chinese JV partner in July 2006, ensuring a faster turnaround time for our drivers when they send their vehicles for repairs and maintenance.

Together with its ISO 9002 certification and well-structured management system, Shanghai City Qi Ai Taxi Services has become known as a premium operator in the city.

> “The United Kingdom remains our single largest overseas investment destination and the largest contributor to overseas Group revenue. To-date, we have invested S$295.8 million in five cities across the country – London, Aberdeen, Glasgow, Edinburgh and Birmingham – where we have taxi, bus, coach and private hire operations.



XIAMEN, YANTAI AND HENGYANG

Taxi

Our 70% subsidiary Xiamen Comfort Taxi Co., Ltd operates 49 taxis in Fujian Province. With its entire fleet fully deployed, the company boasts one of the highest profit margins amongst all of our taxi operations in China.

In the development zone of Yantai, our 76% subsidiary, Yantai ComfortDelGro Taxi Co., Ltd, operates 20 taxis, a towing service as well as a vehicle repair workshop. The latter was relocated to new premises in October 2006 to take advantage of higher traffic in the surrounding areas.

To the west of Xiamen, our 25% associate, Hengyang CityCab Bus Services Co., Ltd, operates a fleet of 114 taxis and buses.

UNITED KINGDOM

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LONDON

Bus

Our wholly-owned subsidiary, Metroline plc, is one of London’s biggest bus operators with a market share of 14%. Its fleet of 1,183 buses plied 88 routes across North, West, Central London and South Hertfordshire last year, carrying a total of 263 million passengers.

With revenues pegged to mileage operated and efficiency of operation instead of ridership, the focus was on increasing mileage and efficiency. This was done through a combination of factors including better management of drivers’ attendance, better management of the garages and better

supervision of road operations. The company also benefitted from the extension of the congestion-charging zone through frequency increases on a number of key routes. With further route enhancements scheduled in 2007, Metroline stands to benefit even more.

Another noteworthy development in 2006 was the improvement in Metroline's engineering capabilities. The company moved up three notches to third spot in the Transport for London's independent quality measure in 2006. That was not the only accolade the bus operator won during the year. Among the many others was the prestigious London Customer Service Champion Award in the annual UK Bus Awards. The award was given to Metroline's night bus controllers for their excellent and consistent performance since the creation of the team in 2003. Metroline is the single largest provider of night bus services in London.

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In the coach business, we merged our Westbus and Armchair coach operations in 2006 to realise synergies and economies of scale. The consolidated business, now based in Hounslow, maintains a base of 36 coaches operating under two well-established brand names in the London market.

Taxi

Operating under five flagship brands – ComCab, DataCab, Call-A-Cab, Zingo and Local Taxis, our taxi subsidiary Computer Cab plc in London continued to consolidate its position as the city's largest radio taxi network serving a very buoyant market comprising executives, traders, bankers and lawyers. With a fleet of over 3,500 taxis on its network, several new contracts from the financial and media sectors were won in 2006. It is currently in the midst of replacing its 10-year-old Mobistar system with a new taxi booking and despatch system to improve its service to customers.

Our drive towards full ground

transport management gained momentum in 2006. We acquired 70% of Flightlink International Limited, a company with 70 executive cars specialising in chauffeur services for the corporate and financial services sector in London. This is a good complement to Computer Cab's existing taxi service as the needs of many companies have changed in recent years, requiring both taxis and private cars for their transport needs. To increase capacity and service quality, Flightlink International is also investing in new BMW 5-series vehicles to work alongside the current owner-driver mixed fleet of predominately E- and S-class Mercedes.

SCOTLAND

Bus

Our 65%-owned inter-city bus operation, Scottish Citylink Coaches Limited, had a successful year in 2006 following the merger with Stagecoach's Megabus brand. With a fleet of 91 coaches today, it has seen its turnover increase by 49% over 2005 on the back of growth in passenger traffic due mainly to the introduction of the Scottish Nationwide Concessionary travel scheme for retirees. A similar scheme is now being planned for 16 to 18-year-olds.

Taxi

Our Scottish subsidiaries, Computer Cab (Aberdeen) Limited, Computer Cab (Edinburgh) Limited and most recently Onward Travel Limited, have a combined fleet of over 750 taxi and private hire vehicles.

The acquisition of Onward Travel, a private hire company with 170 vehicles operating out of Edinburgh Airport, has added strength to the Edinburgh operations. With the introduction of an advanced in-vehicle technology, these private hire vehicles are able to support existing operations more efficiently while, at the same time, provide customers with an improved level of service.

The addition of a fleet of 23 vehicles from the purchase of AA (Aberdeen Airport) Taxis has also boosted Computer Cab (Aberdeen)'s service proposition in the city. The company is also working with the British Airports Authority (BAA) for an airport rank operation at Aberdeen Airport, which is growing rapidly because of the booming oil and gas industry.

With the successful implementation of our remote call taking agents programme, a third of Computer Cab's call centre agents are now logging on from home to help answer bookings during peak hours. It will further expand this programme to contain call centre costs.

IRELAND

Bus

Citylink Ireland saw strong profitable growth on the back of robust passenger numbers on its Galway-Dublin Airport and Galway-Shannon routes. During the year, it introduced early morning departures from Galway to meet the demands of passengers catching early flights out of Dublin Airport. This has proven to be very successful.

As one of Ireland's premier providers of express coach services, 2006 was another ground-breaking year for our Irish operations. Having been awarded the right to operate a third route linking Galway and Cork, Ireland's second largest city with a population of over half a million, we now transport in excess of 450,000 passengers annually. The company started the service in January 2007 with eight daily departures and is expected to operate the full schedule of 28 daily services by March 2007. Thirteen new coaches, costing S$6.8 million, were commissioned to cater to the requirements of this new service.

AUSTRALIA

Bus

Our year-old bus operation in Australia, ComfortDelGro Cabcharge Pty Ltd, has been a star performer. With a fleet of 693 buses operating under the Hillsbus, Westbus Region 1, Westbus Region 3 and Hunter Valley Buses subsidiaries, we have maintained our leadership position with a 26% share of the private bus market.

One of the significant developments during the year was the acquisition of Holroyd Bus Lines Pty Ltd, one of five private bus operators in New South Wales' Metropolitan Region 3. By

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In northwest Sydney, patronage at our Hillsbus operation has also grown by 20% following a fare harmonisation exercise by the Government. Demand is expected to continue increasing given the population growth in the region. As a result, Hillsbus has acquired an additional 20 Scania buses to ply this region. Thirteen of these vehicles have already been delivered with the remaining seven expected to arrive in the first half of 2007.

Elsewhere, the company has also adopted a comprehensive bus replacement programme to cater to growing customer needs. A total of 114 new vehicles were ordered during the year and more orders are expected to be placed in 2007.

We have also branched out into coach services in 2006 following our successful bid for the operation of the Sydney Coach Terminal. After taking over the facility from the Ministry of Transport, ComfortDelGro Cabcharge has embarked on a major refurbishment of the facility resulting in improved passenger services and a more comfortable environment.

VIETNAM

Taxi

Faced with high fuel prices and a shortage of drivers, our two Vietnam taxi companies – ComfortDelGro Savico Taxi Company and Vietnam Taxi Co., Ltd – embarked on an aggressive recruitment drive in 2006 to improve the hired-out rate.

Besides attracting new drivers, we also launched a programme to sell unhired taxis to would-be drivers. Under the scheme, taxi drivers have to make an upfront payment and can opt to purchase our vehicle for a nominal fee after a tenure of three to five years, subject to certain terms and conditions.

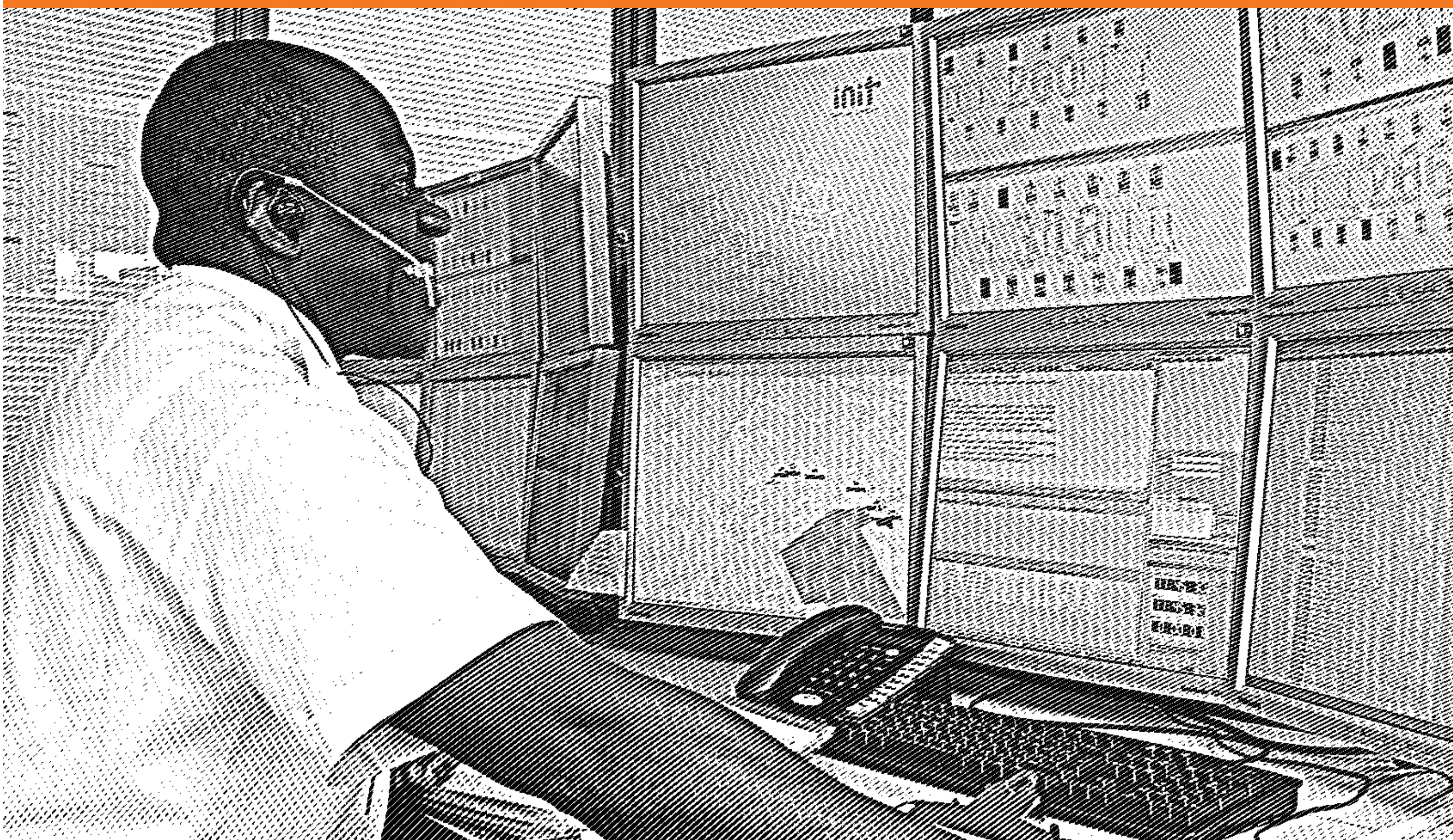
At the same time, the management worked at obtaining good pick-up points for our taxis, enlarged the corporate customer base and stepped up sales and marketing efforts.

In all, we operated a total of 1,115 taxis in Vietnam in 2006.

MALAYSIA

Car Rental & Leasing

We offer car rental and leasing services in Malaysia through CityLimo Leasing (M) Sdn Bhd, Pantas Rent-A-Car Sdn Bhd and DynaDrive Rent-A-Car Sdn Bhd. Faced with keen competition, our car rental and leasing business focused its attention on growing its corporate account business and achieving growth in revenue. The companies added Japanese cars to supplement their fleet of Malaysian-made Proton cars to cater to growing demand.



HARNESSING TECHNOLOGY

It used to be that if one had a car or bus which was used to regularly picked up passengers, one could earn a living as a transport operator.

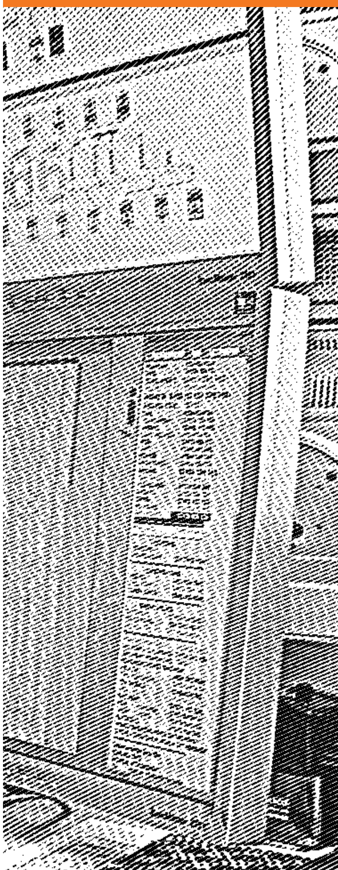
Not so now.

As expectations of commuters rise, having one or two buses or taxis, or even a small fleet of five or ten, isn't going to ensure long-term survival. The reason is simple: Without scale, one no longer has the flexibility to offer a whole range of services which can meet commuters' rising expectations. Indeed, the situation becomes even more pronounced when one wants to become a world-class transport operator.

With an international fleet of over 40,000 vehicles, ComfortDelGro transports several million passengers each day. Leaving operational details like fleet management to chance is not possible. We have therefore invested in advanced technological systems to aid in our delivery of services, ensuring that commuters get from point A to point B safely, comfortably and quickly.

In our taxi businesses, we have invested in call booking systems both in Singapore and in the UK. Relying on satellite technology, these systems are able to not only cut down on the waiting time for commuters but assist drivers in route planning.

For example, the Escalade system in Singapore is able to "recognise" frequent callers and offer them a choice of two of their favourite pick up locations each time they call our booking hotline. This speeds up the call booking process as it bypasses the operator. In the UK, plans are



> **In the UK, plans are underway to introduce a new integrated system called Advantage. When fully deployed, it will be the largest-GPRS based taxi booking and despatch system serving the national market. This means that our taxis in London, Aberdeen, Edinburgh and Birmingham will all have special in-cab devices with mapping and multimedia capabilities to ensure a smoother and more comfortable ride.**

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Technology is also being used extensively in our bus operations. In Singapore, our listed bus subsidiary, SBS Transit Ltd, is rolling out an advanced fleet management system called the Automatic Vehicle Management System (AVMS). The S$40 million system enables the Operations Control Centre to "tell" where traffic jams are and redirect buses so that bunching is minimised. It also allows each and every incident and breakdown that occurs to be reported – making it easier for management to zoom in on problem areas. The end result is again a smoother ride for commuters.

Other than our taxi and bus operations, we are also upgrading other services. For example, our driving school in Singapore has introduced online enrolment and e-Learning services to enable students to take their theory lessons at home. The company also uses global positioning satellite technology to assess a trainee driver's skill level through its Vigil Vanguard System. Here, cameras are mounted on the bonnet and the boot of the car to capture the driver's movements and actions vis-a-vis prevailing road conditions. A playback of the tape at the end of the lesson shows the driver's performance.

Elsewhere, VICOM, our vehicle inspection and technical testing services subsidiary in Singapore has invested in a vehicle reconstruction system which enables engineers to re-enact an accident using physical laws and complex mathematical algorithms.

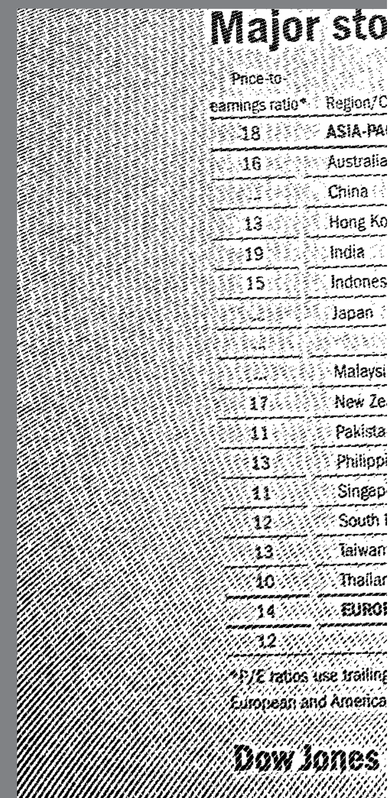
In China, we have also introduced technology to aid backroom operations. Taxi drivers in our Chengdu operations have, for example, been paying their daily rental fees electronically since 2004. This means that they no longer have to waste precious time going down to the office to make payment. In addition, fare collection becomes more precise as everything is done electronically and through the banking system.

Front-end or back-end, technology has proven to be an essential part of our operations. It has increased efficiency and productivity, enabling us to deliver better service propositions to the customer. In the words of Arthur C Clarke, the famous author of 2001: A Space Odyssey, technology has become "indistinguishable from magic".

INVESTOR RELATIONS

"...ComfortDelGro is managing the challenges of a rising oil price and taxi competition well. We believe the Group is putting in place the right strategies to sustain long-term growth."

– Citigroup, 13 November 2006



Our investor relations strategy is simple: Foster strong and long-term relationships with our shareholders through transparent, prompt and open communications.

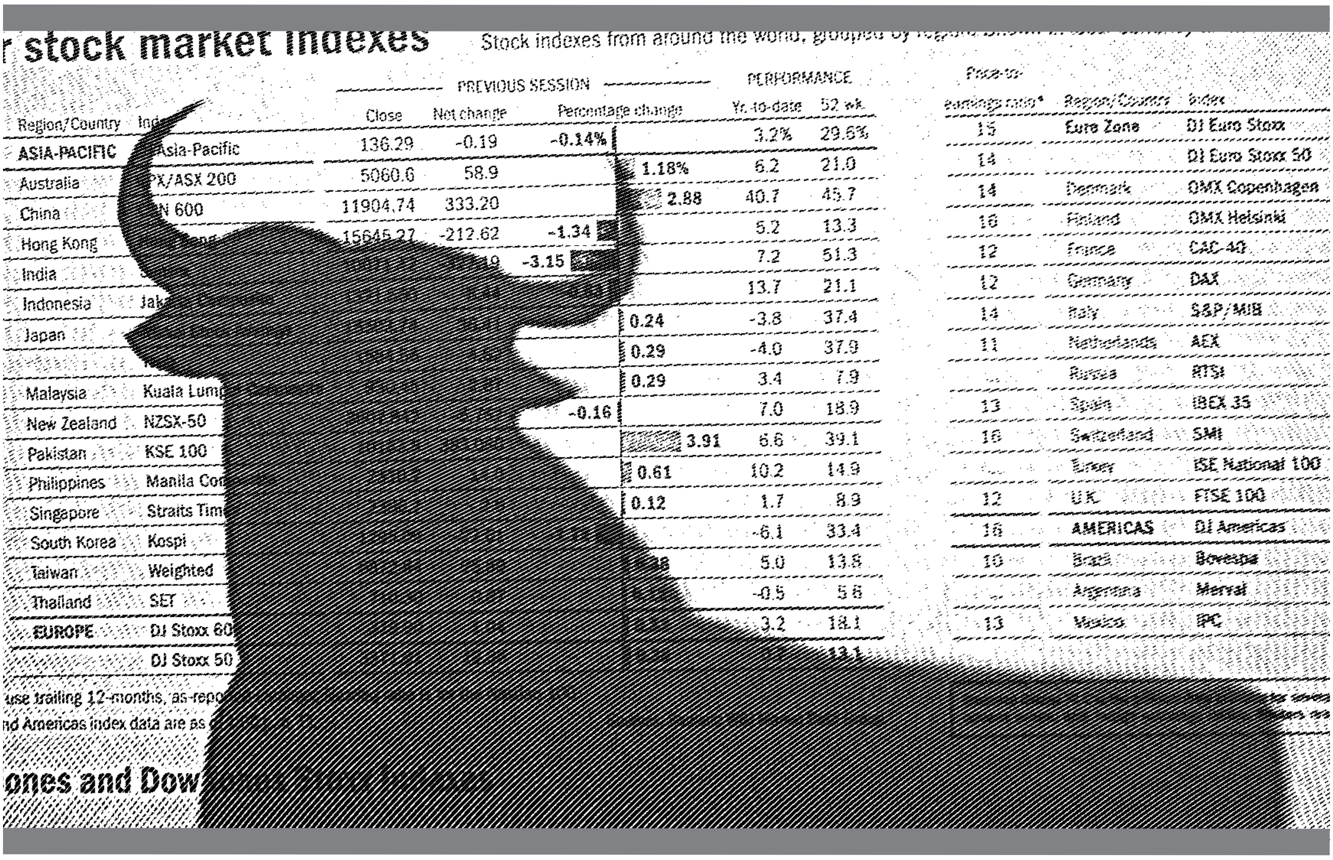
Since Day One, we have not veered from this course. The results are obvious – our shareholder base is not only growing in breadth but in depth. Major institutional funds like the Capital Group are now substantial shareholders with a stake of 5% or more in ComfortDelGro. More tier-one international research houses are writing about us, including Goldman Sachs and ABN Amro, which initiated coverage on ComfortDelGro in 2006.

Indeed, institutional investors have, in general, raised their holdings of ComfortDelGro. Based on a breakdown of shareholdings provided by the Central Depository (Pte) Ltd, 81% of our shares was held by institutional and corporate shareholders as at the end of 2006, compared to 80% the year before. Of the total number of shares held by institutional investors, 56% was held by foreign-based investors, the majority of whom were from the USA, UK and other parts of Asia. This compares with 55% the year before, reflecting the international orientation and global reach of our Investor Relations (IR) programme.

Our approach has always been one of full accessibility. Top management led by our Managing Director/Group CEO holds regular meetings with investors and fund managers. Our non-executive Chairman is also present in some of these sessions. In 2006, we held a total of 141 one-on-one meetings with the investment community. Most of these meetings were with overseas fund managers coming from UK (25%), Hong Kong (12%), USA (44%), Australia (7%), Japan (3%) and Europe (9%). This compares with 129 one-on-one investor meetings in 2005. We also responded to no less than 500 queries from retail investors and members of the public through our website in 2006. In all, 17 sell-side analysts actively followed ComfortDelGro's progress and published regular research reports with estimates and forecasts on our Company's performance during the year.

Our frequent interactions with investors and equity analysts – conducted through conference calls, results briefings, investor conferences, Annual General Meetings and non-deal road shows – have been effective in communicating our latest operating developments and strategic initiatives to the investment community. We also disseminate up-to-date information through a variety of channels including the SGXNet and press releases which are available on our website at *www.comfortdelgro.com.*

As a result of growing international interest in our stock, more than a billion ComfortDelGro shares changed hands during the year, with an average daily volume of approximately four million shares. High fuel prices continued to have a negative impact on our shares in the first half of the year but this was reversed in the second half when oil prices retreated. The sharp fall in global markets in May 2006 also saw many investors re-strategising their



> **"ComfortDelGro is a world-class operator of public bus and taxi operations; we have little doubt that it will be able to export its proficiency in running these operations to its overseas ventures. Its foray into public land transportation services in developing markets offer potential for future strong profitability."**
>
> - Goldman Sachs, 23 June 2006

investment approach and turning to potentially rewarding investments with limited downside and minimal volatility. High-yield, defensive stocks, such as ComfortDelGro provided a good refuge during such times.

As a result, our share price closed the year at S$1.61, up 0.6% from S$1.60 at the end of 2005. Market capitalisation was S$3.33 billion, compared to S$3.31 billion in 2005. This makes us the 38th largest company on the Singapore Exchange.

ComfortDelGro remained a key component of the STI Index, MSCI Index, the SES Transport Index and the FTSE/ASEAN Index. Our free float amounts to a high 87.8%, helping us achieve a higher weighting on both the Straits Times Index as well as the MSCI Singapore Free Index. Singapore Labour Foundation remains our single largest shareholder with a 12.2% stake.

ComfortDelGro recognises the importance of investors' feedback and is constantly trying to look at new ways to improve our communication reach. Investors are welcome to send their feedback or post questions to the Group via the following channels:

- E-mail feedback to *info@comfortdelgro.com*
- Share thoughts at the Annual General Meeting
- Complete the corporate website feedback form at *www.comfortdelgro.com*
- Fax feedback to (65) 6282 5583
- Post a feedback letter to:

  Investor Relations Department
  ComfortDelGro Corporation Limited
  205 Braddell Road
  Singapore 579701

CORPORATE SOCIAL RESPONSIBILITY

For ComfortDelGro, corporate social responsibility means respecting people and the world around us. We continue to be guided by the conviction that value creation and social and environmental performance do not happen in isolation. They are inextricably linked. Working on first principles, we strive to make corporate social responsibility an integral part of daily business operations for each and every business division and employee, and in doing so we hope to earn the trust of all our stakeholders and the business community.

The following are just some of the ways in which we have reached out to others.

THE UNDERPRIVILEGED

In 2006, the Group gave out more than S$2.6 million to the poor, the needy, the sick, the aged and the community in general.

The bulk of the funds went to the elderly and the poor – our traditional charities of choice. One of the biggest beneficiaries was NTUC Eldercare in Singapore which received S$120,000 for the second year running. As a result, hundreds of senior citizens will be able to continue receiving quality day care services. Other organisations like our adopted charity, the Home Nursing Foundation, also received warm support – in cash and in-kind.

The physically handicapped also receive special attention. In Singapore, our taxi drivers have been providing a special taxi service to handicapped passengers since 1999. In London, Computer Cab is accredited under the "Positive About Disabled People" programme which supports the employment of the handicapped.

Around the world, natural disasters continued to wreck havoc in 2006. ComfortDelGro and its subsidiaries gave generously to many aid organisations in a bid to help rebuild lives. In July 2006, Hurricane Belis hit the Guangdong Province, resulting in death and destruction. Guangzhou Xin Tian Wei donated RMB 283,000 (S$56,000) to help in the rebuilding of the affected areas. Over in Vietnam, assistance was also rendered to the victims of the Chan Chou and SangXane storms which resulted in 245 deaths.

SAFETY

The safety of our passengers, our staff and all road users is of paramount importance to us. Wherever we operate, whatever the conditions, we always try to implement the best of industry standards to ensure that safety is never compromised.

