SINGAPORE
GUANGZHOU ABERDEEN
YANTAI
HENGYANG
XIAMEN
JILIN CITY
LONDON
HUNTER VALLEY
BEIJING
SYDNEY
HO CHI MINH CITY
SHENYANG
CORK
CHENGDU
NANNING
SHANGHAI
BIRMINGHAM
GLASGOW
CHONGQING EDINBURGH
SUZHOU
DUBLIN
NANJING
GALWAY
KUALA LUMPUR

ComfortDelGro Corporation Limited
Annual Report

07

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

Forty-one thousand vehicles, 22,300 employees, spread over 23 cities in seven countries. This is how big ComfortDelGro is. In just five 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.

2007 WAS THE YEAR IN WHICH WE DERIVED CLOSE TO 50% OF OUR GROUP TURNOVER FROM OVERSEAS

2007 WAS THE FIFTH CALENDAR YEAR OF THE MERGER BETWEEN COMFORT AND DELGRO. I WOULD LIKE TO LABEL THE FIRST FIVE YEARS (2003 – 2007) OUR FIRST CYCLE.

Many significant corporate events have occured in Singapore during this period. Many changes were introduced by the authorities for listed companies to improve their transparency and accountability. Sometimes I wonder what would be the position of Comfort and DelGro if there had been no merger. On the one hand, the deregulation of the taxi industry would have resulted in an erosion of Comfort's profit since the fleet would have been smaller without CityCab and the number of fuel pumps which taxi drivers frequent would be fewer since SBS Transit and DelGro would not be part of the stable. On the other hand, DelGro would not have had the capability to sustain its expansion plans abroad. We would, in effect, have two separate entities, Comfort and DelGro, with operations and capitalisations which are comparatively small. We would therefore not be in the global league.

2007 was the year in which we derived close to 50% of our Group turnover from overseas, the first and only target that I have set upon merger. We have therefore established a significant benchmark. Singapore has given birth to a global company which is ranked the second largest in land transport in the world. This is indeed an achievement we are proud to be associated with.

2007 was the year marked by another round of record high oil prices. The sub-prime crisis in USA, followed by credit crunch globally, has affected all the major economies in the world. With these as major problems ahead of us, prospects for the Second Cycle (2008 – 2012) will be more challenging.

THE FIRST FIVE YEARS (2003 – 2007)

Our efforts in the First Cycle were undertaken by a new Board of Directors made up essentially of some former Directors of Comfort and DelGro and a new Chief Executive Officer (CEO) who had absolutely no prior executive experience with either Comfort or DelGro. However, the great inherent advantage was that the merger concept was conceived by both the Chairman and the new CEO and strongly supported by the former Directors of Comfort and DelGro. Our task was to put into reality what we thought was best for all our stakeholders.

The first two years of the First Cycle were confined to delivering what had been promised in the Merger Document – namely business synergies, capitalisation on economies of scale, elimination of duplicated functions and a planned overseas expansion plan. I am very pleased that the new

OUR ANNUAL TURNOVER IS IN THE REGION OF S$3 BILLION AND OUR ANNUAL OPERATING PROFIT OF THE ORDER OF S$335 MILLION

management under the very capable leadership of our Managing Director/Group Chief Executive Officer, Mr Kua Hong Pak, had very successfully achieved these tasks. These have been clearly demonstrated in the stock prices, the excellent write-ups in the various analyst and newspaper reports, and the commitment in the shareholdings of our shares by established global institutional funds including the single largest shareholder, the Singapore Labour Foundation. We have therefore created a global company with a premium footprint second to none.

While the business synergies and streamlining processes were being carried out, the new CEO systematically undertook an aggressive overseas expansion plan. Large investments were made in new destinations, in particular, Australia and some remote parts of China. Consolidation was undertaken in the United Kingdom. This has resulted in higher efficiency and greater productivity.

Our fleet size has increased to over 41,000. Our global workforce has reached 22,301. Our investments are now in seven countries, 23 cities and four time zones. In financial terms, our annual turnover is in the region of S$3.0 billion and our annual operating profit of the order of S$335.0 million. Over the first five-year period, our annual turnover had a compound growth rate of about 10% per annum. Likewise our profit growth is also advancing at almost the same rate. Most impressive of all, total returns to shareholders is at an extremely high annual compounded growth rate of 25%.

CORPORATE GOVERNANCE

Corporate governance is very crucial for listed companies with a global footprint and a global shareholder base. We have read in the newspapers of differences between boards of directors and shareholders. These can be on issues of management or changes in vision. Another set of differences is between the board of directors and the CEO. We also have cases of directors, both executive and non-executive, violating regulations and rules in such areas as insider trading and delay in announcements of sensitive and crucial events.

I am very pleased to say that none of these occurrences has happened to us, whether as a company, as a Board or as an individual Director. We should be proud of this fact and it places us in good stead as a global company.

Such standing does not happen to us by chance. We advocated for a strong governance right from the beginning and made sure that our conviction was indeed carried out. Our Board is independent of management. More than a third is independent and no major shareholder or Director dominates our discussions and decision-making processes. Directors are encouraged to surface issues for discussion and review. Two separate persons, totally unrelated, hold the positions of Chairman and CEO. The Board plays its part by laying down strategy and direction. The Board does not interfere and does not see the need to interfere in the day-to-day matters. The CEO reports to the Board promptly on major issues and presents major issues for discussion and consideration. He keeps the Board informed of the Group's monthly financial performance. The Board's four standing committees – Audit, Remuneration, Nominating and Investment – meet frequently to discuss the various issues under their charge. Quarterly results are released promptly. Annual General Meetings are also held promptly within the prevailing laws. An annual visit is made by the Board to see at first hand the substantial overseas operations. A system of checks and balances is thus put in place. I feel that our level of corporate governance is comparatively high.

Indeed, a quality assessment review of our Internal Audit function by PriceWaterhouseCoopers in 2007 found that our activities are in accordance with the standards of the Institute of Internal Auditors. This has provided a further assurance to the Audit Committee on the competence and independence of the Internal Audit department.

We are transparent in all our business undertakings. We are focussed and do not deviate from our core land transport businesses. We have a declared dividend policy of distributing at least 50% of our profit. We promised and we had, by 2007, used up all our Section 44A tax credits.

A GLOBAL COMPANY

It is no easy feat to achieve what we have in a short span of five years. In statistical terms, we have a global fleet of 41,021 vehicles as at end-2007. Half of these were in Singapore, about a third in China, 14% in the UK and Ireland, 4% in Vietnam and Malaysia and the remaining 2% in Australia. In manpower terms, we have 22,301 in 2007 compared to 21,585 in 2006, a rise of 3%. Our average daily staff cost in 2007 was S$2.6 million compared to S$2.4 million in 2006, an increase of about 8%. As at the end of 2007, our total assets were worth S$3.3 billion and our shareholders' funds stood at S$1.5 billion.

Since Day One, we have focussed on the land transport business. We have continued with this strategy and now operate in eight key business areas: bus; taxi; train; car rental and leasing; vehicle repairs, maintenance and building; vehicle inspections; driver trainings and vehicle advertising as well as two related areas – insurance broking and technical testing.

Internationally, we have gained a reputation for excellence. In 2006, the British High Commission in Singapore bestowed on us the UK Trade and Investment International Business Award. In 2007, the Australia Chamber of Commerce granted us the Business Alliance Award for our contribution to the Australian economy. In earlier years, we have received comparatively prestigious awards from Vietnam and China.

I have previously expressed that we should be guided by five pillars in our pursuits. These are:

(i) A clear and realistic Vision and Mission Statement;
(ii) A sound and effective Management Philosophy and Structure;
(iii) A treasured Human Resource Capital;
(iv) An open and approachable Corporate Communications Programme; and
(v) A meaningful Corporate Social Responsibility Function.

In 2007, we expanded our corporate social responsibilities by issuing a Green Statement.

In Singapore, the recent announcement by the Government to increase the bus and MRT ridership and to reform transport policies is a welcome challenge. We shall formulate new strategies and directions to meet these challenges.

OVERSEAS ACTIVITIES

A REVIEW

ComfortDelGro's expansion overseas began 13 years ago in 1994, when our predecessors – Comfort and DelGro – made investments in China and the UK respectively. Their forays were made at the time when the Singapore Government was encouraging companies to look for the second wing of our economy. Both had limited successes.

I am pleased to advise that upon merger, the new management had, in a systematic manner, proceeded to undertake overseas assignments with definite objectives and plans. It consolidated the management of the existing overseas ventures and established proper budgets and

WE HAVE A GLOBAL FLEET OF
41,021
VEHICLES

lines of reporting. In line with the economic developmental policy of China, the Western and the North Eastern parts of China were explored. An opportunity, which presented itself in Australia, was also seized upon and we now operate a successful business there. Small and loss-making operations in Scotland and Ireland were either shut down or consolidated.

In terms of new overseas investments, we have invested a total of S$412.3 million in the First Cycle. The bulk of the investment in the First Cycle is in China at S$180.1 million and Australia at S$176.5 million. UK follows at S$44.6 million while Vietnam and Malaysia account for S$7.3 million and S$3.8 million respectively.

Overall, China with S$308.9 million total investment is now our leading overseas destination. This is followed by the UK/Ireland and Australia with S$294.0 million and S$176.5 million respectively. Investments in Vietnam and Malaysia have accounted for S$8.5 million and S$4.0 million respectively.

By the end of the First Cycle, overseas turnover accounted for 47% of our total turnover. Overseas operating profit was about 46% of our total operating profit. In bus operations overseas, our turnover and operating profit have exceeded the 50%-mark.

COMMONWEALTH COUNTRIES – UK, IRELAND AND AUSTRALIA

In the three countries of UK, Ireland and Australia within the Commonwealth, we are extremely strong. The large investment in Metroline in London, undertaken before the merger, has turned around and is doing exceptionally well with 1,246 buses operating on 83 routes. We command a market share of 14%. Over the years, Metroline has grown from strength to strength. We have not only grown in fleet size and routes operated, but also garnered numerous awards including the Customer Service Champion Award for three years running.

In Computer Cab, London, we continue to perform well despite keener competition. To complement the taxi circuit, we ventured into private car hire in 2006 in response to our clients' preferences. This is the trend in London and we have adjusted our business model to meet the clients' changing requirements. In 2007, we bought one private hire company in Birmingham and grew the 2006 purchases of a company each in Scotland and London. We now have three private hire companies. Initial results seem to show that we are moving in the right direction.

In all, we have about 4,000 taxis and 2,000 private hires that support our Taxicard contract. We are the largest taxi circuit operator in UK.

The Scottish Citylink long-distance coach operation is doing well with 91 buses covering all major towns in Scotland. There are also cross-border routes to London via Manchester and Newcastle. We are the largest operator with 90% of the market share. We continue to have a good relationship with our partner, the Stagecoach Group. We also have 33 coaches under Westbus in London.

WE ARE NOW THE LARGEST PRIVATE BUS OPERATOR IN NEW SOUTH WALES WITH A 24% MARKET SHARE

WHEN WE STARTED OUR EXPANSION IN CHINA, WE DELIBERATELY ADOPTED A STRATEGY OF TAKING MAJORITY STAKES SO THAT WE COULD ASSUME GREATER AUTHORITY AND RESPONSIBILITY

In Ireland, the land transport system has yet to be liberalised despite repeated announcements by the Government that it would. We are competing with a large state-owned company in the inter-city bus routes at a disadvantaged position.

In all, the combined turnover and operating profit of UK/Ireland represent 71% and 56% of our overseas performances respectively. Our total investment in UK and Ireland totalled S$294.0 million as at end-2007.

In Sydney, Australia, we have been doing very well since we entered the market in October 2005. We have also expanded since then – from the initial fleet of 642 buses on 107 routes to 869 buses on 148 routes. The 35% increase in our fleet was the result of an increase in services and the acquisition of smaller bus companies. We are now the largest private bus operator in New South Wales with a 24% market share.

Turnover and operating profit in Sydney represent about 13% and 17% of our overseas results respectively. It is our hope that we can expand into other states of Australia. So far, our total investment in Australia is close to S$176.5 million.

Overall, our combined turnover and operating profit in the three Commonwealth countries represent 84% and 73% respectively of our total overseas performance.

ASEAN – MALAYSIA AND VIETNAM

Other than our home base of Singapore, we operate in two ASEAN countries – Malaysia and Vietnam. We have 460 vehicles in car rental and leasing in Malaysia and 967 taxis in Ho Chi Minh City, Vietnam. In Malaysia, we are ranked fourth in terms of the number of vehicles while in Ho Chi Minh City, we are ranked third with a 16% market share. We have won the Best Taxi Service Awards in Ho Chi Minh City consecutively for five years from 2003 to 2007. The combined turnover and the operating profit of these two destinations represent 1% of our total overseas turnover and operating profit respectively. While these numbers are insignificant, our operations in Vietnam will provide us with the platform to ride its booming economy. Our total investment in Malaysia and Vietnam is S$12.5 million.

AN EMERGING GIANT ECONOMY – CHINA

We expanded our footprint in China in 2007 – adding Nanjing to the growing list of cities we operate in. We now have a presence in 13 cities in China. Importantly, we have duplicated most of our Singapore businesses in China although not all are located in the same place or are as big as those in Singapore when taken individually.

When we started our expansion in China, we deliberately adopted a strategy of taking majority stakes so that we could assume greater authority and responsibility. From a management perspective, we divided China into five regions with one General Manager heading each for better control and expansion purposes. The less developed parts of China were quickly identified as areas which could present good opportunities for growth. Our focus at the beginning was North East China – which had been earmarked by the Chinese Government as the next region of growth. In particular, we concentrated our efforts on Shenyang where we already had a small taxi operation. Before long, we have invested in two bus operations and expanded our taxi business. Today, this city represents our largest investment in China.

Throughout China, we operate a host of land transport services. These are taxi, bus and bus depot, car rental and leasing, vehicle inspection, driving school, engineering and car dealership services.

We operate taxi services in 11 cities in China with a total fleet of 8,796 vehicles. Of this, 10% or 786 taxis, were added on in 2007. The cities we operate in are Beijing, Shenyang, Nanning, Nanjing, Shanghai, Jilin City, Chengdu, Suzhou, Xiamen, Hengyang and Yantai. All the taxi operations are profitable even though some fleets are small. However, to be really effective, a larger fleet is necessary.

In bus, we operate in four cities in China – Shenyang, Shanghai, Hengyang and Suzhou – with 1,806 vehicles. We increased our fleet in 2007 with a new acquisition in Suzhou. The profit margin in the bus business is satisfactory even while fares are regulated. The authorities grant subsidies from time to time for various capital and operating reasons.

In the car rental and leasing business, we operate a total of 1,022 vehicles in Beijing, Chengdu, Dalian and Nanning. The car rental business is a profitable one. We will continue to expand as scale is crucial.

We operate vehicle inspection services in Beijing and Chengdu. The business climate is tough and very much dependent on government regulations.

Our two driving schools in Chongqing and Chengdu run a total of 295 learning vehicles. The Chongqing driving school is doing extremely well as it operates on the right business model where our own full-time instructors train learner drivers using our own vehicles. Demand for its services has been so strong that we have started building a new circuit on another piece of land. This will be operational in the middle of 2008. In Chengdu, we continue to look at ways to grow the business which operates on a different model from that of Chongqing. Here, many of the instructors lease our facilities.

We have engineering workshops in Suzhou, Chengdu, Nanning and Yantai. These workshops mainly act as support centres for our taxi fleets as the authorities will only award new licences to operators which have dedicated workshops. That said, our workshops in Suzhou and Chengdu are doing very well on their own. The Suzhou workshop caters to our Toyota car dealership business while the Chengdu workshop services the Mitsubishi brand. The Chengdu workshop, which has been awarded the highest rating of AAA by the authorities, won a government tender in 2007 to service/repair vehicles belonging to the Report/Maintenance Division of the Chengdu Municipal Government.

Suzhou and Chengdu are the two places where we distribute cars for sale in China. It is a tough business but we have done well. Our Suzhou operations continued to build on its leadership position with 1,004 cars sold in 2007 while our

OVERALL, CHINA WITH S$308.9 MILLION TOTAL INVESTMENT IS NOW OUR LEADING OVERSEAS DESTINATION

EIGHTY-ONE PERCENT OF OUR SHARES WERE HELD BY INSTITUTIONAL AND CORPORATE SHAREHOLDERS AS AT THE END OF 2007. OF THE TOTAL NUMBER OF SHARES HELD BY INSTITUTIONAL INVESTORS, 55% WERE HELD BY FOREIGN-BASED COMPANIES, THE MAJORITY OF WHICH WERE FROM THE UNITED STATES AND THE UK

newly set-up Chengdu operations ended its first year with a bang with 153 cars sold.

Of the S$308.9 million invested in China, S$180.1 million was pumped in during the First Cycle. Our largest investment so far is in the city of Shenyang, followed by Beijing, Guangzhou, Chengdu and Shanghai. Total turnover and operating profit in China in 2007 represented about 15% and 26% respectively of our total overseas performance.

SINGAPORE BUSINESSES

The Singapore land transport scene was the focus of much attention in the last 12 months or so. The long-awaited Land Transport Review, which was unveiled by the Transport Minister in early 2008, contained many initiatives aimed at making public transport the choice mode for commuters. In the bus and rail sectors, contestability will be introduced to enhance efficiency and keep costs competitive. The operating climate in the years ahead is likely to be challenging and hopefully rewarding. We believe that the success of the new initiatives lies very strongly on the support and understanding of all the stakeholders.

Our two listed subsidiaries, SBS Transit and VICOM, continue to operate separately with their own Boards of Directors and shareholders.

We operate both public scheduled and private coach bus services in Singapore. SBS Transit, which operates scheduled bus services in Singapore, continued to extend its pole position by introducing more services and routes. It currently operates over 2,800 public buses on 242 routes. Our private coach subsidiary, ComfortDelGro Bus, has a fleet of 337 buses providing schoolbus services, private bus charter services as well as cross-border services. It is gearing up for more exciting years ahead with Singapore hosting the Formula One Racing Event in 2008 and the planned opening of the integrated resorts in 2009. Discussions are underway with the event organisers and operators of the resorts.

VICOM, our listed vehicle inspection and testing services subsidiary, continued to enjoy good growth in 2007 thanks to the implementation of its new Chassis Dynamometer Smoke Test and strong contributions from its testing arm, Setsco Services. More details on SBS Transit and VICOM can be found in their respective Annual Reports.

The taxi business in Singapore continues to be highly competitive. We continue to maintain our leadership position with a 66% share of the market due to our extensive recruitment efforts. In all, we have over 15,000 taxis in our fleet. To reflect the premium personalised service of the taxi and to better match the demand for and supply of taxi services at different times and locations of the day, we adjusted the taxi fares in December 2007. This is in line with what I said last year that we have to use the differential price mechanism to address the demand and supply problem. The adjustment was also aimed at helping drivers overcome the higher operating costs mainly due to fuel price increase. Preliminary information and data seem to suggest that these are right decisions.

Our engineering, driving school and vehicle advertising arms continued to see strong growth during the year. ComfortDelGro Engineering won several public tenders during the year, boosting its bottomline. ComfortDelGro Driving Centre experienced a very healthy 26% growth in enrolment to 29,000 while Moove Media maintained its leadership position in vehicle media advertising with the launch of several new initiatives.

The car rental and leasing business remains competitive with an increase in the number of new operators. We ceased our CitySpeed CarSharing business to focus on the corporate sector and now have 1,357 cars in our fleet.

Our in-house insurance broking arm continues to do well. Twenty percent of our business is from external sources. It has continued to deliver significant savings to the Group's insurance programmes globally. During the First Cycle, approximately S$10 million was saved for the

THE GROUP IS FULLY AWARE OF ITS RESPONSIBILITIES TOWARDS THE ENVIRONMENT AND WILL WORK TOWARDS MINIMISING THE HARMFUL EFFECTS OF ITS OPERATIONS ON THE ENVIRONMENT ACROSS ALL THE COUNTRIES IN WHICH WE HAVE OUR BUSINESSES

Group. Reinsurance broking is a new activity for us, having secured the licence from the Monetary Authority of Singapore in late-2006. Its maiden contribution in 2007 was, however, insignificant.

HUMAN RESOURCE

The Group had a global staff strength of 22,301 in 2007. A few key human resource initiatives were introduced during the year to aid in succession planning. For instance, under the Succession Planning and Talent Management scheme, a talent management framework was put in place to identify, groom and develop staff with the potential to become leaders in key local and overseas positions. The Group also continued to be a keen supporter of elderly employment. We will continue to review our work processes to ease the physical demands of the job on older workers whilst intensifying our mentoring and coaching schemes. We will also restructure work arrangements to provide more part-time and flexible work opportunities.

On compensation, the challenge before us is to strike a balance between containing staff costs and motivating staff with the appropriate monetary incentives to ensure that employee productivity does not lag behind wage increases.

IN 2007, WE GAVE CLOSE TO

S$2.2 MILLION

TO THE LESS FORTUNATE

INVESTOR RELATIONS

The investor relations team continued to be kept busy during the year as more tier-one research houses extended coverage on the Company. In all, 17 analysts actively followed our progress and published regular research reports with estimates and forecasts on our performance. No less than 75 reports were written on us in 2007. In 2007, our Group played hosts to 151 teams of visitors from USA, UK, Hong Kong, Europe, Australia and Japan compared to 141 in 2006. As in 2006, only one financial institution issued a European style covered warrants on us. Perhaps the lack of interest is due to the fact that our stock is not a speculative one.

Eighty-one percent of our shares were held by institutional and corporate shareholders as at the end of 2007. Of the total number of shares held by institutional investors, 55% were held by foreign-based companies, the majority of which were from the United States and the UK.

We remain a key component stock of the MSCI Index, the SES Transport Index and the FTSE/ASEAN Index. The ST Index was revamped on 10 January 2008 to include only 30 stocks. As a result, we have been excluded from the index. Instead, we are now included in the FTSE ST Mid Cap Index, which is made up of the next 50 companies by market capitalisation. We expect this revamp to hold minimal impact on our trading performance in 2008 given that pure index funds currently hold less than 5% interest in our stock.

CORPORATE SOCIAL RESPONSIBILITY

As part of our corporate social responsibility, the Group issued a Green Statement in 2007. This represents our firm commitment towards the preservation of the environment. With a global fleet of over 41,000 vehicles, the Group is fully aware of its responsibilities towards the environment and will work towards minimising the harmful effects of its operations on the environment across all the countries in which we have our businesses. Besides reducing harmful emissions, the Group will also make reductions in resource usage and waste. We will also increase our recycling efforts across the Group.

We continue with cash donations to the labour movement, education institutions and community groups. We also continue with our charity efforts to help the needy, the disadvantaged and the elderly. In 2007, we gave close to S$2.2 million to the less fortunate and the communities we operate in. Our efforts were not confined to Singapore alone. We made contributions in all the countries in which we have our operations.

OUR 2007 TURNOVER INCREASED BY 8%

INFORMATION TECHNOLOGY

Prior to the merger, we had eight data centres in Singapore and an establishment strength of 119 staff. I am pleased to advise that within the First Cycle, the Group has streamlined the IT operations. The number of data centres in Singapore was reduced to two at Braddell and Sin Ming. Staff strength was also reduced to 87, a drop of about 27%. There were also substantial savings in hardware, software and maintenance costs.

2007 PERFORMANCE

Our 2007 turnover increased by 8% to S$3.0 billion. Profit after tax was S$223.0 million, a drop of about 9% from 2006. This comparison is however not fully accurate as there was a one-time gain of S$42.1 million in 2006. Excluding this, there was, in fact, an increase of 10%.

Earnings per share was 10.73 cents. The net asset value per ordinary share was 71.11 cents compared to 69.61 cents a year ago. Return on equity was good at 15%. Our gearing continued to be healthy at 25%. The net assets of the Group was S$1.5 billion against S$1.4 billion in 2006, an improvement of 3%. Our total assets as at end of 2007 was S$3.3 billion.

The overseas indicators are becoming prominent. Forty-seven percent of our turnover and 46% of our operating profit in 2007 was from abroad compared to 45% and 42% respectively in 2006. The target of 50% turnover from overseas within five to seven years after merger will be as good as reached in or around March 2008.

Bus turnover, which accounted for 52% of our Group's turnover in 2007, continued to be dominated by our overseas operations. They accounted for 62% in 2007, up from 59% in 2006. In other business sectors, however, overseas components continued to tread below the 50%-mark.

We have fully utilised our Section 44A tax credit balance. We paid net interim and special dividends of 2.75 cents and 3.70 cents per share in 2007. If the proposed tax-exempt (one-tier) final dividend of 2.65 cents per share is approved by the shareholders at the Annual General Meeting, the total net dividend paid out for 2007 would be 9.1 cents per share, 0.2 cents higher than in 2006. It is about 85% of our net profit – way above our declared policy of 50%. Based on the year-end closing price of S$1.83, the yield is 4.9%. This is very attractive compared to the interest rate of about 2.5% to 3.6% in 2007.

Over the five years in the First Cycle, we have paid out net dividends amounting to S$765.7 million, or 76% of our total profit after tax.

In terms of capital expenditure, we spent a total of S$2.1 billion in the First Cycle. Total assets of the Group as at the end of 2007 were S$3.3 billion. This is S$231.5 million or 8% higher than 2006. Our total shareholders' funds, despite the huge dividend payout was S$1.5 billion, an increase of S$41.2 million or 3% over 2006. Our cash position is still healthy.