All across the world, our taxi and bus drivers are taught safety driving skills and go for regular training updates. Those who flout safety rules are dealt with severely. The Group uses penalty and reward schemes to deter and incentivise drivers and staff to maintain the highest in standards.

We also strive to ensure the safety of the environment in which we operate. In London, for example, Metroline has been working with the Metropolitan Police in the "Bus Beat" project where staff are allowed to stand down from their usual duties to become Special Constables – dedicating eight hours of their time every fortnight patrolling buses and transport routes. Along the same vein, Computer Cab is working hard to promote safety on the streets of London. Its "City CabWatch" programme with the City of London Police is part of a scheme where text messages are sent to drivers so that they can look out for missing children.

STAFF WELFARE

The key to our continued success lies in our people. As we work towards realising our Vision of becoming the undisputed global leader in land transport, we invest in our human capital to generate organisational excellence, increased profitability and stakeholders' value.

Our approach towards human capital management is holistic, integrated, long-term and continuous. Attention is given to creating a work environment that identifies, motivates and retains the best and brightest employees who can make a difference to the performance of the Group. Our core values are reinforced to ensure our long-term success.

Our leadership development programme includes job rotations, overseas postings and the assignment of challenging projects to keep those with strong potential motivated while, at the same time, providing them with the opportunity to hone their leadership skills.

With the current focus on expanding our businesses overseas, we have cultivated a ready pool of top talent who can be fielded whenever a business need arises. Career development initiatives have also been put in place to develop general management, finance and operations staff so that key staff can effectively take on assignments in our overseas units. These staff are rotated amongst our various business units to gain the necessary skills and knowledge to help our overseas units grow the business. At the same time, some of our staff from the overseas business units also travel to Singapore to learn from their counterparts about the relevant best practices which they can leverage on to enhance their own operations.

We are ardent supporters of the Yellow Ribbon Project in Singapore as we believe in giving ex-offenders who are keen to start afresh and have the requisite skills for the jobs a second chance. Our hiring policy is non-discriminatory, fair and equitable.

Other than strengthening our processes for identifying, selecting and developing our people, we reward our employees according to their performance and contributions to motivate and retain them.

Sustaining a learning environment that drives continuous improvement in performance is also vital for our Group's progress and development. Training and re-training is emphasised to strengthen functional skills. Soft skills are also enhanced in key areas such as customer service excellence, team building and problem solving.

To strengthen teamwork and build camaraderie amongst staff, programmes such as team sports, recreational and health promotion activities are organised for all staff to participate as one family.

ENVIRONMENT

Environmental stewardship is a core part of our business. As a land transport provider, we are aware that our operations may have an impact on the environment. With this in mind, we have committed to:

1. Work closely with the regulators and comply with industry standards
2. Control the emission of pollutants from our fleets of vehicles
3. Reduce, wherever possible, energy consumption in our offices, depots and trains
4. Identify re-cyclable products like papers and batteries for re-use

In 2006, many of our operations also started equipping themselves with Euro IV emission vehicles. These include our taxi and bus operations in Singapore, London and Shenyang.

Taking the lead in Singapore, we have been looking at environmentally-friendly options since 2003. We rolled out the country's first Euro IV Mercedes taxis in 2005, more than a year ahead of the mandated deadline by the Government. Currently, close to 80% of some 600 Mercedes taxis are Euro IV.

In 2006, we also put to trial two other Euro IV vehicle models – the Hyundai Sonata and Volkswagen Touran. After a six-month long trial, we signed an agreement with Komoco Motors to purchase 1,400 Hyundai Sonatas, with the option for 1,000 more units for S$40 million. The first Hyundai Sonata taxi hit the roads in January 2007.

Our bus depots in Singapore have also phased out all harmful Halon 1211 (BCF) fire extinguishers and replaced them with powder type extinguishers. Halon BCF has been found to be extremely damaging to the earth's ozone layer while dry powder extinguishers are considered more environmentally-friendly. Other energy saving features include the dimming of lights at our train stations as well as the auto-slowing of escalators.

In our workshops, sawdust is used to absorb diesel oil that has spilt onto the ground, making clean-ups easier. Diesel oil that runs into the drainage is also filtered through an interceptor which has several filters set apart at intervals to sift through the waste water. The oil sludge residue is then removed from the drains to prevent water pollution.

Our taxi subsidiary, ComCab in London has also been accredited with ISO 14001 – Environmental Management Systems – resulting in the following benefits:

- Improved perception of the key environmental issues by our employees and an improved public image.
- A reduction in wastage in the use of energy and raw materials.
- Improved ability to comply with environmental regulations.
- Dependence on a system rather than the individual to manage the environmental function of the organisation.

INTRODUCTION

The ComfortDelGro Group has, in all our dealings, been committed to maintaining and upholding the highest standards of corporate governance to enhance and safeguard the best interest of all our stakeholders. In financial year 2005, as a further commitment towards enhancing corporate transparency and in promoting good corporate governance practices amongst our employees world-wide, we put in place a Code of Business Conduct, which sets out the principles and policies upon which our businesses will be regulated, taking into account the applicable laws and regulations of the relevant countries in which we have operations. To enhance the effectiveness of the Code of Business Conduct, and to prevent the occurrence of unethical conduct or behaviour, we have implemented a policy on Whistle Blowing. Here, the aim is to stop any activity that runs contrary to the interests of the Group and to effect disciplinary actions against those found guilty of inappropriate or illegal behaviour.

This report sets out the corporate governance practices that were in place during the year with specific reference to the Code of Corporate Governance 2005.

BOARD OF DIRECTORS

***Principle 1* – The Board's Conduct of its Affairs**

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

(i) Guiding the strategic direction and goals of the Group;
(ii) Putting in place appropriate and adequate systems of internal control, risk management process and financial authority limits;
(iii) Monitoring financial performance, approving annual budget, major capital and operating expenditures, and acquisition and disposal of significant investments; and
(iv) Monitoring managerial performance.

The Board has delegated the day-to-day management and running of the Group to the management headed by the Managing Director/Group Chief Executive Officer ("MD/Group CEO"), Mr Kua Hong Pak, while reserving certain key issues and policies for its approval.

To assist the Board in the detailed consideration of the various issues at hand and to facilitate decision making, four committees had been formed namely, the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Investment Committee ("IC"). Each committee is governed and regulated by its own terms of reference which sets out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which the committee is to operate and how decisions are to be taken. Ad-hoc committees are also formed to look at specific issues from time to time.

To tie in with the requirement for quarterly and full-year reporting and the approval of the Group's Annual Budget, a total of five scheduled Board meetings are held in each financial year. The quarterly and full-year Board meetings are held within 45 days after the end of each quarter and the financial year (as the case may be), while the Board meeting to approve the Group's Annual Budget is held in December after all the budgets of the subsidiaries have been approved by their respective Boards. Ad-hoc Board meetings are also held from time to time as and when the need arises.

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

The attendance of the Directors at the Board and Committee meetings for financial year 2006 and the frequency of such meetings are set out below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee		Investment 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	No. of Meetings Held	No. of Meetings Attended
Lim Jit Poh	6	6	-	-	1	1	3	3	2	2
Kua Hong Pak	6	6	4	4*	1	1*	3	3*	2	2
Ong Ah Heng	6	5	4	4	-	-	-	-	-	-
Oo Soon Hee	6	6	4	4	-	-	-	-	-	-
Teo Geok Har, Nancy (1)	6	6	-	-	1	1	-	-	2	2
Tow Heng Tan	6	4	-	-	-	-	3	3	2	2
Wang Kai Yuen	6	5	-	-	1	1	-	-	2	2
Wong Chin Huat, David	6	6	4	4	-	-	3	3	-	-

* *Attended meetings by invitation of the Committee*
(1) *Resigned on 1 January 2007*

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

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

Regular presentations are held to enable Directors to familarise themselves with the Group's new businesses. Further, to enable Directors to have an insight into the Group's operations abroad and also to have a feel of the pulse of the economy of the countries in which the Group is operating, and to develop a closer rapport with the Group's joint venture partners and the executives managing the operations, one of the scheduled quarterly Board meetings is held abroad. In financial year 2006, an overseas Board meeting was held in Sydney, Australia.

Directors are also furnished regularly with analyst reports, updates on corporate governance practices, and articles relating to changes in laws relevant to the Group's businesses and operating environments.

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

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

Principle 2 **– Board Composition and Guidance**

The Board presently comprises eight Directors, of whom only the MD/Group CEO is an executive Director. Of the seven remaining non-executive Directors, five of them are considered by the NC to be independent.

The NC, having reviewed the composition of the Board, is satisfied that the present size of the Board is effective for decision making. The NC is also satisfied that the Board comprising Directors with a variety of skills, core competencies, expertise and working experience from various industries, is effective and has the competencies to discharge its duties and responsibilities. In addition, each Board member also has the necessary international exposure, expertise and networking to assist the Group in its growth and expansion abroad. The voicing of different views is common and management is open in its dealings with the Board.

Principle 3 **– Chairman and MD/Group CEO**

The Chairman and MD/Group CEO have separate and distinct roles. The Chairman is responsible for the effective functioning of the Board while the MD/Group CEO is responsible for the operations and management of the Group's various businesses both locally and abroad. The Chairman and MD/Group CEO 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 for each Director to express his/her views. Board agenda is prepared by the Company Secretary in consultation with the Chairman and MD/Group CEO and Board papers are approved by the MD/Group CEO prior to being despatched in advance to the Directors.

Principle 4 **– Board Membership**

The NC comprises three non-executive Directors, of whom two, including the Chairman are independent. The Chairman of the NC is not associated with any substantial shareholder. The Company Secretary is the Secretary to the NC.

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

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

The Articles of Association of the Company provide that one third of the Directors, including the Managing Director, are subject to retirement by rotation every year and Directors appointed during the year will be subject to re-election at the Annual General Meeting immediately following his appointment. For the forthcoming Annual General Meeting, Mr Lim Jit Poh, Dr Wang Kai Yuen and Mr Wong Chin Huat, David are due for re-election pursuant to Article 91 and Ms Sum Wai Fun, Adeline is due for re-election pursuant to Article 97 of the Articles of Association.

From time to time, new directors may be identified for appointment to the Board whereupon the NC will evaluate and assess their suitability, based on their qualifications, working experiences and expertise, to determine if they are able to fit into the overall competency matrix of the Company's Board before recommending them to the Board for its approval.

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

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

***Principle 5* – Board Performance**

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

As the Company was incorporated at the start of year 2003 following the merger of Comfort Group Ltd (“Comfort”) and DelGro Corporation Limited (“DelGro”), a meaningful evaluation of the performance of the Board was to consider the increase in the market capitalisation of the combined proforma Comfort and DelGro prior to the merger, and the market capitalisation of ComfortDelGro as at 31 December 2006. As at the close of business on 24 March 2003, being the last day of trading in the shares of Comfort and DelGro prior to the merger, the combined market capitalisation was about S$1.5 billion. As at 31 December 2006, the market capitalisation of the Company was about S$3.3 billion, an increase of about 120%. The share price went to a record high of S$2.07 in intra-day trade on 21 February 2007. As at 31 December 2006, the share price was S$1.61.

In addition, there was also an increase in shareholders’ equity and total assets of ComfortDelGro compared to the proforma combined results of Comfort and DelGro as at 31 December 2002. Shareholders’ equity increased S$262.9 million to S$1.4 billion as at 31 December 2006 due mainly to profits from operations, and total assets increased S$667.1million to S$3.1 billion due mainly to increase in fixed assets. Cash and cash equivalents stood at S$237.6 million.

***Principle 6* – Access to Information**

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

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

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

REMUNERATION MATTERS

***Principle 7* – Procedures for Developing Remuneration Policies**

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

In accordance with the Code of Corporate Governance 2005, the RC comprises entirely of four non-executive and independent Directors (Dr Wang Kai Yuen was appointed on 1 January 2007). Members of the RC are also independent of management and free from any business or other relationships which may materially interfere with the exercise of independent judgment. The Company Secretary is the Secretary to the RC.

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

(i) Review and recommend to the Board the remuneration framework for compensation for each Director and to ensure that the level of remuneration offered is appropriate to the level of contribution. The RC also reviews the remuneration of senior management to ensure that the overall remuneration package is attractive to retain and motivate key executives;

(ii) Recommend a formal and transparent process for determining Directors’ fees for non-executive Directors of the Company; and

(iii) Approve the participants and determine the quantum of options to be granted under the ComfortDelGro Employees’ Share Option Scheme and to administer the Scheme.

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

***Principle 8* – Level and Mix of Remuneration**

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

The remuneration of the MD/Group CEO and certain key executives of the Group are also tied to the return on shareholders' funds and the level of profitability achieved. This remuneration framework is based on the findings and recommendations of an international human resource consultancy firm appointed by the Group.

The structure for the payment of Directors' fees for non-executive Directors is based on a framework comprising basic fees and additional fees for serving on Board Committees and also for undertaking additional services for the Group. The fees are subject to approval of shareholders at the Annual General Meeting. The MD/Group CEO, being an executive of the Company, does not retain any fees paid by the subsidiaries. Instead, fees due to him are paid by the subsidiaries to the Company.

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

***Principle 9* – Disclosure of Remuneration**

The remuneration of the Directors and the key executives of the Group (who are also not Directors) for the financial year 2006 are found on pages 116 to 117 of this Annual Report.

Further information on the ComfortDelGro Employees' Share Option Scheme can be found on pages 66 to 68 of this Annual Report.

During the financial year 2006, no key executive was an immediate family member of any Director of the Company.

ACCOUNTABILITY AND AUDIT

***Principle 10* – Accountability**

During financial year 2006, the Company released its quarterly and full-year results within 45 days from the end of each quarter or financial year as the case may be.

***Principle 11* – Audit Committee**

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

The roles of the AC include the following:

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

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

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

(iv) Review interested person transactions;

(v) Recommend the appointment, re-appointment and removal of the external auditors at the Annual General Meeting and review the fees due to them;

(vi) Review the audit plans of the internal and external auditors; and

(vii) Review the effectiveness of the Company's whistle blowing policy which has been put in place for staff to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters and thereupon to ensure that an independent investigation of such matters and appropriate follow-up actions are taken.

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

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

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 Board down to MD/Group CEO and the heads of departments, with the Board retaining the ultimate authority. Any expenditure exceeding the highest authority limit is referred to the Board for approval.

(ii) *Budgetary Control*
A robust and challenging Annual Budget is prepared and approved by the Board prior to the commencement of each new financial year. Variations between actual and budgeted performance are reviewed and justifications provided, if material. This is done on a quarterly basis. Specific approvals are also required for unbudgeted expenditures exceeding a relevant threshold. In addition, the capital expenditure budget is approved in principle by the Board when the Annual Budget is approved. Each capital expenditure is still subject to rigorous justification and review in accordance with the Group's financial authority limits. Also, tight control is implemented on hiring through headcount budgets.

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

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

Further details of the financial risks and how the Group manages them are set out on page 138 of this Annual Report.

(v) *Operations Risk and Business Continuity Planning*
Following the Group-wide control self assessment exercise, the Group embarked on Business Continuity Management (BCM) planning to address its business continuity in the event of major disasters affecting its operations. Business continuity plans were developed by the various Strategic Business Units under the guidance of the BCM Committee.

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

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

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

Principle 13 **– Internal Audit**
The internal audit function of the Group is performed by the Group Internal Audit Department comprising seven staff and headed by the Group Internal Audit Officer. She reports functionally to the Chairman of the AC and administratively to the MD/Group CEO. The Company Secretary is the Secretary of the AC.

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

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

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

COMMUNICATIONS WITH SHAREHOLDERS

***Principle 14* – Regular, Effective and Fair Communications with Shareholders**

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

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

As part of a programme of investor relations, the Group's Investor Relations Team, together with senior management, meet with major institutional and retail investors on a regular basis and participated in road shows organised by securities houses. Further details of the investor relations' activities of the Group are set out on pages 48 to 49 of this Annual Report.

***Principle 15* – Shareholders Participation at Annual General Meeting**

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

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

DEALINGS IN SECURITIES

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

All Directors and executives of the Group are also told that they must not deal in (i) the securities of the Company and/or its listed subsidiaries 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

There were no interested person transactions of or over S$100,000 in value entered into during the financial year under review.

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

** listed on the Singapore Exchange*

SINGAPORE SUBSIDIARIES

BUS

SBS Transit Ltd *
205 Braddell Road Singapore 579701
Mainline (65) 6284 8866
Fascimile (65) 6287 0311
Website www.sbstransit.com.sg
Email crc@sbstransit.com.sg

ComfortDelGro Bus Pte Ltd
205 Braddell Road Singapore 579701
Mainline (65) 6553 3838
Fascimile (65) 6456 0922
Website www.comfortdelgrobus.com.sg
Email enquiry@comfortdelgrobus.com.sg

TAXI

Comfort Transportation Pte Ltd
383 Sin Ming Drive Singapore 575717
Mainline (65) 6555 1188
Fascimile (65) 6453 3183
Website www.comfort-transportation.com.sg
Email feedback@ctpl.com.sg

CityCab Pte Ltd
383 Sin Ming Drive Singapore 575717
Mainline (65) 6555 1188
Fascimile (65) 6453 3183
Website www.citycab.com.sg
Email feedback@ctpl.com.sg

Yellow-Top Cab Pte Ltd
383 Sin Ming Drive Singapore 575717
Mainline (65) 6555 1188
Fascimile (65) 6453 3183
Website www.yellow-top-cab.com.sg
Email feedback@ctpl.com.sg

RAIL

SBS Transit Ltd *
205 Braddell Road Singapore 579701
Mainline (65) 6284 8866
Fascimile (65) 6287 0311
Website www.sbstransit.com.sg
Email crc@sbstransit.com.sg

CAR RENTAL & LEASING

ComfortDelGro Rent-A-Car Pte Ltd
205 Braddell Road Singapore 579701
Mainline (65) 6882 0882
Fascimile (65) 6665 1818
Website www.cdgrentacar.com.sg
Email sales@cdgrentacar.com.sg

AUTOMOTIVE ENGINEERING & MAINTENANCE SERVICES

ComfortDelGro Engineering Pte Ltd
205 Braddell Road Singapore 579701
Mainline (65) 6383 6280
Fascimile (65) 6280 9755
Website www.comfortdelgroengineering.com.sg
Email enquiries@cdge.com.sg

VEHICLE INSPECTION & TECHNICAL TESTING SERVICES

VICOM Ltd *
385 Sin Ming Drive Singapore 575718
Mainline (65) 6458 4555
Fascimile (65) 6458 1040
Website www.vicom.com.sg
Email kwek_laykhim@vicom.com.sg

VICOM Assessment Centre Pte Ltd
385 Sin Ming Drive Singapore 575718
Mainline (65) 6455 5358
Fascimile (65) 6455 8638
Website www.vac.com.sg

VICOM Inspection Centre Pte Ltd
385 Sin Ming Drive Singapore 575718
Mainline (65) 6458 4555
Fascimile (65) 6458 1040
Website www.vicom.com.sg

Setsco Services Pte Ltd
18 Teban Gardens Crescent
Singapore 608925
Mainline (65) 6556 7777
Fascimile (65) 6556 7718
Website www.setsco.com

JIC Inspection Services Pte Ltd
53 Pioneer Road Singapore 628505
Mainline (65) 6863 9639
Fascimile (65) 6863 1838
Website www.vicom.com.sg/inspect.htm

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

Comfort Driving Centre Pte Ltd
205 Ubi Avenue 4 Singapore 408805
Mainline (65) 6841 8900
Fascimile (65) 6841 8913
Website www.comfortdrivingcentre.com.sg
Email info@cdc.com.sg

INSURANCE BROKING SERVICES

ComfortDelGro Insurance Brokers Pte. Ltd.
205 Braddell Road Singapore 579701
Mainline (65) 6383 8833
Fascimile (65) 6286 2112
Email insurance@comfortdelgro.com.sg

OUTDOOR ADVERTISING

Moove Media Pte Ltd
205 Braddell Road Singapore 579701
Mainline (65) 6383 7035
Fascimile (65) 6288 7112
Website www.moovemedia.com.sg
Email advertising@moovemedia.com.sg

CHINA SUBSIDIARIES

Beijing

TAXI

Beijing Jin Jian Taxi Services Co., Ltd
Hei Shi Tou
Shi Jing Shan District
Beijing 100042
Mainline (86) 10 8895 1556/8
Fascimile (86) 10 8895 1678
Email leongks@comfortdelgro.com

CAR RENTAL & LEASING

Beijing CityLimo Yin Jian Auto Services Co., Ltd
No 29 Fang Zhuang
1st Section Fang Gu Yuan 2nd Floor
Feng Tai District
Beijing 100078
Mainline (86) 10 8761 1462/59
Fascimile (86) 10 8761 1465
Website www.yjzl.com
Email leongks@comfortdelgro.com

VEHICLE INSPECTION

Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd
No 8 Cheng Shou Si Road
Jiu Gong Da Xing District
Beijing 100076
Mainline (86) 10 8760 0856
Fascimile (86) 10 8760 2282
Email ronnylee@comfortdelgro.com

Shanghai

BUS

Shanghai Shenxin Bus Service Ltd
No 2000 Xie Tu Road
Shanghai 200032
Mainline (86) 21 6443 0044
Fascimile (86) 21 6404 0092
Email kpliew@comfortdelgro.com

TAXI

Shanghai City Qi Ai Taxi Services Co., Ltd
No 285, 10F
Lu Jia Bang Road
Shanghai 200011
Mainline (86) 21 6313 5248
Fascimile (86) 21 6313 1717
Email kpliew@comfortdelgro.com

Shenyang, Liaoning Province

BUS

Shenyang ComfortDelGro Bus Co., Ltd
Shenyang Hunnan New and Hi Tech
Development Zone
24 Shiji Road Unit 6
Shenyang 110179
Mainline (86) 24 8378 3538
Fascimile (86) 24 2378 2149
Email lawrencetan@comfortdelgro.com

Shenyang ComfortDelGro Anyun Bus Co., Ltd
No 8 Hua Hai Road
Shenyang Jing Ji Ji
Shu Kai Fa District
Shenyang, Liaoning 110141
Mainline (86) 24 2537 6441
Fascimile (86) 24 2537 6536
Email lawrencetan@comfortdelgro.com

TAXI

Shenyang ComfortDelGro Taxi Pte Ltd
No 52 Wen Hua Dong Road
Dong Lin District
Shenyang, Liaoning 110015
Mainline (86) 24 2420 7819
Fascimile (86) 24 2482 3064
Email lawrencetan@comfortdelgro.com

CityCab (Shenyang) Ltd
No 52 Wen Hua Dong Road
Dong Lin District
Shenyang, Liaoning 110015
Mainline (86) 24 2422 2265
Fascimile (86) 24 2482 3064
Email lawrencetan@comfortdelgro.com

Chengdu, Sichuan Province

TAXI

Chengdu ComfortDelGro Taxi Co., Ltd
No 13 Wai Dong Jian Cai Road
Chengdu, Sichuan 610051
Mainline (86) 28 8471 5281
Fascimile (86) 28 8471 5610
Email simontan@comfortdelgro.com

CAR RENTAL & LEASING

ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd
No 13 Wai Dong Jian Cai Road
Chengdu, Sichuan 610051
Mainline (86) 28 8471 8859
Fascimile (86) 28 8471 3961
Website www.citylimo.com.cn
Email simontan@comfortdelgro.com

AUTOMOTIVE ENGINEERING & MAINTENANCE SERVICES

Sichuan ComfortDelGro Car Servicing Co., Ltd
No 11 Tulong Road
Jinniu District
Chengdu, Sichuan 610036
Mainline (86) 28 8759 3030
Fascimile (86) 28 8751 5030
Email simontan@comfortdelgro.com

VEHICLE INSPECTION

Chengdu Jitong Integrated Vehicle Inspection Co., Ltd
No 13 Wai Dong Jian Cai Road
Chengdu, Sichuan 610051
Mainline (86) 28 8471 2137
Fascimile (86) 28 8471 2137
Email simontan@comfortdelgro.com

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd
Wen Ja Hong Nian Zi
Qing Yang Zone
Chengdu, Sichuan 610091
Mainline (86) 28 8707 5036
Fascimile (86) 28 8707 1725
Email simontan@comfortdelgro.com

Chongqing

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

Chongqing ComfortDelGro Driver Training Co., Ltd
No 11 Huo Ju Road
Jiu Long Park
Jiu Long Po District
Chongqing 400080
Mainline (86) 23 8906 8503
Fascimile (86) 23 8906 8510
Email simontan@comfortdelgro.com

Guangzhou, Guangdong Province

BUS STATION

Guangzhou Xin Tian Wei Transportation Development Co., Ltd
No 633 Yan Ling Road
Guangzhou, Guangdong 510650
Mainline (86) 20 3708 4331
Fascimile (86) 20 3708 6782
Website www.tianhebus.com
Email kookw@comfortdelgro.com

Suzhou, Jiangsu Province

TAXI

Suzhou Comfort Taxi Co., Ltd
No 188 Jin Ji Hu Road
Suzhou Industrial Park
Suzhou, Jiangsu 215021
Mainline (86) 512 6762 0200
Fascimile (86) 512 6761 0101
Email richardtang@comfortdelgro.com

CAR DEALERSHIP

Suzhou Comfort Toyota Sales & Service Co., Ltd
No 188 Jin Ji Hu Road
Suzhou Industrial Park
Suzhou, Jiangsu 215021
Mainline (86) 512 6762 0200
Fascimile (86) 512 6761 0101
Email richardtang@comfortdelgro.com

Jilin City, Jilin Province

TAXI

Jilin ComfortDelGro Taxi Co., Ltd
No 32 Ji Li Da Street
Jilin City, Jilin 132013
Mainline (86) 43 2818 9881
Fascimile (86) 43 2456 5618
Email nixipeng@comfortdelgro.com

Nanning, Guangxi Province

TAXI

Nanning Comfort Transportation Co., Ltd
15/F Torch Building
No 1 Binhe Road
Nanning, Guangxi 530003
Mainline (86) 771 581 6763 or 6783
Fascimile (86) 771 581 6776
Email richardtang@comfortdelgro.com

Xiamen, Fujian Province

Taxi

Xiamen Comfort Taxi Co., Ltd
No 109 Gu Gong Lu
Xiamen, Fujian 361004
Mainline (86) 592 228 6091
Fascimile (86) 592 228 6091
Email richardtang@comfortdelgro.com

Yantai, Shangdong Province

TAXI

Yantai ComfortDelGro Taxi Co., Ltd
Jing Ji Ji Shu Kai Fa District
Yantai Kai Fa Qu Gang Yu Chun Xi Mian
Fu Lai Da Dao Pang Ze
Yantai, Shangdong 264006
Mainline (86) 53 5611 0501
Fascimile (86) 53 5611 0501

Hengyang, Hunan Province

BUS

Hengyang CityCab Bus Services Co Ltd
No 2 Bai Sha Zhou Nang Jiao Avenue
Hu Nang District
Hengyang, Hunan 421007
Mainline (86) 734 8402 888
Fascimile (86) 734 8493 566

UK & IRELAND SUBSIDIARIES

London

BUS

Metroline plc
5th Floor Hygeia House
66-68 College Road
Harrow
Middlesex HA1 1BE
Mainline (44) 208 218 8888
Fascimile (44) 208 218 8899
Website www.metroline.co.uk
Email info@metroline.co.uk

E.H. Mundy Holdings Limited
Armchair House
Commerce Road
Brentford TW8 8LZ
Mainline (44) 208 210 8600
Fascimile (44) 208 210 8605
Website www.armchair.co.uk
Email info@armchair.co.uk

F.E. Thorpe & Sons Limited
Unit 12 Perivale Industrial Park
Horsenden Lane South
Greenford UB6 7RL
Mainline (44) 208 437 7655
Fascimile (44) 208 437 7660
Email info@metroline.co.uk

TAXI

Computer Cab plc
5th Floor Hygeia House
66-68 College Road
Harrow
Middlesex HA1 1BE
Mainline (44) 207 908 0286
Fascimile (44) 207 908 0051
Website www.computercab.co.uk
Email customerservice@comcab.co.uk

Flightlink International Ltd
92 Cannon Workshops
Cannon Drive
London E14 4A5
Mainline (44) 20 7537 4777
Fascimile (44) 20 7987 2117
Website www.flchauffeurs.com
Email admin@flchauffeurs.com

Scotland

BUS

Scottish Citylink Coaches Limited
Buchanan Bus Station
Killermont Street
Glasgow G2 3NP
Mainline (44) 141 332 9644
Fascimile (44) 141 332 4488
Website www.citylink.co.uk
Email info@citylink.co.uk

StageCoach UK Bus
10 Dunkeld Road
Perth
PH1 5TW
Mainline (44) 173 844 2111
Fascimile (44) 173 844 2158
Website www.stagecoachbus.com

Aberdeen, Scotland

TAXI

Computer Cab (Aberdeen) Limited
Burnside Drive
Dyce
Aberdeen AB21 0HW
Mainline (44) 1224 794 401
Fascimile (44) 1224 790 371
Email customerservice@comcab.co.uk

Edinburgh, Scotland

TAXI

Computer Cab (Edinburgh) Limited
2/6 Spitfire House
Turnhouse Road
Edinburgh Airport
Edinburgh EH12 0AZ
Mainline (44) 131 272 8009
Fascimile (44) 131 272 8011
Email customerservice@comcab.co.uk

Onward Travel Ltd
2/6 Spitfire House
Turnhouse Road
Edinburgh Airport
Edinburgh EH12 0AL
Mainline (44) 131 333 2255
Fascimile (44) 131 272 8011
Website www.onwardtravel.com
Email admin@onwardtravel.com

Birmingham

Computer Cab (Birmingham) Ltd
118-122 Charles Henry Street
Birmingham B12 0SJ
Mainline (44) 121 566 8000
Fascimile (44) 121 622 0889
Website www.yourtaxi.com
Email enquiries@comcab-birmingham.co.uk

Dublin, Ireland

BUS

Cummers Commercial Limited
t/a Citylink Ireland
Galway Tourist Office
Forster Street
Galway
Mainline (353) 91 564 164
Fascimile (353) 91 564 100
Website www.citylink.ie
Email info@citylink.ie

AUSTRALIA SUBSIDIARY

Sydney

BUS

ComfortDelGro Cabcharge Pty Ltd
Level 12, 100 George Street
Parramatta NSW 2150
Mainline (61) 2 9890 0000
Fascimile (61) 2 9891 4871
Email customerservice@westbus.com.au

VIETNAM SUBSIDIARIES

Ho Chi Minh City

TAXI

Vietnam Taxi Co., Ltd
Tan Binh Industrial Park
Lot IV-15B Road 4
Tay Thanh Ward
Tan Phu District
Ho Chi Minh City
Mainline (84) 8 815 5151
Fascimile (84) 8 815 5158
Website www.vinataxis.com
Email enquiry@vinataxis.com

ComfortDelGro Savico Taxi Company
325 Ho Van Hue Street
Ward 2, Tan Binh District
Ho Chi Minh City
Mainline (84) 8 842 4400
Fascimile (84) 8 847 5976
Website www.comfortsavico.com
Email francis@comfortdelgro.com

MALAYSIA SUBSIDIARIES

Kuala Lumpur

CAR RENTAL & LEASING

CityLimo Leasing (M) Sdn Bhd
c/o Intellectual Assets Services Sdn Bhd
Suite 2.03, 2nd Floor
Wisma Mirama, Jalan Wisma Putra
Kuala Lumpur 50460
Mainline (60) 3 5638 9898
Fascimile (60) 3 5638 9889
Website www.citylimo.com.my
Email sales@pantas.com.my

DynaDrive Rent-A-Car Sdn Bhd
c/o Intellectual Assets Services Sdn Bhd
Suite 2.03, 2nd Floor
Wisma Mirama, Jalan Wisma Putra
Kuala Lumpur 50460
Mainline (60) 3 5638 1818
Fascimile (60) 3 5638 1881
Website www.dynadrive.com.my
Email sales@pantas.com.my

Pantas Rent-A-Car Sdn Bhd
c/o Intellectual Assets Services Sdn Bhd
Suite 2.03, 2nd Floor
Wisma Mirama, Jalan Wisma Putra
Kuala Lumpur 50460
Mainline (60) 3 5638 1818
Fascimile (60)3 5638 1881
Website www.pantas.com.my
Email sales@pantas.com.my

Financial State

ments

The Directors present their annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2006 and the balance sheet of the Company as at 31 December 2006.

1 DIRECTORS

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

Lim Jit Poh *(Chairman)*
Kua Hong Pak *(Managing Director/Group Chief Executive Officer)*
Ong Ah Heng
Oo Soon Hee
Sum Wai Fun, Adeline *(Appointed on 1 January 2007)*
Teo Geok Har, Nancy *(Resigned on 1 January 2007)*
Tow Heng Tan
Wang Kai Yuen
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 of the Company and share capital and debentures of its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Name of Directors and Companies in which interests are held	At 1 January 2006	At 31 December 2006	At 21 January 2007
Interest in the Company			
(a) Ordinary shares			
Lim Jit Poh	44,425	44,425	44,425
Kua Hong Pak	1,624,530	1,624,530	1,624,530
Ong Ah Heng	395,558	395,558	395,558
Oo Soon Hee	300,000	300,000	300,000
Teo Geok Har, Nancy (1)	6,540	540	N.A.
Wang Kai Yuen	657,584	-	-
Wong Chin Huat, David	200,000	100,000	100,000

Name of Directors and Companies in which interests are held	At 1 January 2006	At 31 December 2006	At 21 January 2007
Interest in the Company			
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	400,000	600,000	600,000
Kua Hong Pak	2,400,000	3,600,000	3,600,000
Ong Ah Heng	150,000	250,000	250,000
Oo Soon Hee	300,000	450,000	450,000
Teo Geok Har, Nancy [1]	400,000	400,000	N.A.
Tow Heng Tan	400,000	500,000	500,000
Wang Kai Yuen	187,500	312,500	312,500
Wong Chin Huat, David	200,000	300,000	300,000
Interest in subsidiary, SBS Transit Ltd			
(a) Ordinary shares			
Lim Jit Poh	-	50,000	50,000
Kua Hong Pak	150,000	150,000	150,000
Wong Chin Huat, David	120,000	100,000	100,000
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	200,000	250,000	250,000
Kua Hong Pak	180,000	270,000	270,000
Wong Chin Huat, David	110,000	100,000	100,000
Interest in subsidiary, VICOM Ltd			
(a) Ordinary shares			
Lim Jit Poh	30,000	190,000	190,000
Ong Ah Heng	20,000	20,000	20,000
Wang Kai Yuen	20,000	-	-
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	160,000	-	-
Kua Hong Pak	54,000	54,000	54,000
Teo Geok Har, Nancy	80,000	-	-

[1] Resigned on 1 January 2007

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Director 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 Directors' fees from related corporations in their capacities as Directors of those related corporations.

5 SHARE OPTIONS

(A) Share Options of the Company

(i) The ComfortDelGro Employees' Share Option Scheme (the "CDG ESOS") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company on 18 February 2003. The CDG ESOS is administered by the Remuneration Committee (the "Committee") comprising Messrs Lim Jit Poh, Tow Heng Tan, Wong Chin Huat, David and Wang Kai Yuen (appointed on 1 January 2007).

(ii) Under the CDG ESOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at a subscription price determined with reference to the market price of the shares at the time of grant of the option. The subscription price does not include any discount feature. The consideration for the grant of an option is $1.00. The option may be exercised at any time after the first anniversary of the date of grant but before the tenth anniversary (fifth anniversary for non-executive Directors) of the date of grant of that option or such shorter period as determined by the Committee. The option may be exercised in whole or in part on the payment of the relevant subscription price. The participants to whom the options have been granted shall be eligible to participate in other share option schemes implemented by the Company and/or its subsidiaries. Options granted will lapse when the option holder ceases to be a full-time employee or Director of the Company or any company of the Group, subject to certain exceptions at the discretion of the Committee administering the CDG ESOS.

5 SHARE OPTIONS (CONT'D)

(iii) Particulars of unissued shares under options granted pursuant to the CDG ESOS, options granted, exercised and cancelled/lapsed during the financial year and options outstanding as at 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES						
Dates of grant	Outstanding at 1 January 2006	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2006	Subscription price per share	Expiry date
6 September 2001*	548,054	-	494,586	53,468	-	$0.718	6 September 2006
25 March 2002*	74,715	-	74,715	-	-	$0.538	24 March 2012
5 September 2002*	280,710	-	160,406	-	120,304	$0.569	5 September 2007
8 October 2002*	535,460	-	149,430	-	386,030	$0.561	7 October 2012
31 July 2003	1,386,000	-	469,000	-	917,000	$0.793	30 July 2013
31 July 2003	200,000	-	100,000	-	100,000	$0.793	30 July 2008
2 January 2004	1,969,000	-	577,000	-	1,392,000	$0.820	1 January 2014
2 January 2004	200,000	-	-	-	200,000	$0.820	1 January 2009
19 July 2004	3,167,500	-	577,500	15,000	2,575,000	$1.217	18 July 2014
19 July 2004	325,000	-	-	-	325,000	$1.217	18 July 2009
24 February 2005	4,342,500	-	-	355,000	3,987,500	$1.680	23 February 2015
24 February 2005	647,500	-	-	-	647,500	$1.680	23 February 2010
21 July 2005	4,587,500	-	65,000	220,000	4,302,500	$1.540	20 July 2015
21 July 2005	647,500	-	-	-	647,500	$1.540	20 July 2010
17 November 2005	5,052,500	-	-	215,000	4,837,500	$1.550	16 November 2015
17 November 2005	647,500	-	-	-	647,500	$1.550	16 November 2010
13 July 2006	-	10,570,000	-	-	10,570,000	$1.500	12 July 2016
13 July 2006	-	1,225,000	-	-	1,225,000	$1.500	12 July 2011
Total	24,611,439	11,795,000	2,667,637	858,468	32,880,334		

The options outstanding as at 31 December 2006 includes 635,000 options granted to a former Director and employees of the Company, who have been granted an extension of time from their respective dates of cessation of directorship or employment, by the Committee of the Company to exercise their outstanding options.

* Following the merger of Comfort Group Ltd and DelGro Corporation Limited, the number of shares comprised in the outstanding options under the Comfort Executives' Share Option Scheme, the 2000 Comfort Share Option Scheme and the DelGro Executives' Share Option Scheme (collectively, the "Pre-Merger Option Scheme"), were exchanged for options under the CDG ESOS based on the then option exchange ratios.

5 **SHARE OPTIONS** (CONT'D)

(iv) Details of the options granted to Directors during the financial year and since the commencement of the CDG ESOS (including options granted under the Pre-Merger Option Scheme) up to 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			
	Granted during the year ended 31 December 2006	Aggregate options granted since the commencement to 31 December 2006	Aggregate options exercised since the commencement to 31 December 2006	Aggregate options outstanding at 31 December 2006
Director				
Lim Jit Poh	200,000	1,373,577	773,577	600,000
Kua Hong Pak	1,200,000	5,100,000	1,500,000	3,600,000
Ong Ah Heng	100,000	817,540	567,540	250,000
Oo Soon Hee	150,000	750,000	300,000	450,000
Teo Geok Har, Nancy	100,000	817,540	417,540	400,000
Tow Heng Tan	100,000	500,000	-	500,000
Wang Kai Yuen	125,000	973,672	661,172	312,500
Wong Chin Huat, David	100,000	500,000	200,000	300,000

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

(v) None of the options granted under the CDG ESOS include a discount feature to the market price of the shares at the time of grant. No participants to the CDG ESOS are controlling shareholders of the Company and their associates.

(vi) None of the Directors or employees of the Company and its subsidiaries received 5% or more of the total number of options available under the CDG ESOS, for the financial year ended 31 December 2006.

(B) Share Options of subsidiaries

(a) SBS Transit Ltd ("SBST")

(i) The SBS Transit Share Option Scheme (the "SSOS") in respect of unissued ordinary shares in SBST was approved by the shareholders of SBST on 9 June 2000. The SSOS is administered by the Remuneration Committee of SBST.

(ii) Under the SSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at a subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price and/or number of shares comprised in the option may be adjusted in certain events under the rules of the SSOS. Additionally, in the case of incentive options, depending on the extent to which set performance targets are met, the subscription price of such options may be adjusted by a discount of up to 20% at the end of an incentive period. Such options may also be cancelled if the targets are not met. The consideration for the grant of an option is $1.00. The option may be exercised at any time after the first anniversary of, or in the case of incentive options, after the second anniversary of, the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee of SBST. 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 SBST, subject to certain exceptions at the discretion of the Remuneration Committee of SBST.

5 SHARE OPTIONS (CONT'D)

(iii) Particulars of unissued shares under options granted pursuant to the SSOS, options exercised and cancelled/lapsed during the financial year, and options outstanding as at 31 December 2006 were as follows:

Dates of grant	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES					Subscription price per share	Expiry date
	Outstanding at 1 January 2006	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2006+		
26 September 2000	273,000	-	53,000	8,000	212,000	$1.59	26 September 2010
6 September 2001	356,000	-	71,000	14,000	271,000	$1.60	6 September 2011
22 August 2003	423,000	-	53,000	-	370,000	$1.29	22 August 2013
10 December 2003	370,000	-	120,000	5,000	245,000	$1.22	10 December 2013
19 July 2004	1,033,750	-	431,250	11,250	591,250	$1.60	19 July 2014
19 July 2004	190,000	-	110,000	-	80,000	$1.60	19 July 2009
24 February 2005	1,046,250	-	-	26,250	1,020,000	$2.29	24 February 2015
24 February 2005	290,000	-	95,000	-	195,000	$2.29	24 February 2010
28 July 2005	1,152,500	-	-	33,750	1,118,750	$2.23	28 July 2015
28 July 2005	267,500	-	-	-	267,500	$2.23	28 July 2010
18 November 2005	1,141,250	-	-	33,750	1,107,500	$2.16	18 November 2015
18 November 2005	267,500	-	-	-	267,500	$2.16	18 November 2010
13 July 2006	-	2,432,000	-	35,000	2,397,000	$2.15	13 July 2016
13 July 2006	-	535,000	-	-	535,000	$2.15	13 July 2011
	6,810,750	2,967,000	933,250	167,000	8,677,500		

+ The options outstanding as at 31 December 2006 includes 115,750 options granted to former employees of SBST, who have been granted an extension of time from their respective dates of cessation of employment, by the Remuneration Committee of SBST to exercise their outstanding options.

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

5 SHARE OPTIONS (CONT'D)

(iv) Details of the SSOS options granted to Directors of the Company during the financial year and since the commencement of the SSOS up to 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			
	Granted during the year ended 31 December 2006	Aggregate options granted since the commencement to 31 December 2006	Aggregate options exercised since the commencement to 31 December 2006	Aggregate options outstanding at 31 December 2006
Director				
Lim Jit Poh	100,000	480,000	230,000	250,000
Kua Hong Pak	90,000	420,000	150,000	270,000
Wong Chin Huat, David	50,000	280,000	180,000	100,000

The terms of the options granted to the Directors during the year are disclosed in paragraph 5(B)(a)(ii).

(v) None of the options granted under the SSOS include a discount feature to the market price of the shares at the time of grant. None of the options granted were incentive options. No participant has received options which in aggregate represent 5% of the total number of options available under SSOS, for the financial year ended 31 December 2006.

(b) VICOM Ltd ("VICOM")

(i) The 2001 VICOM Share Option Scheme (the "2001 VSOS") in respect of unissued ordinary shares in VICOM, was approved by the shareholders of VICOM on 27 April 2001. The 2001 VSOS is administered by the Remuneration Committee of VICOM.

(ii) Under the 2001 VSOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares at the subscription price determined with reference to the market price of the shares at the time of the grant of the option. The subscription price does not include any discount feature. The consideration for the grant of an option is $1.00. The option may be exercised at any time after the first anniversary of the date of grant but before the tenth anniversary (fifth anniversary for options granted to non-executive Directors) of the date of grant of that option or such shorter period as determined by the Remuneration Committee of VICOM. The shares under option may be exercised in whole or in part on the payment of the relevant subscription price.

5 SHARE OPTIONS (CONT'D)

(iii) Particulars of unissued shares under options granted pursuant to the 2001 VSOS, options exercised during the financial year, and options outstanding as at 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES					
Dates of grant	Outstanding at 1 January 2006	Granted	Exercised	Outstanding at 31 December 2006	Subscription price per share	Expiry date
1 June 2001	60,000	-	60,000	-	$0.570	30 May 2006
1 June 2001	44,000	-	16,000	28,000	$0.570	30 May 2011
26 September 2001	30,000	-	30,000	-	$0.423	25 September 2006
26 September 2001	34,000	-	10,000	24,000	$0.423	25 September 2011
6 April 2002	40,000	-	40,000	-	$0.628	5 April 2007
6 April 2002	158,000	-	16,000	142,000	$0.628	5 April 2012
7 October 2002	43,000	-	43,000	-	$0.600	6 October 2007
7 October 2002	77,000	-	25,000	52,000	$0.600	6 October 2012
27 June 2003	89,000	-	43,000	46,000	$0.760	26 June 2008
27 June 2003	191,000	-	14,000	177,000	$0.760	26 June 2013
20 December 2003	76,000	-	43,000	33,000	$0.865	19 December 2008
20 December 2003	188,000	-	12,000	176,000	$0.865	19 December 2013
23 August 2004	49,500	-	26,500	23,000	$0.953	22 August 2009
23 August 2004	271,500	-	116,500	155,000	$0.953	22 August 2014
24 February 2005	49,500	-	26,500	23,000	$0.998	23 February 2010
24 February 2005	295,500	-	140,500	155,000	$0.998	23 February 2015
21 November 2005	540,000	-	-	540,000	$0.933	20 November 2015
7 July 2006	-	544,000	-	544,000	$1.00	6 July 2016
	2,236,000	544,000	662,000	2,118,000		

Participants of the 2001 VSOS are not restricted from participating in other share option schemes, whether implemented by VICOM, its subsidiaries or otherwise.

5 **SHARE OPTIONS** (CONT'D)

(iv) Details of the 2001 VSOS options granted to Directors of the Company during the financial year and since the commencement of the 2001 VSOS up to 31 December 2006 were as follows:

	NUMBER OF OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES			
	Granted during the year ended 31 December 2006	Aggregate options granted since the commencement to 31 December 2006	Aggregate options exercised since the commencement to 31 December 2006	Aggregate options outstanding at 31 December 2006
Director				
Lim Jit Poh	-	160,000	160,000	-
Kua Hong Pak	-	54,000	-	54,000
Teo Geok Har, Nancy	-	80,000	80,000	-

The terms of the options granted to the Directors during the year are disclosed in paragraph 5(B)(b)(ii).

(v) None of the options granted under the 2001 VSOS include a discount feature of the market price of the shares at the time of grant. No participant has received options which in aggregate represent 5% of the total number of options available under the 2001 VSOS, for the financial year ended 31 December 2006.

(C) Except as disclosed above:

(a) during the financial year:

(i) there were no options granted to any person to take up unissued shares in the Company or any corporation in the Group; and

(ii) no shares of the Company or any corporation in the Group were issued by virtue of the exercise of an option to take up unissued shares.

(b) at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 AUDIT COMMITTEE

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

Oo Soon Hee *(Chairman)*
Ong Ah Heng
Wong Chin Huat, David

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

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

KUA HONG PAK
Managing Director/Group Chief Executive Officer

Singapore
13 February 2007

Independent Auditors' Report

to the members of ComfortDelGro Corporation Limited

We have audited the accompanying financial statements of ComfortDelGro Corporation Limited (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at 31 December 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 162.

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

MAH CHEE KHEONG, CHALY
Partner
(Appointed on 29 April 2004)

Singapore
13 February 2007

Balance Sheets

31 December 2006

	Note	THE GROUP		THE COMPANY	
		2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
ASSETS					
Current assets					
Short-term deposits and bank balances	4	**237.6**	262.7	**41.6**	37.5
Held-for-trading investments	5	**158.1**	215.6	**10.0**	5.0
Available-for-sale investments – current portion	6	**15.0**	3.0	**1.3**	-
Trade receivables	7	**131.9**	104.8	**-**	-
Other receivables and prepayments	8	**129.8**	174.8	**361.8**	435.6
Finance lease receivables – current portion	9	**24.7**	22.6	**-**	-
Hedging instruments – current portion	10	**0.7**	-	**-**	-
Inventories	11	**44.7**	39.1	**-**	-
Total current assets		**742.5**	822.6	**414.7**	478.1
Non-current assets					
Subsidiaries	12	**-**	-	**506.3**	506.3
Associates	13	**84.9**	29.2	**56.0**	0.2
Available-for-sale investments	6	**62.2**	90.0	**24.0**	25.4
Long-term receivables	14	**16.8**	0.3	**2.4**	1.9
Finance lease receivables	9	**22.8**	25.9	**-**	-
Vehicles, premises and equipment	15	**1,841.1**	1,774.5	**1.4**	1.7
Taxi and other licences	16	**215.5**	218.4	**-**	-
Goodwill	17	**84.7**	79.5	**-**	-
Hedging instruments	10	**1.0**	0.9	**-**	-
Deferred tax assets	18	**13.1**	17.1	**-**	-
Total non-current assets		**2,342.1**	2,235.8	**590.1**	535.5
Total assets		**3,084.6**	3,058.4	**1,004.8**	1,013.6

Balance Sheets
31 December 2006

	Note	THE GROUP 2006 $'mil	THE GROUP 2005 $'mil	THE COMPANY 2006 $'mil	THE COMPANY 2005 $'mil
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank loans	19	**100.2**	193.4	**-**	-
Long-term loans – current portion	20	**73.6**	181.5	**-**	-
Finance lease payable – current portion	21	**27.9**	33.8	**-**	-
Hedging instruments	10	**0.4**	12.3	**-**	-
Trade and other payables	22	**390.0**	368.4	**193.9**	272.3
Deposits received – current portion	23	**48.0**	48.5	**-**	-
Fuel price equalisation account		**34.1**	34.1	**-**	-
Provision for claims	24	**69.7**	62.6	**-**	-
Income tax payable		**63.2**	61.3	**0.1**	0.5
Total current liabilities		**807.1**	995.9	**194.0**	272.8
Non-current liabilities					
Long-term loans	20	**109.1**	20.4	**-**	-
Finance lease payable	21	**94.2**	88.6	**-**	-
Deposits received	23	**41.7**	37.7	**-**	-
Deferred income		**16.8**	-	**-**	-
Deferred tax liabilities	18	**130.3**	139.7	**0.2**	-
Provision for service benefits and long service awards	25	**16.0**	14.6	**0.1**	0.1
Retirement benefit obligations	30	**39.4**	44.3	**-**	-
Total non-current liabilities		**447.5**	345.3	**0.3**	0.1
Capital, reserves and minority interests					
Share capital	26	**537.5**	517.0	**537.5**	517.0
Other reserves	27	**37.3**	47.9	**15.5**	20.5
Accumulated profits		**866.5**	780.1	**257.5**	203.2
Equity attributable to shareholders of the Company		**1,441.3**	1,345.0	**810.5**	740.7
Minority interests		**388.7**	372.2	**-**	-
Total equity		**1,830.0**	1,717.2	**810.5**	740.7
Total liabilities and equity		**3,084.6**	3,058.4	**1,004.8**	1,013.6

See accompanying notes to the financial statements.