MARKET CAPITALISATION

Our stock, like all others, took a beating in the latter half of 2007 as oil prices reached new highs and sub-prime issues became major concerns. Nonetheless, our value as at the end of 2007 was S$3.8 billion, 15% more than the S$3.3 billion in 2006. The share price closed at S$1.83 compared to S$1.61 in 2006, a rise of about 14%.

As at 31 December 2007, we were ranked 40th in terms of market capitalisation on the Singapore Exchange. Those ranked above us were the usual financial institutions and property counters. Companies that have seen their market capitalisation rise faster than us in 2007 include those in the supply chain business, the shipping business as well as the oil business. In a nutshell, global demand

OUR MARKET CAPITALISATION AS AT THE END OF 2007 WAS 15% MORE THAN IN 2006

THERE IS NO DOUBT THAT WE SHOULD BE PROUD TO BE A PART OF THE TEAM THAT WILL CONTINUE TO PROJECT THE IMAGE OF COMFORTDELGRO IN THE GLOBAL SCENE

for oil, food and other commodities saw companies in the energy sectors as well as shipping doing well. Conversely, the high oil prices dampened our performance relative to the rest of the market.

APPRECIATION

Our success during the First Cycle would not have been possible if not for the strong support of our shareholders, our business partners, our customers and commuters worldwide, the various authorities and regulators and the Management. I look forward to their continued advice, guidance, support and cooperation.

As Chairman of the Board of Directors, I would not have been able to steer the Group well if I did not have a capable, dedicated, committed and passionate CEO by my side. In this, the Group and I are fortunate to have Mr Kua Hong Pak as our first Managing Director/Group CEO. Words cannot express adequately the valuable contributions and the numerous sacrifices that he has made to the Group. I dread to think what would have been the outcome of post-merger if he had not been around to implement the many difficult and mammoth measures.

As shown by this detailed report, Mr Kua has, as MD/Group CEO since inception, not only implemented what has been promised in the Merger Document but has surpassed most expectations. The Board is very grateful of his extraordinary efforts. He continues to demonstrate his commitment, dedication, and passion for the challenging tasks ahead under very trying conditions.

The Board has often remarked about Mr Kua's ability to manage the extensive operations under the Group which has grown tremendously over the years. By the same token, he has also assembled a team of senior staff with about half joining the Group after the merger. There is therefore new blood as well as old hands working together harmoniously to grow the Group. I see further progress in the Second Cycle (2008 – 2012) under his capable and exemplary leadership. There is no doubt that we should be proud to be a part of the team that will continue to project the image of ComfortDelGro in the global scene.

THE SECOND CYCLE (2008 – 2012)

The challenges that the Board may have to deliberate in the Second Cycle can be positioned as follows:

- While we continue to focus on the eight business areas under land transport, can we expand beyond these into other land transport-related businesses?
- Can we expand our overseas investment portfolio to include other countries within ASEAN and the Commonwealth? Perhaps another emerging giant economy, India? Or other European countries?
- Which of our businesses can be transferred to the countries that we operate in but as yet, do not operate these businesses? Do we have adequate resources, be they capital, human and system, that we can marshall and develop to meet our expansion needs?
- In Singapore, what must we do to meet the Government's call to increase bus and MRT ridership efficiently to the satisfaction of all stakeholders?
- How can we step up our efforts in achieving the five pillars that I have mentioned previously?
- Finally, can we continue to generate the total shareholders' return of 25% per annum as experienced in the First Cycle?

These are all food for thought. I look forward to the continued fine efforts of Mr Kua and my fellow Directors. Collectively, we have to continue to shoulder these responsibilities to realise our dream.

LIM JIT POH
Chairman

GROUP FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

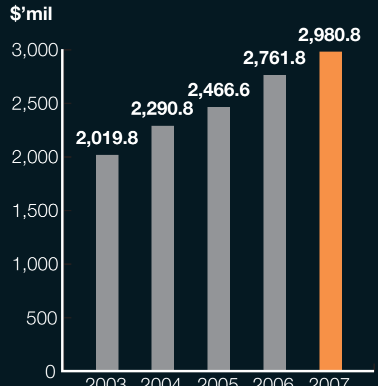
	2003	2004	2005	2006	2007
Turnover ($'mil)	2,019.8	2,290.8	2,466.6	2,761.8	2,980.8
Operating expenses ($'mil)	1,894.5	2,006.5	2,193.4	2,487.7	2,681.8
Profit attributable to shareholders ($'mil)	133.9	199.4	201.9	244.6	223.0
Issued capital ($'mil)	509.6	513.8	517.0	537.5	559.6
Capital and reserves ($'mil)	1,264.1	1,274.1	1,345.0	1,441.3	1,482.5
Capital disbursement ($'mil)	246.6	363.1	401.7	386.1	328.2
Internal funds generated ($'mil)	555.9	582.8	568.4	587.7	605.5
Earnings per ordinary share (cents)	6.6	9.7	9.8	11.8	10.7
Net asset value per ordinary share (cents)	62.0	62.0	65.0	69.6	71.1
Return on shareholders' equity (%)	11.0	15.7	15.4	17.6	15.3
Net dividend per ordinary share (cents)	3.3	7.7	8.0	8.9	9.1
Dividend cover (number of times)	2.0	1.3	1.2	1.3	1.2

GROUP TURNOVER BY BUSINESS SEGMENT

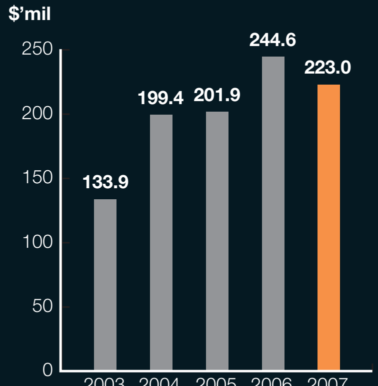
	2003		2004		2005		2006		2007	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Bus	952.1	47.1	1,061.1	46.3	1,191.8	48.3	1,373.9	49.7	1,537.0	51.6
Bus station	10.8	0.5	13.5	0.6	16.1	0.7	15.7	0.5	17.9	0.6
Rail	24.9	1.2	57.3	2.5	65.3	2.6	76.6	2.8	90.5	3.0
Taxi	799.1	39.6	856.3	37.4	840.9	34.1	866.5	31.4	917.3	30.8
Diesel sales	71.9	3.6	117.9	5.1	165.3	6.7	209.8	7.6	192.2	6.4
Automotive engineering	58.9	2.9	59.0	2.6	51.8	2.1	68.4	2.5	66.0	2.2
Vehicle inspection & testing	43.8	2.2	46.2	2.0	49.4	2.0	54.7	2.0	62.4	2.1
Car rental & leasing	40.9	2.0	38.6	1.7	36.5	1.5	36.6	1.3	36.1	1.2
Car dealership	n.a	n.a	24.4	1.1	29.9	1.2	35.2	1.3	31.8	1.1
Driving centre	15.2	0.8	16.5	0.7	19.6	0.8	24.4	0.9	29.6	1.0
Others	2.2	0.1	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Group	**2,019.8**	**100.0**	**2,290.8**	**100.0**	**2,466.6**	**100.0**	**2,761.8**	**100.0**	**2,980.8**	**100.0**

GROUP TURNOVER BY GEOGRAPHICAL SEGMENT

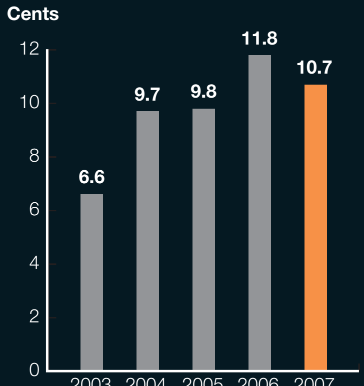
	2003		2004		2005		2006		2007	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Singapore	1,311.9	65.0	1,395.9	60.9	1,432.5	58.1	1,539.3	55.7	1,593.3	53.5
United Kingdom/Ireland	613.7	30.3	752.1	32.8	842.3	34.1	889.0	32.2	981.2	32.9
China	88.6	4.4	133.3	5.8	147.2	6.0	187.9	6.8	216.0	7.2
Australia	n.a	n.a	n.a	n.a	31.9	1.3	131.6	4.8	177.3	5.9
Vietnam	4.5	0.2	5.5	0.3	8.3	0.3	9.0	0.3	8.1	0.3
Malaysia	1.1	0.1	4.0	0.2	4.4	0.2	5.0	0.2	4.9	0.2
Group	**2,019.8**	**100.0**	**2,290.8**	**100.0**	**2,466.6**	**100.0**	**2,761.8**	**100.0**	**2,980.8**	**100.0**



Turnover



Profit Attributable To Shareholders



Earnings Per Ordinary Share

PROFIT BEFORE TAX BY BUSINESS SEGMENT

	2003		2004		2005		2006		2007	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Bus	77.1	37.4	109.2	34.2	106.7	35.5	129.3	35.8	128.6	38.4
Bus station	2.7	1.3	5.6	1.8	7.1	2.4	8.1	2.3	9.1	2.7
Rail	(32.9)	(16.0)	(17.3)	(5.4)	(6.3)	(2.1)	0.6	0.2	9.3	2.8
Taxi	98.9	48.0	171.6	53.7	140.7	46.7	109.0	30.2	128.2	38.3
Diesel sales	9.2	4.5	16.0	5.0	6.0	2.0	14.6	4.1	9.6	2.9
Automotive engineering	26.9	13.1	30.7	9.6	25.0	8.3	23.2	6.4	22.7	6.8
Vehicle inspection & testing	12.0	5.8	11.9	3.7	11.4	3.8	13.1	3.6	16.1	4.8
Car rental & leasing	7.9	3.8	0.1	n.m	5.2	1.7	6.4	1.8	6.4	1.9
Car dealership	n.a	n.a	0.7	0.2	1.1	0.4	0.8	0.2	0.4	0.1
Driving centre	3.3	1.6	3.8	1.2	5.1	1.7	6.5	1.8	7.9	2.4
Others	0.9	0.5	(13.0)	(4.0)	(1.4)	(0.4)	49.2	13.6	(3.8)	(1.1)
Group	**206.0**	**100.0**	**319.3**	**100.0**	**300.6**	**100.0**	**360.8**	**100.0**	**334.5**	**100.0**

PROFIT BEFORE TAX BY GEOGRAPHICAL SEGMENT

	2003		2004 (Restated)**		2005		2006		2007	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Singapore	176.3	85.6	244.6	76.6	212.4	70.7	240.3	66.6	193.2	57.8
United Kingdom/Ireland	21.1	10.2	46.4	14.5	50.6	16.8	60.4	16.7	75.1	22.5
China	7.2	3.5	26.6	8.3	32.9	10.9	42.4	11.8	40.9	12.2
Australia	n.a	n.a	n.a	n.a	2.0	0.7	17.0	4.7	25.4	7.6
Vietnam	1.3	0.6	1.7	0.6	2.1	0.7	0.3	0.1	(0.9)	(0.3)
Malaysia	0.1	0.1	n.m	n.m	0.6	0.2	0.4	0.1	0.8	0.2
Group	**206.0**	**100.0**	**319.3**	**100.0**	**300.6**	**100.0**	**360.8**	**100.0**	**334.5**	**100.0**

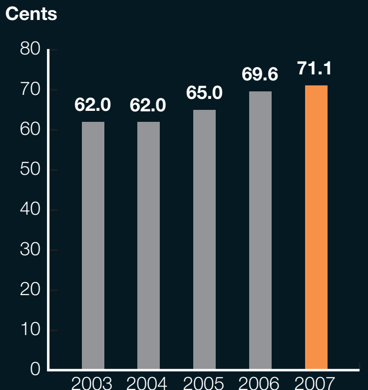
VALUE-ADDED FOR THE GROUP

	2003		2004		2005		2006		2007	
	$'mil	%	$'mil	%	$'mil	%	$'mil	%	$'mil	%
Suppliers of capital – loan interest & dividends	89.3	7.0	175.6	12.3	187.9	12.9	179.5	11.6	234.0	13.9
Taxation to the government	169.9	13.3	201.2	14.0	186.9	12.8	195.7	12.7	186.2	11.1
Retained earnings**	363.5	28.4	335.8	23.4	314.5	21.5	308.6	19.9	306.8	18.3
Employees - salaries, CPF and other benefits**	656.2	51.3	720.1	50.3	772.2	52.8	862.9	55.8	950.7	56.7
Total Value-added	**1,278.9**	**100.0**	**1,432.7**	**100.0**	**1,461.5**	**100.0**	**1,546.7**	**100.0**	**1,677.7**	**100.0**
Value-added per employee ($'000)	87.5		93.4		85.9		78.7		82.3	

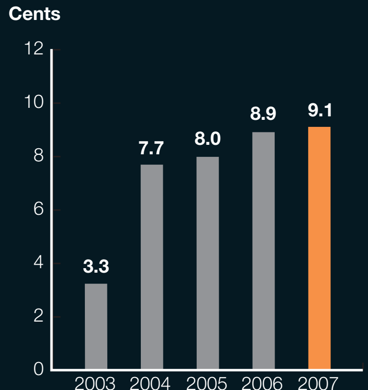
*** Figures have been adjusted to account for the effect of adoption of FRS 102 in 2004.*

Notes

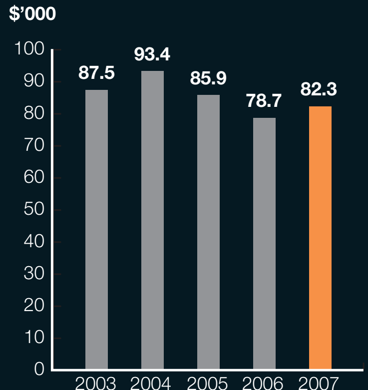
– certain restatements and reclassifications have been made to 2003 to enhance comparability with the year under review.
– Throughout this report, all figures are stated in Singapore dollars, unless otherwise stated.
– n.a: not applicable
– n.m: not meaningful



Net Asset Value Per Ordinary Share



Net Dividend Per Ordinary Share



Value-added Per Employee

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

TOW HENG TAN

WANG KAI YUEN

WONG CHIN HUAT, DAVID

AUDIT COMMITTEE

WANG KAI YUEN
Chairman (appointed on 1 January 2008)

ONG AH HENG

WONG CHIN HUAT, DAVID

REMUNERATION COMMITTEE

LIM JIT POH
Chairman

TOW HENG TAN

WANG KAI YUEN

WONG CHIN HUAT, DAVID

NOMINATING COMMITTEE

OO SOON HEE
Chairman (appointed on 1 January 2008)

LIM JIT POH

SUM WAI FUN, ADELINE

INVESTMENT COMMITTEE

LIM JIT POH
Chairman

KUA HONG PAK

SUM WAI FUN, ADELINE

TOW HENG TAN

WANG KAI YUEN

CORPORATE DIRECTORY

REGISTERED OFFICE
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Singapore 579701
Mainline: (65) 6383 8833
Facsimile: (65) 6287 0311
Email: info@comfortdelgro.com
Website: http://www.comfortdelgro.com
Company Registration Number: 200300002K

COMPANY SECRETARY
Chan Wan Tak, Wendy

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

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

Partner-in-Charge:
Yuen Ewe Jin, Philip

Date of appointment:
27 April 2007

Mr Lim Jit Poh was appointed non-executive Chairman and Director of ComfortDelGro Corporation Limited in 2003. He is an independent Director of the Company. Mr Lim 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.

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

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

Mr Lim 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 27 April 2007.

LIM JIT POH
Chairman
(Non-Executive & Independent)

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 where he managed its Singapore and 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 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 became an independent Director of the Company with effect from 16 January 2008 after he stepped down from his NTUC appointments. Mr Ong is a member of the Audit Committee. He is a Member of Parliament for Nee Soon Central Single Member Constituency. He is presently a Director of ComfortDelGro Engineering Pte Ltd and the Consultant of Care & Share Secretariat in the National Trades Union Congress (NTUC) and the Honorary Consultant of National Transport Workers' Union. Mr Ong was the former Assistant Secretary-General of NTUC and Alignment Director of Care & Share Secretariat in NTUC and was also the former Executive Secretary of the National Transport Workers' Union, and a Director of Singapore Post Limited.

Mr Ong was involved in the trade union movement from 1980 to 16 January 2008 and had taken care of members in the transport industry.

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

Pursuant to Article 91 of the Company's Articles of Association, Mr Ong will be due for re-election at the forthcoming Annual General Meeting to be held on 30 April 2008.

Mr Oo Soon Hee was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is an independent Director of the Company. Mr Oo is also the Chairman of the Nominating Committee. He is presently the Director (South East Asia) of Tata Steel Limited. He was the former President & CEO of NatSteel Asia Pte Ltd. He is also a Director of SIA Engineering Company Limited, Tata Steel (Thailand) Public Company Limited and 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.

Mr Oo holds a Bachelor of Science (Hons) in Applied Chemistry and a Diploma in Business Administration from the University of Singapore.

Pursuant to Article 91 of the Company's Articles of Association, Mr Oo will be due for re-election at the forthcoming Annual General Meeting to be held on 30 April 2008.

ONG AH HENG
Director
(Non-Executive & Independent)

OO SOON HEE
Director
(Non-Executive & Independent)

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, NTUC Childcare Co-operative Limited and Competency Director (Group Development), NTUC. She is also a Director of NTUC FairPrice Co-operative Limited, NTUC Choice Homes Co-operative Limited, NTUC Thrift & Loan 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 Master of Business Administration (Accountancy) from the Nanyang Technological University and a Master of Public Administration from Harvard University.

Ms Sum was last re-elected a Director of the Company pursuant to Article 97 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2007. She is a non-independent Director of the Company.

Mr Tow Heng Tan was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is an independent Director of the Company. Mr Tow is a member of the Remuneration Committee and the Investment Committee. He 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.

Pursuant to Article 91 of the Company's Articles of Association, Mr Tow will be due for re-election at the forthcoming Annual General Meeting to be held on 30 April 2008.

SUM WAI FUN, ADELINE
Director
(Non-Executive)

TOW HENG TAN
Director
(Non-Executive & Independent)

Dr Wang Kai Yuen was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is an independent Director of the Company. Dr Wang is the Chairman of the Audit Committee and a member of the Investment Committee and the Remuneration Committee. He is the Managing Director of Fuji 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, HLH Group Ltd, Koon Holdings Ltd and Carats Limited. He also holds directorships in listed companies including COSCO Corporation (Singapore) Ltd, Hiap Hoe Ltd, Matex International Ltd, Nylect Technology Ltd, SuperBowl Holdings Ltd and China Lifestyle Food & Beverages Group Ltd. As Managing Director of Fuji Xerox Singapore Software Centre, Dr Wang manages a software centre with 130 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 Master of Science (Industrial Engineering), a Master of Science (Electrical Engineering) and a PhD (Electrical Engineering) from Stanford University.

Dr Wang 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 27 April 2007.

Mr Wong Chin Huat, David was appointed a non-executive Director of ComfortDelGro Corporation Limited in 2003. He is an independent Director of the Company. Mr Wong 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.

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

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

Mr Wong was last re-elected a Director of the Company pursuant to Article 91 of the Company's Articles of Association at the Annual General Meeting held on 27 April 2007.

WANG KAI YUEN
Director
(Non-Executive & Independent)

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

CHOO CHEK SIEW
Group Financial Officer

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.

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

ENG SOK YONG
Senior Vice President
Group Business Development

Ms Eng Sok Yong joined the Group in February 2007 and is the Senior Vice President (Group Business Development), with responsibilities for the Group's business development. She is also the Senior Vice President, Corporate Development of SBS Transit Ltd, where she oversees the support departments as well as the Rental and Premises department. Prior to joining the Group, Ms Eng was the Group Director of Policy and Planning, Land Transport Authority (LTA). She was in charge of corporate communications, policy development, infrastructure and strategic planning in the LTA. Before this, she was Assistant Director in the Ministry of Trade and Industry, in charge of Singapore's multi-lateral negotiations in the World Trade Organisation. Ms Eng was a Public Service Commission (PSC) scholar and holds a Master of Science from the London School of Economics.

TAN I-LIN, TAMMY
Group Corporate Communications Officer

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.

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

CHAN MUI WAH, DAISY
Group Human Resource Officer

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

SINGAPORE

GAN JUAY KIAT
Chief Operating Officer
SBS Transit

Mr Gan Juay Kiat was appointed Chief Operating Officer of SBS Transit Ltd on 28 April 2007. 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.

Mr Yang Ban Seng is the Chief Executive Officer of Taxi Business in Singapore. He oversees the operations of Comfort Transportation Pte Ltd and CityCab 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 Master of Business Administration from the National University of Singapore.

YANG BAN SENG
Chief Executive Officer
Taxi Business

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.

SINGAPORE

HENG CHYE KIOU
Chief Executive Officer
VICOM

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 Master of Science (Industrial Engineering) from the National University of Singapore.

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 contributions 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.

CHUA TECK LEONG, JIMMY
Chief Executive Officer
ComfortDelGro Insurance Brokers

HUAM CHAK KHOON
Chief Executive Officer
ComfortDelGro Driving Centre

Mr Huam Chak Khoon is the Chief Executive Officer of ComfortDelGro 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 Master of Science in Education & Training from University of Leicester, UK.

SINGAPORE

TAN CHEK PING, LAWRENCE
Chief Executive Officer
ComfortDelGro Bus

Mr Tan Chek Ping, Lawrence was appointed the Chief Executive Officer of ComfortDelGro Bus Pte Ltd in July 2007. He joined ComfortDelGro in 2004 as General Manager of the North-East China Business Unit overseeing the Group's 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.

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, Suzhou and Nanjing. 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. In 2005, he was bestowed the National University of Singapore Outstanding Alumni Award.

Mr Choo Peng Yen is the General Manager of the North-East China Business Unit. He is responsible for the operation and development of the Group's businesses in the three north-east provinces of Liaoning, Jilin and Heilongjiang. Mr Choo joined the Group in 1978 and was the Senior Vice President (Group Business Develpoment) prior to his current appointment. He holds a Bachelor of Business Administration from the University of Singapore and attended the International Executive Programme at INSEAD (France).

CHOO PENG YEN
General Manager
North-East China Business Unit

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 managing 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.

CHINA

TAN SEOW BOON, SIMON
General Manager
West China Business Unit

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.

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.

KOO KOK WING
General Manager
Guangzhou Xin Tian Wei
Transportation Development

TANG YEW MENG, RICHARD
General Manager
Suzhou Comfort, Xiamen Comfort
and Nanning Comfort

Mr Tang Yew Meng, Richard is General Manager of Suzhou Comfort, Xiamen Comfort and Nanning Comfort. Prior to joining the Group, Mr Tang 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).

UNITED KINGDOM & IRELAND

LEE KAH WAH, JOHN
Chief Executive Officer
UK Taxis/Coaches

Mr Lee Kah Wah, John is the Chief Executive Officer of UK Taxis/Coaches and Executive Director of Metroline Limited. 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.

Mr Jaspal Singh is the Chief Executive Officer of Metroline Limited. 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 Master of Public Administration from the Kennedy School, Harvard University, USA. He has also completed the Advanced Management Programme at the Harvard Business School.

JASPAL SINGH
Chief Executive Officer
Metroline

CATHY CULLEN
Managing Director
Cummers Commercial

Ms Cathy Cullen is the Managing Director of Cummer Commercials Ltd, t/a Citylink Ireland. She is responsible for the day-to-day management and development of ComfortDelGro operations in Ireland. Cummer Commercials operates intercity Coach Services, linking Galway, Dublin, Limerick and Cork and offers connectivity to Ireland's International Airports. Ms Cullen has 26 years experience in the Travel and Tourism industry servicing both the Corporate and Public sectors. She holds International Qualifications in Travel and Tourism and has recently received her International CPC Certificate for Professional Competency.

AUSTRALIA, VIETNAM & MALAYSIA

OWEN ECKFORD
Chief Executive Officer
ComfortDelGro Cabcharge

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.

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) (1st Class Hons) from the University of Westminster, UK, and a Master of Business Administration from the Nanyang Technological University.

CHIA CHUEN HUEI
General Director
Vietnam Taxi

LIM MENG HOCK, ALAN
General Director
ComfortDelGro Savico Taxi

Mr Lim Meng Hock, Alan was appointed the General Director of ComfortDelGro Savico Taxi Company in November 2007. He joined the Group in 1981 and has served in various administration, purchasing, planning, operational and business development positions within the Group. Mr Lim holds Diplomas in Chemical Process Technology (Singapore Polytechnic) and Management Studies (Singapore Institute of Management).

Mr Tan Ah Lay, Richard joined the Group in October 2004 as the General Manager of the car rental and leasing business in Malaysia. He has more than 20 years of experience in the banking, finance and leasing industries, having held positions in Tat Lee Finance Ltd, Orix Leasing S'pore Ltd and the Lippo Group in Singapore. He attended an Executive Training Programme for management staff at Orix Leasing Company, Japan. He holds an Advanced Diploma in Administrative Management from The Institute of Administrative Management, UK, a Graduate Diploma in Financial Management from Temasek Polytechnic, Singapore and a Master in Marketing Management from the Macquarie University, Australia.

TAN AH LAY, RICHARD
General Manager
CityLimo Leasing (M), Pantas Rent-A-Car
and DynaDrive Rent-A-Car

GREEN STATEMENT

THE COMFORTDELGRO GROUP OF COMPANIES AIMS TO MINIMISE THE IMPACT OF ITS ACTIVITIES ON THE ENVIRONMENT

by ensuring continuous improvement in environmental performance whilst bearing in mind prevailing technical and operational constraints. The Group is also committed to complying with all statutory and regulatory requirements.