Consolidated Profit and Loss Statement

year ended 31 December 2006

	Note	**2006 $'mil**	2005 $'mil (Restated)
Turnover	28, 45	**2,761.8**	2,466.6
Other operating income	29	**31.3**	32.3
Revenue		**2,793.1**	2,498.9
Staff costs	30	**(862.9)**	(772.2)
Materials and consumables		**(265.8)**	(209.8)
Depreciation and amortisation expenses		**(249.5)**	(254.8)
Payments for contract services	45	**(225.7)**	(207.3)
Energy and fuel costs		**(196.0)**	(156.5)
Repair and maintenance		**(159.3)**	(147.5)
Road and diesel taxes		**(115.3)**	(117.2)
Taxi drivers' benefits		**(80.6)**	(41.5)
Insurance and accident compensation		**(77.1)**	(65.2)
Vehicle leasing charges		**(66.9)**	(55.0)
Premises costs		**(57.3)**	(55.3)
Other operating expenses		**(131.3)**	(111.1)
Total operating expenses		**(2,487.7)**	(2,193.4)
Operating profit		**305.4**	305.5
Net income from investments	31	**16.1**	2.9
Interest income		**16.2**	13.3
Finance costs	32	**(22.3)**	(22.7)
Share of profit in associates		**3.3**	1.6
Profit before taxation and exceptional item		**318.7**	300.6
Exceptional item	33	**42.1**	-
Profit before taxation		**360.8**	300.6
Taxation	34	**(71.0)**	(61.5)
Profit after taxation	35	**289.8**	239.1
Attributable to:			
Shareholders of the Company		**244.6**	201.9
Minority interests		**45.2**	37.2
		289.8	239.1
Earnings per share (in cents):			
Basic	36	**11.82**	9.79
Diluted	36	**11.80**	9.77

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

year ended 31 December 2006

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
	Share capital $'mil	Other reserves $'mil	Accumulated profits $'mil	Total $'mil	Minority interests $'mil	Total equity $'mil
Balance at 1 January 2005	513.8	20.7	744.9	1,279.4	281.8	1,561.2
Gains on cash flows hedges	-	0.8	-	0.8	-	0.8
Gains on available-for-sale investments	-	0.3	-	0.3	-	0.3
Exchange differences arising on translation of foreign operations	-	10.9	-	10.9	-	10.9
Actuarial losses on defined benefit plans	-	(2.5)	-	(2.5)	-	(2.5)
Reserves arising from the dilution of interest in a subsidiary	-	7.9	-	7.9	-	7.9
Net income recognised directly in equity	-	17.4	-	17.4	-	17.4
Realised gain transferred to profit or loss on disposal of available-for-sale investments	-	(0.1)	-	(0.1)	-	(0.1)
Profit after taxation	-	-	201.9	201.9	37.2	239.1
Total recognised income for the year	-	17.3	201.9	219.2	37.2	256.4
Capital contribution	-	-	-	-	66.0	66.0
Recognition of share-based payments	-	1.8	-	1.8	-	1.8
Exercise of share options	3.2	6.6	-	9.8	-	9.8
Payment of dividends (Note 43)	-	-	(165.2)	(165.2)	-	(165.2)
Other reserves	-	1.5	(1.5)	-	(12.8)	(12.8)
Balance at 31 December 2005	517.0	47.9	780.1	1,345.0	372.2	1,717.2

	ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
	Share capital $'mil	Other reserves $'mil	Accumulated profits $'mil	Total $'mil	Minority interests $'mil	Total equity $'mil
Balance at 1 January 2006	517.0	47.9	780.1	1,345.0	372.2	1,717.2
Gains on cash flow hedges	-	1.2	-	1.2	-	1.2
Gains on available-for-sale investments	-	12.9	-	12.9	-	12.9
Exchange differences arising on translation of foreign operations	-	(13.2)	-	(13.2)	-	(13.2)
Actuarial gains on defined benefit plans	-	1.5	-	1.5	-	1.5
Net income recognised directly in equity	-	2.4	-	2.4	-	2.4
Realised gain transferred to profit or loss on cash flow hedges	-	(0.4)	-	(0.4)	-	(0.4)
Realised loss transferred to profit or loss on disposal of available-for-sale investments	-	0.1	-	0.1	-	0.1
Profit after taxation	-	-	244.6	244.6	45.2	289.8
Total recognised income for the year	-	2.1	244.6	246.7	45.2	291.9
Adjustment arising from abolition of par value of shares (Note 26)	17.7	(17.7)	-	-	-	-
Recognition of share-based payments	-	3.0	-	3.0	-	3.0
Exercise of share options	2.8	(0.5)	-	2.3	-	2.3
Payment of dividends (Note 43)	-	-	(157.2)	(157.2)	-	(157.2)
Other reserves	-	2.5	(1.0)	1.5	(28.7)	(27.2)
Balance at 31 December 2006	537.5	37.3	866.5	1,441.3	388.7	1,830.0

See accompanying notes to the financial statements.

Consolidated Cash Flow Statement

year ended 31 December 2006

	2006 $'mil	2005 $'mil
Operating activities:		
Profit before taxation	**360.8**	300.6
Adjustments for:		
Depreciation and amortisation expenses	**249.5**	254.8
Finance costs	**22.3**	22.7
Interest income	**(16.2)**	(13.3)
Gain on share exchange - exceptional item	**(42.1)**	-
Share-based payment expense	**3.0**	1.8
Net (gain) loss on fair value changes and disposal of investments	**(0.2)**	0.3
Write-back of impairment loss arising from investment in an associate	**-**	(1.0)
Write-back of allowance for doubtful advances on disposal of an associate	**(14.5)**	-
Gain on disposal of investment in subsidiaries	**-**	(2.1)
Net loss on disposal of vehicles, premises and equipment	**7.4**	1.9
Impairment loss on vehicles and equipment	**7.7**	4.6
Impairment loss on goodwill	**0.1**	-
Dividend income	**(0.3)**	(0.7)
Provision for service benefits, retirement benefits and long service awards, net	**11.1**	0.4
Share of profit in associates	**(3.3)**	(1.6)
	585.3	568.4
Payment of service benefits, retirement benefits and long service awards	**(18.6)**	(1.3)
Operating cash flows before movements in working capital	**566.7**	567.1
Inventories	**(5.6)**	(2.0)
Trade receivables	**(27.1)**	(9.2)
Other receivables and prepayments	**22.2**	(38.5)
Finance lease receivables	**1.0**	0.4
Long-term receivables	**(16.5)**	0.5
Held-for-trading investments	**57.9**	50.4
Trade and other payables	**12.5**	(7.7)
Hedging instruments	**(12.0)**	12.3
Deposits received	**3.5**	1.6
Provision for claims	**5.5**	0.2
Deferred income	**16.8**	-
Cash generated from operations	**624.9**	575.1
Income tax paid	**(77.3)**	(59.8)
Net cash from operating activities	**547.6**	515.3

	2006 $'mil	2005 $'mil
Investing activities:		
Proceeds from disposal of vehicles, premises and equipment	**130.7**	122.7
Purchases of available-for-sale investments	**-**	(18.8)
Proceeds from disposal of available-for-sale investments	**7.9**	5.1
Purchases of vehicles, premises and equipment [Note (a)]	**(386.1)**	(401.7)
Purchases of taxi licences and bus routes	**(6.4)**	(6.7)
Proceeds from liquidation of investment in an associate	**-**	1.0
Proceeds from disposal of investment in an associate	**55.4**	-
Additional investment in an associate	**(0.3)**	-
Increase in investment in subsidiaries	**(5.7)**	(14.8)
Acquisition of subsidiaries/businesses, net of cash acquired [Note (b)]	**(14.5)**	(105.0)
Disposal of subsidiaries, net of cash disposed [Note (c)]	**0.5**	3.0
Interest received	**16.9**	13.2
Dividend received	**1.3**	0.7
Net cash used in investing activities	**(200.3)**	(401.3)
Financing activities:		
Short-term bank loans, net	**(93.2)**	138.3
Long-term loans, net	**(21.6)**	(40.2)
Repayment of obligations under finance lease	**(44.2)**	(68.5)
Payment to minority interest	**(30.6)**	(17.3)
Proceeds from share issue	**2.3**	9.8
Proceeds from exercise of share options	**2.1**	6.6
Interest paid	**(22.6)**	(21.4)
Proceeds from unclaimed dividend	**0.9**	-
Dividend paid	**(157.2)**	(165.2)
Net cash used in financing activities	**(364.1)**	(157.9)
Net effect of exchange rate changes in consolidating subsidiaries	**(8.3)**	21.8
Net decrease in cash and cash equivalents	**(25.1)**	(22.1)
Cash and cash equivalents at beginning of year	**262.7**	284.8
Cash and cash equivalents at end of year (Note 4)	**237.6**	262.7

Consolidated
Cash Flow Statement
year ended 31 December 2006

	2006 $'mil	2005 $'mil
Note (a):		
Purchases of vehicles, premises and equipment	**(430.0)**	(451.3)
Less: Vehicles, premises and equipment purchased under finance lease arrangements	**43.9**	49.6
Cash payments on purchases of vehicles, premises and equipment	**(386.1)**	(401.7)
Note (b):		
Summary of the effects of acquisition of subsidiaries/businesses:		
Net (assets) liabilities acquired:		
Current assets	**(14.2)**	(58.0)
Non-current assets	**(22.8)**	(152.3)
Current liabilities	**10.1**	12.0
Non-current liabilities	**-**	2.7
	(26.9)	(195.6)
Translation reserves	**-**	(1.6)
Minority interests	**5.6**	71.9
Net assets acquired	**(21.3)**	(125.3)
Goodwill on acquisition	**(5.0)**	(27.5)
Total purchase consideration	**(26.3)**	(152.8)
Less: Cash on acquisition of subsidiaries	**11.8**	47.8
Cash flow on acquisition, net of cash acquired	**(14.5)**	(105.0)
Note (c):		
Summary of the effects of disposal of subsidiaries:		
Net assets (liabilities) disposed:		
Current assets	**1.4**	0.2
Non-current assets	**0.6**	1.1
Current liabilities	**(0.3)**	(0.2)
	1.7	1.1
Minority interests	**(0.7)**	(0.1)
Net assets disposed	**1.0**	1.0
Gains on disposal of investment in subsidiaries	**-**	2.1
Total sale consideration	**1.0**	3.1
Add: Cash on disposal of subsidiaries	**(0.5)**	(0.1)
Cash flow on disposal, net of cash disposed	**0.5**	3.0

See accompanying notes to the financial statements.

1 GENERAL

The Company (Registration No. 200300002K) 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 Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 47.

The financial statements are expressed in Singapore dollars and all values are rounded to the nearest million ($'mil) except when otherwise indicated.

The consolidated financial statements of the Group for the financial year ended 31 December 2006 and the balance sheet of the Company as at 31 December 2006 were authorised for issue by the Board of Directors on 13 February 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2006. The adoption of these new/revised FRSs and INT FRSs has no material effect on the amounts reported for the current or prior years.

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

FRS 107 – Financial Instruments: Disclosures
INT FRS 108 – Scope of FRS 102: Share-based Payment
INT FRS 109 – Reassessment of Embedded Derivatives
INT FRS 110 – Interim Financial Reporting and Impairment

Amendments to FRS 1 Presentation of Financial Statements on capital disclosures.

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

The Directors anticipate that the adoption of the above FRSs, INT FRSs and amendments to FRSs will have no material impact on the financial statements of the Group and the Company in the period of their initial adoption, other than the application of FRS 107 which may change the disclosures presently made in relation to the Company and Group's financial statements.

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

The results of subsidiaries 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

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

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

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

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

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

Financial assets

Cash and cash equivalents

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

Investments

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

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

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

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

Available-for-sale investments

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Bank borrowings

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

Trade and other payables

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

Hedging instruments and hedge accounting

The Group enters into a variety of hedging instruments to manage its exposure to fuel price, interest rates and foreign exchange rates. The Group uses hedging instruments such as forwards and options, to manage these risks. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy (see Note 42).

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

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

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

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

Note 10 contains details of the fair values of the hedging instruments.

Fair value hedge

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

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

Cash flow hedge

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

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

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Group as lessee

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

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

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

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and those cost that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

	Number of years
Buses	8 to 23
Leasehold bus depots	12 to 30
Leasehold land and buildings	4 to 60
Freehold buildings	10 to 50
Taxis and motor vehicles for rental	5 to 8
Computers and automated equipment	1 to 6
Workshop machinery, tools and equipment	2 to 10
Motor vehicles	3 to 15
Furniture, fittings and equipment	2 to 7

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

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

Transfers of vehicles, premises and equipment within the Group are stated at cost less accumulated depreciation of the vehicles, premises and equipment transferred.

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

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessees will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

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

INTANGIBLE ASSETS

Intangible assets acquired separately

Taxi and other licences acquired separately are reported at cost less accumulated amortisation and any accumulated impairment losses. Taxi and other licences with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Taxi and other licences with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

GOODWILL – Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is as described above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

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

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

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

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

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

DEFERRED INCOME – Deferred income comprises:

(i) the present value of the subsidy receivable from the New South Wales Ministry of Transport ("MOT") for the acquisition of new buses approved by the MOT. Under the terms of the agreement, the Group receives the subsidy on a monthly basis over the shorter of the length of time the Group retains the contract to operate certain bus routes and 15 years. The Group is of the view that the contract will be retained in excess of 15 years and amortises the deferred income to the profit and loss statement over 15 years on a straight-line method.

(ii) Advance receipts from customers and is recognised to the profit and loss statement when the services are rendered.

SERVICE BENEFITS

These comprise the following:

(i) Retirement Benefits – Under the Collective Agreement entered into by certain subsidiaries in Singapore with their relevant unions, retirement benefit subject to a maximum of $3,000 is payable to a retiring employee on or after attaining the age of sixty-two years and on completion of at least five years of service. Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

(ii) Long Service Awards – Staff of certain subsidiaries in Singapore serving more than 15 years are entitled to long service awards of $250 for 15 years of service; $350 for 20 years; $500 for 25 years and $700 for 30 years.

Provision is made in the financial statements based on the number of years of service rendered by qualifying employees.

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

(iii) Apart from the Retirement Benefits described in (i) above, the Company and its Singapore-incorporated subsidiaries participate in a defined contribution retirement benefit plan managed by the Singapore Government ("Singapore Central Provident Fund"). Payments made to the plan are charged as an expense as they fall due.

(iv) Defined Benefit Retirement Plans – The Group operates two defined benefit pension schemes ("Pension Schemes") for employees of one of its foreign subsidiaries, the assets of which are held in trustee administered funds.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses arising over the financial year are recognised immediately outside the profit and loss statement in the statement of changes in equity, and are reflected in the balance sheet. Past service cost is recognised immediately to the extent that the benefits have already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Revenue from rendering of services are recognised when services are rendered.

Revenue from the sales of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

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

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit and loss statement in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of a foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

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

Provisions

(i) Claims

Claims for property damage and personal injury are provided in the financial statements based on the claims outstanding as of the end of the financial year and estimated amounts payable. The past claims history and payment trends are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims. As at 31 December 2006, the provision for claims is $69.7 million (2005: $62.6 million) (Note 24).

(ii) Insurance premium

Certain companies within the Group have undertaken property damage and personal injury (2005: personal injury) insurance to cover liabilities which may arise for injury to third party where claims are in excess of a stated quantum. The insurance premium payable is based on an agreed minimum sum payable in advance and an additional amount payable should the incurred claims per vehicle exceed the minimum amount as stipulated in the insurance policy for that year. The Group had in the previous financial years incurred additional premiums payable as the insurance claims per vehicle had exceeded the minimum stipulated amount. Accordingly, based on the history of incurred claims per vehicle for each of the policy year, an estimate of the liability is made. As at 31 December 2006, the provision for insurance premium for the period from 1999 to 2006 included in trade and other payables (Note 22) is $26.4 million (2005: $17.3 million).

(iii) Retirement benefits and long service awards

For certain subsidiaries, retirement benefit subject to a maximum of $3,000 is payable to a retiring employee on or after attaining the age of sixty-two years and on completion of at least five years of service. Provision is made based on the number of years service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at balance sheet date and after taking into account an estimated attrition rate. The estimated attrition rate used is based on management's best estimate of the respective subsidiaries' attrition rate, based on past experience.

Staff with more than 15 years of service is entitled to long service awards of $250 for 15 years of services; $350 for 20 years; $500 for 25 years and $700 for 30 years. Provision is made based on the number of years of service rendered by qualifying employees of these subsidiaries and discounted to present value using the market yield of Singapore Government Bonds at balance sheet date. As at 31 December 2006, the total provision for service benefits and long service awards is $16.0 million (2005: $14.6 million) (Note 25).

The cost of providing benefits under the two defined benefit pension schemes for employees of one of the foreign subsidiaries is determined using the Projected Unit Credit Method, with actuarial valuations carried out at each balance sheet date. The retirement benefit obligation recognised in the balance sheet amounting to $39.4 million (2005: $44.3 million) (Note 30) represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets.

Unquoted investments

The fair values of unquoted debt securities are obtained from market makers (dealers) of the debt securities. The prices represent the dealers' price of these debt securities at the last market day of the financial year. As at 31 December 2006, the fair value of these unquoted debt securities is $167.7 million (2005: $219.3 million) (Notes 5 and 6).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. An impairment loss of $0.1 million (2005: $Nil) has been recognised during the financial year (Note 17).

Useful lives of vehicles, premises and equipment

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

4 SHORT-TERM DEPOSITS AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Cash and bank balances	**9.9**	16.6	**-**	0.5
Interest-bearing bank balances	**52.0**	41.4	**0.2**	-
Time deposits	**175.7**	204.7	**41.4**	37.0
Total	**237.6**	262.7	**41.6**	37.5

5 HELD-FOR-TRADING INVESTMENTS

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
a) Quoted investments, at fair value:				
Equity shares in corporation	**-**	2.3	**-**	-
Loan stocks and bonds in corporations	**3.4**	9.9	**-**	-
b) Unquoted investments, at fair value:				
Bonds in corporations	**8.3**	14.9	**-**	-
Notes in corporations	**146.4**	188.5	**10.0**	5.0
Total	**158.1**	215.6	**10.0**	5.0

Quoted investments' fair values are based on closing market prices on the last market day of the financial year. The basis of which the fair values of unquoted investments are determined is disclosed in Note 3.

6 AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
a) Quoted investments, at fair value:				
Equity shares in corporations	**1.9**	9.6	**-**	-
Loan stocks and bonds in corporations	**61.5**	66.5	**25.1**	25.2
b) Unquoted investments, at fair value:				
Bonds and notes in corporations	**13.0**	15.9	**-**	-
Equity shares in corporations	**0.2**	0.2	**-**	-
Others	**0.6**	0.8	**0.2**	0.2
Total	**77.2**	93.0	**25.3**	25.4
Analysed as:				
Current	**15.0**	3.0	**1.3**	-
Non-current	**62.2**	90.0	**24.0**	25.4
	77.2	93.0	**25.3**	25.4

Quoted investments' fair values are based on the closing market prices on the last market day of the financial year. The basis of which the fair values of unquoted instruments are determined is disclosed in Note 3.

7 TRADE RECEIVABLES

	THE GROUP	
	2006 $'mil	2005 $'mil
Associates (Note 47)	**2.7**	-
Outside parties	**134.8**	108.9
Allowance for doubtful trade receivables	**(5.6)**	(4.1)
Net	**131.9**	104.8

The credit period on sale of goods and rendering of services ranges from 7 days to 60 days (2005: 7 days to 60 days) except for insurance claims against third parties which have no credit period due to their nature.

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

7 TRADE RECEIVABLES (CONT'D)

The Group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
EUR	**1.7**	-
SEK	**-**	1.0
USD	**0.1**	0.1
MYR	**-**	0.2

8 OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Receivables from:				
Subsidiaries (Note 47)	**-**	-	**366.2**	440.5
Associates (Note 47)	**0.4**	34.4	**0.1**	0.2
Total	**0.4**	34.4	**366.3**	440.7
Allowance for doubtful receivables	**-**	(10.1)	**(5.7)**	(5.7)
Net	**0.4**	24.3	**360.6**	435.0
Prepayments	**84.6**	86.4	**0.1**	-
Interest receivable	**1.7**	2.0	**0.3**	0.3
Staff advances	**1.1**	0.6	**-**	-
Security deposits	**4.2**	4.2	**-**	-
Long-term receivables				
– current portion (Note 14)	**0.4**	0.4	**-**	-
Others	**37.4**	56.9	**0.8**	0.3
Net	**129.8**	174.8	**361.8**	435.6

The Group and the Company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
USD	**0.1**	0.2	**-**	0.2
RMB	**0.4**	0.2	**2.5**	0.2
GBP	**0.1**	0.4	**0.5**	-
JPY	**0.2**	0.2	**-**	-

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

$363.9 million (2005: $437.1 million) of the receivables from subsidiaries are unsecured, interest-free and repayable on demand. The remaining $2.4 million (2005: $3.6 million) of amount receivable from subsidiaries and associates bear interest at rates ranging from 1.5% to 2.0% (2005: 1.5% to 2.0%) per annum, are unsecured and are repayable within the next twelve months.

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

9 FINANCE LEASE RECEIVABLES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Amounts receivable under finance leases:				
Within one year	**28.2**	25.8	**26.1**	23.6
Within the second to fifth year inclusive	**25.4**	29.0	**24.4**	27.6
	53.6	54.8	**50.5**	51.2
Less: Unearned finance income	**(3.1)**	(3.6)	**N.A.**	N.A.
Present value of minimum lease payments receivable	**50.5**	51.2	**50.5**	51.2
Less: Provision for unguaranteed residual values	**(3.0)**	(2.7)	**(3.0)**	(2.7)
Net	**47.5**	48.5	**47.5**	48.5
Analysed as:				
Current finance lease receivables (recoverable within 12 months)	**24.7**	22.6	**24.7**	22.6
Non-current finance lease receivables (recoverable after 12 months)	**22.8**	25.9	**22.8**	25.9
Total	**47.5**	48.5	**47.5**	48.5

The Group enters into finance lease arrangements for its motor vehicles. The average term of finance leases entered into is 3 years (2005: 3 years).

Gross unguaranteed residual values of assets under finance leases at the balance sheet date are estimated at $37.3 million (2005: $37.0 million).

Provision for unguaranteed residual values has been determined by reference to past loss experience.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted ranges from 2.45% to 7.85% (2005: 2.45% to 7.88%) per annum.

The carrying amount of the Group's finance lease receivables at the balance sheet date approximates its fair value, based on discounting the estimated cash flows at the market rate.

10 HEDGING INSTRUMENTS

	THE GROUP			
	2006		2005	
	Assets $'mil	**Liabilities $'mil**	Assets $'mil	Liabilities $'mil
At fair values:				
Currency swap	**-**	**-**	-	12.3
Interest rate swaps	**1.6**	**-**	0.9	-
Fuel hedges	**0.1**	**0.4**	-	-
	1.7	**0.4**	0.9	12.3
Analysed as:				
Current	**0.7**	**0.4**	-	12.3
Non-current	**1.0**	**-**	0.9	-
	1.7	**0.4**	0.9	12.3

The Group utilises hedging instruments to hedge significant future transactions and cash flows.

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

	THE GROUP	
	2006 mil	2005 mil
Currency swap	**-**	GBP 39.1
Foreign currency exchange options	**-**	USD 18.0
Interest rate swaps	**$136.6**	$46.4
Fuel hedges	**USD 42.4**	-

At 31 December 2006, the fair value of the Group's hedging instruments is estimated to be approximately $1.3 million asset (2005: $11.4 million liability). These amounts are based on market prices for equivalent instruments at the balance sheet date, comprising $1.7 million assets (2005: $0.9 million) and $0.4 million liabilities (2005: $12.3 million).

The Group uses fuel hedges to hedge against fuel price risks on future purchases of goods. These arrangements are designed to address fuel price exposure in 2007.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a portion of those borrowings from floating rates to fixed rates. The Group entered into contracts with nominal values of $126.6 million (2005: $36.4 million). Out of the $126.6 million, $36.4 million involved swapping payments of fixed interest at an average rate of 2.31% (2005: 2.31%) per annum for floating interest receipts at 6-month SGD Swap Offer Rate for periods up until 2008 (2005: 2008). The remaining $90.2 million (2005: $Nil) involved swapping payments of fixed interest at an average rate of 5.135% per annum for floating rate receipts at 6-month GBP LIBOR for periods up until 2011 (2005: Nil).

10 HEDGING INSTRUMENTS (CONT'D)

In addition, the Group uses interest rate swaps to manage its exposure by swapping a portion of its investments from fixed rates to floating rates. In 2005, the Group entered into two contracts with nominal value of $5 million each which swap payments of fixed interest at rates of 2.72% and 3.18% per annum respectively for floating interest receipts at 3 basis points plus 3-month SGD Swap Offer Rate and 4 basis points plus 6-month SGD Swap Offer Rate respectively for periods up until 2008.

The fair value of interest rate swaps entered into at 31 December 2006 is estimated at $1.6 million (2005: $0.9 million). These amounts are based on market prices for equivalent instruments at the balance sheet date. Fair value gain of $1.5 million (2005: $0.8 million) for interest rate swaps designated and effective as cash flow hedges has been deferred in equity. The remaining fair value gain of $0.1 million (2005: $0.1 million) for interest rate swaps not designated as accounting hedges is taken to the profit and loss statement.

The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

11 INVENTORIES

	THE GROUP	
	2006 $'mil	2005 $'mil
Goods held for sale	**43.8**	37.2
Work in progress	**0.9**	1.9
	44.7	39.1

12 SUBSIDIARIES

	THE COMPANY	
	2006 $'mil	2005 $'mil
Unquoted equity shares – at cost	**506.3**	506.3

Details of significant subsidiaries are included in Note 47.

13 ASSOCIATES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Quoted equity shares, at cost	**68.2**	-	**55.9**	-
Unquoted equity shares, at cost	**15.1**	15.5	**0.1**	0.2
Less: Share of post-acquisition reserves	**6.3**	(33.6)	**-**	-
Total	**89.6**	(18.1)	**56.0**	0.2
Impairment loss	**(4.7)**	(4.8)	**-**	-
Advances [Note (b)]	**14.9**	102.4	**-**	-
Allowance for doubtful advances	**(14.9)**	(50.3)	**-**	-
Net	**84.9**	29.2	**56.0**	0.2
Market value of quoted equity shares	**65.9**	-	**54.0**	-

(a) Details of significant associates are included in Note 47.

(b) In 2005, included in advances is $35.4 million which represented the Group's proportionate share of the consideration for the purchase of a property. The Group intended to participate in the financial and operating activities of property development by subscribing for 48% of a class of preference shares to be issued. This amount was settled on the disposal of the associate during the financial year.

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

	THE GROUP	
	2006 $'mil	2005 $'mil
Assets and liabilities		
Total assets	**439.0**	220.4
Total liabilities	**(180.5)**	(291.5)
Net assets	**258.5**	(71.1)
Group's share of associates' net assets	**28.1**	15.4
Revenue	**47.1**	43.3
Profit for the year	**4.5**	3.5
Group's share of associates' profit [1]	**3.3**	1.6

[1] During the financial year, SBS Transit Ltd acquired additional equity interest of 16.7% in Transit Link Pte Ltd ("Transit Link") from the existing shareholder for $0.3 million including direct attributable costs of acquisition. The excess of net fair value of Transit Link's assets, liabilities and contingent liabilities attributable to this additional equity interest acquired over the cost of the investment was $1.1 million. Accordingly, a negative goodwill of $1.1 million was recorded as income and included in the Group's share of profit in associates for the year.