Our overall goal in environmental management is to minimise the harmful effects of our operations across Singapore, the United Kingdom, Ireland, China, Australia, Vietnam and Malaysia on the environment. By striving to reduce the environmental footprint of each passenger journey, ComfortDelGro can contribute to reductions in air pollution from road transport and carbon dioxide emissions. A complete elimination of harmful emissions is however not possible and we will explore how best we can offset any negative impact we have on the environment.

We endeavour to continue to improve the management of our environmental impacts by reducing resource usage and minimising waste. We will continue to make on-going investments in new vehicles so as to reduce our emissions profile and we will continue to support research into alternative fuels.

Longer term, our environmental goals are:

- To improve our emissions profile per passenger journey or per passenger kilometre.
- To reduce the output of waste and to increase the proportion of waste reused/recycled.
- To improve the environmental management standards across the Group.
- To continue to encourage and promote the use of public transport so as to ensure a modal shift away from car use.
- To continue to support initiatives on research and trial the use of alternative fuels.

GOING GREEN

Global warming used to be the predominant concern of environmentalists, or "treehuggers" as they are commonly known. No Longer.

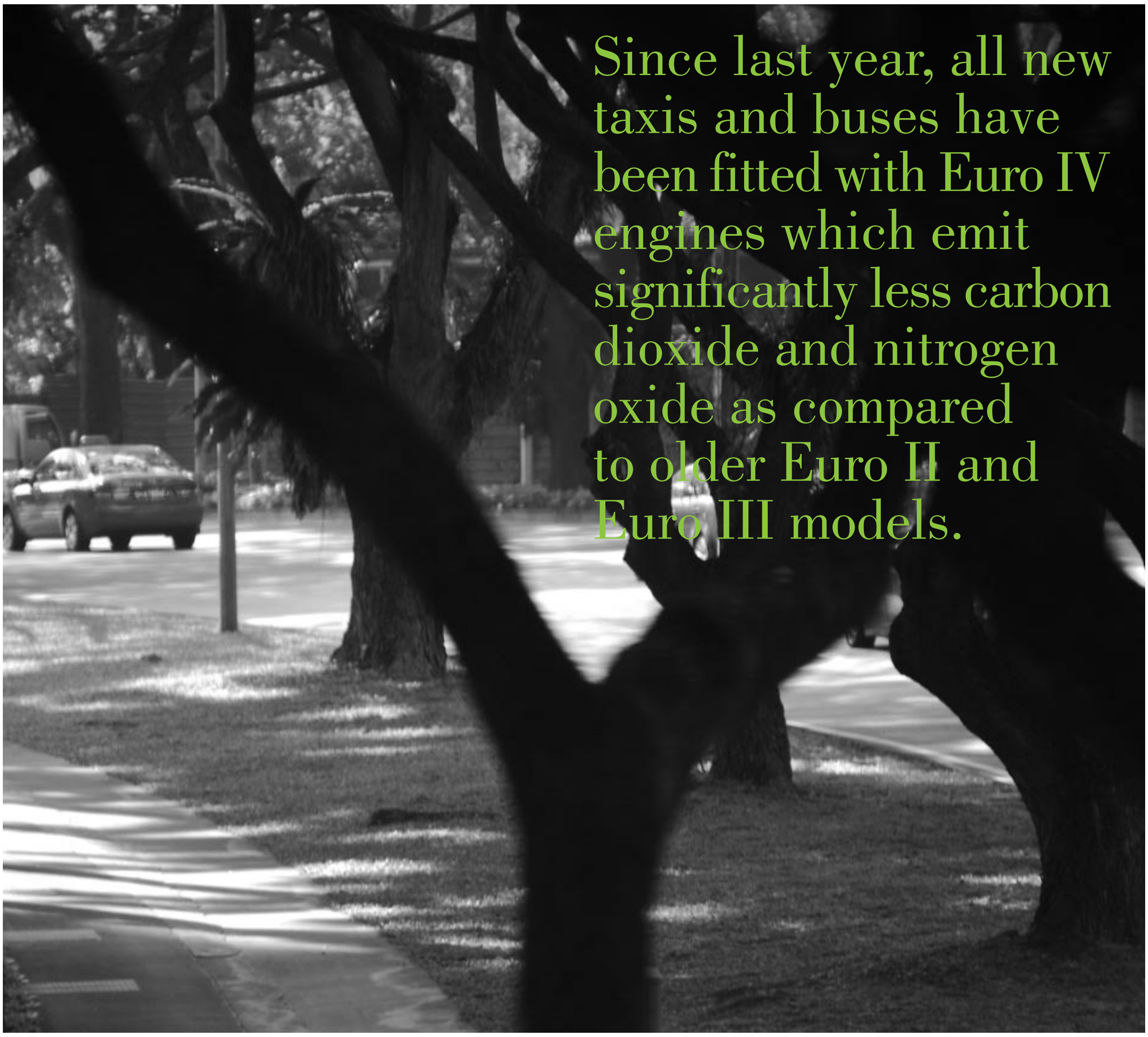
THESE DAYS, WEATHER EXTREMES LIKE EL NINO AND LA NINA, AS WELL AS FREAK HURRICANES AND STORMS, HAVE CAST THE SPOTLIGHT ON THE NEGATIVE EFFECTS OF AIR POLLUTION, CAUSING THE GLOBAL COMMUNITY TO SIT UP AND TAKE NOTICE.

With a global fleet of over 41,000 vehicles, ComfortDelGro is keenly aware of the important role it plays in the preservation of the environment. The Group and its subsidiaries are committed to environmental stewardship and are taking proactive steps to mitigate the impact of its operations on the environment.

To this end, the Group issued a Green Statement this year. In it, we clearly articulated our commitment towards minimising the harmful effects of our operations across Singapore, UK, Ireland, China, Australia, Vietnam and Malaysia on the environment. A Green Committee, made up of senior management staff was also set up to

Initiatives which are being undertaken include:

- Setting the air-conditioning temperature to an average of 24 degrees Celsius
- Using energy-saving bulbs and water-saving devices
- Using environmentally friendly paper for all in-house and external publications
- Recycling paper



reduce the environmental footprint of each passenger journey as well as to reduce resource usage.

ComfortDelGro has also been looking at reducing the emissions level of its vehicles. The Group is committed to ensuring that the vehicles it uses are as environmentally friendly as possible. For example, the Group's entire taxi fleet in Singapore converted to Euro IV diesel fuel in 2005. Since last year, all new taxis and buses have been fitted with Euro IV engines which emit significantly less carbon dioxide and nitrogen oxide as compared to older Euro II and Euro III models. The Group's bus operations in Singapore, Australia and the United Kingdom also use low sulphur diesel to minimise the harmful effects on the environment.

In the UK, our buses use either Selective Catalytic Reduction which converts nitrogen oxide into nitrogen and water, or Exhaust Gas Recirculation which recirculates the exhaust gas within the bus engine so that there is minimal exhaust fumes. We are also embarking on a trial of hybrid buses in London – the results of which will be shared with all bus subsidiaries in the Group.

To prevent fuel leakages, our diesel tanks have been installed with leak detection systems. Diesel storage tanks which are underground are regularly tested while those above ground are double-walled and fitted in bunded enclosures.

The Group is also active in the area of energy conservation and recycling wastes. For example, tyres, car batteries and scrap metal are sent for recycling once they reach their use-by date. The Group has also embarked on a paper recycling programme.

As our Managing Director/Group CEO, Mr Kua Hong Pak, so succinctly puts it: "The nature of our business makes us a contributor to global warming and we want to do our part to make a difference. We are instilling in our people the need to reuse, recycle and conserve resources. We keep a close eye on new developments to stay abreast of new ways to take care of our planet. We started some years back, reducing our use of environmentally unfriendly materials and processes. We reclaim and recycle all of our scrap metal, tyres and batteries and we buy fuel efficient and environmentally friendly vehicles. We do these because we care."

OPERATIONS REVIEW

A WISE MAN ONCE SAID THAT THE ONLY THING THAT IS CERTAIN IS UNCERTAINTY ITSELF.

– Pliny the Elder (23AD – 79AD)

For sure, that was the case in 2007. Oil prices, which were trading at US$50 a barrel in January 2007, broke into stratospheric ascent and hit a record high of US$99.29 per barrel by the end of the year. The United States economy, which had looked rosy at the beginning of the year, went into tailspin in mid-2007 due to the sub-prime mortgage woes. Stocks markets around the world, which were riding high on bullish sentiment, began a topsy-turvy ride in the second half as investors got jittery.

Indeed, by most accounts, it was a challenging year.

It certainly was so for the Group but we met the challenges head on and emerged stronger – growing our fleet size and geographical footprint. We also added a new dimension to our corporate social responsibility by launching a Green Statement – firmly articulating our commitment to the preservation of the environment.

SINGAPORE

BUS

ComfortDelGro is the undisputed market leader in both the public bus and private coach industries in Singapore. Our listed subsidiary, SBS Transit Ltd, with a fleet of over 2,800 public buses running 242 routes, commands about 75% of the scheduled bus market while our private coach subsidiary, ComfortDelGro Bus Pte Ltd, has a fleet of 337 buses providing schoolbus services, private bus charter services as well as cross-border services.

Public Scheduled Bus

In the public scheduled bus market, SBS Transit continued to extend its pole position with the introduction of new services including 21 Premium Services which offer commuters direct connections from neighbourhood towns to the city centre. These services are not only more comfortable but also offer commuters a shorter and more direct journey by utilising the expressways.

As a result, our average daily bus ridership hit a record of 2.2 million in 2007, representing a growth of 4% over 2006.

To cater to the growing needs of our commuters, we spent some S$180 million to purchase 500 air-conditioned, low-floor, single-deck buses in 2007 – over and above the 200 double-deck ones which we had bought in 2005 and 2006. The 500 new single-deck buses, which started hitting the roads in late-2007, are not only environmentally friendly but can also ferry two wheelchair-bound passengers at any one time. The buses also boast an advanced braking system which helps to minimise on-board accidents.

In May 2007, we launched *iris* NextBus SMS service, which enables commuters to use their mobile phones to check the arrival times of their buses. Usage of *iris* has been rising steadily with about 6,000 SMSes received a day. Our GPRS and website services which also provide similar arrival information services have a daily usage of over 25,000.

Private Charter Bus

Besides public scheduled bus services, the Group also operates Singapore's largest private bus-chartering service

COMFORTDELGRO CONTINUED TO MAINTAIN ITS LEADERSHIP POSITION IN THE SINGAPORE TAXI MARKET, COMMANDING A MARKET SHARE OF 66% WITH ITS FLEET OF OVER 15,000 COMFORT AND CITYCAB CABS

through ComfortDelGro Bus. In addition to its cross-border coach services where it currently operates eight Bas Persiaran licences awarded by Malaysia's Ministry of Tourism, ComfortDelGro Bus clinched several major contracts during the year and was appointed the official transport service provider for key national events such as the 2007 National Day Parade. It was also appointed the official transport service provider for the Kallang Paya Lebar Expressway (KPE) Family Walk & Jog and the Army Open House during the year.

With the Singapore government's call for more transport choices for the public, private bus operators have been allowed to join the fray in providing niche services between various neighborhood estates and the Central Business District. ComfortDelGro Bus was granted seven licences to provide Premium Bus Services in 2007.

Together with the Premium Services provided by SBS Transit, the Group is now the single largest provider of such direct, niche bus services in Singapore.

TAXI

ComfortDelGro continued to maintain its leadership position in the Singapore taxi market, commanding a market share of 66% with its fleet of over 15,000 Comfort and CityCab cabs.

The hired-out rate of our taxis remained high despite the intense competition due to an extensive recruitment drive, improved payout scheme for new taxi vocational licence holders and the success of the train-and-place scheme. We continued to provide drivers with an enhanced benefits package totalling S$59 million in 2007. These included significant diesel subsidies to help reduce drivers' operating costs.

In December 2007, we revamped our taxi fare structure to better match the demand for and supply of taxi services at different times of the day. The changes raised the cost of taxi services in Singapore by between 10% and 49% and differentiated them from public transport services like

bus and rail which do not offer customers a point-to-point dedicated service. After the first two months of implementation, taxi queues were significantly shorter and waiting times significantly reduced. Taxi drivers' incomes were also seen to have risen slightly in the initial period despite the fact that they were making fewer trips.

Besides catering to the needs of the general public, our taxi business in Singapore has also been growing its corporate clientele base. In 2007, this segment of the business saw a 20% growth. To cater to this growing business, ComfortDelGro rolled out a total of 200 new Euro IV-compliant limousine taxis, 136 of which were Mercedes taxis while the remaining were new Hyundai Azeras. This brought the total number of limousine taxis in our fleet to over 810.

The Euro IV-compliant, auto-transmission Hyundai Sonata taxi which was introduced in January 2007 continued to be well-received by drivers. By the end of the year, the Group operated over 2,360 Sonatas.

The number of cashless payments made on our taxis has also increased. In fact, over S$64 million was collected in 2007 – close to double that of the previous year.

In October 2007, we completed the integration of our customer contact centres. This meant not just greater economies of scale, but also greater convenience for commuters since they need only call a single booking hotline – (65) 6552 1111 – for their ComfortDelGro cab. In all, more than 20 million booking jobs were made during the year – a new record for the Singapore taxi business.

As part of our continued efforts to increase efficiency, we closed down the Yellow-Top Cab operations in 2007 and merged these with the existing Comfort Transportation operations.

RAIL

In Singapore, we operate the North East Line (NEL), the world's first driverless, underground heavy rail system, and two light rail transit systems (LRTs) – Sengkang LRT and Punggol LRT.

Ridership for all our rail operations has been on the uptrend. As of 31 December 2007, NEL clocked a 18% increase in average daily ridership to 267,000 while our LRTs experienced a 10% growth in average daily ridership of over 38,000.

NEL has consistently surpassed service standards set by the Land Transport Authority (LTA). Our train service availability averaged 99.93% while our train peak hour schedule adherence averaged 99.02% in 2007 – both better than the LTA's standard of 98% and 95% respectively.

To ensure that security is not compromised, we have installed over 200 additional CCTV cameras in our stations. A total of nine additional Transit Security Personnel have also been deployed.

CAR RENTAL & LEASING

With a fleet of 1,357 cars, our car rental and leasing subsidiary in Singapore, ComfortDelGro Rent-A-Car Pte Ltd, continued to be a leading operator in an increasingly competitive industry. It ceased operating its car-sharing business in 2007 to focus on growing its corporate clientele base.

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 strong growth in the repair and fleet management businesses.

Strong marketing efforts helped grow turnover from private car repairs and maintenance by 22% and accident repairs by 42%. In all, we handled 385 accident repair jobs and 3,000 servicing and repair jobs on average every month of the year.

ComfortDelGro Engineering's fleet management business secured 26 new corporate customers and grew turnover by 11% during the year. Internally, we continued to service and maintain our fleet of over 15,000 taxis, including the new fleet of Hyundai Sonatas.

Besides vehicle maintenance, ComfortDelGro Engineering also assembles specialised vehicles through its Vehicle Construction Unit. We secured a new contract

OUR LISTED SUBSIDIARY, VICOM LTD, ACHIEVED A RECORD PROFIT OF S$13.5 MILLION

with Scania to assemble single-deck buses, open-top double-deck buses for Sentosa and a horse transporter for the Singapore Turf Club.

Our diesel sales strategy of maintaining low pump prices for our taxi hirers remained unchanged. With close to 100% of our taxi hirers enjoying significant savings by choosing to pump with us, diesel sales volume for the year was at 215.3 million litres.

VEHICLE INSPECTION & TECHNICAL TESTING SERVICES

Our listed subsidiary, VICOM Ltd, achieved a record profit of S$13.5 million – 31% higher than the previous year, mainly from vehicle inspections and non-vehicular testing business.

VICOM dominated the vehicle inspection industry with a 71% market share. The turnover from vehicle inspections rose by 19% due to an increase in fees and the implementation of the Chassis Dynamometer Smoke Test for all diesel-powered vehicles.

VICOM Assessment Centre Pte Ltd undertook a total of 28,500 accident reports and damage assessments during the year, retaining its position as the leading Independent Damage Assessment Centre.

Our non-vehicle testing and inspection subsidiary, Setsco Services Pte Ltd, continued to grow its business in 2007, led by strong demand from the marine, oil, gas, environmental, construction and aerospace sectors. Setsco Services has also received multiple accreditations from various international agencies including the Federal Aviation Administration, the National Association of Defence Contractors Accreditation Programme and the Singapore Accreditation Council.

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

In 2007, a record 29,000 learners enrolled for lessons at ComfortDelGro Driving Centre Pte Ltd. This represented an increase of 26% over the previous year and is attributed partly to a range of new courses developed in response to market demand. One such programme is the new Competency Certification Programme for Drivers launched in January 2007. This programme has drawn much interest from our corporate customers, enabling them to send employees for pre- and post-employment driver competency tests to ensure that they are proficient on the roads.

INSURANCE BROKING SERVICES

ComfortDelGro Insurance Brokers Pte Ltd, our in-house insurance broking arm, continued to realise significant savings for the Group through its insurance programmes. With the assistance of our Claims, Risk and Insurance software system, our actuarial staff have been able to analyse and provide reliable statistics and accurate risk profiles.

Reinsurance broking is a new activity for our insurance arm and is beginning to show good growth potential. It will also add value to our clients as it gives them access to more insurance markets worldwide.

ComfortDelGro Insurance Brokers continues to be very profitable. Revenues from both our in-house business and external clients have increased significantly.

OUTDOOR ADVERTISING

Our outdoor advertising subsidiary, Moove Media Pte Ltd, continued to break new ground during the year. The award-winning company introduced the WiFi-enabled buses in 2007, enabling commuters to tap onto the Internet even while they were on the move. A world's first for inter-modal WiFi, these concept buses have been featured extensively in local media and have been well-received by commuters.

Moove Media also launched the latest in mobile advertising technology, becoming the first in Asia to launch a 24-frame display in a train tunnel. This means that commuters will be entertained by "movie-like" advertisements while they are travelling on the NEL.

THE GROUP FURTHER BROADENED ITS ALREADY EXTENSIVE FOOTPRINT IN CHINA WITH A NEW INVESTMENT IN NANJING IN 2007. THIS FURTHER EXTENDS OUR POSITION AS THE SINGLE LARGEST FOREIGN LAND TRANSPORT OPERATOR IN CHINA WITH OPERATIONS IN 13 CITIES

CHINA

The Group further broadened its already extensive footprint in China with a new investment in Nanjing in 2007. This further extends our position as the single largest foreign land transport operator in China with operations in 13 cities. To-date, we have invested S$308.9 million in China, making it our single largest overseas investment destination. In terms of investment dollars, our top five China cities as at 31 December 2007 are Shenyang, Beijing, Guangzhou, Chengdu and Shanghai.

Shenyang

BUS

Our largest public bus investment in China is in the city of Shenyang, the capital of Liaoning Province. Our two bus companies, Shenyang ComfortDelGro Bus Co., Ltd and Shenyang ComfortDelGro Anyun Bus Co., Ltd, operated a total of 45 bus routes with 1,227 buses in 2007. In all, we clocked a total mileage of 58.2 million kilometers and carried 311.6 million passengers.

Shenyang ComfortDelGro Anyun Bus, which began operations in January 2005, continued to grow its operations during the year by launching two new bus routes. Its 511 buses on 18 routes carried 44% more passengers during the year.

Equally busy was our wholly-owned subsidiary, Shenyang ComfortDelGro Bus, which operated 716 buses on 27 routes. Having taken over ownership of the routes and operating assets from the state-owned Shenyang Passenger Transport Group in the middle of 2006, the company has progressively re-launched these services and set itself apart as a top operator in the areas of service quality and reliability. It has also replaced many of the old buses with new ones that are equipped with interior lighting, pre-start ignition systems, padded handrails, cushioned seats and electronic signboards – all of which were new to commuters in Shenyang.

In a public opinion poll conducted in September 2007 by the Shenyang Evening Paper and the Shenyang Municipal Traffic Bureau in conjunction with the Public Transport Week, Shenyang ComfortDelGro Anyun Bus and Shenyang ComfortDelGro Bus won seven out of 10 awards. The two companies were also given Special Contribution Awards by the Shenyang Municipal Traffic Bureau for their efforts in aiding vehicle rescue during the snow storms in March 2007.

TAXI

We own 1,291 taxi licences in Shenyang – 1,021 operated by Shenyang ComfortDelGro Taxi Co., Ltd and 270 operated by CityCab (Shenyang) Ltd, making us the third largest taxi operator in the city.

Besides gaining a reputation for quality and reliable service, we have also built up a reputation for efficiency thanks to our dedicated in-house repair and maintenance workshop which has significantly reduced down-time for our taxi hirers.

In 2007, Shenyang ComfortDelGro Taxi was named an “Honorable Company” by the Liaoning Provincial Commerce Bureau for being honest and law-abiding in its business practices. One of its drivers, Mr Zhou Tie Min, also came in tops in a skills assessment test by the Shenyang Municipal Traffic Bureau.

Beijing

TAXI

With a fleet of 5,029 taxis, our 55%-owned subsidiary, Beijing Jin Jian Taxi Services Co., Ltd is our biggest taxi operation in China.

The company, which is the third largest in Beijing, spent much of the year training and preparing its hirers for the 2008 Beijing Olympics by sending them to English language, service quality and image building courses. The company also completed its vehicle replacement programme, taking advantage of Government incentives aimed at encouraging

WITH A FLEET OF
5,029
TAXIS, BEIJING JIN JIAN TAXI SERVICES
IS OUR BIGGEST
TAXI OPERATION IN CHINA

operators to upgrade their fleet ahead of the Olympics. By the end of the year, the entire fleet had been replaced and a 100% hired-out rate was achieved for the first time in the company's history.

Beijing Jin Jian Taxi Services, which commands an 8% market share of the capital's taxi industry, has focussed on safety and accident prevention which resulted in improved safety record for the year.

For its efforts in promoting the image of the taxi industry and support of major national events, Beijing Jin Jian Taxi Services was commended by the Taxi Authority in 2007. One of its drivers, Mdm He Suli, was awarded the "Beijing Labour Day" medal while another 105 drivers were accorded the "Beijing Taxi Driver Star" award.

CAR RENTAL & LEASING

Our car rental and leasing operations under Beijing ComfortDelGro Yin Jian Auto Services Co., Ltd performed well in 2007 despite intense market competition. Differentiating itself from its competitors through an aggressive pricing strategy, the company kept a tight lid over costs and increased its advertising and promotion efforts. With a fleet of 939 rental cars, Beijing ComfortDelGro Yin Jian Auto Services continues to deliver value propositions to the growing expatriate community in the Chinese capital.

VEHICLE INSPECTION SERVICES

Our 80% subsidiary, Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd, provides vehicle safety and emission inspection services in the capital. During the year, the company leased out part of its premises to a local car care and repair company which operates a large network of similar businesses in Beijing and other parts of China. This newly-formed strategic alliance is expected to boost demand for our vehicle inspection services.

Guangzhou

BUS STATION

Located at the crossroads of major routes, our bus station in Guangzhou, Tianhe Bus Station, saw a healthy 17% growth in passenger volume to about 9.3 million passengers. The opening of the Number 3 Guangzhou MRT line – which connects the station and the city – on 30 December 2006, helped boost demand for the station's broad range of services. These included parking, ticketing, insurance, shop rental, lodging and parcel delivery services. In all, close to 650,000 bus trips were operated at the station in 2007, representing a 7% increase over the previous year.

To differentiate our services from the competition, we have been focussing on providing quality services to both our passengers and bus operators. We have focussed on cleanliness, safety and efficiency to improve our attractiveness to operators around the country. We have also taken steps to stem the outflow of passengers lured away by illegal touts by setting up a ticketing booth outside the terminal and enforcing tough security measures in the area. As a result, touts have not been able to lure customers away from legitimate bus operators that call at our station.

Chengdu

In Chengdu, we operate the broadest range of land transport services, outside of Singapore. With over S$18 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.

WE ARE NOW THE THIRD LARGEST TAXI OPERATOR IN CHENGDU WITH A FLEET OF 250 TAXIS, REPRESENTING A MARKET SHARE OF ABOUT 3%

TAXI

Our wholly-owned subsidiary, Chengdu ComfortDelGro Taxi Co., Ltd, close to doubled its fleet in 2007 through the successful tender of 100 new taxi licences as well as the acquisition of 30 existing licences. As a result, we are now the third largest taxi operator in Chengdu with a fleet of 250 taxis, representing a market share of about 3%.

As the first taxi operator in Chengdu to collect taxi rental payment through electronic means, Chengdu ComfortDelGro Taxi has raised the bar for the taxi industry there, leading the way as the city's model taxi operator.

CAR RENTAL & LEASING

Our wholly-owned subsidiary, ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd began operations in June 2004 with just five vehicles. By the end of 2007, we were operating 83 vehicles – all of which are on long-term lease with top multinational companies based in Chengdu. To cater to the growing demand for our services, we set up a branch office in Dalian in May 2007. We continue to attract more multinational corporate customers through the delivery of top-notch services.

AUTOMOTIVE ENGINEERING & MAINTENANCE SERVICES

Our 51%-owned subsidiary in Chengdu, Sichuan ComfortDelGro Car Servicing Co., Ltd, sold a record 153 cars in its first year of operation. The authorised Mitsubishi cars and spare parts dealer launched three new models in 2007 – the Grandis 08, the Outlander EX 2.4 and the Pajero 3.8 – to great fanfare. Besides vehicle sales, we also operate a vehicle maintenance and repair workshop as part of the city's first "6S" car sales operation. This brings together Sale, Survey, Spare parts, Service, School and Second-hand Car Exchange under one roof.

IN RECOGNITION OF ITS COMMITMENT TO ITS CUSTOMERS, SHANGHAI SHENXIN BUS SERVICE WAS NAMED THE

TOP SERVICE QUALITY PROVIDER

BY THE SHANGHAI URBAN TRANSPORT BUREAU

VEHICLE INSPECTION SERVICES

Our 51% subsidiary, Chengdu Jitong Integrated Vehicle Inspection Co., Ltd, is a leading operator in the industry, having attained the China Metrology Accreditation, a new grading standard for vehicle inspection, and installed an upgraded software system.

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd, our first driving school overseas, operates a fleet of 185 training vehicles, making it the largest driving school in the city with a training area of more than 15 hectares.

Distinguishing itself from other driving schools in Chengdu, the company has injected many new service standards and introduced value-added services such as Foreign Driving Licence Conversion. It offers driving lessons for various classes of vehicles including coaches, cargo trucks, cars and motorcycles. The company also does its bit for the environment by using Compressed Natural Gas to power its fleet.

Shanghai

BUS

Our bus associate, Shanghai Shenxin Bus Service Ltd, operated 460 buses on 18 routes in 2007. In the highly-competitive Shanghai bus market, characterised by four big players and over 40 smaller operators, Shanghai Shenxin Bus Service has managed to hold its own through effective fleet management, route expansion, rationalisation of inefficient routes and the introduction of more air-conditioned services. As a result, close to 82 million passenger trips were made during the year. Of this, 91% were on air-conditioned services, up from 81% a year ago.

In recognition of its commitment to its customers, Shanghai Shenxin Bus Service was named the top service quality provider by the Shanghai Urban Transport Bureau. For the 10th year running, its Route No 49 has been singled-out as a nationwide 'Red-Flag' route in China, one of the country's most prestigious titles.

TAXI

Our 51%-owned subsidiary, Shanghai City Qi Ai Taxi Services Co., Ltd, continued to grow its operations during the year through the acquisition of licences. We currently operate 482 taxis in China's largest city. Having replaced the old Santana Pusang models with the new and larger Santana 3000 models, our taxis have become highly sought-after by hirers. With our ISO 9002 certification and well-structured management system, Shanghai City Qi Ai Taxi Services has become known as a premium operator in the city.

Chongqing

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

Our 80% subsidiary, Chongqing ComfortDelGro Driver Training Co., Ltd, is the city's largest with a fleet of 110 vehicles. It offers driving lessons for various classes of vehicles including coaches, cargo trucks and cars and has quickly established itself as the market leader less than two years after it commenced operations. In 2007, it had a total enrolment of 7,910, representing an 8% market share. Due to strong demand for its services, a second circuit is being built and is expected to be operational by August 2008. We have invested over S$10 million in Chongqing to-date.

Suzhou

BUS

We expanded into the Suzhou bus business in February 2007 through the acquisition of a 70% stake in an inter-city bus operation, Suzhou Comfort Passenger Transportation Co., Ltd. We have a fleet of 33 buses – seven of which ply routes between Suzhou and Changshu while the remaining 26 are fully leased to companies.

TAXI

Our 70% taxi subsidiary, Suzhou Comfort Taxi Co., Ltd, enjoyed another year of 100% hired-out rate in 2007. Our fleet of 50 taxis has quickly built up a reputation for its cleanliness and for providing a premium service in a highly competitive market.

CAR DEALERSHIP

Having distinguished itself for its outstanding after-sales service, Suzhou Comfort Toyota Sales & Service Co., Ltd reported another profitable year in 2007 with 1,004 cars sold. This is despite an increase in the number of authorised Toyota dealers in the city.

As a result of the impressive sales record, Suzhou Comfort Toyota Sales & Service was crowned Toyota's Number One dealer for the fourth year running. Our automotive repair business continues to perform well, having overtaken the car sales business as the main profit driver for Suzhou Comfort Toyota Sales & Service.

OUR 80% SUBSIDIARY,
CHONGQING COMFORTDELGRO DRIVER TRAINING CO., LTD,
IS THE CITY'S LARGEST
WITH A FLEET OF 110 VEHICLES

HAVING DISTINGUISHED ITSELF FOR ITS OUTSTANDING AFTER-SALES SERVICE, SUZHOU COMFORT TOYOTA SALES & SERVICE CO., LTD REPORTED ANOTHER PROFITABLE YEAR IN 2007 WITH 1,004 CARS SOLD

Jilin City

TAXI

Jilin ComfortDelGro Taxi Co., Ltd acquired another 60 licences during the year, bringing its total fleet to 390 taxis. The additional licences were offered to us by the Government in conjunction with the Asian Winter Games in Jilin City based on our good management processes and strong focus on service quality. We are the third largest taxi company in Jilin City and the only one to have been awarded the "Star Taxi Enterprise" title.

Nanning

TAXI

With a fleet of 580 taxis, our 80% subsidiary Nanning Comfort Transportation Co., Ltd, is the city's largest taxi operator, commanding an 18% market share.

For 2007, we were named the Best Taxi Operator Unit for the fourth consecutive year. Fifteen of our drivers were also accorded the title of "Best Taxi Drivers" by the transport authorities.

Besides gaining a reputation for quality, we have also built up a reputation for quick turnaround for our taxis when they are sent to our in-house workshop for repairs and maintenance.

CAR RENTAL & LEASING

We established Nanning ComfortDelGro Rent-A-Car Company Limited to operate car rental and leasing services in the city on 1 January 2008 with an initial fleet size of 13 cars – all of which have been leased to multinational companies in Nanning.

Nanjing

TAXI

In 2007, we made our first foray into Nanjing – our 13th investment city in China.

The RMB 84 million (approximately S$16.9 million) investment in Nanjing ComfortDelGro Dajian Taxi Co., Ltd is a joint venture with Nanjing Bulk Lifting and Transportation (Group) Co., Ltd. The latter has gained a reputation as a progressive taxi operator and was the first company to introduce Global Positioning System (GPS) on board its taxis in July 2005. For its efforts, it was awarded the coveted "National Advanced Taxi Unit Award" in 2006.

Nanjing ComfortDelGro Dajian Taxi has an initial fleet of 497 taxis and is the third largest taxi company in the city.

Xiamen, Yantai and Hengyang

TAXI

Our 70% subsidiary Xiamen Comfort Taxi Co., Ltd continues to perform well, operating a fleet of 49 taxis in Fujian Province. With its entire fleet fully deployed, the company has gained a reputation of providing good quality service and 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.

To the west of Xiamen, our investment in Hengyang, Hengyang CityCab Bus Services Co., Ltd, operates a fleet of 86 buses and 28 taxis.

UNITED KINGDOM

We are a major land transport provider in the United Kingdom where we operate taxi, bus, inter-city coach and private hire services. To-date, we have invested about S$290.9 million in five cities there – London, Aberdeen, Glasgow, Edinburgh and Birmingham.

London

BUS

Our wholly-owned subsidiary, Metroline Limited, plied 83 routes across North, West, Central London and Hertfordshire last year with a fleet of 1,246 buses, making it one of London's largest bus operators with a market share of around 14%.

The company added on new routes and enhanced existing services during the year, clocking a total mileage of 69 million kilometres. In April 2007, it embarked on its expansion out of central London and began operating Route 347 in Watford.

WITH A FLEET OF ABOUT

4,000

TAXIS, OUR TAXI SUBSIDIARY, COMPUTER CAB PLC, IS LONDON'S

LARGEST

RADIO TAXI NETWORK

To cater to the fleet's growing engineering needs, a new £1.6 million Central Engineering and Logistics Facility (CELF) was built close to West Perivale garage. The facility, which was officially opened in September 2007, has lifted Metroline's engineering capacity, capabilities and quality to new levels.

As revenues are pegged to operated mileage and efficiency of operation, Metroline continued to focus on maximising its operational performance. This was achieved through a combination of factors including reducing staff absenteeism, better management of the garages and more focussed road supervision. As a result, revenue bonuses from its Quality Incentive Contracts increased and Metroline moved up several notches in the Transport for London's league table of big bus operators in London, coming either first, second or third place on these indicators.

Metroline also continued to lead the industry in quality of service. It won the Customer Service Champion Award in the annual UK Bus Awards for the third year running in 2007.

COACH

In the coach business, our consolidated Westbus and Armchair operations business continued to do well, operating 33 coaches out of Hounslow.

TAXI

With a fleet of about 4,000 taxis, our taxi subsidiary, Computer Cab plc, is London's largest radio taxi network. Its four flagship brands – ComCab, DataCab, Call-A-Cab and Local Taxis – cater to the transportation needs of corporate London, namely traders, bankers and lawyers.

To cater to growing demand for its services, Computer Cab has relocated its fleet service centre to a larger refurbished site in West London and is developing a new booking and despatch system which will allow for faster and more intelligent vehicle allocation.

METROLINE ALSO CONTINUED TO LEAD THE INDUSTRY IN QUALITY OF SERVICE. IT WON THE CUSTOMER SERVICE CHAMPION AWARD IN THE ANNUAL UK BUS AWARDS FOR THE THIRD YEAR RUNNING IN 2007

As part of the Group's commitment to the preservation of the environment, Computer Cab launched several initiatives under the ISO14001:2004 environmental management system. An example is the creation of a cab holding area in the city where drivers are encouraged to wait for booking jobs instead of cruising empty on the street. Computer Cab was also awarded the prestigious Taxicard contract for an additional three years by London Councils, which provides subsidised personal taxi and private hire transport for people with special mobility needs.

Scotland

We operate taxi, inter-city coach and private hire businesses in Scotland. In all, we have a fleet of 920 vehicles.

BUS

Our 65%-owned Scottish inter-city express coach operation, Scottish Citylink Coaches Limited, operates 91 buses which link all the major towns in Scotland and also operates cross-border routes to London via Manchester and Newcastle. Turnover in 2007 increased on the back of growth in passenger traffic due mainly to higher take up rates of concessionary travel by retirees and students under the Scottish Nationwide Concessionary travel scheme.

TAXI

Computer Cab, which already operates in Edinburgh and Aberdeen, expanded into Birmingham in 2007 with the acquisition of stakes in Your Taxi Ltd and Central Despatch Ltd. Following the acquisitions, we have since renamed the companies Computer Cab (Birmingham) Ltd and are now the only service provider in Birmingham with taxi, private hire and executive car offerings.

Computer Cab continues to reign as the premier black cab fleet in Edinburgh with a total fleet size of 426 vehicles. Its sister fleet of 283 vehicles in Aberdeen is also thriving, being the main supplier of taxi services to the booming oil and gas sector. To further support the needs of the Aberdeen-based corporate clients, Computer Cab set up a taxi pick-up point in Aberdeen Airport in 2007.

IRELAND

Dublin

BUS

Our Irish operations, Citylink Ireland, cemented its position as one of the country's leading Road Passenger Transport Operators by introducing two additional road passenger licenced routes in 2007 – Galway-Limerick-Cork and Galway-Clifden, Connemara. The Galway-Limerick-Cork service, which began operations in January 2007 with just eight daily departures, now operates a full schedule of 28 daily services.

The launch of our fourth inter-city route plying Galway-Clifden, Connemara in October 2007 and continued strong demand for our two maiden routes – Galway-Dublin Airport and Galway-Shannom – enabled us to transport 600,000 passengers in 2007, 35% more than the previous year.

AUSTRALIA

Sydney, New South Wales

BUS

Our bus subsidiary in Australia, ComfortDelGro Cabcharge Pty Ltd, continued to shine in 2007. In the two years that we have been operating Down Under, our fleet has grown from 642 to 869 buses. Patronage increases on major services, additional contracts won for new services, and new acquisitions during the year further entrenched our position as the single largest private bus operator in Sydney, commanding a 26% market share.

In July 2007, we acquired the businesses and assets of Toronto Bus Service comprising three depots, 82 buses and four luxury coaches. The acquisition is

OUR BUS SUBSIDIARY IN AUSTRALIA, COMFORTDELGRO CABCHARGE PTY LTD, CONTINUED TO SHINE IN 2007. IN THE TWO YEARS THAT WE HAVE BEEN OPERATING DOWN UNDER, OUR FLEET HAS GROWN FROM 642 TO 869 BUSES

in line with our strategy of taking over neighboring bus operations to achieve operational scale and enlarge our presence in New South Wales.

On many of our service routes, we have seen significant increases in ridership arising from population growth in the areas serviced by ComfortDelGro Cabcharge. A growing number of motorists have also started taking public transport given the rising cost of fuel. In particular, our services provided by Hillsbus from the north-western suburbs of Sydney to the City along the M2 motorway have seen ridership grow by as much as 30%. This has propelled us to put in place additional buses as well as implement a restructured timetable to cater for increased traffic congestion in the suburban areas.

In March 2007, we introduced services on the North-West Transitway, a dedicated bus highway connecting the new suburbs in the north-west of Sydney to Parramatta. Demand for this express bus service has been strong and we have added on more buses to cater to growing demand.

ComfortDelGro Cabcharge has also been winning contracts for special services. In 2007, RailCorp, the NSW Government passenger rail service provider, awarded us a contract to provide “NightRide” bus services. These services run between midnight and 4am in lieu of rail services.

During the year under review, ComfortDelGro Cabcharge was also contracted by the organisers of the Asia Pacific Economic Conference (APEC) to provide transport for the media and government delegates. A total of 33 buses were deployed for this top-level event, with some buses fitted with GPS tracking and WiFi systems to enable security tracking and WiFi Internet connection.

In November 2007, the company provided special services to teams competing in an international Wheelchair Rugby competition held at the Sydney Olympics site. Buses were temporarily modified to allow athletes to travel as a team in their special wheelchairs.

To provide commuters with a more comfortable ride, ComfortDelGro Cabcharge has adopted a comprehensive bus replacement programme. To-date, 150 buses have been replaced. A new bus building factory is being built near Newcastle to cater to growing demand for new buses. It is expected to churn out 200 buses a year when it begins operations in 2009.

VIETNAM
Ho Chi Minh City
TAXI

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

At the same time, we continued to work at obtaining good pick-up points for our taxis, stepping up sales and marketing efforts to procure an enlarged corporate customer base. We are also upgrading our call centre with a GPS despatch system to better serve our customers. In all, we operated 967 taxis in Vietnam in 2007.

Our operations in Ho Chi Minh City have also made a name for their strong commitment to service. Vietnam Taxi won the Guide Award for "Excellent Performance" in 2007, an award it has received since 2003. Accorded by the Vietnam Economic Times/The Guide, the award recognises the best in the service industry in the country.

MALAYSIA
Kuala Lumpur
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. Facing stiff competition, our car rental and leasing business capitalised on its decade-long reputation for providing good and reliable service to retain and win new customers. Several new corporate accounts were secured in 2007 as we created greater market awareness, increased sales channels and responded to market needs. Significantly, we achieved increased sales from the transient car rental market.

VIETNAM TAXI WON THE GUIDE AWARD FOR "EXCELLENT PERFORMANCE" IN 2007, AN AWARD IT HAS RECEIVED SINCE 2003

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. As a further commitment towards enhancing corporate transparency and in promoting good corporate governance practices amongst our employees world-wide, we have adopted 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 or illegal conduct or behaviour, we have implemented a policy of Whistle Blowing. Here, the aim is to stop any activity that is against 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 ("Code").

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 each financial year. The quarterly and full-year Board meetings are held about 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 the 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 2007 and the frequency of such meetings are set out below:

	Board		Audit Committee		Nominating Committee		Remuneration Committee		Investment Committee	
Name	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lim Jit Poh	8	8	–	–	1	1	3	3	3	3
Kua Hong Pak	8	8	4	4*	1	1*	3	3*	3	3
Ong Ah Heng****	8	7	4	4	–	–	–	–	–	–
Oo Soon Hee	8	8	4**	4	–	–	–	–	–	–
Sum Wai Fun, Adeline	8	6	–	–	1	1	–	–	3	1
Tow Heng Tan	8	6	–	–	–	–	3	2	3	2
Wang Kai Yuen	8	8	–	–	1***	1	3	3	3	2
Wong Chin Huat, David	8	8	4	4	–	–	3	3	–	–

* *Attended meetings by invitation of the Committee*
** *Relinquished Chairmanship of the Audit Committee and appointed Chairman of the Nominating Committee on 1 January 2008*
*** *Relinquished Chairmanship of the Nominating Committee and appointed Chairman of the Audit Committee on 1 January 2008*
**** *Became an independent Director with effect from 16 January 2008*

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 provides for meetings to be convened via teleconferencing and videoconferencing.

Regular presentations are held to enable Directors to familiarise 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 Board meetings is held abroad. In financial year 2007, an overseas Board meeting was held in Chengdu.

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 Balance**

The Board presently comprises eight Directors, of whom only the MD/Group CEO is an executive Director. Of the seven remaining non-executive Directors, six of them are considered by the NC to be independent. This composition exceeds the Code's requirement of at least one third of the Board of Directors to comprise independent Directors.

The 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.

The profiles of the Directors are found in the write-up on Board of Directors in this Annual Report.

***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, *inter alia*:

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

The Articles of Association of the Company provides that one third of the Directors (who have been longest in office since their appointment or re-election), including the Managing Director, are subject to retirement by rotation every year and Director(s) 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 Oo Soon Hee, Mr Ong Ah Heng and Mr Tow Heng Tan are due for re-election pursuant to Article 91 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 judgement and discretion of each Director. To focus on Directors' attendance at Board meetings per se may not be an adequate evaluation of the contributions of Directors. 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 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 2007. 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 2007, the market capitalisation of the Company was about S$3.8 billion, an increase of about 150%. The share price went to a record high of S$2.44 on 3 May 2007. As at 31 December 2007, the share price was S$1.83.

In addition, there was also an increase in Shareholders' equity and total assets of the Company compared to the proforma combined results of Comfort and DelGro as at 31 December 2002. Shareholders' equity increased by S$304.1 million to S$1.5 billion as at 31 December 2007 due to profits from operations less dividends paid and total assets increased S$898.6 million to S$3.3 billion due mainly to the increase in fixed assets. Cash and cash equivalents stood at S$318.4 million as at 31 December 2007.

***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"). Monthly financial statements and reports are submitted to the Board.

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, the RC comprises entirely of four non-executive independent Directors. Members of the RC are also independent of Management and free from any business or other relationships which may materially interfere with the exercise of independent judgement. The Company Secretary is the Secretary to the RC.

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

a) 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;
b) Recommend a formal and transparent process for determining Directors' fees for non-executive Directors of the Company; and

c) 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 on 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 is 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 MD/Group CEO does not receive Director's fees for his Board directorship with 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 2007 are found on page 111 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 2007, no key executive was an immediate family member of any Director of the Company.

ACCOUNTABILITY AND AUDIT

***Principle 10* – Accountability**

During financial year 2007, the Company released its quarterly and full-year results about 45 days from the end of each quarter or financial year as the case may be. An accompanying negative assurance statement is also issued by the Board in the Group's quarterly results announcement to confirm that nothing has come to their attention that may render the results to be false or misleading.

***Principle 11* – Audit Committee**

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

The roles of the AC include the following:

(i) Review the effectiveness of the 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 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 monthly 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 on hiring is implemented through headcount budgets.

(iii) Investment Proposals and Business Opportunities
To ensure that the rate of return on any new investment or business opportunity commensurates 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. It is the Group's policy not to participate in speculative financial instruments. 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 pages 128 to 129 of this Annual Report.

(v) Operations Risk and Business Continuity Planning
The Group has put in place Business Continuity Management ("BCM") plan 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 four 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 regularly updated website at www.comfortdelgro.com. Investors may send in their requests or queries through the feedback form provided in the website.

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

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

***Principle 15* – Shareholders' Participation at Annual General Meetings**

The Articles of Association of the Company provides for voting in person at Annual General Meetings of the Company. The Chairman of the various Board Committees as well as the External Auditors 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.

SINGAPORE SUBSIDIARIES

** listed on the Singapore Exchange*

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@cdgtaxi.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@cdgtaxi.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.cdge.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 customerservice@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
Email custsvs@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
Email customerservice@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
Email marketing@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
Email customerservice@vicom.com.sg

LEARNER DRIVERS' INSTRUCTIONAL SERVICES

ComfortDelGro Driving Centre Pte Ltd
205 Ubi Avenue 4 Singapore 408805
Mainline (65) 6841 8900
Fascimile (65) 6841 8913
Website www.cdc.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

NORTH-EAST CHINA BUSINESS UNIT

Shenyang, Liaoning Province

BUS

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

TAXI

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

NORTH CHINA BUSINESS UNIT

Beijing

TAXI

Beijing Jin Jian Taxi Services Co., Ltd
Hei Shi Tou
Shi Jing Shan District
Beijing 100070
Mainline (86) 10 8895 1556/8
Fascimile (86) 10 8895 1678
Email leongks@comfortdelgro.com

CAR RENTAL & LEASING

Beijing ComfortDelGro 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
Fascimile (86) 10 8761 1465
Website www.yjzl.com
Email leongks@comfortdelgro.com

VEHICLE INSPECTION SERVICES

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

Yantai, Shangdong Province

TAXI

Yantai ComfortDelGro Taxi Co., Ltd
No 7 Zhou Shan Road
Yantai Development District
Yantai, Shangdong 264006
Mainline (86) 53 5638 1178
Fascimile (86) 53 5638 1178

WEST CHINA BUSINESS UNIT

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

Chengdu ComfortDelGro Shengduo Taxi Co., Ltd
No 13 Wai Dong Jian Cai Road
Chengdu, Sichuan 610051
Mainline (86) 28 8471 5206
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.cdgrentacar.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 robertzee@comfortdelgro.com

VEHICLE INSPECTION SERVICES

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 5036
Email yeobh168@163.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
Website www.drivertrain.com.cn
Email simontan@comfortdelgro.com

EAST CHINA BUSINESS UNIT

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
10F, No 285
Lu Jia Bang Road
Shanghai 200011
Mainline (86) 21 6313 5248
Fascimile (86) 21 6313 1717
Email kpliew@comfortdelgro.com

Suzhou, Jiangsu Province

BUS

Suzhou Comfort Passenger Transportation 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

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

Nanjing, Jiangsu Province

TAXI

Nanjing ComfortDelGro Dajian Taxi Co., Ltd
No 18-2 Damiao Xiaguan District
Nanjing, Jiangsu 210015
Mainline (86) 25 5872 1712
Email kpliew@comfortdelgro.com

SOUTH CHINA BUSINESS UNIT

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

Nanning, Guangxi Province

TAXI

Nanning Comfort Transportation Co., Ltd
No 1 Binhe Road
Nanning, Guangxi 530003
Mainline (86) 771 581 6763/83
Fascimile (86) 771 581 6776
Email richardtang@comfortdelgro.com

CAR RENTAL & LEASING

Nanning ComfortDelGro Rent-A-Car Company Limited
B1013-1015 Cai Zhi Times Apartment Building
No 31 Keyuan Avenue
Nanning, Guangxi 530003
Mainline (86) 771 322 1341
Fascimile (86) 771 322 1342
Email richardtang@comfortdelgro.com

Xiamen, Fujian Province

Taxi

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

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 SUBSIDIARIES

London

BUS

Metroline Limited
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

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

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
Email enquiries@comcab-birmingham.co.uk

IRELAND SUBSIDIARY

Dublin

BUS

Cummer Commercials 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, New South Wales

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 comfortsavico@vnn.vn

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.pantas.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.pantas.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 STATEMENTS

The Directors present their report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

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
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 in paragraph 3 and 5 of the Report of the Directors.

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 2007	At 31 December 2007	At 21 January 2008
Interest in the Company			
(a) Ordinary shares			
Lim Jit Poh	44,425	44,425	44,425
Kua Hong Pak	1,624,530	2,824,530	2,824,530
Ong Ah Heng	395,558	395,558	395,558
Oo Soon Hee	300,000	300,000	300,000
Wang Kai Yuen	-	187,500	187,500
Wong Chin Huat, David	100,000	100,000	100,000
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	600,000	800,000	800,000
Kua Hong Pak	3,600,000	3,600,000	3,600,000
Ong Ah Heng	250,000	350,000	350,000
Oo Soon Hee	450,000	600,000	600,000
Tow Heng Tan	500,000	600,000	600,000
Wang Kai Yuen	312,500	250,000	250,000
Wong Chin Huat, David	300,000	350,000	350,000

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

Name of Directors and Companies in which interests are held	At 1 January 2007	At 31 December 2007	At 21 January 2008
Interest in subsidiary, SBS Transit Ltd			
(a) Ordinary shares			
Lim Jit Poh	50,000	200,000	200,000
Kua Hong Pak	150,000	-	-
Wong Chin Huat, David	100,000	150,000	150,000
(b) Options to subscribe for ordinary shares			
Lim Jit Poh	250,000	200,000	200,000
Kua Hong Pak	270,000	360,000	360,000
Wong Chin Huat, David	100,000	115,000	115,000
Interest in subsidiary, VICOM Ltd			
(a) Ordinary shares			
Lim Jit Poh	190,000	190,000	190,000
Ong Ah Heng	20,000	20,000	20,000
(b) Options to subscribe for ordinary shares			
Kua Hong Pak	54,000	54,000	54,000

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.