14 LONG-TERM RECEIVABLES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Receivables from:				
(a) Minority shareholders of subsidiaries	**0.8**	0.5	**-**	-
(b) Subsidiaries (Note 47)	**-**	-	**2.4**	1.9
(c) Others	**16.4**	0.2	**-**	-
Total	**17.2**	0.7	**2.4**	1.9
Less: Current portion (Note 8)	**(0.4)**	(0.4)	**-**	-
Net	**16.8**	0.3	**2.4**	1.9

(a) The receivables from minority shareholders of subsidiaries include:
   (i) $0.6 million (2005: $0.3 million) which is unsecured, interest-free and not expected to be repaid within the next 12 months; and
   (ii) $0.2 million (2005: $0.2 million) which is secured on the minority shareholder's 5% interest in a subsidiary, interest-free and not expected to be repaid within the next 12 months.

(b) The receivables from subsidiaries bear fixed interest at rates ranging from 3.46% to 4.45% (2005: 3.46% to 3.88%) per annum, are unsecured and with no fixed terms of repayment.

(c) The receivables from others include:
   (i) $16.4 million (2005: $0.1 million) which is unsecured, interest-free and receivable over 15 years (2005: without fixed terms of repayment and not expected to be settled within 12 months). This $16.4 million comprises the present value of the subsidy receivable from the New South Wales Ministry of Transport ("MOT") for the acquisition of new buses approved by the MOT; and
   (ii) In 2005, $0.1 million which was unsecured, bore fixed interest rate of 2% per annum and without fixed terms of repayment. The amount was repaid during the year.

(d) The carrying amounts of long-term receivables approximate their fair values.

15 VEHICLES, PREMISES AND EQUIPMENT

	Buses $'mil	Leasehold bus depots $'mil	Leasehold land and buildings $'mil	Freehold land and buildings $'mil
The Group				
Cost:				
At 1 January 2005	1,086.8	85.0	254.2	57.2
Arising on disposal of subsidiaries	(1.6)	-	(0.4)	-
Arising from acquisition of subsidiaries/businesses	80.4	-	-	37.0
Additions	32.4	0.2	4.4	-
Disposals/Transfer	(31.3)	-	(1.8)	-
Reclassifications	24.7	1.3	(0.7)	-
Exchange differences	(30.9)	-	1.6	(5.0)
At 31 December 2005	1,160.5	86.5	257.3	89.2
Arising on disposal of subsidiaries	-	-	-	-
Arising from acquisition of subsidiaries/businesses	7.5	-	10.6	-
Additions	130.0	0.7	2.0	8.3
Disposals/Transfer	(24.5)	-	(3.7)	-
Reclassifications	11.8	-	1.8	-
Finalisation of fair value of acquisition of businesses previously provisionally accounted for	(0.9)	-	-	6.7
Exchange differences	14.1	-	(1.5)	2.2
At 31 December 2006	1,298.5	87.2	266.5	106.4
Accumulated depreciation:				
At 1 January 2005	765.8	45.6	88.2	10.4
Arising on disposal of subsidiaries	(1.1)	-	-	-
Depreciation	46.4	3.1	9.8	1.5
Eliminated on disposals	(28.2)	-	(0.9)	-
Reclassifications	-	0.1	(0.3)	-
Exchange differences	(11.3)	-	0.3	(1.0)
At 31 December 2005	771.6	48.8	97.1	10.9
Arising from acquisition of subsidiaries	-	-	-	-
Depreciation	54.1	3.2	9.7	1.8
Eliminated on disposals	(17.3)	-	(3.3)	-
Reclassifications	(0.2)	-	-	-
Exchange differences	6.2	-	(0.1)	0.4
At 31 December 2006	814.4	52.0	103.4	13.1
Impairment:				
At 1 January 2005	-	-	-	-
Impairment loss	-	-	-	-
Eliminated on disposals	-	-	-	-
At 31 December 2005	-	-	-	-
Impairment loss (reversal)	-	-	-	-
Eliminated on disposals	-	-	-	-
At 31 December 2006	-	-	-	-
Carrying amount:				
At 31 December 2006	484.1	35.2	163.1	93.3
At 31 December 2005	388.9	37.7	160.2	78.3

Taxis and motor vehicles for rental $'mil	Computers and automated equipment $'mil	Workshop machinery, tools and equipment $'mil	Motor vehicles $'mil	Furniture, fittings and equipment $'mil	Capital projects in progress $'mil	Total $'mil
1,392.8	255.3	84.4	17.1	34.5	38.1	3,305.4
-	-	-	-	-	-	(2.0)
5.7	-	1.9	-	0.2	-	125.2
272.6	20.3	4.5	3.5	2.2	111.2	451.3
(398.2)	(7.4)	(2.7)	(2.9)	(2.0)	(11.2)	(457.5)
67.4	5.3	(0.2)	-	0.5	(98.3)	-
7.2	(6.1)	(2.1)	-	0.3	0.3	(34.7)
1,347.5	267.4	85.8	17.7	35.7	40.1	3,387.7
-	(0.1)	-	-	-	-	(0.1)
0.1	0.4	0.2	2.9	0.1	-	21.8
174.6	7.5	6.0	3.6	2.0	95.3	430.0
(311.4)	(23.0)	(4.2)	(3.8)	(1.5)	-	(372.1)
39.8	-	1.0	0.3	-	(54.7)	-
-	-	-	-	-	-	5.8
(10.2)	3.1	1.0	(0.1)	(0.4)	(0.3)	7.9
1,240.4	255.3	89.8	20.6	35.9	80.4	3,481.0
520.9	183.9	57.9	9.6	19.8	-	1,702.1
-	-	-	-	-	-	(1.1)
154.2	24.4	8.9	1.8	3.5	-	253.6
(289.8)	(6.7)	(2.9)	(1.9)	(1.8)	-	(332.2)
1.3	(1.3)	(0.2)	-	0.4	-	-
4.4	(4.9)	(1.6)	-	0.1	-	(14.0)
391.0	195.4	62.1	9.5	22.0	-	1,608.4
-	0.1	-	-	-	-	0.1
143.3	22.6	8.1	1.9	3.4	-	248.1
(178.6)	(22.6)	(3.8)	(2.3)	(1.5)	-	(229.4)
-	(0.1)	0.1	0.2	-	-	-
(4.9)	2.4	0.8	-	(0.1)	-	4.7
350.8	197.8	67.3	9.3	23.8	-	1,631.9
0.7	0.2	-	-	-	-	0.9
4.5	-	-	-	0.1	-	4.6
(0.7)	-	-	-	-	-	(0.7)
4.5	0.2	-	-	0.1	-	4.8
7.8	(0.1)	-	-	-	-	7.7
(4.5)	-	-	-	-	-	(4.5)
7.8	0.1	-	-	0.1	-	8.0
881.8	57.4	22.5	11.3	12.0	80.4	1,841.1
952.0	71.8	23.7	8.2	13.6	40.1	1,774.5

15 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Included under buses are total cost of $221.5 million (2005: $221.5 million) and carrying amount of $28.6 million (2005: $34.9 million) which are the subject of five cross border leasing transactions. The Group's legal obligations under these transactions have been legally defeased (see Note 39).

Buses and motor vehicles of the Group with a total carrying amount of $171.8 million (2005: $164.3 million) and $0.3 million (2005: $0.2 million) respectively are under finance lease arrangements (see Note 21).

Taxis of the Group with a total carrying amount of $42.0 million (2005: $37.0 million) are secured for bank loans (see Notes 19 and 20).

During the financial year, the Group carried out a review of the recoverable amount of its unhired taxis. The review led to the recognition of an impairment loss of $7.8 million (2005: $4.5 million) that has been recognised in the profit and loss statement. The recoverable amount of the taxis has been determined on the basis of their fair values by reference to the market value of the taxis to be disposed less estimated selling costs.

	Computers and automated equipment $'mil	Motor vehicles $'mil	Furniture, fittings and equipment $'mil	Total $'mil
The Company				
Cost:				
At 1 January 2005	2.3	0.3	0.4	3.0
Additions	0.7	-	0.7	1.4
At 31 December 2005	3.0	0.3	1.1	4.4
Additions	0.3	-	-	0.3
Transfer from related party	-	-	0.2	0.2
Disposal	(0.2)	-	-	(0.2)
At 31 December 2006	3.1	0.3	1.3	4.7
Accumulated depreciation:				
At 1 January 2005	1.8	0.1	0.3	2.2
Depreciation	0.3	0.1	0.1	0.5
At 31 December 2005	2.1	0.2	0.4	2.7
Depreciation	0.5	-	0.2	0.7
Transfer from related party	-	-	0.1	0.1
Disposal	(0.1)	-	(0.1)	(0.2)
At 31 December 2006	2.5	0.2	0.6	3.3
Carrying amount:				
At 31 December 2006	0.6	0.1	0.7	1.4
At 31 December 2005	0.9	0.1	0.7	1.7

16 TAXI AND OTHER LICENCES

	THE GROUP	
	2006 **$'mil**	2005 $'mil
Cost:		
At beginning of year	**233.2**	181.3
Arising on acquisition of subsidiaries/businesses	**1.1**	25.4
Additions	**6.4**	18.3
Arising on disposal of subsidiaries	**(0.6)**	-
Exchange differences	**(9.0)**	8.2
At end of year	**231.1**	233.2
Accumulated amortisation:		
At beginning of year	**14.8**	13.2
Charges	**1.4**	1.2
Exchange differences	**(0.6)**	0.4
At end of year	**15.6**	14.8
Carrying amount:		
At end of year	**215.5**	218.4
At beginning of year	**218.4**	168.1

Certain taxi licences included above have finite useful lives over which the assets are amortised. The amortisation period for these taxi licences ranges from 2 years to 30 years.

17 GOODWILL

	THE GROUP	
	2006 **$'mil**	2005 $'mil
Cost:		
At beginning of year	**79.5**	49.2
Elimination of amortisation accumulated prior to adopting of FRS 103 (Note 2)	**-**	(5.9)
Arising on acquisition of subsidiaries/businesses	**5.0**	27.5
Arising from additional interest in subsidiaries	**0.8**	7.9
Adjustment to goodwill provisionally determined [a]	**(1.9)**	-
Impairment loss on goodwill	**(0.1)**	-
Exchange differences	**1.4**	0.8
At end of year	**84.7**	79.5

[a] During the financial year, the Group completed the valuation of the bus operation in Australia acquired in September 2005. The provisional fair values assigned to the net assets acquired and the incidental cost incurred in relation to the acquisition increased by $6.7 million and $4.8 million respectively, resulting in a decrease in goodwill of $1.9 million relating to the acquisition in 2005.

17 GOODWILL (CONT'D)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

Carrying amount of goodwill allocated to each CGU:

	THE GROUP	
	2006 $'mil	2005 $'mil
Singapore		
Bus	**5.7**	6.0
Vehicle inspection and testing	**10.5**	10.5
Others	**0.1**	0.1
	16.3	16.6
Malaysia		
Car rental and leasing	**1.4**	1.4
United Kingdom		
Bus	**31.1**	29.6
Taxi	**3.4**	-
	34.5	29.6
China		
Taxi	**2.6**	2.0
Automotive engineering	**0.1**	-
Vehicle inspection and testing	**3.0**	3.1
Car rental and leasing	**0.1**	-
Driving centre	**0.3**	-
	6.1	5.1
Vietnam		
Taxi	**0.9**	0.9
Australia		
Bus	**25.5**	25.9
Grand total	**84.7**	79.5

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to profit margins during the period.

17 GOODWILL (CONT'D)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following 5 years based on estimated growth rate of ranges from 2.7% to 10.0%. The estimated growth rate is based on industry growth forecasts and does not exceed the average long-term growth rate for the relevant markets.

The discount rates applied to the forecast for the Group are assumed to range from 6.36% to 7.13%.

The expected changes to profit margins are based on past performance and management's expectation of market development.

18 DEFERRED TAX ASSETS/LIABILITIES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Deferred tax assets	**13.1**	17.1	**-**	-
Deferred tax liabilities	**(130.3)**	(139.7)	**(0.2)**	-
Net	**(117.2)**	(122.6)	**(0.2)**	-
At beginning of year	**(122.6)**	(110.5)	**-**	-
Arising from acquisition of subsidiaries/businesses	**0.1**	1.6	**-**	-
Transfer to profit and loss (Note 34)	**3.6**	(8.9)	**-**	-
Over (Under) provision in prior years (Note 34)	**2.1**	(8.9)	**(0.2)**	-
Charge to equity	**0.3**	0.7	**-**	-
Exchange differences	**(0.7)**	3.4	**-**	-
At end of year	**(117.2)**	(122.6)	**(0.2)**	-

The balances in the accounts comprise the tax effects of:

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Deferred tax assets				
Provisions	**13.1**	17.1	**-**	-
Deferred tax liabilities				
Accelerated tax depreciation	**(150.5)**	(150.7)	**(0.2)**	-
Unutilised capital allowances	**(0.1)**	-	**-**	-
Provision for fuel equalisation	**6.8**	6.8	**-**	-
Other items	**13.5**	4.2	**-**	-
	(130.3)	(139.7)	**(0.2)**	-
Net	**(117.2)**	(122.6)	**(0.2)**	-

19 SHORT-TERM BANK LOANS

	THE GROUP	
	2006 $'mil	2005 $'mil
Bank loans (secured)	**6.5**	7.8
Bank loans (unsecured)	**93.7**	185.6
	100.2	193.4

(a) The secured bank loans are secured on vehicles (see Note 15) and bear fixed interest at a rate of 8.75% (2005: 8.64% to 9.00%) per annum; and

(b) The unsecured bank loans bear fixed interest at rates ranging from 2.41% to 5.67% (2005: 1.97% to 5.02%) per annum.

20 LONG-TERM LOANS

	THE GROUP	
	2006 $'mil	2005 $'mil
Bank loans – secured	**18.0**	15.3
Bank loans – unsecured	**146.4**	54.2
Loans from shareholders of subsidiaries – unsecured	**4.0**	10.7
Loan notes issued to outside parties	**14.3**	121.7
Total	**182.7**	201.9
Less: Amount due for settlement within 12 months (shown as current liabilities):		
– Bank loans – secured	**(10.6)**	(4.9)
– Bank loans – unsecured	**(48.4)**	(48.1)
– Loans from shareholders of subsidiaries – unsecured	**(0.3)**	(6.8)
– Loan notes issued to outside parties	**(14.3)**	(121.7)
Total	**(73.6)**	(181.5)
Amount due for settlement after 12 months	**109.1**	20.4
The borrowings are repayable as follows:		
On demand or within one year	**73.6**	181.5
In the second year	**10.0**	11.0
In the third year	**13.4**	5.5
In the fourth year	**13.3**	-
In the fifth year	**67.7**	-
After five years	**4.7**	3.9
	182.7	201.9

20 LONG-TERM LOANS (CONT'D)

(a) The secured bank loans are secured on vehicles (see Note 15). Bank loans of $18.0 million (2005: $12.3 million) bear fixed interest at rates ranging from 4.73% to 9.25% (2005: 5.18% to 5.76%) per annum. In 2005, bank loans of $3.0 million bore variable interest rates at 8.65% to 8.90% per annum.

(b) Included in unsecured bank loans are:
   (i) $39.1 million (2005: $41.6 million) which bears variable interest rate of 5.65% (2005: 5.11%) per annum, is repriced every three months and is payable in 2007 (2005: 2006); and
   (ii) $107.3 million (2005: $12.6 million) which bears fixed interest at rates ranging from 4.0% to 7.02% (2005: 4.0% to 5.76%) per annum. The loans are repayable from 2007 to 2011 (2005: two tranches of $6.5 million and $6.1 million in 2006 and 2007 respectively).

(c) Included in unsecured loans from shareholders of subsidiaries are:
   (i) $1.5 million (2005: $8.1 million) which is interest-free, with no fixed repayment terms; and
   (ii) $2.5 million (2005: $2.6 million) which is interest-free and is repayable over thirty years from September 1999.

(d) Included in loan notes issued to outside parties are:
   (i) $14.3 million (2005: $21.7 million) loan notes issued by a subsidiary which are guaranteed by a bank and redeemable on demand on 15 April and 15 October each year until 15 April 2007, bear variable interest rate of 4.19% (2005: 3.55%) per annum and repriced every six months; and
   (ii) $100.0 million 5-year fixed rate notes due in 2006 issued by a subsidiary which bore interest at 3.80% (2005: 3.80%) per annum payable on a semi-annual basis and were fully redeemed in July 2006.

21 FINANCE LEASE PAYABLE

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Amounts payable under finance leases:				
Within one year	**33.5**	38.7	**27.9**	33.8
Within the second to fifth year inclusive	**81.8**	98.3	**70.1**	88.6
After five years	**28.8**	-	**24.1**	-
	144.1	137.0	**122.1**	122.4
Less: Future finance charges	**(22.0)**	(14.6)		
Present value of finance lease obligations	**122.1**	122.4		
Amount due for settlement within 12 months (shown under current liabilities)	**(27.9)**	(33.8)		
Amount due for settlement after 12 months	**94.2**	88.6		

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The lease terms range from 2 to 15 years (2005: 2 to 8 years). For the year ended 31 December 2006, the effective borrowing rate varies from 3.44% to 7.25% (2005: 3.38% to 8.40%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the respective entities' functional currencies.

21 FINANCE LEASE PAYABLE (CONT'D)

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (see Note 15).

22 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Outside parties	**157.7**	151.0	**0.3**	0.2
Accruals	**215.9**	196.6	**10.0**	9.1
Deferred income	**10.0**	10.6	**-**	-
Subsidiaries (Note 47)	**-**	-	**182.0**	262.5
Associates (trade) (Note 47)	**2.1**	2.5	**1.6**	0.5
Others	**4.3**	7.7	**-**	-
Total	**390.0**	368.4	**193.9**	272.3

The credit period on purchases of goods and services ranges from 14 days to 120 days (2005: 14 days to 120 days).

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

In 2005, included in the balance due to outside parties for the Group was an amount of $8.4 million representing the current amount due to the Land Transport Authority arising from the acquisition of certain on-board bus equipment in 2002. This amount was fully repaid during the year.

Amounts due to subsidiaries of $58.7 million (2005: $45.0 million) bear variable interest at rates ranging from 3.19% to 3.53% (2005: 2.52% to 3.28%) per annum, are unsecured and repayable on demand. The balance of amounts due to subsidiaries of $123.3 million (2005: $217.5 million) are interest-free, unsecured and repayable on demand.

The Group and the Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
USD	**21.8**	13.3	**-**	-
SEK	**0.7**	1.5	**-**	-
EUR	**0.8**	0.5	**-**	-
GBP	**0.3**	1.2	**-**	-
MYR	**-**	0.2	**-**	-
RMB	**0.4**	4.4	**-**	-
JPY	**0.1**	-	**-**	-

23 DEPOSITS RECEIVED

	THE GROUP	
	2006 $'mil	2005 $'mil
Deposits received from taxi hirers	**89.7**	86.2
Less: Due within 12 months	**(48.0)**	(48.5)
Due after 12 months	**41.7**	37.7

Deposits received from taxi hirers are repayable on demand upon termination of the taxi hire agreement. Deposits that are not expected to be repaid within the next twelve months after the balance sheet date based on past trend of termination of taxi hire agreements are presented as a non-current liability. As the deposits are repayable on demand, the Directors of the Company are satisfied that the carrying amount of the deposits approximates their fair value.

24 PROVISION FOR CLAIMS

	THE GROUP	
	2006 $'mil	2005 $'mil
At beginning of year	**62.6**	62.4
Charges	**35.0**	46.1
Write-back	**(3.2)**	(4.9)
Payments	**(26.4)**	(37.9)
Exchange differences	**1.7**	(3.1)
At end of year	**69.7**	62.6

The provision for claims represents the estimated amount which certain subsidiaries will have to pay to outside parties for accidents involving the Group's vehicles.

25 PROVISION FOR SERVICE BENEFITS AND LONG SERVICE AWARDS

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
At beginning of year	**14.6**	12.9	**0.1**	0.1
Arising on acquisition of subsidiaries/businesses	**-**	2.7	**-**	-
Charges	**1.6**	0.4	**-**	-
Finalisation of fair value of acquisition of business previously provisionally determined	**0.7**	-	**-**	-
Payments	**(0.9)**	(1.3)	**-**	-
Exchange differences	**-**	(0.1)	**-**	-
At end of year	**16.0**	14.6	**0.1**	0.1

26 SHARE CAPITAL

	THE COMPANY			
	2006 Number of ordinary shares (million)	2005 Number of ordinary shares (million)	**2006 $'mil**	2005 $'mil
Issued and paid-up:				
At beginning of year	**2,067.8**	2,055.1	**517.0**	513.8
Transfer from share premium account	**-**	-	**17.7**	-
Exercise of share options	**2.7**	12.7	**2.8**	3.2
At end of year	**2,070.5**	2,067.8	**537.5**	517.0

Details of the outstanding share options of the Company as at the end of the financial year are set out in paragraph 5 of the Report of the Directors and in Note 30(e).

The Company has one class of ordinary shares which carries no rights to fixed income.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium has been transferred to the Company's share capital account in the current year.

27 OTHER RESERVES

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Share premium:				
At beginning of year	**17.7**	11.1	**17.7**	11.1
Arising during the year	**-**	6.6	**-**	6.6
Adjustment arising from abolition of par value of shares (Note 26)	**(17.7)**	-	**(17.7)**	-
At end of year	**-**	17.7	**-**	17.7
Currency translation reserve:				
At beginning of year	**(8.6)**	(19.5)	**-**	-
Arising during the year	**(13.2)**	10.9	**-**	-
At end of year	**(21.8)**	(8.6)	**-**	-
Retirement benefit reserve:				
At beginning of year	**(31.3)**	(28.8)	**-**	-
Actuarial gains (losses) on defined benefit plans	**1.5**	(2.5)	**-**	-
At end of year	**(29.8)**	(31.3)	**-**	-
Merger reserve:				
At beginning of year	**32.2**	32.2	**-**	-
Reclassification from other reserve	**(0.1)**	-	**-**	-
At end of year	**32.1**	32.2	**-**	-

27 OTHER RESERVES (CONT'D)

	THE GROUP		THE COMPANY	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil
Others:				
At beginning of year	**37.9**	25.7	**2.8**	2.2
Gains on cash flow hedges	**1.2**	0.8	**-**	-
Realised gain transferred to profit or loss on cash flow hedges	**(0.4)**	-	**-**	-
Gains (Losses) on available-for-sale investments	**12.9**	0.3	**10.3**	(1.1)
Realised loss (gain) transferred to profit or loss on disposal of available-for-sale investments	**0.1**	(0.1)	**-**	-
Dilution of interest in a subsidiary	**-**	7.9	**-**	-
Recognition of share-based payments	**3.0**	1.8	**2.9**	1.7
Exercise of share option	**(0.5)**	-	**(0.5)**	-
Transfer to merger reserve	**0.1**	-	**-**	-
Transfer from accumulated profits	**1.0**	1.5	**-**	-
Others	**1.5**	-	**-**	-
At end of year	**56.8**	37.9	**15.5**	2.8
Net	**37.3**	47.9	**15.5**	20.5

Others comprise mainly statutory reserves in compliance with local regulations, investment revaluation reserve, hedging reserve and share option reserve.

28 TURNOVER

Turnover comprises the following amounts:

	THE GROUP	
	2006 $'mil	2005 $'mil (Restated)
Rendering of services:		
Bus	**1,373.9**	1,191.8
Bus station	**15.7**	16.1
Rail	**76.6**	65.3
Taxi	**866.5**	840.9
Automotive engineering	**68.4**	51.8
Vehicle inspection and testing	**54.7**	49.4
Car rental and leasing	**36.6**	36.5
Driving centre	**24.4**	19.6
Sale of goods:		
Car dealership	**35.2**	29.9
Diesel sales	**209.8**	165.3
Total	**2,761.8**	2,466.6

29 OTHER OPERATING INCOME

	THE GROUP	
	2006 $'mil	2005 $'mil
Rental income	**12.0**	10.2
Accident claims recovered	**2.1**	3.3
Other operating income	**17.2**	18.8
Total	**31.3**	32.3

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS

(a) Directors' remuneration (included in staff costs)

The remuneration of the Managing Director/Group Chief Executive Officer is determined by the Remuneration Committee having regard to the performance of the individual and the Group, as follows:

	THE GROUP			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2006				
$1,750,000 – $1,999,999	42.6	56.7	0.7	100
Kua Hong Pak				
2005				
$1,750,000 – $1,999,999				
Kua Hong Pak	41	58	1	100

The remuneration of one non-executive Director is between $250,000 and $500,000 and comprised entirely of Directors' fees (Note 35).

The remuneration of all the other non-executive Directors is below $250,000 and comprised entirely of Directors' fees (Note 35).

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Key executives' remuneration (included in staff costs)

The remuneration of the key executives is determined by the Remuneration Committee having regard to the performance of the individuals and the Group, as follows:

	THE GROUP			
Remuneration band	Salary %	Bonus %	Others %	Total compensation %
2006				
$750,000 – $999,999				
No. of executives: 1	49.5	45.3	5.2	100
$500,000 – $749,999				
No. of executives: 3	57	36.6	6.4	100
$250,000 – $499,999				
No. of executives: 1	49.6	37.2	13.2	100
2005				
$500,000 – $749,999				
No. of executives: 4	56	38	6	100
$250,000 – $499,999				
No. of executives: 1	57	34	9	100

	THE GROUP	
	2006 $'mil	2005 $'mil
(c) Cost of defined contribution plan (included in staff costs)	**72.2**	65.2

The employees of the Company and some of the subsidiaries are members of a defined contribution retirement scheme. The Company and these subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement scheme to fund the benefits. The only obligation of the Company and these subsidiaries with respect to the scheme is to make the specified contributions.

	THE GROUP	
	2006 $'mil	2005 $'mil
(d) (i) Cost of defined benefit plans (included in staff costs)	**7.3**	7.0
(ii) Retirement benefit obligations:		
Metroline Pension Scheme	**20.4**	22.7
Metroline London Northern Pension Scheme	**19.0**	21.6
Total	**39.4**	44.3

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The Group operates two defined benefit pension schemes that provide pensions linked to final salaries and are funded in advance. The schemes are called the Metroline Pension Scheme and the Metroline London Northern Pension Scheme. Both schemes are closed to new entrants.