(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 2007 were as follows:

Dates of grant	Number of options to subscribe for ordinary shares					Subscription price per share	Expiry date
	Outstanding at 1 January 2007	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2007		
5 September 2002*	120,304	-	(66,836)	(53,468)	-	$0.569	5 September 2007
8 October 2002*	386,030	-	(386,030)	-	-	$0.561	7 October 2012
31 July 2003	917,000	-	(637,000)	-	280,000	$0.793	30 July 2013
31 July 2003	100,000	-	-	-	100,000	$0.793	30 July 2008
2 January 2004	1,392,000	-	(929,000)	-	463,000	$0.820	1 January 2014
2 January 2004	200,000	-	(100,000)	-	100,000	$0.820	1 January 2009
19 July 2004	2,575,000	-	(1,960,000)	(15,000)	600,000	$1.217	18 July 2014
19 July 2004	325,000	-	(100,000)	-	225,000	$1.217	18 July 2009
24 February 2005	3,987,500	-	(1,287,500)	(110,000)	2,590,000	$1.680	23 February 2015
24 February 2005	647,500	-	(137,500)	-	510,000	$1.680	23 February 2010
21 July 2005	4,302,500	-	(2,735,000)	(110,000)	1,457,500	$1.540	20 July 2015
21 July 2005	647,500	-	(282,500)	-	365,000	$1.540	20 July 2010
17 November 2005	4,837,500	-	(2,134,000)	(110,000)	2,593,500	$1.550	16 November 2015
17 November 2005	647,500	-	(222,500)	-	425,000	$1.550	16 November 2010
13 July 2006	10,570,000	-	(3,115,000)	(490,000)	6,965,000	$1.500	12 July 2016
13 July 2006	1,225,000	-	(100,000)	-	1,125,000	$1.500	12 July 2011
22 June 2007	-	10,540,000	-	(370,000)	10,170,000	$2.260	21 June 2017
22 June 2007	-	1,115,000	-	-	1,115,000	$2.260	21 June 2012
Total	32,880,334	11,655,000	(14,192,866)	(1,258,468)	29,084,000		

The options outstanding as at 31 December 2007 includes 250,000 options granted to former employees of the Group, who have been granted an extension of time from their respective dates of cessation of employment, by the Committee 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.

(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 2007 were as follows:

Director	Number of options to subscribe for ordinary shares			
	Granted during the year ended 31 December 2007	Aggregate options granted since the commencement to 31 December 2007	Aggregate options exercised since the commencement to 31 December 2007	Aggregate options outstanding at 31 December 2007
Lim Jit Poh	200,000	1,573,577	773,577	800,000
Kua Hong Pak	1,200,000	6,300,000	2,700,000	3,600,000
Ong Ah Heng	100,000	917,540	567,540	350,000
Oo Soon Hee	150,000	900,000	300,000	600,000
Tow Heng Tan	100,000	600,000	-	600,000
Wang Kai Yuen	125,000	1,098,672	848,672	250,000
Wong Chin Huat, David	100,000	600,000	250,000	350,000

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.

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

(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 2007.

(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.

(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 2007 were as follows:

	Number of options to subscribe for ordinary shares						
Dates of grant	Outstanding at 1 January 2007	Granted	Exercised	Cancelled/ Lapsed	Outstanding at 31 December 2007	Subscription price per share	Expiry date
26 September 2000	212,000	-	(70,000)	-	142,000	$1.59	26 September 2010
6 September 2001	271,000	-	(86,000)	-	185,000	$1.60	6 September 2011
22 August 2003	370,000	-	(270,000)	-	100,000	$1.29	22 August 2013
10 December 2003	245,000	-	(195,000)	-	50,000	$1.22	10 December 2013
19 July 2004	591,250	-	(306,250)	-	285,000	$1.60	19 July 2014
19 July 2004	80,000	-	(35,000)	-	45,000	$1.60	19 July 2009
24 February 2005	1,020,000	-	(468,750)	-	551,250	$2.29	24 February 2015
24 February 2005	195,000	-	(115,000)	-	80,000	$2.29	24 February 2010
28 July 2005	1,118,750	-	(594,750)	-	524,000	$2.23	28 July 2015
28 July 2005	267,500	-	(190,000)	-	77,500	$2.23	28 July 2010
18 November 2005	1,107,500	-	(650,000)	-	457,500	$2.16	18 November 2015
18 November 2005	267,500	-	(190,000)	-	77,500	$2.16	18 November 2010
13 July 2006	2,397,000	-	(677,500)	(112,000)	1,607,500	$2.15	13 July 2016
13 July 2006	535,000	-	-	-	535,000	$2.15	13 July 2011
22 June 2007	-	2,380,000	-	(55,000)	2,325,000	$3.40	22 June 2017
22 June 2007	-	550,000	-	-	550,000	$3.40	22 June 2012
	8,677,500	2,930,000	(3,848,250)	(167,000)	7,592,250		

The options outstanding as at 31 December 2007 includes 48,750 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 2007 were as follows:

	Number of options to subscribe for ordinary shares			
Director	Granted during the year ended 31 December 2007	Aggregate options granted since the commencement to 31 December 2007	Aggregate options exercised since the commencement to 31 December 2007	Aggregate options outstanding at 31 December 2007
Lim Jit Poh	100,000	580,000	380,000	200,000
Kua Hong Pak	90,000	510,000	150,000	360,000
Wong Chin Huat, David	65,000	345,000	230,000	115,000

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 2007.

(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 2007 were as follows:

	Number of options to subscribe for ordinary shares						
Dates of grant	Outstanding at 1 January 2007	Granted	Exercised	Lapsed	Outstanding at 31 December 2007	Subscription price per share	Expiry date
1 June 2001	28,000	-	-	-	28,000	$0.570	30 May 2011
26 September 2001	24,000	-	-	-	24,000	$0.423	25 September 2011
6 April 2002	142,000	-	(108,000)	-	34,000	$0.628	5 April 2012
7 October 2002	52,000	-	-	-	52,000	$0.600	6 October 2012
27 June 2003	46,000	-	-	-	46,000	$0.760	26 June 2008
27 June 2003	177,000	-	(150,000)	-	27,000	$0.760	26 June 2013
20 December 2003	33,000	-	-	-	33,000	$0.865	19 December 2008
20 December 2003	176,000	-	(150,000)	-	26,000	$0.865	19 December 2013
23 August 2004	23,000	-	-	-	23,000	$0.953	22 August 2009
23 August 2004	155,000	-	(97,000)	(15,000)	43,000	$0.953	22 August 2014
24 February 2005	23,000	-	-	-	23,000	$0.998	23 February 2010
24 February 2005	155,000	-	(97,000)	(15,000)	43,000	$0.998	23 February 2015
21 November 2005	540,000	-	(424,000)	(30,000)	86,000	$0.933	20 November 2015
7 July 2006	544,000	-	(400,000)	(30,000)	114,000	$1.000	6 July 2016
20 June 2007	-	600,000	-	-	600,000	$1.657	19 June 2017
	2,118,000	600,000	(1,426,000)	(90,000)	1,202,000		

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

(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 2007 were as follows:

	Number of options to subscribe for ordinary shares			
Director	Granted during the year ended 31 December 2007	Aggregate options granted since the commencement to 31 December 2007	Aggregate options exercised since the commencement to 31 December 2007	Aggregate options outstanding at 31 December 2007
Lim Jit Poh	-	160,000	160,000	-
Kua Hong Pak	-	54,000	-	54,000

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 2007.

5 SHARE OPTIONS (CONT'D)

(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, all of whom are independent:

Wang Kai Yuen *(Chairman, appointed on 1 January 2008)*
Ong Ah Heng
Wong Chin Huat, David

On 1 January 2008, Mr Oo Soon Hee resigned as the Chairman and member of the Audit Committee.

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
15 February 2008

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 2007, 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 73 to 147.

DIRECTORS' RESPONSIBILITY

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. 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 auditor's 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 auditor considers 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 sheets 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 2007 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

YUEN EWE JIN, PHILIP
Partner
(Appointed on 27 April 2007)

Singapore
15 February 2008

BALANCE SHEETS
31 December 2007

	Note	The Group		The Company	
		2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
ASSETS					
Current assets					
Short-term deposits and bank balances	4	318.4	237.6	82.6	41.6
Held-for-trading investments	5	78.8	158.1	5.0	10.0
Available-for-sale investments					
– current portion	6	15.8	15.0	0.8	1.3
Trade receivables	7	133.4	131.9	-	-
Other receivables and prepayments	8	142.7	129.8	407.5	361.8
Finance lease receivables					
– current portion	9	24.4	24.7	-	-
Hedging instruments					
– current portion	10	0.1	0.7	-	-
Inventories	11	50.5	44.7	-	-
Total current assets		764.1	742.5	495.9	414.7
Non-current assets					
Subsidiaries	12	-	-	506.3	506.3
Associates	13	82.3	84.9	56.0	56.0
Available-for-sale investments	6	47.1	62.2	23.3	24.0
Long-term receivables	14	99.0	16.8	1.0	2.4
Finance lease receivables	9	20.0	22.8	-	-
Vehicles, premises and equipment	15	1,966.9	1,841.1	1.9	1.4
Taxi and other licences	16	235.7	215.5	-	-
Goodwill	17	94.9	84.7	-	-
Hedging instruments	10	-	1.0	-	-
Deferred tax assets	18	6.1	13.1	-	-
Total non-current assets		2,552.0	2,342.1	588.5	590.1
Total assets		3,316.1	3,084.6	1,084.4	1,004.8

	Note	The Group		The Company	
		2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank loans	19	72.6	100.2	-	-
Long-term loans					
– current portion	20	59.9	73.6	-	-
Finance lease payable					
– current portion	21	29.4	27.9	-	-
Hedging instruments	10	-	0.4	-	-
Trade and other payables	22	440.1	390.0	248.3	193.9
Deposits received					
– current portion	23	52.5	48.0	-	-
Fuel price equalisation account		34.1	34.1	-	-
Provision for claims	24	68.2	69.7	-	-
Income tax payable		50.7	63.2	0.3	0.1
Total current liabilities		807.5	807.1	248.6	194.0
Non-current liabilities					
Long-term loans	20	130.4	109.1	-	-
Finance lease payable	21	182.2	94.2	-	-
Hedging instruments	10	0.1	-	-	-
Deposits received	23	44.3	41.7	-	-
Deferred income		92.8	16.8	-	-
Deferred tax liabilities	18	127.7	130.3	0.2	0.2
Provision for service benefits and long service awards	25	16.1	16.0	0.1	0.1
Retirement benefit obligations	30	15.9	39.4	-	-
Total non-current liabilities		609.5	447.5	0.3	0.3
Capital, reserves and minority interests					
Share capital	26	559.6	537.5	559.6	537.5
Other reserves	27	43.9	37.3	15.1	15.5
Accumulated profits		879.0	866.5	260.8	257.5
Equity attributable to shareholders of the Company		1,482.5	1,441.3	835.5	810.5
Minority interests		416.6	388.7	-	-
Total equity		1,899.1	1,830.0	835.5	810.5
Total liabilities and equity		3,316.1	3,084.6	1,084.4	1,004.8

See accompanying notes to the financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

year ended 31 December 2007

	Note	2007 $'mil	2006 $'mil
Turnover	28	2,980.8	2,761.8
Other operating income	29	35.8	31.3
Revenue		3,016.6	2,793.1
Staff costs	30	(950.7)	(862.9)
Depreciation and amortisation expenses		(269.1)	(249.5)
Payments for contract services		(266.0)	(225.7)
Materials and consumables		(247.8)	(265.8)
Energy and fuel costs		(216.9)	(196.0)
Repair and maintenance		(179.7)	(159.3)
Road and diesel taxes		(115.5)	(115.3)
Insurance and accident compensation		(96.1)	(77.1)
Vehicle leasing charges		(79.6)	(66.9)
Taxi drivers' benefits		(66.6)	(80.6)
Premises costs		(65.4)	(57.3)
Other operating expenses		(128.4)	(131.3)
Total operating expenses		(2,681.8)	(2,487.7)
Operating profit		334.8	305.4
Net income from investments	31	3.2	16.1
Interest income		14.6	16.2
Finance costs	32	(23.1)	(22.3)
Share of profit in associates		5.0	3.3
Profit before taxation and exceptional item		334.5	318.7
Exceptional item	33	-	42.1
Profit before taxation		334.5	360.8
Taxation	34	(61.2)	(71.0)
Profit after taxation	35	273.3	289.8
Attributable to:			
Shareholders of the Company		223.0	244.6
Minority interests		50.3	45.2
		273.3	289.8
Earnings per share (in cents):			
Basic	36	10.73	11.82
Diluted	36	10.71	11.80

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

year ended 31 December 2007

	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
Fair value gains on cash flow hedges	-	1.2	-	1.2	-	1.2
Fair value 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

	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 2007	537.5	37.3	866.5	1,441.3	388.7	1,830.0
Fair value losses on cash flow hedges	-	(0.5)	-	(0.5)	-	(0.5)
Fair value gains on available-for-sale investments	-	1.4	-	1.4	-	1.4
Exchange differences arising on translation of foreign operations	-	3.1	-	3.1	-	3.1
Actuarial gains on defined benefit plans	-	4.7	-	4.7	-	4.7
Net income recognised directly in equity	-	8.7	-	8.7	-	8.7
Realised gain transferred to profit or loss on cash flow hedges	-	(1.0)	-	(1.0)	-	(1.0)
Profit after taxation	-	-	223.0	223.0	50.3	273.3
Total recognised income for the year	-	7.7	223.0	230.7	50.3	281.0
Recognition of share-based payments	-	2.2	-	2.2	-	2.2
Exercise of share options	22.1	(2.7)	-	19.4	-	19.4
Payment of dividends (Note 43)	-	-	(210.9)	(210.9)	-	(210.9)
Other reserves	-	(0.6)	0.4	(0.2)	(22.4)	(22.6)
Balance at 31 December 2007	559.6	43.9	879.0	1,482.5	416.6	1,899.1

See accompanying notes to the financial statements.

	2007 $'mil	2006 $'mil
Operating activities		
Profit before taxation	334.5	360.8
Adjustments for:		
Depreciation and amortisation expenses	269.1	249.5
Finance costs	23.1	22.3
Interest income	(14.6)	(16.2)
Gain on share exchange - exceptional item	-	(42.1)
Share-based payment expense	2.3	3.0
Net gain on fair value changes and disposal of investments	(0.6)	(0.2)
(Write-back) Allowance for doubtful receivables	(1.9)	2.4
Write-back of allowance for doubtful advances on disposal of an associate	-	(14.5)
Net loss on disposal of vehicles, premises and equipment	4.1	7.4
Provision for impairment on vehicles and equipment	4.3	7.7
Provision for impairment on goodwill	-	0.1
Dividend income	-	(0.3)
(Write-back) Provision for service benefits, retirement benefits and long service awards, net	(9.8)	11.1
Share of profit in associates	(5.0)	(3.3)
	605.5	587.7
Payment of service benefits, retirement benefits and long service awards	(5.7)	(18.6)
Operating cash flows before movements in working capital	599.8	569.1
Inventories	(5.7)	(5.6)
Trade receivables	(3.4)	(29.5)
Other receivables and prepayments	(5.2)	22.2
Finance lease receivables	3.0	1.0
Long-term receivables	(6.2)	(16.5)
Held-for-trading investments	79.6	57.9
Trade and other payables	45.5	12.5
Hedging instruments	0.1	(12.0)
Deposits received	4.6	3.5
Provision for claims	0.1	5.5
Deferred income	-	16.8
Cash generated from operations	712.2	624.9
Income tax paid	(69.4)	(77.3)
Net cash from operating activities	642.8	547.6

	2007 $'mil	2006 $'mil
Investing activities		
Proceeds from disposal of vehicles, premises and equipment	99.7	130.7
Proceeds from disposal of available-for-sale investments	16.4	7.9
Purchases of vehicles, premises and equipment [Note (a)]	(328.2)	(386.1)
Purchases of taxi licences and bus routes	(4.3)	(6.4)
Proceeds from disposal of investment in an associate	-	55.4
Additional investment in an associate	-	(0.3)
Increase in investment in subsidiaries	(16.3)	(5.7)
Acquisition of subsidiaries/businesses, net of cash acquired [Note (b)]	(34.0)	(14.5)
Disposal of subsidiaries, net of cash disposed [Note (c)]	-	0.5
Interest received	14.6	16.9
Dividend received	7.5	1.3
Net cash used in investing activities	(244.6)	(200.3)
Financing activities		
Short-term bank loans, net	(27.7)	(93.2)
Long-term loans, net	7.4	(21.6)
Repayment of obligations under finance lease	(56.9)	(44.2)
Payment to minority interests	(34.9)	(30.6)
Proceeds from share issue	19.4	2.3
Proceeds from exercise of share options of subsidiaries	9.3	2.1
Interest paid	(23.7)	(22.6)
Proceeds from unclaimed dividend	0.1	0.9
Dividend paid	(210.9)	(157.2)
Net cash used in financing activities	(317.9)	(364.1)
Net effect of exchange rate changes in consolidating subsidiaries	0.5	(8.3)
Net increase (decrease) in cash and cash equivalents	80.8	(25.1)
Cash and cash equivalents at beginning of year	237.6	262.7
Cash and cash equivalents at end of year (Note 4)	318.4	237.6

	2007 $'mil	2006 $'mil
Note (a):		
Purchases of vehicles, premises and equipment	(474.5)	(430.0)
Less: Vehicles, premises and equipment purchased under finance lease arrangements	146.3	43.9
Cash payments on purchases of vehicles, premises and equipment	(328.2)	(386.1)
Note (b):		
Summary of the effects of acquisition of subsidiaries/businesses:		
Net (assets) liabilities acquired:		
Current assets	(3.5)	(14.2)
Non-current assets	(46.4)	(22.8)
Current liabilities	4.0	10.1
Non-current liabilities	0.6	-
	(45.3)	(26.9)
Minority interests	16.2	5.6
Net assets acquired	(29.1)	(21.3)
Goodwill on acquisition	(7.4)	(5.0)
Total purchase consideration	(36.5)	(26.3)
Less: Cash on acquisition of subsidiaries	2.5	11.8
Cash flow on acquisition, net of cash acquired	(34.0)	(14.5)
Note (c):		
Summary of the effects of disposal of subsidiaries:		
Net assets (liabilities) disposed:		
Current assets	-	1.4
Non-current assets	-	0.6
Current liabilities	-	(0.3)
	-	1.7
Minority interests	-	(0.7)
Net assets disposed/sale consideration	-	1.0
Add: Cash on disposal of subsidiaries	-	(0.5)
Cash flow on disposal, net of cash disposed	-	0.5

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 45.

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 2007 and the balance sheet of the Company as at 31 December 2007 were authorised for issue by the Board of Directors on 15 February 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS 107 – *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The Group has adopted FRS 107 with effect from 1 January 2007. The new standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (see Note 42) as required by the amendments to FRS 1 which are effective from 1 January 2007.

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

FRS 108	–	Operating Segments
INT FRS 111	–	FRS 102 – Group and Treasury Share Transactions
INT FRS 112	–	Service Concession Arrangements

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

Management anticipates that the adoption of the above FRS, INT FRS and amendments to FRS in future periods is not expected to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

INT FRS 112 – Service Concession Arrangements

INT FRS 112 gives guidance on accounting by operators for public-to-private service concession arrangements and applies if:

a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

b) the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

Infrastructure within the scope of INT FRS 112 shall not be recognised as vehicles, premises and equipment of the operator as the operator acts as a service provider.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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 in line with those used by other members of the Group.

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

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 profit or loss.

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 profit or loss.

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 sheets when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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 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 at FVTPL. Financial assets that are classified 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 provision for impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Provision for impairment of financial assets

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

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

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

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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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 profit or loss over the term of the borrowings.

Trade and other payables

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

Hedging instruments and hedge accounting

The Group 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.

A hedging instrument presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other hedging instruments are presented as current assets or current liabilities.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 or loss.

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

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 and first-in first-out 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 provision for impairment.

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

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 sheets 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 profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Assets

Intangible assets acquired separately

Taxi and other licences acquired separately are recorded 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 any 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 provision for impairment.

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 provision for impairment 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. A provision for impairment 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.

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 of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the provision for impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. A provision for impairment is recognised immediately in profit or loss.

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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

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 "reference 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 reference diesel price and electricity tariff, a fuel price equalisation charge is made in that year's profit or loss 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 reference diesel price and electricity tariff.

In the year when the actual diesel price and electricity tariff are above the reference diesel price and electricity tariff, the fuel price equalisation account previously set up can be drawn down in full or in part subject to:

a) the amount to be drawn down 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 reference diesel price and electricity tariff; or

b) upon an application by the Group and subject to the approval by PTC.

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

The amount recognised as a provision is the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

DEFERRED INCOME – Deferred income comprises:

(i) the net present value of the grant 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 grant 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 profit or loss over 15 years on a straight-line method.

(ii) Advance receipts from customers is recognised to profit or loss 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 5 years and up to 25 years are entitled to long service awards.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) 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.

During the financial year, the Pension Schemes were closed to future accruals and the remaining employees were transferred to a defined contribution pension scheme.

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 profit or loss 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.

(iv) Apart from the Pension Schemes above, the Group makes contribution to pension schemes as defined by the laws of the countries in which it has operations. In particular, Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

(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 of the equity instruments (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 the number of equity instruments that will eventually vest.

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

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes.

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

Revenue from the sale 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Rental income is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS – Borrowing costs are recognised in profit or loss 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 the 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 based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

In order to hedge its exposure to certain foreign exchange risks, the 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 currency translation reserve. Such translation differences are recognised in profit or loss 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 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.

OTHER RESERVES – These comprise mainly of the following:

Currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by entries made directly to the currency translation reserve.

Retirement benefit reserve

The Group operates two defined benefits pension schemes for which the actuarial gains and losses arising over the financial year are recognised in retirement benefit reserve.

Merger reserve

Merger reserve represents the difference between the fair value of the share capital of the combining entities in a combination involving entities under common control at the date on which it was acquired by the Group and the fair value of the share capital issued as consideration for the acquisition.

Investment revaluation reserve

The investment revaluation reserve arises on the revaluation of available-for-sale investments. Where a revalued available-for-sale investment is sold, the portion of the reserve that relates to that investment is recognised in profit or loss.

Hedging reserve

The hedging reserve represent hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss is recognised in profit or loss when the hedged transaction impacts the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share option reserve

The share option reserve arises on the grant of share options to employees or Directors under the Group's and the Company's share option plans. Further information about share-based payments is set out in Note 30(e) of the financial statements.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the 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. The provision for claims is disclosed in Note 24.

(ii) Insurance premium

Certain companies within the Group have undertaken property damage and 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 2007, the provision for insurance premium for the period from 1999 to 2007 included in trade and other payables (Note 22) is $45.3 million (2006: $33.5 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 for retirement benefits 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.

Provision for long service awards 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.

The total provision for service benefits and long service awards is disclosed in 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 sheets amounting to $15.9 million (2006: $39.4 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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. The fair value of these unquoted debt securities as at 31 December 2007 is disclosed in 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. No provision for impairment (2006: $0.1 million) was 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, Management 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	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Cash and bank balances	13.7	9.9	0.2	-
Interest-bearing bank balances	67.1	52.0	0.6	0.2
Time deposits	237.6	175.7	81.8	41.4
Total	318.4	237.6	82.6	41.6

5 HELD-FOR-TRADING INVESTMENTS

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
a) Quoted investments, at fair value:				
Loan stocks and bonds in corporations	-	3.4	-	-
b) Unquoted investments, at fair value:				
Bonds and notes in corporations	78.8	154.7	5.0	10.0
Total	78.8	158.1	5.0	10.0

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. Additional information is presented in Note 42(c).

6 AVAILABLE-FOR-SALE INVESTMENTS

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
a) Quoted investments, at fair value:				
Equity shares in corporations	2.6	1.9	-	-
Bonds in corporations	49.2	61.5	23.9	25.1
b) Unquoted investments, at fair value:				
Notes in corporations	10.0	13.0	-	-
Equity shares in corporations	0.2	0.2	-	-
Others	0.9	0.6	0.2	0.2
Total	62.9	77.2	24.1	25.3
Analysed as:				
Current	15.8	15.0	0.8	1.3
Non-current	47.1	62.2	23.3	24.0
	62.9	77.2	24.1	25.3

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. Additional information is presented in Note 42(c).

7 TRADE RECEIVABLES

	The Group	
	2007 $'mil	2006 $'mil
Associates (Note 45)	3.7	2.7
Outside parties	136.6	134.8
Allowance for doubtful receivables from outside parties	(6.9)	(5.6)
Net	133.4	131.9

The credit period on sale of goods and rendering of services ranges from 7 days to 90 days (2006: 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.

The credit risk on trade receivables that are neither past due nor impaired at the reporting date are insignificant as a majority of receivables is from the transport regulators and insurance companies. The receivables that are past due at the reporting date for which the Group has not provided for are insignificant. The Group does not hold any collateral over these balances.

Movements in the allowance for doubtful debts:

	The Group	
	2007 $'mil	2006 $'mil
Balance at beginning of the year	5.6	4.1
Amounts written off during the year	(1.0)	(0.9)
Amounts recovered during the year	-	(0.5)
Increase in allowance recognised in profit or loss	2.3	2.9
Balance at end of the year	6.9	5.6

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	
	2007 $'mil	2006 $'mil
Denominated in:		
EUR	1.2	1.7
SEK	1.9	-

8 OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Receivables from:				
Subsidiaries (Note 45)	-	-	409.3	366.2
Associates (Note 45)	0.2	0.4	-	0.1
Total	0.2	0.4	409.3	366.3
Allowance for doubtful receivables	-	-	(5.7)	(5.7)
Net	0.2	0.4	403.6	360.6
Prepayments	95.0	84.6	0.1	0.1
Interest receivable	1.7	1.7	0.3	0.3
Staff advances	0.9	1.1	-	-
Security deposits	2.8	4.2	-	-
Long-term receivables				
– current portion (Note 14)	7.2	1.2	-	-
Others	34.9	36.6	3.5	0.8
Net	142.7	129.8	407.5	361.8

$409.3 million (2006: $363.9 million) of the receivables from subsidiaries are unsecured, interest-free and repayable on demand. In 2006, the remaining $2.4 million of amount receivable from subsidiaries and associates were interest-bearing at rates ranging from 1.5% to 2.0% per annum, unsecured and repaid during the financial year.