Defined benefit obligations at 31 December 2006 have been valued by projecting forward the most recent actuarial valuation for funding purposes. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured at 31 December 2006 by a qualified independent actuary using the projected unit credit method.

(1) Metroline Pension Scheme

Reconciliation of the assets and liabilities recognised in the balance sheet

	THE GROUP	
	2006 $'mil	2005 $'mil
Present value of defined benefit obligations that are wholly or partly funded	**(80.9)**	(67.7)
Fair value of plan assets at end of year	**60.5**	45.0
Net liability recognised in balance sheet at end of year	**(20.4)**	(22.7)

Fair value of plan assets

The fair value of plan assets does not include any amount relating to:

- any of the subsidiary's own financial instruments; or
- any property occupied by, or other assets used by, the subsidiary.

Movements in net liability recognised in the balance sheet

	THE GROUP	
	2006 $'mil	2005 $'mil
Net liability at beginning of year	**(22.7)**	(20.6)
Net expense recognised in profit and loss statement	**(3.8)**	(3.7)
Employer contributions	**7.7**	2.8
Actuarial losses	**(0.5)**	(3.3)
Exchange differences	**(1.1)**	2.1
Net liability recognised in balance sheet at end of year	**(20.4)**	(22.7)

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Expense recognised in profit and loss statement

	THE GROUP	
	2006 $'mil	2005 $'mil
Current service cost	**3.7**	3.1
Interest cost on obligation	**3.5**	3.0
Expected return on plan assets	**(3.4)**	(2.4)
Expense recognised in profit and loss statement	**3.8**	3.7

Actual return on plan assets

	THE GROUP	
	2006 $'mil	2005 $'mil
Expected return on plan assets	**3.4**	2.4
Actuarial gain on plan assets	**2.0**	5.9
Actual return on plan assets	**5.4**	8.3

Changes in the present value of the defined benefit obligation

	THE GROUP	
	2006 $'mil	2005 $'mil
Opening defined benefit obligation	**(67.7)**	(57.9)
Service cost	**(3.7)**	(3.1)
Interest cost	**(3.5)**	(3.0)
Actuarial losses	**(2.5)**	(9.2)
Member contributions	**(0.9)**	(0.9)
Exchange differences	**(3.3)**	5.8
Benefits paid	**0.7**	0.6
Closing defined benefit obligation	**(80.9)**	(67.7)

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Changes in the fair value of plan assets

	THE GROUP	
	2006 $'mil	2005 $'mil
Opening fair value of plan assets	**45.0**	37.3
Expected return	**3.4**	2.4
Actuarial gains	**2.0**	5.9
Employer contributions	**7.7**	2.8
Member contributions	**0.9**	0.9
Exchange differences	**2.2**	(3.7)
Benefits paid	**(0.7)**	(0.6)
Closing fair value of plan assets	**60.5**	45.0

The fair value of plan assets at the balance sheet date is analysed as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
Equity instruments	**46.4**	39.4
Debt instruments	**14.1**	5.6
	60.5	45.0

Principal actuarial assumptions at the balance sheet date

	THE GROUP	
	2006	2005
Discount rate	**5.1%**	5.0%
Expected return on plan assets	**6.8%**	6.8%
Future salary increases	**3.8%**	3.6%
Future pension increases	**2.8%**	2.6%

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the FTSE. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The history of the plan for the current and prior years is as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
Present value of defined benefit obligation	**(80.9)**	(67.7)
Fair value of plan assets	**60.5**	45.0
Deficit	**(20.4)**	(22.7)
Experience adjustments on plan liabilities	**(2.5)**	(9.2)
Experience adjustments on plan assets	**2.0**	5.9

(2) Metroline London Northern Pension Scheme

Reconciliation of the assets and liabilities recognised in the balance sheet

	THE GROUP	
	2006 $'mil	2005 $'mil
Present value of defined benefit obligations that are wholly or partly funded	**(80.1)**	(68.5)
Fair value of plan assets at end of year	**61.1**	46.9
Net liability recognised in balance sheet at end of year	**(19.0)**	(21.6)

Fair value of plan assets

The fair value of plan assets does not include any amount relating to:

- any of the subsidiary's own financial instruments; or
- any property occupied by, or other assets used by, the subsidiary.

Movements in net liability recognised in the balance sheet

	THE GROUP	
	2006 $'mil	2005 $'mil
Net liability at beginning of year	**(21.6)**	(20.5)
Net expense recognised in profit and loss statement	**(3.5)**	(3.3)
Employer contributions	**6.5**	2.4
Actuarial gains (losses)	**0.6**	(2.2)
Exchange differences	**(1.0)**	2.0
Net liability recognised in balance sheet at end of year	**(19.0)**	(21.6)

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Expense recognised in profit and loss statement

	THE GROUP	
	2006 $'mil	2005 $'mil
Current service cost	**3.2**	2.6
Interest cost on obligation	**3.6**	3.3
Expected return on plan assets	**(3.3)**	(2.6)
Expense recognised in profit and loss statement	**3.5**	3.3

Actual return on plan assets

	THE GROUP	
	2006 $'mil	2005 $'mil
Expected return on plan assets	**3.3**	2.6
Actuarial gain on plan assets	**2.2**	2.8
Actual return on plan assets	**5.5**	5.4

Changes in the present value of the defined benefit obligation

	THE GROUP	
	2006 $'mil	2005 $'mil
Opening defined benefit obligation	**(68.5)**	(63.4)
Service cost	**(3.2)**	(2.6)
Interest cost	**(3.6)**	(3.3)
Member contributions	**(0.8)**	(0.8)
Actuarial losses	**(1.6)**	(5.0)
Exchange differences	**(3.2)**	6.1
Benefits paid	**0.8**	0.5
Closing defined benefit obligation	**(80.1)**	(68.5)

Changes in the fair value of plan assets

	THE GROUP	
	2006 $'mil	2005 $'mil
Opening fair value of plan assets	**46.9**	42.9
Expected return	**3.3**	2.6
Actuarial gains	**2.2**	2.8
Employer contributions	**6.5**	2.4
Member contributions	**0.8**	0.8
Exchange differences	**2.2**	(4.1)
Benefits paid	**(0.8)**	(0.5)
Closing fair value of plan assets	**61.1**	46.9

The fair value of plan assets at the balance sheet date is analysed as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
Equity instruments	**41.7**	35.3
Debt instruments	**19.4**	11.6
	61.1	46.9

Principal actuarial assumptions at the balance sheet date

	THE GROUP	
	2006	2005
Discount rate	**5.1%**	5.0%
Expected return on plan assets	**6.6%**	6.8%
Future salary increases	**3.8%**	3.6%
Future pension increases	**2.8%**	2.6%

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the FTSE. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The history of the plan for the current and prior years is as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
Present value of defined benefit obligation	**(80.1)**	(68.5)
Fair value of plan assets	**61.1**	46.9
Deficit	**(19.0)**	(21.6)
Experience adjustments on plan liabilities	**(1.6)**	(5.0)
Experience adjustments on plan assets	**2.2**	2.8

(e) Share-based Payments (included in staff costs)

Equity-settled share option scheme

The Company and certain subsidiaries have share option schemes for certain employees and Directors of the respective companies. The scheme is administered by the Remuneration Committees of the respective companies. Information on the share option plans are disclosed in paragraph 5 to the Report of the Directors. Options are exercisable at a subscription price determined with reference to the market price of the shares at the time of grant of the options. The vesting period is 1 year. If the options remain unexercised after a period of 10 years (5 years for non-executive Directors) from the date of the grant, the options expire. Options granted will lapse when the option holder ceases to be a full-time employee or a Director of the Group, subject to certain exceptions at the discretion of the Remuneration Committee.

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

(i) **The Company**

	2006		2005	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**24,611,439**	**1.36**	21,502,626	0.84
Granted during the year	**11,795,000**	**1.50**	16,175,000	1.59
Cancelled/lapsed during the year	**(858,468)**	**1.54**	(374,000)	1.51
Exercised during the year	**(2,667,637)**	**0.86**	(12,692,187)	0.77
Outstanding at the end of the year	**32,880,334**	**1.45**	24,611,439	1.36
Exercisable at the end of the year	**21,085,334**	**1.42**	8,686,439	0.94

The weighted average share price at the date of exercise for share options exercised during the year was $1.58 (2005: $1.60). The options outstanding at the end of the year have an average remaining contractual life of 7.5 years (2005: 7.5 years).

In 2006, options were granted on 13 July. The estimated fair value of the options granted on that date was $0.22 each.

In 2005, options were granted on 24 February, 21 July and 17 November. The estimated fair values of the options granted on those dates were $0.27, $0.26 and $0.13 each respectively.

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

	2006	2005
Weighted average share price ($)	**1.50**	1.59
Weighted average exercise price ($)	**1.50**	1.59
Expected volatility (%)	**30.05**	28.50
Expected life (years)	**4.79**	4.76
Risk free rate (%)	**3.38**	2.65
Expected dividend yield (%)	**6.67**	6.13

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1.5 years (2005: 1.5 years). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) **SBS Transit Ltd**

	2006		2005	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**6,810,750**	**1.94**	7,494,250	1.42
Granted during the year	**2,967,000**	**2.15**	4,413,750	2.23
Cancelled/lapsed during the year	**(167,000)**	**1.97**	(477,750)	1.93
Exercised during the year	**(933,250)**	**1.60**	(4,619,500)	1.38
Outstanding at the end of the year	**8,677,500**	**2.05**	6,810,750	1.94
Exercisable at the end of the year	**5,745,500**	**2.00**	2,645,750	1.50

The weighted average share price at the date of exercise for share options exercised during the year was $2.37 (2005: $2.25). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.67 years (2005: 8.02 years).

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

In 2006, options were granted on 13 July. The estimated fair value of the options granted on that date was $0.10 each.

In 2005, options were granted on 24 February, 28 July and 18 November. The estimated fair values of the options granted on those dates were $0.09, $0.06 and $0.05 each respectively.

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

	2006	2005
Weighted average share price ($)	**2.15**	2.24
Weighted average exercise price ($)	**2.15**	2.23
Expected volatility (%)	**23.93**	20.1
Expected life (years)	**4.64**	4.63
Risk free rate (%)	**3.37**	2.52
Expected dividend yield (%)	**11.63**	11.35

Expected volatility was determined by calculating the historical volatility of SBS Transit Ltd's share price over the previous 1.5 years (2005: 1.5 years). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(iii) **VICOM Ltd**

	2006		2005	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**2,236,000**	**0.84**	1,693,000	0.73
Granted during the year	**544,000**	**1.00**	885,000	0.96
Exercised during the year	**(662,000)**	**0.80**	(342,000)	0.62
Outstanding at the end of the year	**2,118,000**	**0.89**	2,236,000	0.84
Exercisable at the end of the year	**1,574,000**	**0.86**	1,351,000	0.76

The weighted average share price at the date of exercise for share options exercised during the year was $1.10 (2005: $0.97). The options outstanding at the end of the year have an average remaining contractual life of 7.95 years (2005: 7.4 years).

In 2006, options were granted on 7 July. The estimated fair values of the options granted on that date was $0.01 each.

30 STAFF COSTS/RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

In 2005, options were granted on 24 February and 21 November. The estimated fair values of the options granted on those dates were $0.03 and $0.02 each respectively.

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

	2006	2005
Weighted average share price ($)	**1.00**	0.95
Weighted average exercise price ($)	**1.00**	0.96
Expected volatility (%)	**10.00**	10.7
Expected life (years)	**5.00**	5.00
Risk free rate (%)	**3.40**	2.85
Expected dividend yield (%)	**8.5**	6.04

Expected volatility was determined by calculating the historical volatility of VICOM Ltd's share price over the previous 1 year (2005: 1 year). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(iv) The Group recognised total expense of $3.0 million (2005: $1.8 million) related to equity-settled share-based payment transactions (included in staff costs) during the year.

31 NET INCOME FROM INVESTMENTS

	THE GROUP	
	2006 $'mil	2005 $'mil
Gross dividend income	**0.3**	0.7
Other investment income	**0.2**	2.0
Write-back of allowance for doubtful advances on disposal of an associate	**14.5**	-
Others	**1.1**	0.2
Total	**16.1**	2.9

32 FINANCE COSTS

	THE GROUP	
	2006 $'mil	2005 $'mil
Interest expense on:		
Borrowings	**16.8**	15.9
Finance leases	**5.9**	6.8
Fair value gains on interest rate swaps designed as cash flow hedges transferred from equity	**(0.4)**	-
Total	**22.3**	22.7

33 EXCEPTIONAL ITEM

This relates to a gain on the exchange of the Group's 18% equity interest in Cityfleet (UK) Pte Ltd for 4.01% equity interest in Cabcharge Australia Limited.

34 TAXATION

	THE GROUP	
	2006 $'mil	2005 $'mil
Taxation charge in respect of profit for the financial year:		
Current taxation	**73.6**	57.6
Deferred tax (Note 18)	**(3.6)**	8.9
	70.0	66.5
Adjustment in respect of under (over) provision in prior years:		
Current taxation	**3.1**	(13.9)
Deferred tax (Note 18)	**(2.1)**	8.9
	71.0	61.5

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 20% (2005: 20%) to profit before taxation as a result of the following differences:

	THE GROUP	
	2006 $'mil	2005 $'mil
Profit before taxation	**360.8**	300.6
Taxation at the domestic income tax rate of 20% (2005: 20%)	**72.2**	60.1
Non-(taxable) allowable items	**(11.8)**	2.1
Deferred tax benefits not recognised	**-**	0.1
Utilisation of deferred tax benefits previously not recognised	**(0.5)**	-
Tax effect of share of results in associates	**(0.7)**	(0.3)
Tax effect of different tax rates of overseas subsidiaries	**11.6**	7.1
Tax rebates	**(0.1)**	(0.4)
Under (Over) provision in prior years	**1.0**	(5.0)
Other items	**(0.7)**	(2.2)
	71.0	61.5

Taxation for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

Subject to agreement with the Comptroller of Income Tax, certain subsidiaries have unutilised tax loss and unabsorbed capital allowance carryforwards and resultant deferred tax benefits unrecognised amounting to $137 million (2005: $141 million) and $41 million (2005: $42 million) respectively. These future income tax benefits in respect of unutilised tax losses are available for an unlimited future period only if the respective subsidiaries derive future assessable income of a nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by law, including the retention of majority shareholders, as defined, are complied with. No deferred tax asset has been recognised due to the unpredictability of future profit streams of these subsidiaries.

35 PROFIT AFTER 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	
	2006 $'mil	2005 $'mil
Amortisation of taxi and other licences	**1.4**	1.2
Depreciation expense	**248.1**	253.6
Foreign exchange gain	**(1.9)**	-
Impairment loss on vehicles and equipment (included in other operating expenses)	**7.7**	4.6
Impairment loss on goodwill (included in other operating expenses)	**0.1**	-
Net (gain) loss on fair value changes and disposal of investments	**(0.2)**	0.3
Net loss on disposal of vehicles, premises and equipment	**7.4**	1.9
Proposed Directors' fees	**0.8**	0.6
Provision for doubtful debts and bad debts written off	**2.5**	0.7
Write-back of impairment loss arising from an investment	**-**	(1.0)
Write-back of allowance for doubtful advances on disposal of an associate	**(14.5)**	-
Audit fees:		
Auditors of the Company	**0.9**	1.2
Other auditors	**0.2**	0.1
Non-audit fees:		
Auditors of the Company	**0.8**	0.8

Included in profit after taxation is legal fees expense of $13,000 (2005: $21,000) paid to a firm of which a Director is a partner.

36 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2006	2005
Net profit attributable to shareholders of the Company ($'mil)	**244.6**	201.9
Weighted average number of ordinary shares in issue (million)	**2,069.0**	2,062.5
Basic earnings per share (in cents)	**11.82**	9.79

36 EARNINGS PER SHARE (CONT'D)

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

	2006	2005
Net profit attributable to shareholders of the Company ($'mil)	**244.6**	201.9
Weighted average number of ordinary shares in issue (million)	**2,069.0**	2,062.5
Adjustments for share options (million)	**3.3**	3.5
Weighted average number of ordinary shares for the purpose of diluted earnings per share (million)	**2,072.3**	2,066.0
Diluted earnings per share (in cents)	**11.80**	9.77

37 ACQUISITION OF SUBSIDIARIES/BUSINESSES

The following transactions have been accounted for by the purchase method of accounting during the financial year. The net assets acquired in the transactions, and the goodwill arising, are as follows:

	Fair value at date of acquisition	
	2006 $'mil	2005 $'mil
Net assets acquired:		
Current assets	**(14.2)**	(58.0)
Non-current assets	**(22.8)**	(152.3)
Current liabilities	**10.1**	12.0
Non-current liabilities	**-**	2.7
Translation reserve	**-**	(1.6)
Minority interests	**5.6**	71.9
Goodwill on acquisition	**(5.0)**	(27.5)
Total consideration, satisfied by cash	**(26.3)**	(152.8)
Cash and cash equivalent acquired	**11.8**	47.8
Net cash outflow arising on acquisitions	**(14.5)**	(105.0)

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION

(i) Business Segments

	Bus operations $'mil	Bus station operations $'mil	Rail operations $'mil	Taxi operations $'mil	Automotive engineering operations $'mil	Vehicle inspection and testing operations $'mil	Diesel sales operations $'mil	Car rental and leasing operations $'mil	Driving centre operations $'mil	Car dealership operations $'mil	Others $'mil	Elimination $'mil	Total $'mil
FY 2006													
TURNOVER													
External sales	1,373.9	15.7	76.6	866.5	68.4	54.7	209.8	36.6	24.4	35.2	-	-	2,761.8
Inter-segment sales	-	-	-	-	84.4	2.4	-	-	-	-	-	(86.8)	-
TOTAL	1,373.9	15.7	76.6	866.5	152.8	57.1	209.8	36.6	24.4	35.2	-	(86.8)	2,761.8
RESULT													
Operating profit	127.1	7.2	0.6	107.8	23.0	12.6	13.1	7.3	5.9	0.8	-	-	305.4
Net income from investments													16.1
Interest income													16.2
Finance costs													(22.3)
Share of profit in associates													3.3
Profit before taxation and exceptional item													318.7
Exceptional item													42.1
Profit before taxation													360.8
Taxation													(71.0)
Profit after taxation													289.8
Minority interests													(45.2)
Profit attributable to shareholders of the Company													244.6

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION (CONT'D)

	Bus operations $'mil	Bus station operations $'mil	Rail operations $'mil	Taxi operations $'mil	Automotive engineering operations $'mil	Vehicle inspection and testing operations $'mil	Diesel sales operations $'mil	Car rental and leasing operations $'mil	Driving centre operations $'mil	Car dealership operations $'mil	Others $'mil	Elimination $'mil	Total $'mil
OTHER INFORMATION													
Additions to vehicles, premises and equipment	188.9	0.6	1.0	212.8	4.1	6.2	-	20.9	16.5	0.2	0.5	-	451.7
Additions to taxi and other licences	4.4	-	-	2.1	-	-	-	-	0.4	0.6	-	-	7.5
(Adjustment) Additions to goodwill	(0.5)	-	-	4.0	0.1	-	-	-	0.3	-	-	-	3.9
Depreciation expense	74.3	1.9	0.9	142.3	3.5	4.7	0.6	14.6	1.6	0.2	3.5	-	248.1
Amortisation expense	0.1	-	-	1.3	-	-	-	-	-	-	-	-	1.4
Impairment loss recognised in profit and loss statement	-	-	-	7.7	-	0.1	-	-	-	-	-	-	7.8
BALANCE SHEET													
ASSETS													
Segment assets	887.2	21.2	13.2	1,164.0	88.9	57.8	3.5	141.3	21.3	2.9	28.3	-	2,429.6
Associates	14.9	-	-	68.2	-	-	-	-	-	-	1.8	-	84.9
Goodwill	62.3	-	-	6.9	0.1	13.5	-	1.5	0.3	-	0.1	-	84.7
Cash, fixed deposits, equities and bonds													472.3
Deferred tax assets													13.1
Consolidated total assets													3,084.6
LIABILITIES													
Segment liabilities	319.6	12.4	17.6	216.0	22.9	10.5	3.9	32.1	7.8	0.6	12.7	-	656.1
Borrowings													405.0
Income tax payable													63.2
Deferred tax liabilities													130.3
Consolidated total liabilities													1,254.6

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION (CONT'D)

	Bus operations $'mil	Bus station operations $'mil	Rail operations $'mil	Taxi operations $'mil	Automotive engineering operations $'mil	Vehicle inspection and testing operations $'mil	Diesel sales operations $'mil	Car rental and leasing operations $'mil	Driving centre operations $'mil	Car dealership operations $'mil	Others $'mil	Elimination $'mil	Total $'mil
FY 2005													
TURNOVER													
External sales	1,191.8	16.1	65.3	840.9	51.8	49.4	165.3	36.5	19.6	29.9	-	-	2,466.6
Inter-segment sales	-	-	-	-	87.4	2.3	-	-	-	-	-	(89.7)	-
TOTAL	1,191.8	16.1	65.3	840.9	139.2	51.7	165.3	36.5	19.6	29.9	-	(89.7)	2,466.6
RESULT													
Operating profit	115.2	6.5	(6.3)	136.3	23.8	11.3	6.5	6.2	4.8	1.2	-	-	305.5
Net income from investments													2.9
Interest income													13.3
Finance costs													(22.7)
Share of profit in associates													1.6
Profit before taxation													300.6
Taxation													(61.5)
Profit after taxation													239.1
Minority interests													(37.2)
Profit attributable to shareholders of the Company													201.9

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION (CONT'D)

	Bus operations $'mil	Bus station operations $'mil	Rail operations $'mil	Taxi operations $'mil	Automotive engineering operations $'mil	Vehicle inspection and testing operations $'mil	Diesel sales operations $'mil	Car rental and leasing operations $'mil	Driving centre operations $'mil	Car dealership operations $'mil	Others $'mil	Elimination $'mil	Total $'mil
OTHER INFORMATION													
Additions to vehicles, premises and equipment	186.7	0.5	0.5	355.5	5.9	3.4	-	19.7	2.5	0.3	1.5	-	576.5
Additions to taxi and other licences	40.5	0.1	-	3.1	-	-	-	-	-	-	-	-	43.7
Additions to goodwill	33.1	-	-	2.0	-	0.2	-	-	-	-	0.1	-	35.4
Depreciation expense	67.3	2.2	1.0	153.9	3.4	4.9	0.7	15.3	1.5	0.1	3.3	-	253.6
Amortisation expense	-	0.1	-	1.1	-	-	-	-	-	-	-	-	1.2
Impairment loss recognised in profit and loss statement	-	-	-	4.6	-	-	-	-	-	-	-	-	4.6
BALANCE SHEET													
ASSETS													
Segment assets	742.8	24.1	8.1	1,217.5	64.1	57.3	2.8	146.3	5.3	0.5	93.3	-	2,362.1
Associates	13.2	-	-	-	-	0.5	-	-	-	-	15.5	-	29.2
Goodwill	61.5	-	-	2.9	-	13.6	-	1.4	-	-	0.1	-	79.5
Cash, fixed deposits, equities and bonds													570.5
Deferred tax assets													17.1
Consolidated total assets													3,058.4
LIABILITIES													
Segment liabilities	322.5	13.4	15.4	185.2	34.4	9.4	12.0	12.3	3.8	0.2	13.9	-	622.5
Borrowings													517.7
Income tax payable													61.3
Deferred tax liabilities													139.7
Consolidated total liabilities													1,341.2

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION (CONT'D)

(ii) Geographical Segments

	Turnover		Carrying amount of total assets		Additions to vehicles, premises and equipment, taxi and other licences and goodwill	
	2006 $'mil	2005 $'mil	**2006 $'mil**	2005 $'mil	**2006 $'mil**	2005 $'mil
Geographical Location						
Singapore	**1,539.3**	1,432.5	**1,812.3**	1,863.3	**268.1**	335.0
United Kingdom/Ireland	**889.0**	842.3	**464.0**	475.8	**37.2**	48.3
China	**187.9**	147.2	**544.8**	508.8	**111.0**	111.4
Australia	**131.6**	31.9	**223.6**	170.0	**35.4**	142.9
Vietnam	**9.0**	8.3	**26.4**	27.9	**7.3**	15.7
Malaysia	**5.0**	4.4	**13.5**	12.6	**4.1**	2.3
Total	**2,761.8**	2,466.6	**3,084.6**	3,058.4	**463.1**	655.6

For management purposes, the Group is organised on a world-wide basis into 10 major operating divisions:

a) Bus: Income is generated through bus fare collections, contracted revenue for operation of scheduled services, provision of coach rental services and ancillary advertisement income.

b) Bus station: Income is generated mainly through commission income from fare collection.

c) Rail: Income is generated through rail fare collection and ancillary advertisement income.

d) Taxi: Income is generated through renting out taxis, operating taxi bureau services and ancillary advertisement income.

e) Automotive engineering: Income is generated through provision of vehicular maintenance and repair services, construction of specialised vehicles, assembly of bus bodies, crash repair services and engineering services.

f) Vehicle inspection and testing: Income is generated through the provision of mandatory car inspection service, motor vehicle assessment, evaluation and testing, inspection and consultancy services.

g) Diesel sales: Income is generated through sales of diesel to the Group's taxi hirers.

h) Car rental and leasing: Income is generated through renting and leasing of cars.

i) Driving centre: Income is generated through operating driving schools.

j) Car dealership: Income is generated through sales of motor vehicles.

The divisions are the basis on which the Group reports its primary segment information.

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

38 BUSINESS AND GEOGRAPHICAL SEGMENTS INFORMATION (CONT'D)

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of short-term deposits and bank balances, investments, hedging instruments, operating receivables, inventories, taxi and other licences, goodwill, and vehicles, premises and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire vehicles, premises and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable, accruals, deposits, provisions and borrowings.

Associates: Income from associates are allocated as they are specifically attributable to business segments, and correspondingly the investments in associates are included as segment assets of the Group.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are based on prices as determined between the parties. These transfers are eliminated on consolidation.

39 CONTINGENT LIABILITIES

The Company

As at 31 December 2006, the Company has contingent liabilities in respect of letters of financial support provided to certain subsidiaries with capital deficiencies amounting to $112.9 million (2005: $122.1 million) to enable these subsidiaries to continue operating as going concerns.

The Group

(i) As at 31 December 2006, two subsidiaries have contingent liabilities totalling $9.9 million (2005: $12.1 million) in respect of five cross border leasing transactions, under which they have legally defeased all their liabilities under the leases except for the risk of having to pay off this amount to counterparties should they cause the collapse of these leasing arrangements. The management is not aware of any condition that will cause the subsidiaries to initiate the collapse of these leasing arrangements; and

(ii) As at 31 December 2006, a subsidiary has contingent liability in respect of a letter of indemnity to a shareholder of an associate to indemnify them for 15% of a guarantee amounting to $0.36 million (2005: $0.35 million).

40 COMMITMENTS

As at 31 December 2006, the Group has the following commitments:

Capital commitments contracted for but not provided for in the financial statements:

	THE GROUP	
	2006 $'mil	2005 $'mil
Purchase of equipment	**10.1**	-
Purchase of buses, taxis and motor vehicles	**137.8**	158.3
Purchase of computer systems	**8.9**	12.0
Development of bus depots and properties	**0.3**	0.4
Investment commitments	**-**	3.4

41 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	THE GROUP	
	2006 $'mil	2005 $'mil
Minimum lease payments under operating leases recognised as an expense in the year	**23.5**	21.8

At balance sheet date, commitments in respect of non-cancellable operating leases for the rental of premises were as follows:

	THE GROUP	
	2006 $'mil	2005 $'mil
Within one year	**22.0**	19.5
In the second to fifth year inclusive	**48.7**	60.2
After five years	**97.1**	109.5
Total	**167.8**	189.2

Leases are negotiated for terms ranging from 0.5 to 60 years and rental is fixed ranging from 0.5 to 30 years.

The Group as lessor

The Group rents out its properties and vehicles in Singapore, United Kingdom and China under operating leases. Rental income earned during the year was $56.0 million (2005: $53.8 million).

At balance sheet date, the Group has contracted with counter-parties for the following future minimum lease payments:

	THE GROUP	
	2006 $'mil	2005 $'mil
Within one year	**45.6**	44.4
In the second to fifth year inclusive	**81.5**	91.7
After five years	**13.1**	24.8
Total	**140.2**	160.9

42 ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

(a) Financial risks and management

The main areas of financial risk faced by the Group are foreign currency exchange rate risk, interest rate risk, credit risk, liquidity risk and fuel price 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 exchange risk

The Group manages its foreign exchange exposure by matching revenue and costs in the relevant currencies to create a natural hedge and also through active currency management using hedging instruments such as forwards and options where necessary. The Group's revenue is mainly denominated in SGD with the remaining in GBP, RMB, AUD, EUR, MYR and VND. On the cost side, its foreign currency exposures include USD, GBP, RMB, AUD, SEK, EUR, MYR and VND. The Group has investments in the United Kingdom, China, Australia, Ireland, Malaysia and Vietnam. Net translation risks are regularly monitored and the Group currently does not seek to hedge this exposure as it does not impact cash flows.

Interest rate risk

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

Credit risk

The Group has minimal credit risk arising from its commuter transport operations as the majority of revenue is collected in cash upfront or from the transport regulator in the case of United Kingdom and Australia. For the other operations, credit risk is also minimised via upfront deposits, strict credit terms and regular monitoring of debtors' financial standing. The Group enters into treasury transactions only with creditworthy institutions. It seeks to invest in quality investee companies and almost all of its fixed income investments are above investment grade of at least BBB-rated as assigned by international credit-rating agencies. In its management of credit risk, the Group practises stringent credit review and sets counterparty credit limits. There is no significant concentration of credit risk. The carrying value of financial assets represents the maximum credit risk exposure of the Group.

Liquidity risk

The Group funds its operations through a mix of internal funds, bank borrowings and capital market borrowings. It regularly reviews its liquidity position comprising free cash flows from its operations and credit lines from banks to ensure its ability to access funding at any time with the best possible rates.

Fuel price risk

Fuel, comprising diesel and electricity, is a significant operating cost of the Group. Other than its bus and rail operations, the Group is also exposed to fluctuations in fuel price in its diesel sales business. The Group seeks to hedge its fuel needs and uses hedging instruments, where necessary, to achieve the desired hedge outcome.

Fair values of financial assets and financial liabilities

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

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

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

(b) The tables below summarise the Group's and Company's cash deposits, investments, borrowings and financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts the Group's and Company's exposure to interest rate risk at year end.

The Group

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
2006					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	50.8	-	-	50.8	0.72% - 4.45%
Non-interest bearing	9.6	-	-	9.6	-
In non-functional currencies					
Interest-bearing					
– USD	0.8	-	-	0.8	0.15% - 4.08%
– GBP	0.3	-	-	0.3	4.33%
– EUR	0.1	-	-	0.1	2.74%
Non-interest-bearing					
– USD	0.13	-	-	0.13	-
– GBP	0.05	-	-	0.05	-
– EUR	0.04	-	-	0.04	-
– MYR	0.03	-	-	0.03	-
– SEK	0.04	-	-	0.04	-
– JPY	0.01	-	-	0.01	-
Time deposits:					
In functional currencies	175.1	-	-	175.1	1.44% - 6.25%
In non-functional currencies					
– USD	0.6	-	-	0.6	2.75% - 3.00%
Total cash balances and time deposits	237.6	-	-	237.6	

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

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 2.0 months.

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
2006					
Held-for-trading investments:					
Bonds in functional currencies	11.7	-	-	11.7	3.13% - 3.57%
Notes in functional currencies	146.4	-	-	146.4	3.37% - 3.81%
Total	158.1	-	-	158.1	
Available-for-sale investments:					
Bonds in functional currencies	12.0	26.6	22.9	61.5	2.25% - 4.84%
Notes in functional currencies	3.0	10.0	-	13.0	2.77% - 3.72%
Total	15.0	36.6	22.9	74.5	
Hedging instruments:					
In functional currencies	0.7	1.0	-	1.7	-
Financial liabilities					
Loans in functional currencies:					
Interest-bearing	158.8	104.4	0.9	264.1	2.41% - 9.25%
Non-interest bearing	0.7	-	3.8	4.5	-
Debt instruments in functional currencies	14.3	-	-	14.3	4.19%
Finance obligations under leases in functional currencies	27.9	70.1	24.1	122.1	3.30% - 7.25%
Other liabilities in functional currencies (trade and other payables)	1.9	-	-	1.9	3.42% - 3.60%
Total	203.6	174.5	28.8	406.9	
Hedging instruments:					
In functional currencies	0.4	-	-	0.4	-
2005					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	40.9	-	-	40.9	0.72% - 4.90%
Non-interest bearing	15.8	-	-	15.8	-
In non-functional currencies					
Interest-bearing					
– USD	0.5	-	-	0.5	0.75% - 1.15%

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Non-interest-bearing					
– JPY	0.3	-	-	0.3	-
– USD	0.1	-	-	0.1	-
– AUD	0.1	-	-	0.1	-
– EUR	0.1	-	-	0.1	-
– SEK	0.1	-	-	0.1	-
– GBP	0.1	-	-	0.1	-
	0.8	-	-	0.8	
Time deposits:					
In functional currencies	190.2	-	-	190.2	1.44% - 4.49%
In non-functional currencies					
– USD	14.5	-	-	14.5	0.88% - 4.30%
Total cash balances and time deposits	262.7	-	-	262.7	

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 1.6 months.

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Held-for-trading investments:					
Bonds in functional currencies	24.8	-	-	24.8	2.29% - 3.11%
Notes in functional currencies	188.5	-	-	188.5	1.85% - 3.55%
Total	213.3	-	-	213.3	
Available-for-sale investments:					
Bonds in functional currencies	3.0	37.8	28.8	69.6	2.28% - 4.84%
Notes in functional currencies	-	12.8	-	12.8	2.77% - 3.27%
Total	3.0	50.6	28.8	82.4	
Hedging instruments:					
In functional currencies	(12.3)	0.9	-	(11.4)	
Financial liabilities					
Loans in functional currencies:					
Interest-bearing	246.4	16.5	-	262.9	1.97% - 9.0%
Non-interest bearing	6.8	-	3.9	10.7	-
Debt instruments in functional currencies	121.7	-	-	121.7	3.55% - 3.80%
Finance obligations under leases in functional currencies	33.8	88.6	-	122.4	3.38% - 8.40%
Other liabilities in functional currencies (trade and other payables)	1.0	-	-	1.0	3.60% - 3.80%
Total	409.7	105.1	3.9	518.7	

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

The Company

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
2006					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	0.2	-	-	0.2	1.95% - 2.45%
Time deposits:					
In functional currencies	41.4	-	-	41.4	3.15% - 3.31%
Total cash balances and time deposits	41.6	-	-	41.6	

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 0.2 month.

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Held-for-trading investments:					
Notes in functional currencies	10.0	-	-	10.0	3.42%
Available-for-sale investments:					
Bonds in functional currencies	1.3	16.7	7.1	25.1	2.25% - 4.15%
2005					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	0.4	-	-	0.4	1.31%
In non-functional currencies					
Non-interest-bearing					
– AUD	0.1	-	-	0.1	-
Time deposits:					
In functional currencies	32.1	-	-	32.1	2.9% - 3.06%
In non-functional currencies					
– USD	4.9	-	-	4.9	4.30%
Total cash balances and time deposits	37.5	-	-	37.5	

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

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 0.2 month.

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Held-for-trading investments:					
Notes in functional currencies	5.0	-	-	5.0	2.59%
Available-for-sale investments:					
Bonds in functional currencies	-	12.4	12.8	25.2	2.28% - 4.15%

43 DIVIDENDS

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

	2006 $'mil	2005 $'mil
Final dividend less tax in respect of the previous financial year:		
– 3.00 cents (2005: 3.01 cents) per ordinary share less tax at 20%	**49.7**	49.6
Interim dividend less tax in respect of the current financial year:		
– 3.13 cents (2005: 3.13 cents) per ordinary share less tax at 20%	**51.7**	51.6
Special dividend less tax in respect of the current financial year:		
– 3.38 cents (2005: 3.88 cents) per ordinary share less tax at 20%	**55.8**	64.0
Total	**157.2**	165.2

(b) Subsequent to the balance sheet date, the Directors of the Company recommended that a final dividend be paid at 3 cents per ordinary share less tax totalling $49.7 million and a special dividend be paid at 1.5 cents per ordinary share less tax totalling $24.8 million for the financial year ended 31 December 2006. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability for the current financial year.

44 LICENCE CONDITION FOR RAIL SERVICES

A licence condition ("LC") dated 15 January 2003 was issued by Land Transport Authority ("LTA") to a subsidiary, SBS Transit Ltd ("SBST") under which SBST 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 15 January 2003. SBST 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) SBST 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 SBST and LTA. In such review, LTA shall determine the dates and time of SBST's purchase of the operating assets of the Licensed Systems and the amount is based on the net book value as recorded in the latest audited accounts of LTA.

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

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

45 COMPARATIVE FIGURES

Certain restatements and reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the balance sheet, profit and loss statement, statement of changes in equity and cash flow statement, and the related notes to the financial statements. The following comparative figures have been adjusted to conform with current year's presentation:

(i) **Turnover**

In the prior years, taxi business billings to corporate customers were included in turnover as net of fare payments to taxi drivers. As the pricing and credit risk of this arrangement vest with the Group, turnover was regrossed to reflect the substance of the transactions. Accordingly, turnover and payments for contract services for the year ended 31 December 2005 were increased by $204.5 million. This has no impact on the operating profit of the Group.

	THE GROUP 2005 $'mil	
	As previously reported	As restated
Turnover	2,262.1	2,466.6
Payments for contract services	-	(204.5)
Net	2,262.1	2,262.1

(ii) **Finance lease receivables**

Finance lease receivables were included in trade receivables in the prior years. For the current year, finance lease receivables have been presented as a separate balance sheet line item. Accordingly, prior year comparatives were also reclassified.

	THE GROUP 2005 $'mil	
	Before reclassification	After reclassification
Current assets:		
Trade receivables	153.3	104.8
Finance lease receivables - current portion	-	22.6
Non-current assets:		
Finance lease receivables	-	25.9
Total	153.3	153.3

45 COMPARATIVE FIGURES (CONT'D)

(iii) Other items reclassified were as follows:

	THE GROUP 2005 $'mil Before reclassification	THE GROUP 2005 $'mil After reclassification
Consolidated balance sheet		
Current liabilities:		
Trade and other payables	371.0	368.4
Non-current liabilities:		
Provision for service benefits and long-term service awards	12.0	14.6
Total	383.0	383.0
Consolidated profit and loss statement		
Materials and consumables	(212.6)	(209.8)
Payments for contract services	-	(2.8)
Taxi drivers' benefits	-	(41.5)
Other operating expenses	(153.1)	(111.1)
Net income from investments	3.4	2.9
Share of profit in associates	1.9	1.6
Taxation	(61.8)	(61.5)
Net	(422.2)	(422.2)

46 EVENT AFTER THE BALANCE SHEET DATE

On 11 January 2007, the Group acquired 100% of the share capital of Chengdu Sheng Duo Taxi Company for cash consideration of $1.8 million. Chengdu Sheng Duo Taxi Company is incorporated in China and is principally involved in the provision of public taxi services through the rental of taxis to hirers in Chengdu, China. The fair value of net assets acquired is approximately $1.8 million.

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS

Details of significant subsidiaries and associates are as follows:

(a) **Subsidiaries**

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Unquoted equity shares				
Comfort Group Ltd	Investment holding	Singapore	**100**	100
DelGro Corporation Limited	Investment holding	Singapore	**100**	100
Subsidiaries of Comfort Group Ltd:				
Quoted equity shares				
VICOM Ltd [(1)]	Investment holding and provision of motor vehicle evaluation and other related services	Singapore	**70.86**	71.44
Unquoted equity shares				
Comfort (China) Pte Ltd	Investment holding	Singapore	**100**	100
Comfort Bus Pte Ltd	Provision of charter bus services, rental of buses to hirers and other related services	Singapore	**100**	100
Comfort Driving Centre Pte Ltd	Operation of a driving school	Singapore	**90**	90
Comfort Transportation Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	**100**	100
ComfortDelGro Engineering Pte Ltd	Operation of workshops for repairing, servicing and general maintenance of motor vehicles and dealer in diesel for motor vehicles	Singapore	**100**	100
Moove Media Pte Ltd	Provision of advertising services	Singapore	**100**	100
Yellow-Top Cab Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	**100**	100

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Subsidiaries of VICOM Ltd:				
JIC Inspection Services Pte Ltd	Vehicle inspection and other related services	Singapore	**55.27**	55.72
Setsco Services Pte Ltd	Provision of testing, inspection and consultancy services	Singapore	**70.86**	71.44
VICOM Assessment Centre Pte Ltd	Provision of vehicle assessment services	Singapore	**36.14**	36.43
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	**70.86**	71.44
VICOM Unichamps Pte Ltd	Investment in environment technology related business	Singapore	**42.52**	42.86
Subsidiary of Setsco Services Pte Ltd:				
Setsco Services (M) Sdn Bhd (2)	Provision of testing, inspection and consultancy services	Malaysia	**70.86**	71.44
Subsidiaries of Comfort (China) Pte Ltd:				
Suzhou Comfort Taxi Co., Ltd (3)	Provision of taxi and land transport-related services in the Suzhou municipality, operation of workshops for repairing, servicing and general maintenance of motor vehicles and dealer in diesel for motor vehicles	China	**70**	70
Xiamen Comfort Taxi Co., Ltd (4)	Provision of taxi and land transport-related services in the Xiamen municipality	China	**70**	70

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Subsidiaries of Suzhou Comfort Taxi Co., Ltd:				
Suzhou Comfort Toyota Sales & Service Co., Ltd (3)	Distribution of motor vehicles and trading of automotive parts in the Suzhou municipality	China	**70**	70
Suzhou Comfort Passenger Transportation Co., Ltd (28)	Provision of inter-city bus services	China	**70**	-
Subsidiaries of DelGro Corporation Ltd:				
Quoted equity shares				
SBS Transit Ltd (1)	Provision of public bus and rail services	Singapore	**75.28**	75.34
Unquoted equity shares				
Braddell plc (5)	Investment holding	United Kingdom	**100**	100
CityCab Pte Ltd	Provision of public taxi services through the rental of taxis to hirers	Singapore	**53.50**	53.50
CityFleet (UK) Pte Ltd (6)	Investment holding	Singapore	**68.65**	85
ComfortDelGro (China) Pte Ltd	Investment holding	Singapore	**100**	100
ComfortDelGro (S.E. Asia) Pte Ltd	Investment holding	Singapore	**100**	100
DelGro (Guangzhou) Pte Ltd	Inactive	Singapore	**100**	100
DelGro Investments Pte Ltd	Inactive	Singapore	**100**	100
Singapore Airport Bus Services Ltd	Investment holding	Singapore	**100**	100
Waterbank Properties (S) Pte Ltd	Property development	Singapore	**100**	100

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Subsidiary of SBS Transit Ltd:				
Monteria Pte Ltd	Inactive	Singapore	**75.28**	75.34
Subsidiaries of Braddell plc:				
Aerdart Limited (5)	Provision of bus services	Ireland	**100**	100
Cummers Commercial Limited (5)	Provision of coach services	United Kingdom	**100**	100
Metroline plc (5)	Investment holding	United Kingdom	**100**	100
Scottish Citylink Coaches Limited (7)	Provision of long distance coach services	United Kingdom	**65**	65
Subsidiaries of Metroline plc:				
Citylink Holdings Limited (5)	Investment holding	United Kingdom	**100**	100
E.H. Mundy Holdings Limited (5)	Investment holding	United Kingdom	**100**	100
F.E. Thorpe & Sons Limited (5)	Provision of public bus services	United Kingdom	**100**	100
Metroline London Northern Limited (5)	Provision of public bus services	United Kingdom	**100**	100
Metroline Travel Limited (5)	Provision of public bus services	United Kingdom	**100**	100
Subsidiary of Scottish Citylink Coaches Limited:				
Megacity Limited (7)	Provision of long distance coach services	United Kingdom	**65**	65
Subsidiary of E.H. Mundy Holdings Limited:				
Armchair Passenger Transport Company Limited (5)	Provision of bus and coach services	United Kingdom	**100**	100
Subsidiary of CityCab Pte Ltd:				
Cabcharge Asia Pte Ltd (6)	Provision of charge card facilities	Singapore	**46.23**	45.48

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Subsidiaries of CityFleet (UK) Pte Ltd:				
CityFleet Networks Limited (6) (8)	Provision and management of taxi booking services	United Kingdom	**68.65**	85
Computer Cab (Edinburgh) Limited (6) (9)	Provision of taxi services	United Kingdom	**52.74**	63.75
Computer Cab plc (5) (6)	Provision of taxi services	United Kingdom	**54.92**	68
Computer Cab (Aberdeen) Limited (formerly known as Gem Hire Enterprises Limited) (6) (9)	Provision of taxi services	United Kingdom	**68.65**	85
Subsidiary of CityFleet Networks Limited:				
Flightlink International Limited (6) (8) (10)	Provision of private hire services	United Kingdom	**48.06**	-
Subsidiary of Computer Cab (Edinburgh) Limited:				
Onward Travel Limited (6) (9) (11)	Provision of private hire services	United Kingdom	**52.74**	-
Subsidiary of Computer Cab plc:				
Cabcharge Limited (5) (6)	Provision and management of taxi booking card facilities	United Kingdom	**54.92**	68
Subsidiaries of ComfortDelGro (China) Pte Ltd:				
Beijing CityLimo Yin Jian Auto Services Co., Ltd (5)	Provision of car rental services	China	**55**	55

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Beijing Jin Jian Taxi Services Co., Ltd (12)	Provision of public taxi services through the rental of taxis to hirers	China	**55**	55
Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd (12)	Provision of motor vehicle evaluation and other related services	China	**80**	80
ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd (formerly known as Chengdu CityLimo Auto Services Co., Ltd) (13) (14)	Provision of cars for hire	China	**100**	98.13
Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd (13) (15)	Operation of a driving school	China	**51**	-
Chengdu ComfortDelGro Taxi Co., Ltd (formerly known as Chengdu ComfortDelGro Yiyou Taxi Co., Ltd) (13) (16)	Provision of public taxi services through the rental of taxis to hirers	China	**100**	51
Chengdu Jitong Integrated Vehicle Inspection Co., Ltd (13)	Provision of motor vehicle evaluation and other related services	China	**51**	51
Chongqing ComfortDelGro Driver Training Co., Ltd (17)	Operation of a driving school	China	**80**	-
CityCab (Shenyang) Co., Ltd (18)	Provision of public taxi services through the rental of taxis to hirers and vehicle repair	China	**100**	100
Guangzhou Xin Tian Wei Transportation Development Co., Ltd (19) (20)	Provision of bus station services	China	**60**	60

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Jilin ComfortDelGro Taxi Co., Ltd (formerly known as Jilin Comfort Transportation Co., Ltd) (21) (22)	Provision of taxi and land transport-related services in the Jilin municipality	China	**95**	95
Nanning Comfort Transportation Co., Ltd (23)	Provision of taxi and land transport-related services in the Nanning municipality	China	**80**	80
Shenyang ComfortDelGro Bus Co., Ltd (18)	Provision of public bus and charter bus services	China	**100**	100
Shenyang ComfortDelGro Anyun Bus Co., Ltd (18)	Provision of public bus and charter bus services	China	**80**	80
Shenyang ComfortDelGro Taxi Co., Ltd (18)	Provision of public taxi services through the rental of taxis to hirers	China	**80**	80
Sichuan ComfortDelGro Car Servicing Co., Ltd (13)	Operation of workshops for repairing, servicing and general maintenance of motor vehicles	China	**51**	51
Yantai ComfortDelGro Taxi Co., Ltd (formerly known as Yantai CityCab Services Co., Ltd) (24) (25)	Rental of taxis, vehicle inspection and repair	China	**76**	60
Subsidiaries of ComfortDelGro (S.E. Asia) Pte Ltd:				
ComfortDelGro Rent-A-Car Pte Ltd (formerly known as CityLimo Pte Ltd)	Provision of car rental, car care and leasing services	Singapore	**100**	100
CityLimo Leasing (M) Sdn Bhd (26)	Car leasing	Malaysia	**100**	100

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
DynaDrive Rent-A-Car Sdn Bhd [26]	Provision of cars for hire	Malaysia	**100**	100
Pantas Rent-A-Car Sdn Bhd [26]	Provision of cars for hire	Malaysia	**100**	100
Pantas Rent-A-Car Holdings Sdn Bhd [26]	Investment holding	Malaysia	**100**	100
Vietnam Taxi Co. Ltd [5]	Provision of taxi services	Vietnam	**70**	70
ComfortDelGro Savico Taxi Company [5]	Provision of taxi services	Vietnam	**60**	60
ComfortDelGro Cabcharge Pty Ltd [5] [6]	Investment holding	Australia	**53.45**	51
Shanghai City Qi Ai Taxi Services Co., Ltd [27]	Provision of public taxi services through the rental of taxis to hirers	China	**51**	51
Subsidiaries of ComfortDelGro Cabcharge Pty Ltd:				
Westbus Region 1 Pty Ltd [5] [6]	Provision of public bus services	Australia	**53.45**	51
Westbus Region 3 Pty Ltd [5] [6]	Provision of public bus services	Australia	**53.45**	51
Hillsbus Co Pty Ltd [5] [6]	Provision of public bus services	Australia	**53.45**	51
Hunter Valley Buses Pty Ltd [5] [6]	Provision of public bus services	Australia	**53.45**	51
Westbus Coaches Services Ltd [6] [8]	Provision of coach services	United Kingdom	**53.45**	51
Coach Services Pty Ltd [5] [6] [29]	Provision of coach and terminal services	Australia	**53.45**	-
Subsidiary of Waterbank Properties (S) Pte Ltd:				
Eukay Properties Pte Ltd	Inactive	Singapore	**100**	100

Note:

All companies are audited by Deloitte & Touche, Singapore except for certain subsidiaries as indicated below.

(1) Listed on the Singapore Exchange Securities Trading Limited.

(2) Audited by WT & Ng Co, Malaysia.

(3) Audited by Jiangsu Gong Zheng Certified Public Accountants, China.

(4) Audited by Xiamen Xin Zhou Certified Public Accountants, China.

(5) Audited by overseas practices of Deloitte Touche Tohmatsu.

(6) During the financial year, the Group disposed off 18% equity interest in CityFleet (UK) Pte Ltd in exchange for 4.06% equity interest in Cabcharge Australia Limited resulting in an exceptional gain of $42.1 million (Note 33). This share exchange has a corresponding dilutive effect on the subsidiaries of CityFleet (UK) Pte Ltd. As Cabcharge Australia Limited owns 49% and 15% of the equity interest in ComfortDelGro Cabcharge Pty Ltd and Cabcharge Asia Pte Ltd respectively, the Group's effective interest in ComfortDelGro Cabcharge Pty Ltd and its subsidiaries and Cabcharge Asia Pte Ltd increased accordingly.

(7) Audited by PricewaterhouseCoopers, United Kingdom.

(8) Audited by Charles Stuart LLP, United Kingdom.

(9) Audited by Johnston Carmichael, United Kingdom.

(10) Acquired in July 2006.

(11) Acquired in May 2006.

(12) Audited by Beijing Hua Tong Jian Certified Public Accountants, China.

(13) Audited by Sichuan Jianke Certified Public Accountants, China.

(14) Additional interest was acquired for $0.03 million cash consideration during the financial year, thereby increasing the Group's effective interest from 98.13% to 100%.

(15) Commenced operations in January 2006.

(16) Additional interest was acquired for $3.4 million cash consideration during the financial year, thereby increasing the Group's effective interest from 51% to 100%.

(17) Acquired in October 2006.

(18) Audited by Liao Ning Sheng Da Certified Public Accountants, China.

(19) Audited by Guangzhou Orient Certified Public Accountants, China.

(20) Previously held as a subsidiary by DelGro (Guangzhou) Pte Ltd. During the year, the subsidiary was transferred at net book value to ComfortDelGro (China) Pte Ltd. The Group's effective interest in the company remained at 60%.