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

The Group's 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	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
RMB	0.2	0.4	-	2.5

9 FINANCE LEASE RECEIVABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Amounts receivable under finance leases:				
Within one year	27.9	28.2	25.9	26.1
Within the second to fifth year inclusive	22.1	25.4	21.1	24.4
	50.0	53.6	47.0	50.5
Less: Unearned finance income	(3.0)	(3.1)	NA	NA
Present value of minimum lease payments receivable	47.0	50.5	47.0	50.5
Less: Provision for unguaranteed residual values	(2.6)	(3.0)	(2.6)	(3.0)
Net	44.4	47.5	44.4	47.5
Analysed as:				
Current finance lease receivables (recoverable within 12 months)	24.4	24.7	24.4	24.7
Non-current finance lease receivables (recoverable after 12 months)	20.0	22.8	20.0	22.8
Total	44.4	47.5	44.4	47.5

The Group enters into finance lease arrangements for some of its motor vehicles. The average term of finance leases entered into is 2.5 years (2006: 3 years).

Gross unguaranteed residual values of assets under finance leases at the balance sheet date are estimated at $34.6 million (2006: $37.3 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 2.37% to 9.52% (2006: 2.45% to 7.85%) 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			
	2007		2006	
	Assets $'mil	**Liabilities $'mil**	Assets $'mil	Liabilities $'mil
At fair values:				
Interest rate swaps	0.1	0.1	1.6	-
Fuel hedges	-	-	0.1	0.4
	0.1	0.1	1.7	0.4
Analysed as:				
Current	0.1	-	0.7	0.4
Non-current	-	0.1	1.0	-
	0.1	0.1	1.7	0.4

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

10 HEDGING INSTRUMENTS (CONT'D)

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

	The Group	
	2007 mil	2006 mil
Interest rate swaps	$134.7	$136.6
Fuel hedges	-	USD42.4

At 31 December 2007, the fair value of the Group's hedging instruments, based on market prices for equivalent instruments at the balance sheet date, comprises $0.1 million assets (2006: $1.7 million) and $0.1 million liabilities (2006: $0.4 million).

The Group uses fuel hedges to hedge against fuel price risks on future purchases of fuel. These arrangements are designed to address fuel price exposure. The fuel hedges are accounted for as fair value hedges. There are no fuel hedges outstanding as at 31 December 2007 and hence there is no fair value gain or loss for fair value hedges on the hedging instrument and the hedged item.

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 $124.7 million (2006: $126.6 million). Out of the $124.7 million (2006: $126.6 million), $36.4 million (2006: $36.4 million) involved swapping payments of fixed interest at an average rate of 2.31% (2006: 2.31%) per annum for floating interest receipts at 6-month SGD Swap Offer Rate for periods up until 2008 (2006: 2008), $86.7 million (2006: $90.2 million) involved swapping payments of fixed interest at an average rate of 5.135% (2006: 5.135%) per annum for floating rate receipts at 6-month GBP LIBOR for periods up until 2011 (2006: 2011) and the remaining $1.6 million (2006: $Nil) involved swapping payments of fixed interest at an average of 7.29% per annum for floating rate receipts at 3-month VNIBOR for periods up to 2010.

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 outstanding interest rate swaps entered into at 31 December 2007 is estimated at $0.05 million (2006: $1.6 million). These amounts are based on market prices for equivalent instruments at the balance sheet date. Fair value gain of $0.07 million (2006: $1.5 million) for interest rate swaps designated and effective as cash flow hedges has been deferred in equity. The remaining fair value loss of $0.02 million (2006: fair value gain of $0.1 million) for interest rate swaps not designated as accounting hedges is taken to profit or loss.

11 INVENTORIES

	The Group	
	2007 $'mil	2006 $'mil
Goods held for sale	47.6	43.8
Work in progress	2.9	0.9
	50.5	44.7

12 SUBSIDIARIES

	The Company	
	2007 $'mil	2006 $'mil
Unquoted equity shares – at cost	506.3	506.3

Details of significant subsidiaries are included in Note 45.

13 ASSOCIATES

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Quoted equity shares, at cost	68.2	68.2	55.9	55.9
Unquoted equity shares, at cost	15.0	15.1	0.1	0.1
Add: Share of post-acquisition reserves	3.8	6.3	-	-
Provision for impairment	(4.7)	(4.7)	-	-
Net	82.3	84.9	56.0	56.0
Advance to associate company	2.4	14.9	-	-
Allowance for doubtful advance	(2.4)	(14.9)	-	-
Net	82.3	84.9	56.0	56.0
Market value of quoted equity shares	78.8	65.9	64.5	54.0

(a) Details of significant associates are included in Note 45.

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

	The Group	
	2007 $'mil	2006 $'mil
Movement in allowance for doubtful advances:		
Balance at beginning of year	14.9	50.3
Amount written off during the year	(8.3)	(20.9)
Amount recovered during the year	(4.2)	(14.5)
Balance at end of year	2.4	14.9
Assets and liabilities		
Total assets	528.1	439.0
Total liabilities	(211.0)	(180.5)
Net assets	317.1	258.5
Group's share of associates' net assets	28.7	28.1
Revenue	255.7	47.1
Profit for the year	105.4	4.5
Group's share of associates' profit [1]	5.0	3.3

[1] In 2006, SBS Transit Ltd acquired additional equity interest of 16.7% in Transit Link Pte Ltd ("Transit Link") 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 the additional equity interest acquired over the cost of 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 in 2006.

14 LONG-TERM RECEIVABLES

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Receivables from:				
(a) Minority shareholders of subsidiaries	9.4	0.8	-	-
(b) Subsidiaries (Note 45)	-	-	1.0	2.4
(c) Others	96.8	17.2	-	-
Total	106.2	18.0	1.0	2.4
Less: Current portion (Note 8)	(7.2)	(1.2)	-	-
Net	99.0	16.8	1.0	2.4

(a) The receivables from minority shareholders of subsidiaries include:

(i) $0.2 million (2006: $0.4 million) which is unsecured, interest-free and not expected to be repaid within the next 12 months;

(ii) $0.2 million (2006: $0.2 million) which is secured on the minority shareholder's 5% interest in a subsidiary, interest-free and expected to be repaid within the next 12 months;

(iii) $3.0 million (2006: $0.2 million) which is secured on the minority shareholder's 49% interest in a subsidiary, bears fixed interest rate at 9.18% and expected to be repaid within the next 12 months; and

(iv) $6.0 million (2006: $Nil) which is secured on taxi licences, bears fixed interest rate of 5.103% and not expected to be repaid within the next 12 months.

(b) The receivables from subsidiaries bear fixed interest rate at 5.54% (2006: 3.46% to 4.45%) per annum, are unsecured and not expected to be repaid within the next 12 months.

(c) The receivables from others of $96.8 million (2006: $17.2 million) is unsecured, bears fixed effective interest at rates ranging from 7.41% to 8.38% (2006: 7.41% to 8.38%) per annum and receivable over 15 years (2006: 15 years). This balance represents the net present value of the grants receivable from the New South Wales Ministry of Transport ("MOT") for the acquisition of new buses approved by the MOT of which $4.0 million (2006: $0.8 million) is expected to be received within the next 12 months.

(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 2006	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
Arising from acquisition of subsidiaries/businesses	14.4	-	0.1	4.8
Additions	150.7	-	1.8	12.7
Disposals	(56.8)	(0.1)	(1.5)	-
Reclassifications	64.4	(0.3)	2.4	-
Exchange differences	(8.6)	-	0.1	(0.1)
At 31 December 2007	1,462.6	86.8	269.4	123.8
Accumulated depreciation:				
At 1 January 2006	771.6	48.8	97.1	10.9
Arising from acquisition of subsidiaries	-	-	-	-
Depreciation	54.1	3.2	9.7	1.8
Write off 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
Arising from acquisition of subsidiaries/businesses	-	-	0.1	-
Depreciation	69.3	3.2	10.0	2.3
Write off on disposals	(48.5)	-	(1.1)	-
Reclassifications	(0.2)	-	-	-
Exchange differences	(6.0)	-	-	(0.6)
At 31 December 2007	829.0	55.2	112.4	14.8
Provision for impairment:				
At 1 January 2006	-	-	-	-
Provision (Reversal) for the year	-	-	-	-
Write off on disposals	-	-	-	-
At 31 December 2006	-	-	-	-
Provision (Reversal) for the year	-	-	-	-
Write off on disposals	-	-	-	-
At 31 December 2007	-	-	-	-
Carrying amount:				
At 31 December 2007	633.6	31.6	157.0	109.0
At 31 December 2006	484.1	35.2	163.1	93.3

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
1,347.5	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
8.9	0.8	0.2	0.1	0.1	-	29.4
164.3	11.2	3.9	1.9	1.8	126.2	474.5
(235.3)	(32.9)	(2.3)	(1.8)	(1.9)	(0.7)	(333.3)
41.0	57.7	0.9	0.4	0.2	(166.7)	-
(0.4)	(2.5)	(0.7)	-	-	(0.3)	(12.5)
1,218.9	289.6	91.8	21.2	36.1	38.9	3,639.1
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
-	0.5	-	-	-	-	0.6
139.9	29.1	7.3	2.2	3.7	-	267.0
(137.0)	(32.9)	(1.9)	(1.4)	(1.7)	-	(224.5)
-	(0.1)	-	0.3	-	-	-
(0.2)	(2.6)	(0.7)	-	-	-	(10.1)
353.5	191.8	72.0	10.4	25.8	-	1,664.9
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
4.3	0.1	-	-	(0.1)	-	4.3
(5.0)	-	-	-	-	-	(5.0)
7.1	0.2	-	-	-	-	7.3
858.3	97.6	19.8	10.8	10.3	38.9	1,966.9
881.8	57.4	22.5	11.3	12.0	80.4	1,841.1

15 VEHICLES, PREMISES AND EQUIPMENT (CONT'D)

Included under buses are total cost of $161.6 million (2006: $221.5 million) and carrying amount of $22.3 million (2006: $28.6 million) which are the subject of four (2006: five) cross border leasing transactions. The Group's legal obligations under these transactions have been legally defeased (see Note 39).

Buses, taxis and motor vehicles of the Group with a total carrying amount of $254.4 million (2006: $171.8 million), $12.3 million (2006: $Nil) and $0.1 million (2006: $0.3 million) respectively are under finance lease arrangements (see Note 21).

Taxis of the Group with a total carrying amount of $11.5 million (2006: $42.0 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 additional provision for impairment of $4.3 million (2006: $7.7 million) that has been recognised in profit or loss. 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 2006	3.0	0.3	1.1	4.4
Additions	0.3	-	-	0.3
Transfer from related party	-	-	0.2	0.2
Disposals	(0.2)	-	-	(0.2)
At 31 December 2006	3.1	0.3	1.3	4.7
Additions	0.3	0.3	0.6	1.2
Disposals	(0.1)	(0.3)	-	(0.4)
At 31 December 2007	3.3	0.3	1.9	5.5
Accumulated depreciation:				
At 1 January 2006	2.1	0.2	0.4	2.7
Depreciation	0.5	-	0.2	0.7
Transfer from related party	-	-	0.1	0.1
Write off on disposals	(0.1)	-	(0.1)	(0.2)
At 31 December 2006	2.5	0.2	0.6	3.3
Depreciation	0.4	-	0.2	0.6
Write off on disposals	(0.1)	(0.2)	-	(0.3)
At 31 December 2007	2.8	-	0.8	3.6
Carrying amount:				
At 31 December 2007	0.5	0.3	1.1	1.9
At 31 December 2006	0.6	0.1	0.7	1.4

16 TAXI AND OTHER LICENCES

	The Group	
	2007 $'mil	2006 $'mil
Cost:		
At beginning of year	231.1	233.2
Arising on acquisition of subsidiaries/businesses	17.5	1.1
Additions	4.3	6.4
Arising on disposal of subsidiaries	-	(0.6)
Exchange differences	0.5	(9.0)
At end of year	253.4	231.1
Accumulated amortisation:		
At beginning of year	15.6	14.8
Amortisation for the year	2.1	1.4
Exchange differences	-	(0.6)
At end of year	17.7	15.6
Carrying amount:		
At end of year	235.7	215.5
At beginning of year	215.5	218.4

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	
	2007 $'mil	2006 $'mil
Cost:		
At beginning of year	84.8	79.5
Arising on acquisition of subsidiaries/businesses	7.4	5.0
Arising from additional interest in subsidiaries	3.9	0.8
Adjustment to goodwill provisionally determined	(0.7)	(1.9)
Exchange differences	(0.4)	1.4
At end of year	95.0	84.8
Provision for impairment:		
At beginning of year	0.1	-
Provision for the year	-	0.1
At end of year	0.1	0.1
Carrying amount:		
At end of year	94.9	84.7
At beginning of year	84.7	79.5

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.

17 GOODWILL (CONT'D)

The carrying amount of goodwill had been allocated as follows:

	The Group	
	2007 $'mil	2006 $'mil
Singapore		
Bus	8.9	5.7
Vehicle inspection and testing	10.5	10.5
Others	0.1	0.1
	19.5	16.3
Malaysia		
Car rental and leasing	1.4	1.4
United Kingdom		
Bus	29.8	31.1
Taxi	4.5	3.4
	34.3	34.5
China		
Taxi	2.8	2.6
Automotive engineering	0.1	0.1
Vehicle inspection and testing	3.0	3.0
Car rental and leasing	0.1	0.1
Driving centre	0.3	0.3
	6.3	6.1
Vietnam		
Taxi	0.9	0.9
Australia		
Bus	32.5	25.5
Grand total	94.9	84.7

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.

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 which ranges from 2.3% to 10.0% (2006: 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 5.9% to 7.3% (2006: 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	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Deferred tax assets	6.1	13.1	-	-
Deferred tax liabilities	(127.7)	(130.3)	(0.2)	(0.2)
Net	(121.6)	(117.2)	(0.2)	(0.2)
At beginning of year	(117.2)	(122.6)	(0.2)	-
Arising from acquisition of subsidiaries/businesses	-	0.1	-	-
Charge (Credit) to profit or loss (Note 34)	(10.9)	3.6	-	-
(Under) Over provision in prior years (Note 34)	(1.4)	2.1	-	(0.2)
(Charge) Credit to equity	(1.8)	0.3	-	-
Effect of change in tax rate	8.8	-	-	-
Exchange differences	0.9	(0.7)	-	-
At end of year	(121.6)	(117.2)	(0.2)	(0.2)

The balances in the accounts comprise the tax effects of:

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Deferred tax assets				
Provisions	6.1	13.1	-	-
Deferred tax liabilities				
Accelerated tax depreciation	(150.3)	(150.5)	(0.2)	(0.2)
Unutilised capital allowances	-	(0.1)	-	-
Provision for fuel equalisation	6.2	6.8	-	-
Other items	16.4	13.5	-	-
	(127.7)	(130.3)	(0.2)	(0.2)
Net	(121.6)	(117.2)	(0.2)	(0.2)

19 SHORT-TERM BANK LOANS

	The Group	
	2007 $'mil	2006 $'mil
Bank loans (secured)	-	6.5
Bank loans (unsecured)	72.6	93.7
	72.6	100.2

(a) The unsecured bank loans bear fixed interest at rates ranging from 3.05% to 6.57% (2006: 2.41% to 5.67%) per annum; and

(b) In 2006, the secured bank loans were secured on vehicles (see Note 15) and bore fixed interest at a rate of 8.75% per annum.

20 LONG-TERM LOANS

	The Group	
	2007 $'mil	2006 $'mil
Bank loans – secured	26.3	18.0
Bank loans – unsecured	161.4	146.4
Loans from minority shareholders of subsidiaries – unsecured	2.6	4.0
Loan notes issued to outside parties	-	14.3
Total	190.3	182.7
Less: Amount due for settlement within 12 months (shown as current liabilities):		
– Bank loans – secured	(14.2)	(10.6)
– Bank loans – unsecured	(45.6)	(48.4)
– Loans from shareholders of subsidiaries – unsecured	(0.1)	(0.3)
– Loan notes issued to outside parties	-	(14.3)
Total	(59.9)	(73.6)
Amount due for settlement after 12 months	130.4	109.1
The borrowings are repayable as follows:		
On demand or within one year	59.9	73.6
In the second year	7.3	10.0
In the third year	19.0	13.4
In the fourth year	90.7	13.3
In the fifth year	3.5	67.7
After five years	9.9	4.7
	190.3	182.7

(a) The secured bank loans are secured on vehicles (see Note 15). Bank loans of $4.4 million (2006: $18.0 million) bear fixed interest rates ranging from 8.60% to 8.85% (2006: 4.73% to 9.25%) per annum. Bank loans of $21.9 million (2006: $Nil) bears variable interest rates at 6.31% to 9.15% per annum.

(b) Included in unsecured bank loans are:
  (i) $37.6 million (2006: $39.1 million) which bears variable interest rate of 5.20% (2006: 5.65%) per annum, is repriced every three months and is payable in 2008 (2006: 2007); and
  (ii) $123.8 million (2006: $107.3 million) which bears fixed interest at rates ranging from 4.05% to 7.68% (2006: 4.0% to 7.02%) per annum. The loans are repayable from 2008 to 2013 (2006: 2007 to 2011).

(c) Included in unsecured loans from minority shareholders of subsidiaries are:
  (i) $0.1 million (2006: $1.5 million) which is interest-free, repayable on demand; and
  (ii) $2.5 million (2006: $2.5 million) which is interest-free and is repayable over thirty years from September 1999.

(d) Loan notes issued to outside parties were guaranteed by a bank and redeemable on demand on 15 April and 15 October each year, bore variable interest rate of 4.19% (2006: 4.19%) per annum, repriced every six months and were fully redeemed in April 2007.

21 FINANCE LEASE PAYABLE

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Amounts payable under finance leases:				
Within one year	41.7	33.5	29.4	27.9
Within the second to fifth year inclusive	146.5	81.8	110.3	70.1
After five years	99.1	28.8	71.9	24.1
	287.3	144.1	211.6	122.1
Less: Future finance charges	(75.7)	(22.0)	NA	NA
Present value of finance lease obligations	211.6	122.1	211.6	122.1
Amount due for settlement within 12 months (shown under current liabilities)			(29.4)	(27.9)
Amount due for settlement after 12 months			182.2	94.2

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The lease terms range from 3 to 15 years (2006: 2 to 15 years). For the year ended 31 December 2007, the effective borrowing rate varies from 3.38% to 7.71% (2006: 3.44% to 7.25%) 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.

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	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Outside parties	185.1	157.7	0.8	0.3
Accruals	228.2	215.9	10.7	10.0
Deferred income	19.2	10.0	-	-
Subsidiaries (Note 45)	-	-	232.9	182.0
Associates (non trade) (Note 45)	4.3	2.1	3.8	1.6
Others	3.3	4.3	0.1	-
Total	440.1	390.0	248.3	193.9

The credit period on purchases of goods and services ranges from 7 days to 120 days (2006: 14 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

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

Amounts due to subsidiaries of $96.5 million (2006: $58.7 million) representing funds under central pooling bear variable interest at rates ranging from 1.25% to 2.69% (2006: 3.19% to 3.53%) per annum, are unsecured and repayable on demand. The balance of amounts due to subsidiaries of $136.4 million (2006: $123.3 million) are interest-free, unsecured and repayable on demand.

22 TRADE AND OTHER PAYABLES (CONT'D)

The Group's 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	
	2007 $'mil	2006 $'mil	2007 $'mil	2006 $'mil
USD	30.7	21.8	-	-
SEK	2.9	0.7	-	-
EUR	2.4	0.8	-	-

23 DEPOSITS RECEIVED

	The Group	
	2007 $'mil	2006 $'mil
Deposits received from taxi hirers	96.8	89.7
Less: Due within 12 months	(52.5)	(48.0)
Due after 12 months	44.3	41.7

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 carrying amount of the deposits approximates their fair value.

24 PROVISION FOR CLAIMS

	The Group	
	2007 $'mil	2006 $'mil
At beginning of year	69.7	62.6
Charges	27.0	35.0
Write-back	-	(3.2)
Payments	(26.8)	(26.4)
Exchange differences	(1.7)	1.7
At end of year	68.2	69.7

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	
	2007 $'mil	2006 $'mil	2007 $'mil	2006 $'mil
At beginning of year	16.0	14.6	0.1	0.1
Charges	1.0	1.6	-	-
Finalisation of fair value of acquisition of business previously provisionally determined	-	0.7	-	-
Payments	(1.0)	(0.9)	-	-
Exchange differences	0.1	-	-	-
At end of year	16.1	16.0	0.1	0.1

26 SHARE CAPITAL

	The Company			
	2007	2006	**2007**	2006
	Number of ordinary shares (million)		**$'mil**	$'mil
Issued and paid-up:				
At beginning of year	2,070.5	2,067.8	537.5	517.0
Transfer from share premium account	-	-	-	17.7
Exercise of share options	14.2	2.7	22.1	2.8
At end of year	2,084.7	2,070.5	559.6	537.5

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).

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

As a result of the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the Company's share capital account on the effective date.

27 OTHER RESERVES

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Share premium:				
At beginning of year	-	17.7	-	17.7
Adjustment arising from abolition of par value of shares (Note 26)	-	(17.7)	-	(17.7)
At end of year	-	-	-	-
Currency translation reserve:				
At beginning of year	(21.8)	(8.6)	-	-
Exchange differences on translation of foreign operations	3.1	(13.2)	-	-
At end of year	(18.7)	(21.8)	-	-
Retirement benefit reserve:				
At beginning of year	(29.8)	(31.3)	-	-
Actuarial gains on defined benefit plans	4.7	1.5	-	-
At end of year	(25.1)	(29.8)	-	-
Merger reserve:				
At beginning of year	32.1	32.2	-	-
Reclassification to other reserve	(0.7)	(0.1)	-	-
At end of year	31.4	32.1	-	-

27 OTHER RESERVES (CONT'D)

	The Group		The Company	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil
Others:				
At beginning of year	56.8	37.9	15.5	2.8
Fair value (losses) gains on cash flow hedges	(0.5)	1.2	-	-
Realised gain transferred to profit or loss on cash flow hedges	(1.0)	(0.4)	-	-
Fair value gains on available-for-sale investments	1.4	12.9	0.1	10.3
Realised loss transferred to profit or loss on disposal of available-for-sale investments	-	0.1	-	-
Recognition of share-based payments	2.2	3.0	1.9	2.9
Exercise of share options	(2.7)	(0.5)	(2.4)	(0.5)
Transfer from merger reserve	0.7	0.1	-	-
Transfer from accumulated profits	1.7	1.0	-	-
Others	(2.3)	1.5	-	-
At end of year	56.3	56.8	15.1	15.5
Net	43.9	37.3	15.1	15.5

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	
	2007 $'mil	2006 $'mil
Rendering of services:		
Bus	1,537.0	1,373.9
Bus station	17.9	15.7
Rail	90.5	76.6
Taxi	917.3	866.5
Automotive engineering	66.0	68.4
Vehicle inspection and testing	62.4	54.7
Car rental and leasing	36.1	36.6
Driving centre	29.6	24.4
Sale of goods:		
Car dealership	31.8	35.2
Diesel sales	192.2	209.8
Total	2,980.8	2,761.8

29 OTHER OPERATING INCOME

	The Group	
	2007 $'mil	2006 $'mil
Rental income	13.0	12.0
Accident claims recovered	2.1	2.1
Other operating income	20.7	17.2
Total	35.8	31.3

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 %
2007				
$1,750,000 – $1,999,999				
Kua Hong Pak	43.8	55.5	0.7	100
2006				
$1,750,000 – $1,999,999				
Kua Hong Pak	42.6	56.7	0.7	100

The remuneration of one (2006: 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).

(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 %
2007				
$750,000 - $999,999				
No. of executives: 1	49.2	46.0	4.8	100
$500,000 - $749,999				
No. of executives: 3	57.8	34.8	7.4	100
$250,000 - $499,999				
No. of executives: 8	55.8	36.6	7.6	100
2006				
$750,000 - $999,999				
No. of executives: 1	49.5	45.3	5.2	100
$500,000 - $749,999				
No. of executives: 3	57.0	36.6	6.4	100
$250,000 - $499,999				
No. of executives: 1	49.6	37.2	13.2	100

	The Group	
	2007 $'mil	2006 $'mil
(c) Cost of defined contribution plan (included in staff costs)	93.2	72.3

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

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	
			2007 $'mil	2006 $'mil
(d)	(i)	Cost of defined benefit plans (included in staff costs)	(10.0)	7.3
	(ii)	Retirement benefit obligations:		
		Metroline Pension Scheme	10.5	20.4
		Metroline London Northern Pension Scheme	5.4	19.0
		Total	15.9	39.4

A subsidiary provides pension arrangement to its employees through two defined benefit pension schemes, namely the Metroline Pension Scheme and the Metroline London Northern Pension Scheme (the "Pension Schemes"). During the financial year, the remaining employees of the Pension Schemes were transferred to a defined contribution pension scheme and the Pension Schemes ceased active accrual of benefits. Excess provision in the prior year were credited to profit or loss in the current year.

Defined benefit obligations at 31 December 2007 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 2007 by a qualified independent actuary using the projected unit credit method.