(21) Audited by Jilin Hua Tai Certified Public Accountants, China.

(22) Previously held as a subsidiary by Comfort (China) Pte Ltd. During the year, the subsidiary was transferred at net book value to ComfortDelGro (China) Pte Ltd. The Group's effective interest in the company remained at 95%.

(23) Audited by Guangxi Xingrui United Certified Public Accountants, China.

(24) Audited by Shan Dong Guo Xin Certified Public Accountants, China.

(25) Additional interest was acquired for $1.6 million cash consideration during the financial year, thereby increasing the Group's effective interest from 60% to 76%.

(26) Audited by SH Tan and Partner, Malaysia.

(27) Audited by Shanghai Gong Xin Zhong Nan Certified Public Accountants, China.

(28) Incorporated in December 2006.

(29) Incorporated in February 2006.

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

(b) **Associates**

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest	
			2006 %	2005 %
Quoted equity shares				
Cabcharge Australia Limited [(1)]	Provision of a taxi charge account service business and related services to the taxi industry	Australia	**5.01**	-
Unquoted equity shares				
ComfortDelGro Insurance Brokers Pte Ltd [(2)]	Insurance broking, risk management, claims management and related activities	Singapore	**49**	49
Shanghai Shen Xin Bus Service Ltd [(3)]	Provision of bus services	China	**49**	49
Transit Link Pte Ltd [(4)]	Provision of support services to transport operators	Singapore	**37.64**	25.11
Mansfield Developments Pte Ltd [(5)]	Property development	Singapore	**-**	48

(1) Audited by Grant Thornton, Australia.

As at 31 December 2005, the Group's 0.95% equity interest in Cabcharge Australia Limited was presented as available-for-sale investment. In November 2006, the Group acquired an additional 4.06% equity interest in Cabcharge Australia Limited. As at 31 December 2006, the Group's aggregate 5.01% equity interest in Cabcharge Australia Limited is presented as an associate.

Although the Group holds less than 20% of the voting power in Cabcharge Australia Limited, the Group exercises significant influence by virtue of a board representation and its strategic relationship with Cabcharge Australia Limited through which it participates in the financial and operating policy decisions of Cabcharge Australia Limited.

(2) Audited by Deloitte & Touche, Singapore.

(3) Audited by Shu Lun Pan Certified Public Accountants Co. Ltd, China.

(4) Audited by PricewaterhouseCoopers, Singapore. The financial statements of Transit Link Pte Ltd ("Transit Link") are made up to 31 March each year, to be coterminous with that of its holding company. For the purpose of applying the equity method, the financial statements of Transit Link for the year ended 31 March 2006 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2006.

During the financial year, SBS Transit Ltd acquired additional equity interest of 16.7% in Transit Link from the existing shareholder for $0.3 million including direct attributable costs of acquisition. The excess of net fair value of Transit Link's assets, liabilities and contingent liabilities attributable to this additional equity interest acquired over the cost of the investment was $1.1 million. Accordingly, a negative goodwill of $1.1 million was recorded as income and included in the Group's share of profit in associates for the year.

(5) Disposed off during the financial year.

47 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

(c) **Related company transactions**

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received except guarantees as disclosed in Note 39.

48 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or Directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, Group entities entered into the following trading transactions with related parties:

	2006 $'mil	2005 $'mil
Revenue	**2.1**	1.5
Expenses	**19.9**	16.2

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

49 GROUP PROPERTIES

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
SINGAPORE					
DelGro Corporation Limited	100	Braddell Road	67,148 sq m	30 years 12 years unexpired	Head office, bus depot, vehicle workshop
DelGro Corporation Limited	100	Kim Chuan	10,784 sq m	15 years 1 year unexpired	Vehicle assembly workshop
SBS Transit Ltd	75.28	Soon Lee Road	26,670 sq m	30 years 23 years unexpired	Bus depot
SBS Transit Ltd	75.28	Defu Avenue 1	74,236 sq m	30 years 6 years unexpired	Bus depot

49 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
SBS Transit Ltd	75.28	Bedok North Avenue 4	62,220 sq m	Under Temporary Occupation Licence issued by Land Authority of Singapore	Bus depot
SBS Transit Ltd	75.28	Bukit Batok Street 23	52,187 sq m	30 years 6 years unexpired	Bus depot
SBS Transit Ltd	75.28	Ayer Rajah Crescent	17,939 sq m	Under Temporary Occupation Licence issued by Land Authority of Singapore	Bus park
SBS Transit Ltd	75.28	Ang Mo Kio Street 63	63,953 sq m	15 years 2 years unexpired	Bus depot
VICOM Ltd	70.86	Sin Ming Drive	10,853 sq m	30 years from January 1981 with option to renew another 30 years	Inspection, assessment services
VICOM Ltd	70.86	Kaki Bukit Avenue 4	9,797 sq m	30 years from January 1997 with option to renew another 30 years	Inspection, assessment services
VICOM Ltd	70.86	Bukit Batok Street 23	9,625 sq m	30 years from October 1995 with option to renew another 30 years	Inspection, assessment services
VICOM Ltd	70.86	Changi North Crescent	6,015 sq m	30 years from May 1995 19 years unexpired	Inspection services
VICOM Ltd	70.86	Yishun Industrial Park A	5,190 sq m	60 years from July 1983 37 years unexpired	Inspection, assessment services

49 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
VICOM Ltd	70.86	Yishun Industrial Park A	1,105 sq m	30 years from July 1983 with option to renew another 30 years	Inspection, assessment services
Setsco Services Pte Ltd	70.86	Teban Gardens Crescent	9,819 sq m	30 years from February 1979 with option to renew another 30 years	Testing, inspection, consultancy services
JIC Inspection Services Pte Ltd	55.27	Pioneer Road	9,190 sq m	30 years 18 years unexpired	Inspection services
JIC Inspection Services Pte Ltd	55.27	Ang Mo Kio Street 63	2,145 sq m	3 years from October 2003 and extended for further 29 months	Inspection services
Comfort Transportation Pte Ltd	100	Sin Ming Drive	11,129 sq m	60 years 29 years unexpired	Office, workshop
CityCab Pte Ltd	53.5	Sin Ming Avenue	25,087 sq m	30 years 16 years unexpired	Office, workshop
ComfortDelGro Engineering Pte Ltd	100	Loyang Drive	12,021 sq m	58 years 45 years unexpired	Office, workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Ubi Road 3	7,500 sq m	23 years 19 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Senoko Loop	2,829 sq m	11 years 5 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Pandan Road	6,522 sq m	51 years 42 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Sungei Kadut Way	4,050 sq m	30 years 16 years unexpired	Workshop, diesel kiosk

49 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
CHINA					
Guangzhou Xin Tian Wei Transportation Development Co., Ltd	60	Guangzhou City Tianhe District	40,116 sq m	30 years 21 years unexpired	Office, bus station
Shanghai City Qi Ai Services Co., Ltd	51	Shanghai Lujiabang Road	689 sq m	50 years 42 years unexpired	Office
Suzhou Comfort Taxi Co., Ltd	70	Jin Ji Hu Road Suzhou Industrial Park	10,516 sq m	50 years 40 years unexpired	Office, workshop
Comfort (China) Pte Ltd	100	Suzhou Garden Villa Jin Hua Tower	149 sq m	30 years 18 years unexpired	Housing for expatriates
ComfortDelGro (China) Pte Ltd	100	Shenyang Shen He Qu Qing Nian Da Jie	115 sq m	50 years 36 years unexpired	Housing for expatriates
Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd	80	Cheng Shou Si Road Jiu Gong Da Xing District Beijing	5,574 sq m	20 years 17 years unexpired	Office, workshop
Chengdu Jitong Integrated Vehicle Inspection Co., Ltd	51	Jian Cai Lu Chengdu	6,000 sq m	30 years 27 years unexpired	Vehicle inspection workshop
Yantai CityCab Services Co., Ltd	76	Yantai Development Zone Gang Yu Cun Xi Fu Lai Da Dao Pang CE	10,000 sq m	25 years 4 years unexpired	Office, workshop
Shenyang ComfortDelGro Bus Co., Ltd	100	Shenyang West District and South District	412 sq m	7 years 6 years unexpired	Bus depot
Sichuan ComfortDelGro Car Servicing Co., Ltd	51	Tu Long Road Jin Niu District Chengdu	8,000 sq m	20 years 20 years unexpired	Car repair workshop, exhibition hall
Chongqing ComfortDelGro Driver Training Co., Ltd	80	Jiu Long Po Jiu Long Industrial Park Chongqing	25,170 sq m	46 years 43 years unexpired	Office, driving test and training

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
UNITED KINGDOM					
Computer Cab plc	54.92	Woodfield Road London W9 2BA	537 sq m	Freehold	Office
Computer Cab plc	54.92	Norbiton Kingston upon Thames London KT2 7AZ	93 sq m	24 years 7 years unexpired	Office
Computer Cab (Aberdeen) Limited (formerly known as Gem Hire Enterprises Limited)	68.65	Farburn House Burnside Drive Dyce Aberdeen AB21 OHW	1,000 sq m	12 years 6 years unexpired	Office
Computer Cab (Edinburgh) Limited	52.74	Spitfire House Turnhouse Road Edinburgh	186 sq m	3 years 3 years unexpired	Office, fitting bay
Metroline plc	100	Pemberton Garden Bus Depot London N19 5RR	17,968 sq m	Freehold	Bus depot
Metroline plc	100	Edgware Road London NW2 6JP	13,800 sq m	Freehold	Bus depot
Metroline plc	100	High Street Potters Bar Herts EN6 5BE	11,614 sq m	Freehold	Bus depot
Metroline plc	100	High Road Willesden London NW10 2JY	9,874 sq m	Freehold	Bus depot
Metroline plc	100	High Road Harrow Weald HA3 6EJ	5,706 sq m	Freehold	Bus depot
Metroline plc	100	College Road Harrow, Middlesex HA1 1BE	1,617 sq m	10 years 6 years unexpired	Office

49 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
AUSTRALIA					
Westbus Region 3 Pty Ltd	53.45	Bonnyrigg Avenue NSW	22,166 sq m	Freehold	Bus depot
Westbus Region 1 Pty Ltd	53.45	Thorley Street Windsor South NSW	22,130 sq m	Freehold	Bus depot
Westbus Region 1 Pty Ltd	53.45	Mulgoa Road Penrith NSW	10,641 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.45	Boundary Road Northmead NSW	31,669 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.45	Hartley Road Seven Hills NSW	2,725 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.45	New Line Road Dural NSW	19,460 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.45	Glenwood Drive, Thornton NSW	8,688 sq m	Freehold	Bus depot
VIETNAM					
Vietnam Taxi Co., Ltd	70	Duong So 4 KCN Tan Binh - TP Ho Chi Minh City	6,438 sq m	20 years 14 years unexpired	Office, workshop

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 75 to 162 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006, and of the results, changes in equity and the cash flows of the Group for the financial year ended on that date and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

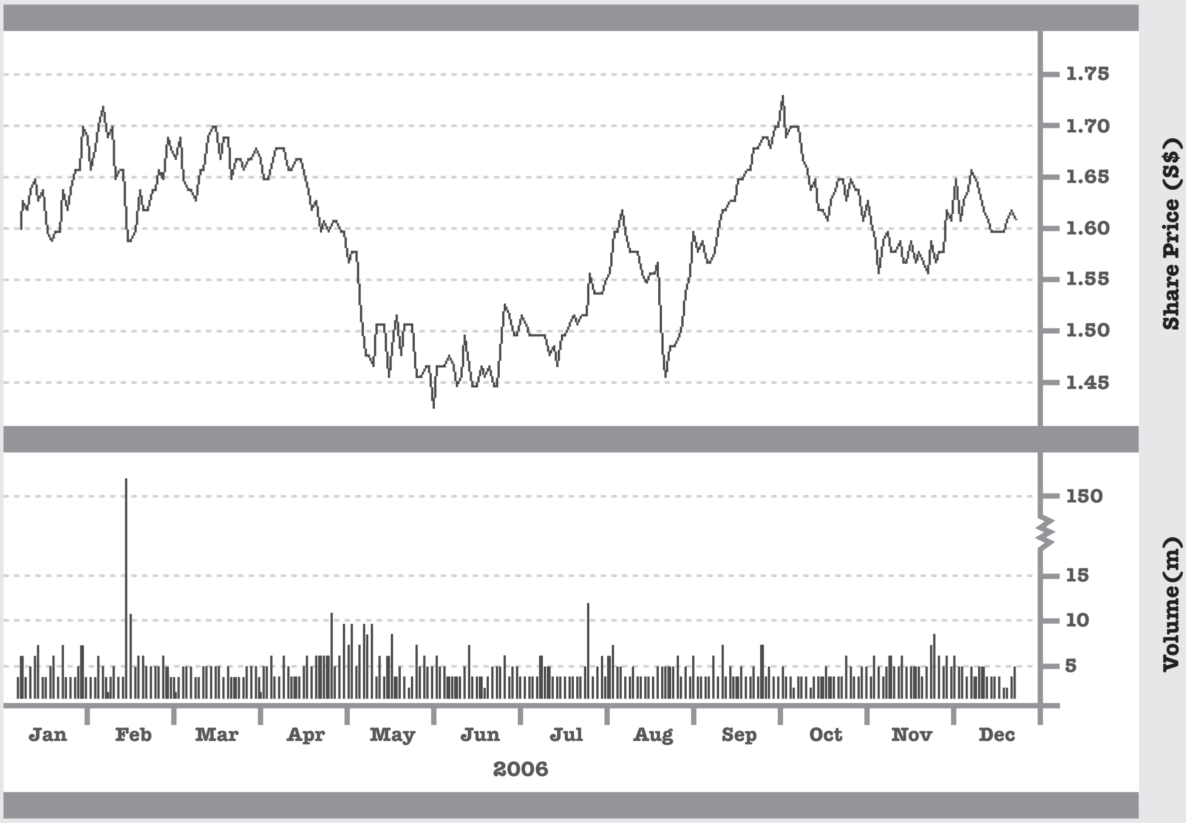
LIM JIT POH
Chairman

KUA HONG PAK
Managing Director/Group Chief Executive Officer

Singapore
13 February 2007

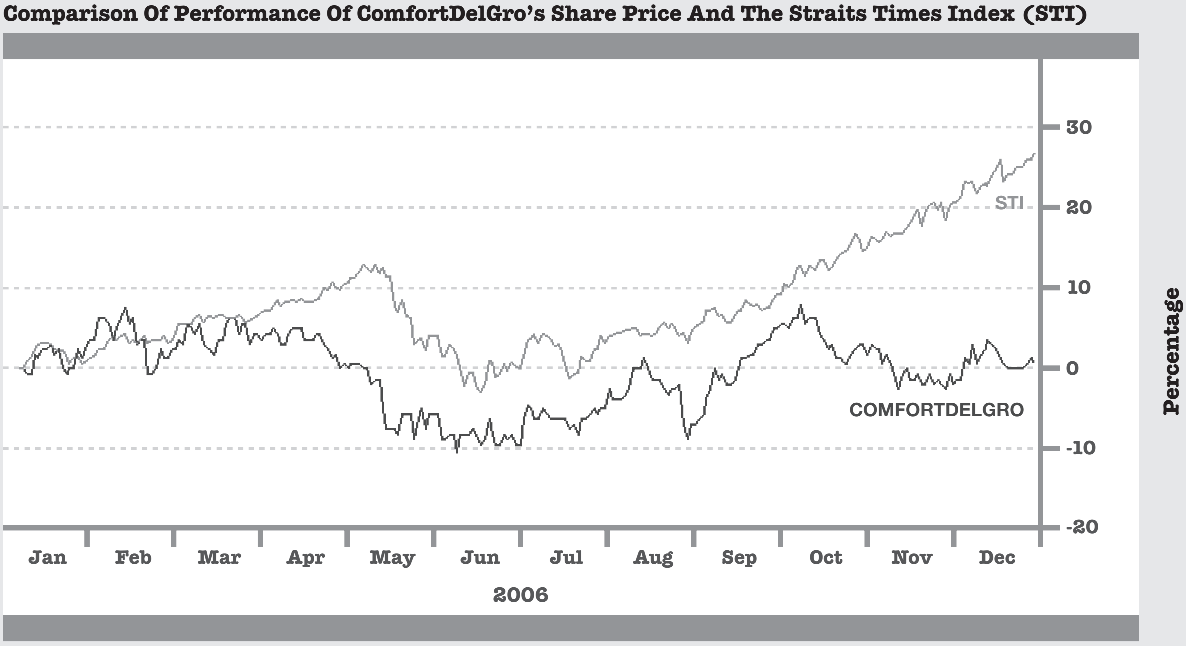
Share Price Movement Chart

ComfortDelGro's Share Price Movement And Volume Turnover



Source: Bloomberg L.P.

Comparison Of Performance Of ComfortDelGro's Share Price And The Straits Times Index (STI)



Source: Bloomberg L.P.

Shareholding Statistics
as at 1 March 2007

SHARE CAPITAL : S$539,144,942.55
NO. OF SHARES ISSUED : 2,071,636,797
CLASS OF SHARES : Ordinary shares with equal voting rights
VOTING RIGHTS : 1 vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,552	4.74	616,049	0.03
1,000 – 10,000	14,877	45.42	65,234,092	3.15
10,001 – 1,000,000	16,297	49.75	344,754,443	16.64
1,000,001 & Above	31	0.09	1,661,032,213	80.18
TOTAL	32,757	100.00	2,071,636,797	100.00

Top Twenty Shareholders	No. of Shares	%
DBS Nominees Pte Ltd	401,139,677	19.36
DBSN Services Pte Ltd	374,448,195	18.07
Singapore Labour Foundation	252,616,594	12.19
Raffles Nominees Pte Ltd	190,642,768	9.20
HSBC (Singapore) Nominees Pte Ltd	130,620,927	6.31
United Overseas Bank Nominees Pte Ltd	123,093,204	5.94
Citibank Nominees Singapore Pte Ltd	88,642,267	4.28
OCBC Nominees Singapore Private Limited	27,188,332	1.31
The Asia Life Assurance Society Ltd - Par Fund	14,080,852	0.68
Changi Bus Company (Private) Limited	9,244,095	0.45
Yim Chee Chong	6,560,000	0.32
Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,495,874	0.27
DB Nominees (S) Pte Ltd	4,802,392	0.23
Merrill Lynch (Singapore) Pte Ltd	4,548,763	0.22
Oversea Chinese Bank Nominees Pte Ltd	4,447,223	0.21
The Asia Life Assurance Society Ltd - Non-Par Fund	3,000,260	0.14
DBS Vickers Securities (S) Pte Ltd	2,049,580	0.10
Cabcharge Australia Limited	2,005,087	0.10
Overseas Union Enterprise Limited	1,989,000	0.10
Kua Hong Pak	1,624,530	0.08
TOTAL	1,648,239,620	79.56

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

	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%	No. of Shares	%
Singapore Labour Foundation	252,616,594	12.19	-	-
The Capital Group Companies, Inc.	-	-	163,424,451	7.89

As at 1 March 2007, approximately 79% of the issued ordinary shares of ComfortDelGro Corporation Limited is in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

COMFORTDELGRO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 200300002K)

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Friday, 27 April 2007 at 10.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2006 together with the Auditors' Report thereon. (Resolution 1)

2. To declare a final dividend of 3.0 cents per ordinary share less income tax and a special dividend of 1.5 cents per ordinary share less income tax in respect of the financial year ended 31 December 2006. (Resolution 2)

3. To approve the payment of Directors' fees of $482,667 for the financial year ended 31 December 2006. (FY2005: $456,000) (Resolution 3)

4. To re-elect Mr Lim Jit Poh, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 4)

5. To re-elect Dr Wang Kai Yuen, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 5)

6. To re-elect Mr Wong Chin Huat, David, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 6)

7. To re-elect Ms Sum Wai Fun, Adeline, a Director retiring pursuant to Article 97 of the Company's Articles of Association. (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 shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued shares in the capital of the Company;

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

      (c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is the earlier." (Resolution 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 ComfortDelGro Employees' Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to the ComfortDelGro Employees' Share Option Scheme shall not exceed 15% of the total issued shares in the capital of the Company from time to time." (Resolution 10)

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from 16 May 2007 to 17 May 2007 (both dates inclusive) for the purposes of determining shareholders' entitlements to the proposed final dividend of 3.0 cents per ordinary share less income tax and special dividend of 1.5 cents per ordinary share less income tax for the financial year ended 31 December 2006.

Duly completed and stamped transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 15 May 2007 will be registered before shareholders' entitlements to the final and special dividends are determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 15 May 2007 will be entitled to the proposed final and special dividends.

The final and special dividends, if approved by the shareholders at the Fourth Annual General Meeting of the Company, will be paid on 30 May 2007.

By Order of the Board

CHENG PEI JIUAN, REBECCA
Company Secretary
Singapore
28 March 2007

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 Wong Chin Huat, David is a member of the Audit Committee. He is considered an Independent Director of the Company. If re-elected, Mr Wong Chin Huat, David will continue as a member of the Audit Committee.

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 a number not exceeding in aggregate 50% of the issued shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders does not exceed 20% of the issued shares in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the number of issued shares in the capital of the Company when Resolution 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 ComfortDelGro Employees' Share Option Scheme. This scheme was approved by shareholders at the Extraordinary General Meeting held on 18 February 2003 and has a maximum duration of 10 years. The aggregate number of shares over which the Committee may grant options under the scheme for its entire duration is limited to 15% of the issued ordinary shares in the capital of the Company from time to time.

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COMFORTDELGRO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 200300002K)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy ComfortDelGro Corporation Limited 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 ComfortDelGro Corporation Limited 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 ComfortDelGro Corporation Limited 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 Friday, 27 April 2007 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	RESOLUTIONS	FOR*	AGAINST*
1.	Adoption of Directors' Report and Audited Financial Statements		
2.	Declaration of Final and Special Dividends		
3.	Approval of Directors' fees		
4.	Re-election of Mr Lim Jit Poh as Director		
5.	Re-election of Dr Wang Kai Yuen as Director		
6.	Re-election of Mr Wong Chin Huat, David as Director		
7.	Re-election of Ms Sum Wai Fun, Adeline as Director		
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 _______________ 2007

TOTAL NUMBER OF SHARES HELD

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

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

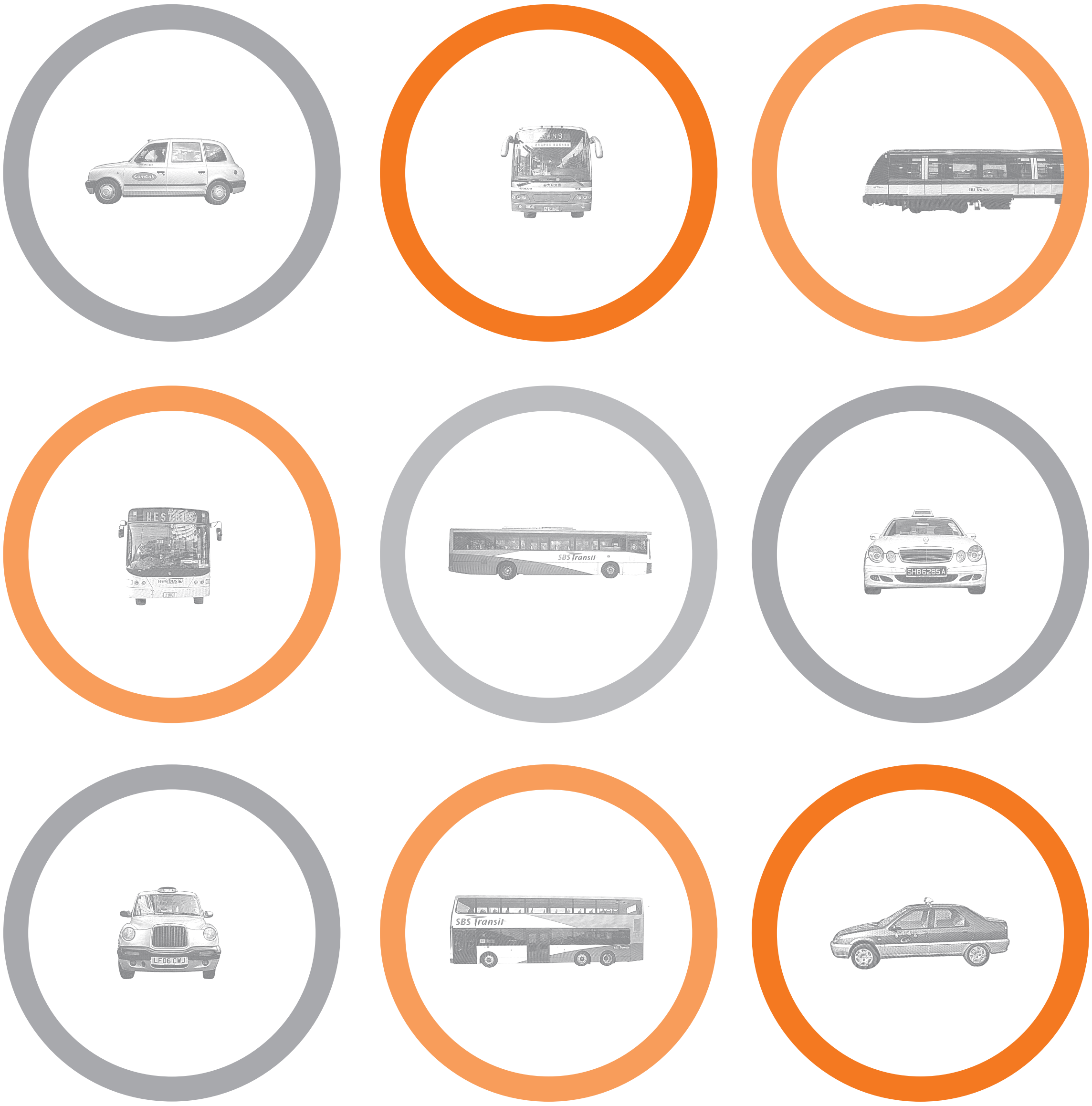
Fold along this line

Affix postage stamp

The Company Secretary
ComfortDelGro Corporation Limited
205 Braddell Road
Singapore 579701

This flap for sealing

Designed & Produced by
Raindance



ComfortDelGro Corporation Limited
205 Braddell Road
Singapore 579701

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Company Registration No. 200300002K