(1) Metroline Pension Scheme

	The Group	
	2007 $'mil	2006 $'mil
Reconciliation of the assets and liabilities recognised in the balance sheet		
Present value of defined benefit obligations that are wholly or partly funded	(71.4)	(80.9)
Fair value of plan assets at end of year	60.9	60.5
Net liability recognised in balance sheet at end of year	(10.5)	(20.4)
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		
Net liability at beginning of year	(20.4)	(22.7)
Net benefit (expense) recognised in profit or loss	5.2	(3.8)
Employer contributions	3.3	7.7
Actuarial gains (losses)	0.9	(0.5)
Exchange differences	0.5	(1.1)
Net liability recognised in balance sheet at end of year	(10.5)	(20.4)
Expense recognised in profit or loss		
Current service cost	0.6	3.7
Interest cost on obligation	3.9	3.5
Expected return on plan assets	(4.2)	(3.4)
Write-back of overprovision	(5.5)	-
(Benefit) Expense recognised in profit or loss	(5.2)	3.8

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

	The Group	
	2007 $'mil	2006 $'mil
Actual return on plan assets		
Expected return on plan assets	4.2	3.4
Actuarial (losses) gains on plan assets	(4.0)	2.0
Actual return on plan assets	0.2	5.4
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	(80.9)	(67.7)
Service cost	(0.6)	(3.7)
Interest cost	(3.9)	(3.5)
Actuarial gains (losses)	4.9	(2.5)
Member contributions	(0.2)	(0.9)
Exchange differences	2.9	(3.3)
Write-back of overprovision	5.5	-
Benefits paid	0.9	0.7
Closing defined benefit obligation	(71.4)	(80.9)
Changes in the fair value of plan assets		
Opening fair value of plan assets	60.5	45.0
Expected return	4.2	3.4
Actuarial (losses) gains	(4.0)	2.0
Employer contributions	3.3	7.7
Member contributions	0.2	0.9
Exchange differences	(2.4)	2.2
Benefits paid	(0.9)	(0.7)
Closing fair value of plan assets	60.9	60.5
The fair value of plan assets at the balance sheet date is analysed as follows:		
Equity instruments	44.7	46.4
Debt instruments	15.2	14.1
Cash	1.0	-
	60.9	60.5
Principal actuarial assumptions at the balance sheet date		
Discount rate	6.1%	5.1%
Expected return on plan assets	6.9%	6.8%
Future salary increases	NA	3.8%
Future pension increases	3.3%	2.8%
Price inflation	3.3%	2.8%

The expected rates of return on individual categories plan assets are determined by reference to relevant indices published by the FTSE and taking into account the current market conditions and the expected long-term relationship between the different asset classes.

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

	The Group	
	2007 $'mil	2006 $'mil
The history of the plan for the current and prior years is as follows:		
Present value of defined benefit obligation	(71.4)	(80.9)
Fair value of plan assets	60.9	60.5
Deficit	(10.5)	(20.4)
Experience adjustments on plan liabilities	4.9	(2.5)
Experience adjustments on plan assets	(4.0)	2.0

(2) Metroline London Northern Pension Scheme

	The Group	
	2007 $'mil	2006 $'mil
Reconciliation of the assets and liabilities recognised in the balance sheet		
Present value of defined benefit obligations that are wholly or partly funded	(67.0)	(80.1)
Fair value of plan assets at end of year	61.6	61.1
Net liability recognised in balance sheet at end of year	(5.4)	(19.0)
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		
Net liability at beginning of year	(19.0)	(21.6)
Net benefit (expense) recognised in profit or loss	4.8	(3.5)
Employer contributions	2.6	6.5
Actuarial gains	5.9	0.6
Exchange differences	0.3	(1.0)
Net liability recognised in balance sheet at end of year	(5.4)	(19.0)
Expense recognised in profit or loss		
Current service cost	0.5	3.2
Interest cost on obligation	3.9	3.6
Expected return on plan assets	(4.1)	(3.3)
Write-back of overprovision	(5.1)	-
(Benefit) Expense recognised in profit or loss	(4.8)	3.5
Actual return on plan assets		
Expected return on plan assets	4.1	3.3
Actuarial (losses) gains on plan assets	(3.2)	2.2
Actual return on plan assets	0.9	5.5

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

	The Group	
	2007 $'mil	2006 $'mil
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	(80.1)	(68.5)
Service cost	(0.5)	(3.2)
Interest cost	(3.9)	(3.6)
Member contributions	(0.1)	(0.8)
Actuarial gains (losses)	9.1	(1.6)
Exchange differences	2.7	(3.2)
Write-back of overprovision	5.1	-
Benefits paid	0.7	0.8
Closing defined benefit obligation	(67.0)	(80.1)
Changes in the fair value of plan assets		
Opening fair value of plan assets	61.1	46.9
Expected return	4.1	3.3
Actuarial (losses) gains	(3.2)	2.2
Employer contributions	2.6	6.5
Member contributions	0.1	0.8
Exchange differences	(2.4)	2.2
Benefits paid	(0.7)	(0.8)
Closing fair value of plan assets	61.6	61.1
The fair value of plan assets at the balance sheet date is analysed as follows:		
Equity instruments	40.8	41.7
Debt instruments	20.5	19.4
Cash	0.3	-
	61.6	61.1
Principal actuarial assumptions at the balance sheet date		
Discount rate	6.1%	5.1%
Expected return on plan assets	6.7%	6.6%
Future salary increases	NA	3.8%
Future pension increases	3.3%	2.8%
Price inflation	3.3%	2.8%

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the FTSE and taking into account of the current market conditions and the expected long-term relationship between the different asset classes.

	The Group	
	2007 $'mil	2006 $'mil
The history of the plan for the current and prior years is as follows:		
Present value of defined benefit obligation	(67.0)	(80.1)
Fair value of plan assets	61.6	61.1
Deficit	(5.4)	(19.0)
Experience adjustments on plan liabilities	9.1	(1.6)
Experience adjustments on plan assets	(3.2)	2.2

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

(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

	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	32,880,334	1.45	24,611,439	1.36
Granted during the year	11,655,000	2.26	11,795,000	1.50
Cancelled/lapsed during the year	(1,258,468)	1.70	(858,468)	1.54
Exercised during the year	(14,192,866)	1.37	(2,667,637)	0.86
Outstanding at the end of the year	29,084,000	1.79	32,880,334	1.45
Exercisable at the end of the year	17,799,000	1.49	21,085,334	1.42

The weighted average share price at the date of exercise for share options exercised during the year was $2.09 (2006: $1.58). The options outstanding at the end of the year have an average remaining contractual life of 7.8 years (2006: 7.5 years).

In 2007, options were granted on 22 June 2007 (2006: 13 July 2006). The estimated fair value of the options granted on that date was $0.23 (2006: $0.22) each.

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

	2007	2006
Prevailing share price at date of grant ($)	2.24	1.50
Exercise price ($)	2.26	1.50
Expected volatility (%)	23.56	30.05
Expected life (years)	2.93	4.79
Risk free rate (%)	2.52	3.38
Expected dividend yield (%)	5.69	6.67

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years (2006: 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.

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

(ii) SBS Transit Ltd

	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	8,677,500	2.05	6,810,750	1.94
Granted during the year	2,930,000	3.40	2,967,000	2.15
Cancelled/lapsed during the year	(167,000)	2.56	(167,000)	2.05
Exercised during the year	(3,848,250)	2.01	(933,250)	1.60
Outstanding at the end of the year	7,592,250	2.58	8,677,500	2.05
Exercisable at the end of the year	4,717,250	2.08	5,745,500	2.00

The weighted average share price at the date of exercise for share options exercised during the year was $3.08 (2006: $2.37). The options outstanding at the end of the year have a weighted average remaining contractual life of 7.39 years (2006: 7.67 years).

In 2007, options were granted on 22 June 2007 (2006: 13 July 2006). The estimated fair values of the options granted on that date was $0.13 (2006: $0.10) each.

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

	2007	2006
Prevailing share price at date of grant ($)	3.36	2.15
Exercise price ($)	3.40	2.15
Expected volatility (%)	19.08	23.93
Expected life (years)	2.81	4.64
Risk free rate (%)	2.51	3.37
Expected dividend yield (%)	9.97	11.63

Expected volatility was determined by calculating the historical volatility of SBS Transit Ltd's share price over the previous 3 years (2006: 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

	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	2,118,000	0.89	2,236,000	0.84
Granted during the year	600,000	1.66	544,000	1.00
Lapsed during the year	(90,000)	0.97	-	-
Exercised during the year	(1,426,000)	0.91	(662,000)	0.80
Outstanding at the end of the year	1,202,000	1.25	2,118,000	0.89
Exercisable at the end of the year	602,000	0.84	1,574,000	0.86

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

The weighted average share price at the date of exercise for share options exercised during the year was $1.66 (2006: $1.10). The options outstanding at the end of the year have an average remaining contractual life of 8 years (2006: 7.95 years).

In 2007, options were granted on 20 June 2007 (2006: 7 July 2006). The estimated fair values of the options granted on that date was $0.05 (2006: $0.01) each.

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

	2007	2006
Prevailing share price at date of grant ($)	1.68	1.00
Exercise price ($)	1.66	1.00
Expected volatility (%)	14.16	10.00
Expected life (years)	3.00	5.00
Risk free rate (%)	2.51	3.40
Expected dividend yield (%)	8.72	8.50

Expected volatility was determined by calculating the historical volatility of VICOM Ltd's share price over the previous 3 years (2006: 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 $2.3 million (2006: $3.0 million) related to equity-settled share-based payment transactions (included in staff costs) during the year.

31 NET INCOME FROM INVESTMENTS

	The Group	
	2007 $'mil	2006 $'mil
Gross dividend income	-	0.3
Other investment income	1.8	0.2
Write-back of allowance for doubtful advances on disposal of an associate	-	14.5
Others	1.4	1.1
Total	3.2	16.1

32 FINANCE COSTS

	The Group	
	2007 $'mil	2006 $'mil
Interest expense on:		
Borrowings	14.0	16.8
Finance leases	10.1	5.9
Fair value gains on interest rate swaps designated as cash flow hedges transferred from equity	(1.0)	(0.4)
Total	23.1	22.3

33 EXCEPTIONAL ITEM

The exceptional item in the previous financial year was related to a gain arising from the exchange of the Group's 18% equity interest in CityFleet (UK) Pte Ltd for 4.06% equity interest in Cabcharge Australia Limited.

34 TAXATION

	The Group	
	2007 **$'mil**	2006 $'mil
Taxation charge in respect of profit for the financial year:		
Current taxation	68.7	73.6
Deferred taxation relating to the origination and reversal of temporary differences (Note 18)	10.9	(3.6)
	79.6	70.0
Effect of change in tax rate	(8.8)	-
Adjustments in respect of (over) under provision in prior years:		
Current taxation	(11.0)	3.1
Deferred taxation	1.4	(2.1)
	61.2	71.0

Domestic income tax is calculated at 18% (2006: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	The Group	
	2007 **$'mil**	2006 $'mil
Profit before taxation	334.5	360.8
Income tax expense calculated at 18% (2006: 20%)	60.2	72.2
Effect of expenses/(income) that are not deductible/(taxable) in determining taxable profit	3.7	(11.8)
Effect of change in tax rate	(8.8)	-
Effect of previously unrecognised and unused tax benefits	0.6	(0.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	15.6	11.6
Tax effect of share of results of associate	(0.9)	(0.7)
Tax rebates	(0.1)	(0.1)
(Over) Under provision in prior years	(9.6)	1.0
Other items	0.5	(0.7)
	61.2	71.0

34 TAXATION (CONT'D)

Taxation for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

Subject to agreement with the relevant tax authorities, certain subsidiaries have unutilised tax losses that can be carried forward and resultant deferred tax benefits unrecognised amounting to $3 million (2006: $2 million) and $0.9 million (2006: $0.6 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

Profit after taxation is arrived at after charging (crediting):

	The Group	
	2007 $'mil	2006 $'mil
Amortisation of taxi and other licences	2.1	1.4
Depreciation expense	267.0	248.1
Foreign exchange gain	(1.4)	(1.9)
Provision for impairment on vehicles and equipment (included in other operating expenses)	4.3	7.7
Provision for impairment on goodwill (included in other operating expenses)	-	0.1
Net gain on fair value changes and disposal of investments	(0.6)	(0.2)
Net loss on disposal of vehicles, premises and equipment	4.1	7.4
Proposed Directors' fees	0.8	0.8
Bad debts written off	0.1	0.1
(Write-back) Allowance for doubtful receivables	(1.9)	2.4
Write-back of allowance for doubtful advances on disposal of an associate	-	(14.5)
Audit fees:		
Auditors of the Company	1.2	1.1
Other auditors	0.1	0.2
Non-audit fees:		
Auditors of the Company	0.8	0.8

Included in profit after taxation is legal fees expense of $69,000 (2006: $13,000) 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:

	2007	2006
Net profit attributable to shareholders of the Company ($'mil)	223.0	244.6
Weighted average number of ordinary shares in issue (million)	2,077.5	2,069.0
Basic earnings per share (cents)	10.73	11.82

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.

	2007	2006
Net profit attributable to shareholders of the Company ($'mil)	223.0	244.6
Weighted average number of ordinary shares in issue (million)	2,077.5	2,069.0
Adjustments for share options (million)	4.5	3.3
Weighted average number of ordinary shares for the purpose of diluted earnings per share (million)	2,082.0	2,072.3
Diluted earnings per share (cents)	10.71	11.80

37 ACQUISITION OF SUBSIDIARIES/BUSINESSES

The acquisition of subsidiaries and business 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 disclosed in Note (b) of the consolidated cash flow statement.

The carrying amounts of net asset acquired approximate their fair values at the date of acquisitions.

These acquisitions have no significant effects on the Group's financial position or results for the year.

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 2007													
TURNOVER													
External sales	1,537.0	17.9	90.5	917.3	66.0	62.4	192.2	36.1	29.6	31.8	-	-	2,980.8
Inter-segment sales	-	-	-	-	90.1	2.4	-	0.2	-	-	-	(92.7)	-
TOTAL	1,537.0	17.9	90.5	917.3	156.1	64.8	192.2	36.3	29.6	31.8	-	(92.7)	2,980.8
RESULT													
Operating profit	132.7	7.9	9.2	121.2	21.8	15.4	8.1	6.7	7.2	0.4	4.2	-	334.8
Net income from investments													3.2
Interest income													14.6
Finance costs													(23.1)
Share of profit in associates													5.0
Profit before taxation													334.5
Taxation													(61.2)
Profit after taxation													273.3
Minority interests													(50.3)
Profit attributable to shareholders of the Company													223.0

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	247.0	0.5	0.4	229.5	1.5	2.4	-	19.6	1.1	0.1	1.2	-	503.3
Additions to taxi and other licences	1.9	-	-	19.9	-	-	-	-	-	-	-	-	21.8
Additions to goodwill, net	9.1	-	-	1.5	-	-	-	-	-	-	-	-	10.6
Depreciation expense	96.8	1.8	0.9	138.7	2.7	5.1	0.5	14.8	2.0	0.2	3.5	-	267.0
Amortisation expense	0.1	-	-	2.0	-	-	-	-	-	-	-	-	2.1
Impairment loss recognised in profit or loss	-	-	-	4.3	-	-	-	-	-	-	-	-	4.3
BALANCE SHEETS													
ASSETS													
Segment assets	1,147.5	20.6	17.2	1,168.0	81.7	56.0	2.2	130.9	20.6	0.7	28.2	-	2,673.6
Associates	11.2	-	-	68.5	-	-	-	-	-	-	2.6	-	82.3
Goodwill	71.2	-	-	8.2	0.1	13.5	-	1.5	0.3	-	0.1	-	94.9
Cash, fixed deposits, equities and bonds													459.2
Deferred tax assets													6.1
Consolidated total assets													3,316.1
LIABILITIES													
Segment liabilities	404.0	13.8	21.9	243.8	15.1	13.6	20.3	4.6	9.7	0.1	17.2	-	764.1
Borrowings													474.5
Income tax payable													50.7
Deferred tax liabilities													127.7
Consolidated total liabilities													1,417.0

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 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 or loss	-	-	-	7.7	-	0.1	-	-	-	-	-	-	7.8
BALANCE SHEETS													
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	12.5	10.5	14.3	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)

(ii) Geographical Segments

	Turnover		Carrying amount of total assets		Additions to vehicles, premises and equipment, taxi and other licences and goodwill	
	2007 $'mil	2006 $'mil	**2007 $'mil**	2006 $'mil	**2007 $'mil**	2006 $'mil
Geographical Location						
Singapore	1,593.3	1,539.3	1,747.2	1,812.3	250.4	268.1
United Kingdom/Ireland	981.2	889.0	481.2	464.0	79.7	37.2
China	216.0	187.9	629.1	544.8	80.1	111.0
Australia	177.3	131.6	425.7	223.6	121.7	35.4
Vietnam	8.1	9.0	19.2	26.4	2.4	7.3
Malaysia	4.9	5.0	13.7	13.5	1.4	4.1
Total	2,980.8	2,761.8	3,316.1	3,084.6	535.7	463.1

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.

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 2007, the Company has contingent liabilities in respect of letters of financial support provided to certain subsidiaries with capital deficiencies amounting to $100.7 million (2006: $112.9 million) to enable these subsidiaries to continue operating as going concerns.

The Group

(i) As at 31 December 2007, a subsidiary (2006: two subsidiaries) has contingent liabilities totalling $7.9 million (2006: $9.9 million) in respect of cross border leasing transactions, under which it has legally defeased all its liabilities under the leases except for the risk of having to pay off this amount to counterparties should it cause the collapse of these leasing arrangements. Management is not aware of any conditions that will cause the subsidiary to initiate the collapse of the leasing arrangements.

(ii) As at 31 December 2007, a subsidiary has contingent liability in respect of a letter of indemnity to a shareholder of an associate to indemnify them for 15% (2006: 15%) of a guarantee amounting to $0.40 million (2006: $0.36 million).

40 COMMITMENTS

As at 31 December 2007, the Group has the following commitments:

Capital commitments contracted for but not provided for in the financial statements:

	The Group	
	2007 $'mil	2006 $'mil
Purchase of equipment	5.0	10.1
Purchase of buses, taxis and motor vehicles	204.9	137.8
Purchase of computer systems	0.9	8.9
Development of bus depots and properties	18.0	0.3

41 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group	
	2007 $'mil	2006 $'mil
Minimum lease payments under operating leases recognised as an expense in the year	27.2	23.5

At balance sheet date, commitments in respect of non-cancellable operating leases for the rental of premises were as follows:

	The Group	
	2007 $'mil	2006 $'mil
Within one year	23.8	22.0
In the second to fifth year inclusive	64.3	48.7
After five years	116.3	97.1
Total	204.4	167.8

Leases are negotiated for terms ranging from monthly basis to 60 years and rental is fixed ranging from one month to 29 years.

41 OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group as lessor

The Group rents out certain of its properties and vehicles in Singapore, United Kingdom and China under operating leases. Rental income earned during the year was $61.9 million (2006: $56.0 million).

At balance sheet date, the Group has contracted with counter-parties for the following future minimum lease payments:

	The Group	
	2007 $'mil	2006 $'mil
Within one year	50.6	45.6
In the second to fifth year inclusive	101.8	81.5
After five years	2.9	13.1
Total	155.3	140.2

42 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Financial risk management policies and objectives

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

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

(i) Foreign exchange risk management

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 Singapore Dollar ("SGD") with the remaining in Great British Pound ("GBP"), Renminbi ("RMB"), Australian Dollar ("AUD"), Euro ("EUR"), Malaysian Ringgit ("MYR") and Vietnamese Dong ("VND"). On the cost side, its foreign currency exposures include United States Dollar ("USD"), GBP, RMB, AUD, Swedish Kroner ("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.

Foreign currency sensitivity

The bulk of the Group's foreign currency exposures are in the functional currencies of its respective operations. Exposures to foreign currencies that are non-functional are actively managed as part of the overall foreign exchange risk management. Based on sensitivity analysis performed, Management has assessed that the exposure to changes in foreign exchange rates is minimal and hence the resulting impact on profit and loss or equity of the Group is insignificant.

(ii) Interest rate risk management

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. The Group sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments which have the economic effect of converting borrowings from floating rates to fixed rates.

Further details of the interest rate swaps can be found in Note 10 to the financial statements. Summary quantitative data of the Group's interest-bearing financial instruments are disclosed in Section (c) of this note.

Interest rate sensitivity

The Group has interest-bearing assets such as fixed income securities and deposits as well as interest-bearing liabilities. Any change in interest rate affecting the interest-bearing assets shall have an offsetting impact from the interest-bearing liabilities. Based on sensitivity analysis performed at balance sheet date, Management has assessed that the exposure to changes in interest rates is minimal and hence the resulting impact on the profit and loss or equity of the Group is insignificant.

(iii) Credit risk management

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. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The carrying amount of financial assets represents the maximum credit risk exposure of the Group.

(iv) Liquidity risk management

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.

(v) 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.

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

(b) Capital risk management policies and objectives

The Group's capital management objectives are to safeguard its ability to continue as a going concern and to maximise shareholder value. Management monitors the gross and net gearing of the Group and its implication on weighted average cost of capital in deciding the optimal capital structure. The objectives and policies determine the Group's decisions on the amount of dividend payment to shareholder as well as the sources of capital, be it equity or debt. The Group's debt capital refers to borrowings comprising loans under Notes 19 & 20 and finance lease payable under Note 21 while equity refers to total equity.

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

(c) The tables below summarise the Group's and the Company's interest-bearing financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts the Group's and the Company's exposure to interest rate risk as at year end.

The Group

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
2007					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	65.8	-	-	65.8	0.05% - 7.25%
Non-interest bearing	13.3	-	-	13.3	-
In non-functional currencies					
Interest-bearing	1.3	-	-	1.3	0.80% - 4.50%
Non-interest-bearing	0.4	-	-	0.4	-
Time deposits:					
In functional currencies	236.2	-	-	236.2	1.30% - 6.80%
In non-functional currencies	1.4	-	-	1.4	3.10% - 6.30%
Total cash balances and time deposits	318.4	-	-	318.4	

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 1.8 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 and notes in functional currencies	78.8	-	-	78.8	2.58% - 3.88%
Available-for-sale investments:					
Bonds and notes in functional currencies	15.8	21.0	22.4	59.2	2.01% - 4.84%
Hedging instruments:					
In functional currencies	0.1	-	-	0.1	
Financial liabilities					
Loans in functional currencies:					
Interest-bearing	132.4	120.6	7.3	260.3	3.05% - 9.15%
Non-interest bearing	0.1	-	2.5	2.6	-
Finance obligations under leases in functional currencies	29.4	110.3	71.9	211.6	3.44% - 7.71%
Total	161.9	230.9	81.7	474.5	

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

	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	1.2	-	-	1.2	0.15% - 4.33%
Non-interest-bearing	0.3	-	-	0.3	-
Time deposits:					
In functional currencies	175.1	-	-	175.1	1.44% - 6.25%
In non-functional currencies	0.6	-	-	0.6	2.75% - 3.00%
Total cash balances and time deposits	237.6	-	-	237.6	

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 %
Held-for-trading investments:					
Bonds and notes in functional currencies	158.1	-	-	158.1	3.13% - 3.81%
Available-for-sale investments:					
Bonds and notes in functional currencies	15.0	36.6	22.9	74.5	2.25% - 4.84%
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	

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

The Company

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
2007					
Financial assets					
Cash and bank balances:					
In functional currencies					
Interest-bearing	0.6	-	-	0.6	0.05% - 0.25%
In non-functional currencies					
Interest-bearing	0.1	-	-	0.1	2.49%
Non-interest bearing	0.1	-	-	0.1	-
Time deposits:					
In functional currency	81.3	-	-	81.3	1.30% - 2.20%
In non-functional currencies	0.5	-	-	0.5	3.10% - 6.30%
Total cash balances and time deposits	82.6	-	-	82.6	

The carrying amounts of these financial assets approximate their fair values. The average remaining tenure for bank deposits is 0.58 month.

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Held-for-trading investments:					
Bonds and notes in functional currencies	5.0	-	-	5.0	2.90%
Available-for-sale investments:					
Bonds and notes in functional currencies	0.8	16.1	7.0	23.9	2.86% - 4.15%
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.

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

	Within 1 year $'mil	Within 2 to 5 years $'mil	Beyond 5 years $'mil	Total $'mil	Effective interest rate %
Held-for-trading investments:					
Bonds and notes in functional currencies	10.0	-	-	10.0	3.42%
Available-for-sale investments:					
Bonds and notes in functional currencies	1.3	16.7	7.1	25.1	2.25% - 4.15%

43 DIVIDENDS

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

	2007 $'mil	2006 $'mil
Final		
Normal dividend less tax in respect of the previous financial year:		
– 3.00 cents (2006: 3.00 cents) per ordinary share less tax at 18% (2006: 20%)	51.1	49.7
Special dividend less tax in respect of the previous financial year:		
– 1.50 cents (2006: Nil) per ordinary share less tax at 18%	25.5	-
Interim		
Normal dividend less tax in respect of the current financial year:		
– 3.35 cents (2006: 3.13 cent) per ordinary share less tax at 18% (2006: 20%)	57.2	51.7
Special dividend less tax in respect of the current financial year:		
– 2.50 cents (2006: 3.38 cents) per ordinary share less tax at 18% (2006: 20%)	42.7	55.8
– 1.65 cents (2006: Nil) per ordinary share tax-exempt (one-tier)	34.4	-
Total	210.9	157.2

(b) Subsequent to the balance sheet date, the Directors of the Company recommended that a final dividend be paid at 2.65 cents per ordinary share (tax-exempt) totalling $55.2 million for the financial year ended 31 December 2007. 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.

44 LICENCE CONDITION FOR RAIL SERVICES (CONT'D)

(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 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 2007 %	Group's effective interest 2006 %
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	69.68	70.86
Unquoted equity shares				
Comfort (China) Pte Ltd	Investment holding	Singapore	100	100
ComfortDelGro Bus Pte Ltd (formerly known as Comfort Bus Pte Ltd)	Provision of charter bus services, rental of buses to hirers and other related services	Singapore	100	100
ComfortDelGro Driving Centre Pte Ltd (formerly known as 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

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	Group's effective interest 2006 %
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 (ceased operations and became inactive during the year)	Singapore	100	100
Subsidiaries of VICOM Ltd:				
JIC Inspection Services Pte Ltd	Vehicle inspection and other related services	Singapore	54.35	55.27
Setsco Services Pte Ltd	Provision of testing, inspection and consultancy services	Singapore	69.68	70.86
VICOM Assessment Centre Pte Ltd	Provision of vehicle assessment services	Singapore	35.54	36.14
VICOM Inspection Centre Pte Ltd	Provision of vehicle inspection services	Singapore	69.68	70.86
VICOM Unichamps Pte Ltd	Investment in environment technology related business	Singapore	41.81	42.52
Subsidiary of Setsco Services Pte Ltd:				
Setsco Services (M) Sdn Bhd (2)	Provision of testing, inspection and consultancy services	Malaysia	69.68	70.86
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

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	Group's effective interest 2006 %
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 (3)	Provision of inter-city bus services	China	70	70
Subsidiaries of DelGro Corporation Limited:				
Quoted equity shares				
SBS Transit Ltd (1)	Provision of public bus and rail services	Singapore	75.24	75.28
Unquoted equity shares				
Braddell Limited (formerly know as 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	Investment holding	Singapore	68.63	68.65
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
Subsidiary of SBS Transit Ltd:				
Monteria Pte Ltd	Inactive	Singapore	75.24	75.28

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	2006 %
Subsidiaries of Braddell Limited:				
Aerdart Limited [5]	Inactive (formerly provision of bus services)	Ireland	100	100
Cummer Commercials Limited [5]	Provision of coach services	Ireland	100	100
Metroline Limited (formerly known as Metroline plc) [5]	Investment holding	United Kingdom	100	100
Scottish Citylink Coaches Limited [5]	Provision of long distance coach services	United Kingdom	65	65
Subsidiaries of Metroline Limited:				
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]	Inactive (formerly provision of public bus services)	United Kingdom	100	100
Metroline London Northern Limited [5]	Inactive (formerly 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 [5]	Inactive (formerly provision of long distance coach services)	United Kingdom	65	65
Subsidiary of E.H. Mundy Holdings Limited:				
Armchair Passenger Transport Company Limited [5]	Inactive (formerly provision of bus and coach services)	United Kingdom	100	100
Subsidiary of CityCab Pte Ltd:				
Cabcharge Asia Pte Ltd	Provision of charge card facilities	Singapore	46.21	46.23
Subsidiaries of CityFleet (UK) Pte Ltd:				
CityFleet Networks Limited [6]	Provision and management of taxi booking services	United Kingdom	68.63	68.65
Computer Cab (Edinburgh) Limited [7] [20]	Provision of taxi services	United Kingdom	68.63	52.74
Computer Cab plc [5]	Provision of taxi services	United Kingdom	54.90	54.92
Computer Cab (Aberdeen) Limited [7]	Provision of taxi services	United Kingdom	68.63	68.65

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	Group's effective interest 2006 %
Subsidiaries of CityFleet Networks Limited:				
Flightlink International Limited (6)	Provision of private hire services	United Kingdom	48.05	48.06
Computer Cab (Birmingham) Limited (8) (21)	Provision of taxi and private hire services	United Kingdom	48.05	-
Central Dispatch Limited (8) (23)	Provision and management of taxi booking services	United Kingdom	68.63	-
Subsidiary of Computer Cab (Edinburgh) Limited:				
Onward Travel Limited (7)	Provision of private hire services	United Kingdom	68.63	52.74
Subsidiary of Computer Cab plc:				
Cabcharge Limited (5)	Provision and management of taxi booking card facilities	United Kingdom	54.90	54.92
Subsidiaries of ComfortDelGro (China) Pte Ltd:				
Beijing ComfortDelGro Yin Jian Auto Services Co., Ltd (5) (formerly known as Beijing CityLimo Yin Jian Auto Services Co., Ltd)	Provision of car rental services	China	55	55
Beijing Jin Jian Taxi Services Co., Ltd (9)	Provision of public taxi services through the rental of taxis to hirers	China	55	55
Beijing Tian Long Da Tian Vehicle Inspection Co., Ltd (9)	Provision of motor vehicle evaluation and other related services	China	80	80
Chengdu ComfortDelGro Qing Yang Driving School Co., Ltd (10)	Operation of a driving school	China	51	51
Chengdu ComfortDelGro Taxi Co., Ltd (10)	Provision of public taxi services through the rental of taxis to hirers	China	100	100
Chengdu Jitong Integrated Vehicle Inspection Co., Ltd (10)	Provision of motor vehicle evaluation and other related services	China	51	51

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	2006 %
Subsidiaries of ComfortDelGro (China) Pte Ltd:				
Chongqing ComfortDelGro Driver Training Co., Ltd (11)	Operation of a driving school	China	80	80
CityCab (Shenyang) Co., Ltd (12)	Provision of public taxi services through the rental of taxis to hirers and vehicle repair	China	100	100
ComfortDelGro Rent-A-Car (Chengdu) Co., Ltd (10)	Provision of cars for hire	China	100	100
Guangzhou Xin Tian Wei Transportation Development Co., Ltd (13)	Provision of bus station services	China	60	60
Jilin ComfortDelGro Taxi Co., Ltd (14) (25)	Provision of taxi and land transport-related services in the Jilin municipality	China	97	95
Nanjing ComfortDelGro Dajian Taxi Co., Ltd (19) (22)	Provision of public taxi services through the rental of taxis to hirers and vehicle repair	China	70	-
Nanning Comfort Transportation Co., Ltd (15)	Provision of taxi and land transport-related services in the Nanning municipality	China	80	80
Nanning ComfortDelGro Rent-A-Car Company Limited (24)	Provision of cars for hire	China	90	-
Shenyang ComfortDelGro Bus Co., Ltd (12)	Provision of public bus and charter bus services	China	100	100
Shenyang ComfortDelGro Anyun Bus Co., Ltd (12)	Provision of public bus and charter bus services	China	80	80
Shenyang ComfortDelGro Taxi Co., Ltd (12)	Provision of public taxi services through the rental of taxis to hirers	China	80	80
Sichuan ComfortDelGro Car Servicing Co., Ltd (10)	Operation of workshops for repairing, servicing and general maintenance of motor vehicles	China	51	51
Yantai ComfortDelGro Taxi Co., Ltd (16)	Rental of taxis, vehicle inspection and repair	China	76	76

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	Group's effective interest 2006 %
Subsidiary of Chengdu ComfortDelGro Taxi Co., Ltd:				
ComfortDelGro Sheng Duo Taxi Co., Ltd (10) (26)	Provision of public taxi services through the rental of taxis to hirers	China	100	-
Subsidiaries of ComfortDelGro (S.E. Asia) Pte Ltd:				
ComfortDelGro Rent-A-Car Pte Ltd	Provision of car rental, car care and leasing services	Singapore	100	100
CityLimo Leasing (M) Sdn Bhd (17)	Provision of car leasing service	Malaysia	100	100
DynaDrive Rent-A-Car Sdn Bhd (17)	Provision of cars for hire	Malaysia	100	100
Pantas Rent-A-Car Sdn Bhd (17)	Provision of cars for hire	Malaysia	100	100
Pantas Rent-A-Car Holdings Sdn Bhd (17)	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)	Investment holding and provision of management services	Australia	53.41	53.45
Shanghai City Qi Ai Taxi Services Co., Ltd (18)	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)	Provision of public bus services	Australia	53.41	53.45
Westbus Region 3 Pty Ltd (5)	Provision of public bus services	Australia	53.41	53.45
Hillsbus Co Pty Ltd (5)	Provision of public bus services	Australia	53.41	53.45
Hunter Valley Buses Pty Ltd (5)	Provision of public bus services	Australia	53.41	53.45
Westbus Coach Services Ltd (6)	Provision of coach services	United Kingdom	53.41	53.45
Coach Services Pty Ltd (5)	Provision of coach and terminal services	Australia	53.41	53.45
Subsidiary of Waterbank Properties (S) Pte Ltd:				
Eukay Properties Pte Ltd	Inactive	Singapore	100	100

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

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 Co., Ltd, China.

(5) Audited by overseas practices of Deloitte Touche Tohmatsu.

(6) Audited by Charles Stuart LLP, United Kingdom.

(7) Audited by Johnston Carmichael, United Kingdom.

(8) Audited by Advantis Services Limited, United Kingdom.

(9) Audited by Beijing Zhong Zheng Tian Tong Certified Public Accountants, China.

(10) Audited by Sichuan Jianke Certified Public Accountants Co., Ltd, China.

(11) Audited by Chong Qing Wan Long Fang Zheng Certified Public Accountants Co., Ltd, China.

(12) Audited by Liao Ning Sheng Da Certified Public Accountants, China.

(13) Audited by Guangzhou Orient Certified Public Accountants Co., Ltd, China.

(14) Audited by Jilin Hua Tai Certified Public Accountants, China.

(15) Audited by Guangxi Xingrui United Certified Public Accountants, China.

(16) Audited by Shan Dong Guo Xin Certified Public Accountants Co., Ltd, China.

(17) Audited by SH Tan and Partner, Malaysia.

(18) Audited by Shanghai Gong Xin Zhong Nan Certified Public Accountants, China.

(19) Audited by Jiangsu Tianhua Dapeng Certified Public Accountants Co., Ltd, China.

(20) During the financial year, CityFleet (UK) Pte Ltd acquired the remaining 25% equity interest in Computer Cab (Edinburgh) Limited for $0.5 million thereby increasing the Group's effective interest from 52.74% to 68.63%.

(21) Acquired in March 2007.

(22) Incorporated in June 2007.

(23) Acquired in July 2007.

(24) Incorporated in November 2007. Not audited as the company has yet to commence operations.

(25) The Group's effective interest increased to 97% consequent to a capital injection exercise during the financial year.

(26) Acquired in January 2007.

(b) Associates

Name of entity	Principal activity	Country of incorporation/ operations	Group's effective interest 2007 %	2006 %
Quoted equity shares				
Cabcharge Australia Limited [1]	Provision of a taxi charge account service business and related services to the taxi industry	Australia	4.92	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	37.62	37.64

45 CORPORATE INFORMATION AND RELATED COMPANY TRANSACTIONS (CONT'D)

(1) Audited by Grant Thornton, Australia.

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 2007 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2007.

(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.

46 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:

	2007 $'mil	2006 $'mil
Revenue	2.1	2.1
Expenses	19.2	19.9

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.

47 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	75.24	Soon Lee Road	26,670 sq m	30 years 22 years unexpired	Bus depot
SBS Transit Ltd	75.24	Defu Avenue 1	74,236 sq m	30 years 5 years unexpired	Bus depot
SBS Transit Ltd	75.24	Bedok North Avenue 4	62,220 sq m	Under Temporary Occupation Licence	Bus depot
SBS Transit Ltd	75.24	Bukit Batok Street 23	52,187 sq m	30 years 5 years unexpired	Bus depot
SBS Transit Ltd	75.24	Ayer Rajah Crescent	17,939 sq m	Under Temporary Occupation Licence	Bus park
SBS Transit Ltd	75.24	Ang Mo Kio Street 63	63,953 sq m	15 years 1 year unexpired	Bus depot
VICOM Ltd	69.68	Sin Ming Drive	10,853 sq m	30 years from January 1981 with option to renew another 30 years	Inspection, assessment services
VICOM Ltd	69.68	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	69.68	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	69.68	Changi North Crescent	6,015 sq m	30 years from May 1995 18 years unexpired	Inspection services

47 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
VICOM Ltd	69.68	Yishun Industrial Park A	5,190 sq m	60 years from July 1983 36 years unexpired	Inspection, assessment services
VICOM Ltd	69.68	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	69.68	Teban Gardens Crescent	9,830 sq m	30 years from February 1979 with option to renew another 30 years	Testing, inspection, consultancy services
JIC Inspection Services Pte Ltd	54.35	Pioneer Road	9,190 sq m	30 years from December 1994 17 years unexpired	Inspection services
JIC Inspection Services Pte Ltd	54.35	Ang Mo Kio Street 63	2,145 sq m	3 years from October 2003 and extended for further 51 months	Inspection services
Comfort Transportation Pte Ltd	100	Sin Ming Drive	11,129 sq m	60 years 28 years unexpired	Office, workshop
CityCab Pte Ltd	53.50	Sin Ming Avenue	25,087 sq m	30 years 15 years unexpired	Office, workshop
ComfortDelGro Engineering Pte Ltd	100	Loyang Drive	12,021 sq m	58 years 44 years unexpired	Office, workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Ubi Road 3	7,500 sq m	23 years 18 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Senoko Loop	2,829 sq m	11 years 4 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Pandan Road	6,522 sq m	51 years 41 years unexpired	Workshop, diesel kiosk
ComfortDelGro Engineering Pte Ltd	100	Sungei Kadut Way	4,050 sq m	30 years 15 years unexpired	Workshop, diesel kiosk

47 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 20 years unexpired	Office, bus station
Shanghai City Qi Ai Services Co., Ltd	51	Shanghai Lujiabang Road	689 sq m	50 years 41 years unexpired	Office
Suzhou Comfort Taxi Co., Ltd	70	Jin Ji Hu Road Suzhou Industrial Park	10,516 sq m	50 years 39 years unexpired	Office, workshop
Comfort (China) Pte Ltd	100	Suzhou Garden Villa Jin Hua Tower	149 sq m	30 years 17 years unexpired	Housing for expatriates
ComfortDelGro (China) Pte Ltd	100	Shenyang Shen He Qu Qing Nian Da Jie	115 sq m	50 years 35 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 16 years unexpired	Office, workshop
Chengdu Jitong Integrated Vehicle Inspection Co., Ltd	51	Jian Cai Lu Chengdu	6,000 sq m	30 years 26 years unexpired	Vehicle inspection workshop
Yantai ComfortDelGro Taxi Co., Ltd	76	Yantai Development Zone Fan Shan No 7	20,000 sq m	50 years 49 years unexpired	Office, workshop
Sichuan ComfortDelGro Car Servicing Co., Ltd	51	Tu Long Road Jin Niu District Chengdu	8,000 sq m	20 years 19 years unexpired	Car repair workshop, exhibition hall
Chongqing ComfortDelGro Driver Training Co., Ltd	80	Jiu Long Po Jiu Long Industrial Park Chongqing	27,170 sq m	46 years 42 years unexpired	Office, driving test and training

47 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
UNITED KINGDOM					
Computer Cab plc	54.90	Woodfield Road London W9 2BA	537 sq m	Freehold	Office
Computer Cab plc	54.90	Norbiton Kingston upon Thames London KT2 7AZ	93 sq m	24 years 6 years unexpired	Office
Computer Cab plc	54.90	Advantage House Mitre Bridge Ind, Mitre Way London W10 6AU	995 sq m	2 years 2 years unexpired	Office, fitting bay
Computer Cab (Aberdeen) Limited (formerly known as Gem Hire Enterprises Limited)	68.63	Farburn House Burnside Drive Dyce Aberdeen AB21 OHW	1,000 sq m	12 years 5 years unexpired	Office
Computer Cab (Edinburgh) Limited	68.63	Spitfire House Turnhouse Road Edinburgh	186 sq m	3 years 2 years unexpired	Office, fitting bay
Metroline Limited (formerly known as Metroline plc)	100	Pemberton Garden Bus Depot London N19 5RR	17,968 sq m	Freehold	Bus depot
Metroline Limited (formerly known as Metroline plc)	100	Edgware Road London NW2 6JP	13,800 sq m	Freehold	Bus depot
Metroline Limited (formerly known as Metroline plc)	100	High Street Potters Bar Herts EN6 5BE	11,614 sq m	Freehold	Bus depot
Metroline Limited (formerly known as Metroline plc)	100	High Road Willesden London NW10 2JY	9,874 sq m	Freehold	Bus depot
Metroline Limited (formerly known as Metroline plc)	100	High Road Harrow Weald HA3 6EJ	5,706 sq m	Freehold	Bus depot
Metroline Limited (formerly known as Metroline plc)	100	College Road Harrow, Middlesex HA1 1BE	1,617 sq m	10 years 5 years unexpired	Office

47 GROUP PROPERTIES (CONT'D)

Held by	Group's effective interest %	Location	Approximate land area	Tenure	Usage
AUSTRALIA					
Westbus Region 3 Pty Ltd	53.41	Bonnyrigg Avenue NSW	22,166 sq m	Freehold	Bus depot
Westbus Region 1 Pty Ltd	53.41	Thorley Street Windsor South NSW	22,130 sq m	Freehold	Bus depot
Westbus Region 1 Pty Ltd	53.41	Mulgoa Road Penrith NSW	10,641 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.41	Boundary Road Northmead NSW	31,669 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.41	Hartley Road Seven Hills NSW	2,725 sq m	Freehold	Bus depot
Hills Bus Co Pty Ltd	53.41	New Line Road Dural NSW	19,460 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.41	Glenwood Drive, Thornton NSW	8,688 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.41	High Street, Toronto NSW	2,442 sq m	Freehold	Admin building
Hunter Valley Buses Pty Ltd	53.41	Arnott St & Aluminium Cl Edgeworth NSW	5,817 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.41	Burleigh Street Toronto NSW	5,372 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.41	Ettalong Road Morisset NSW	14,865 sq m	Freehold	Bus depot
Hunter Valley Buses Pty Ltd	53.41	Corner of Longworth & Ellsmere Ave NSW	7,793 sq m	Freehold	Site for new Singleton depot
ComfortDelGro Cabcharge Pty Ltd	53.41	Pacific Highway Heatherbrae NSW	32,403 sq m	Freehold	Site for bus building plant
VIETNAM					
Vietnam Taxi Co., Ltd	70	Duong So 4 KCN Tan Binh – TP Ho Chi Minh City	6,438 sq m	20 years 13 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 as set out on pages 73 to 147 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 2007, and of the results, changes in equity and the cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

LIM JIT POH
Chairman

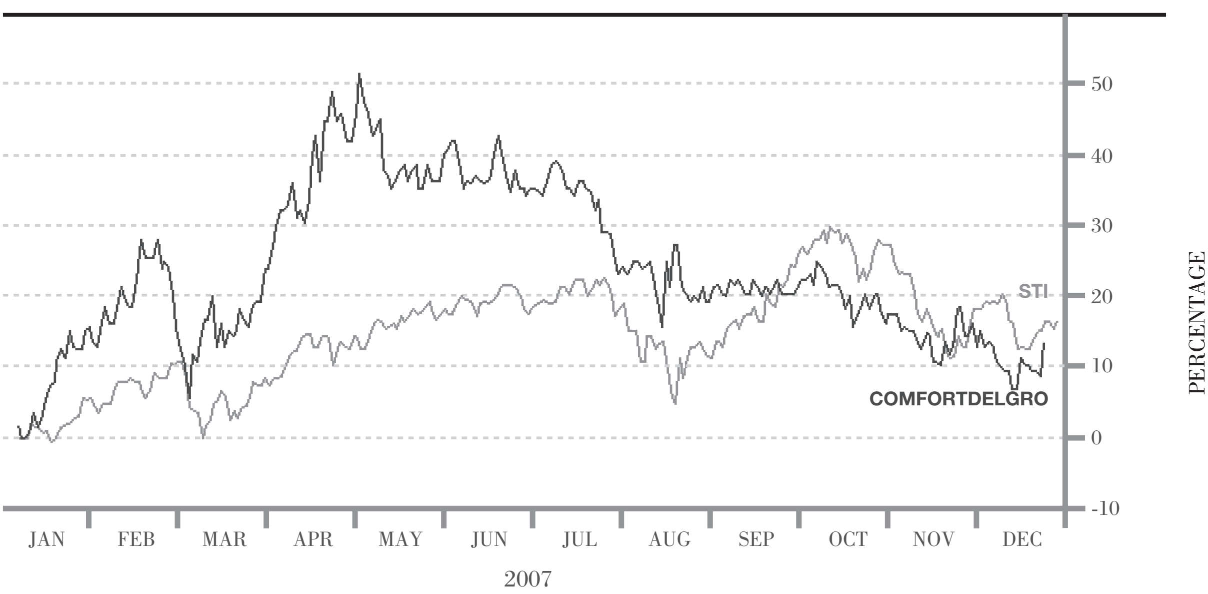
KUA HONG PAK
Managing Director/Group Chief Executive Officer

Singapore
15 February 2008

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.

SHARE CAPITAL : S$557,141,690.06
NO. OF SHARES ISSUED : 2,084,775,163
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	1,614	4.52	635,864	0.03
1,000 – 10,000	17,318	48.44	77,556,710	3.72
10,001 – 1,000,000	16,782	46.94	372,997,697	17.89
1,000,001 & above	37	0.10	1,633,584,892	78.36
TOTAL	35,751	100.00	2,084,775,163	100.00

Top Twenty Shareholders	No. of Shares	%
DBS Nominees Pte Ltd	542,673,179	26.03
Singapore Labour Foundation	252,616,594	12.11
DBSN Services Pte Ltd	239,724,105	11.50
Citibank Nominees Singapore Pte Ltd	178,838,785	8.58
United Overseas Bank Nominees Pte Ltd	145,453,811	6.98
HSBC (Singapore) Nominees Pte Ltd	120,509,807	5.78
Raffles Nominees Pte Ltd	40,155,241	1.93
OCBC Nominees Singapore Pte Ltd	25,460,794	1.22
DB Nominees (S) Pte Ltd	13,812,864	0.66
TM Asia Life Singapore Ltd – Par Fund	11,149,852	0.53
Changi Bus Company (Private) Limited	9,244,095	0.44
Yim Chee Chong	6,600,000	0.32
Low Kim Hong	5,000,000	0.24
Merrill Lynch (Singapore) Pte Ltd	3,724,685	0.18
Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,413,921	0.16
Kua Hong Pak	2,824,530	0.14
HL Bank Nominees (S) Pte Ltd	2,423,960	0.12
OCBC Securities Private Ltd	2,349,340	0.11
Oversea-Chinese Bank Nominees Pte Ltd	2,270,187	0.11
DBS Vickers Securities (S) Pte Ltd	2,108,201	0.10
TOTAL	1,610,353,951	77.24

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	12.11	-	-
Silchester International Investors Limited	-	-	126,412,000	6.06

As at 3 March 2008, approximately 80.86% 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 Fifth Annual General Meeting of the Company will be held at the Auditorium, ComfortDelGro Headquarters, 205 Braddell Road, Singapore 579701 on Wednesday, 30 April 2008 at 2.30 p.m. for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2007 together with the Auditors' Report thereon. (Resolution 1)

2. To declare a tax-exempt (one-tier) final dividend of 2.65 cents per ordinary share in respect of the financial year ended 31 December 2007. (Resolution 2)

3. To approve the payment of Directors' fees of S$505,000 for the financial year ended 31 December 2007. (FY 2006: S$482,667) (Resolution 3)

4. To re-elect Mr Oo Soon Hee, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 4)

5. To re-elect Mr Ong Ah Heng, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 5)

6. To re-elect Mr Tow Heng Tan, a Director retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 6)

7. To re-appoint Messrs Deloitte & Touche as Auditors and authorise the Directors to fix their remuneration. (Resolution 7)

SPECIAL BUSINESS:

8. 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 total number of issued shares in the capital of the Company excluding treasury shares, 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 10% of the total number of issued shares in the capital of the Company excluding treasury shares;

      (b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the total number of issued shares excluding treasury shares, shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares, 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 bonus issue, 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 8)

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 number of issued shares in the capital of the Company excluding treasury shares, from time to time.” (Resolution 9)

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 14 May 2008 to 15 May 2008 (both dates inclusive) for the purposes of determining Shareholders’ entitlements to the proposed tax-exempt (one-tier) final dividend of 2.65 cents per ordinary share for the financial year ended 31 December 2007.

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 13 May 2008 will be registered before Shareholders’ entitlements to the final dividend is determined. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 13 May 2008 will rank for the proposed final dividend.

The final dividend, if approved by the Shareholders at the Fifth Annual General Meeting of the Company, will be paid on 30 May 2008.

By Order of the Board

CHAN WAN TAK, WENDY
Company Secretary
Singapore
31 March 2008

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 Ong Ah Heng is a member of the Audit Committee. He is considered an independent Director of the Company. If re-elected, Mr Ong will continue as a member of the Audit Committee.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

Resolution 8 is to empower the Directors (from the passing of Resolution 8 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 total number of issued shares in the capital of the Company excluding treasury shares, of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders does not exceed 10% of the total number of issued shares in the capital of the Company excluding treasury shares. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares will be calculated based on the total number of issued shares in the capital of the Company excluding treasury shares when Resolution 8 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 8 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 9 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 excluding treasury shares, from time to time.

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 Wednesday, 30 April 2008 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 Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Mr Oo Soon Hee as Director		
5.	Re-election of Mr Ong Ah Heng as Director		
6.	Re-election of Mr Tow Heng Tan as Director		
7.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
8.	General authority to issue shares		
9.	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 _________________ 2008

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 <u>and</u> 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

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ComfortDelGro

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Company Registration No. 200300002K

CHONGQING EDINBURGH
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