



SBS TRANSIT LTD

Company Registration No.: 199206653M

Second Quarter 2016 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results for the Second Quarter and Half-Year ended 30 June 2016.

1 GROUP INCOME STATEMENT

	Group					
	2nd Qtr	2nd Qtr	Incr/	1st Half	1st Half	Incr/
	2016	2015	(Decr)	2016	2015	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	269,009	254,861	5.6	532,482	502,060	6.1
Staff costs	139,463	118,897	17.3	279,355	242,407	15.2
Repairs and maintenance costs	33,188	27,530	20.6	64,383	53,638	20.0
Fuel and electricity costs	33,424	43,949	(23.9)	62,370	86,206	(27.7)
Premises costs	12,483	12,424	0.5	24,323	22,556	7.8
Depreciation expense	18,452	21,474	(14.1)	37,037	41,672	(11.1)
Other operating costs	22,372	21,925	2.0	44,354	40,055	10.7
Total operating costs	<u>259,382</u>	<u>246,199</u>	5.4	<u>511,822</u>	<u>486,534</u>	5.2
Operating profit	9,627	8,662	11.1	20,660	15,526	33.1
Net income from investments	61	60	1.7	121	120	0.8
Finance costs	(1,230)	(1,395)	(11.8)	(2,736)	(2,669)	2.5
Profit before taxation	<u>8,458</u>	<u>7,327</u>	15.4	<u>18,045</u>	<u>12,977</u>	39.1
Taxation	(1,210)	(1,236)	(2.1)	(2,713)	(2,116)	28.2
Profit attributable to shareholders	<u><u>7,248</u></u>	<u><u>6,091</u></u>	19.0	<u><u>15,332</u></u>	<u><u>10,861</u></u>	41.2

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and bank balances	4,719	4,379	4,136	3,907
Trade receivables	10,597	9,577	9,163	9,142
Other receivables and prepayments	46,267	82,429	141,410	160,257
Inventories	54,953	48,365	50,198	45,130
Total current assets	116,536	144,750	204,907	218,436
Non-current assets				
Subsidiary	-	-	5,000	5,000
Investments	5,354	5,337	5,354	5,337
Prepayments	2,407	21,592	2,395	21,334
Vehicles, premises and equipment	862,492	904,506	846,334	888,368
Deferred tax assets	17,219	14,961	-	-
Total non-current assets	887,472	946,396	859,083	920,039
Total assets	1,004,008	1,091,146	1,063,990	1,138,475
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	8,000	87,500	8,000	87,500
Trade and other payables	213,091	247,669	189,822	223,393
Deposits received	5,588	4,452	4,607	3,816
Insurance premiums payable and provision for accident claims	25,397	26,652	25,397	26,652
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	55	43	55	43
Total current liabilities	272,123	386,308	247,873	361,396
Non-current liabilities				
Borrowings	250,000	250,000	250,000	250,000
Deferred grants	8,089	8,426	8,089	8,426
Deposits received	4,371	5,921	3,932	5,131
Deferred tax liabilities	78,336	71,545	78,336	71,545
Provision for service benefits and long service awards	10,034	10,260	9,936	10,186
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	370,822	366,144	370,285	365,280
Total liabilities	642,945	752,452	618,158	726,676
Capital and reserves				
Share capital	96,031	94,786	96,031	94,786
Other reserves	(8,500)	(17,492)	(8,417)	(17,017)
Accumulated profits	273,532	261,400	358,218	334,030
Total equity	361,063	338,694	445,832	411,799
Total liabilities and equity	1,004,008	1,091,146	1,063,990	1,138,475

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	30 Jun 2016	31 Dec 2015
	\$'000	\$'000
Unsecured		
Amount repayable in one year or less, or on demand	8,000	87,500
Amount repayable after one year	250,000	250,000
	<u>258,000</u>	<u>337,500</u>

Details of any collateral

Not applicable.

4 GROUP CASH FLOW STATEMENT

	Group			
	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	8,458	7,327	18,045	12,977
Adjustments for:				
Depreciation expense	18,452	21,474	37,037	41,672
Finance costs	1,230	1,395	2,736	2,669
Net gain on disposal of vehicles and equipment	(253)	(419)	(429)	(594)
Interest income	(61)	(60)	(121)	(120)
Grant income	(27,379)	(23,829)	(51,408)	(44,749)
Operating cash flows before movements in working capital	447	5,888	5,860	11,855
Changes in working capital	932	18,056	36,004	4,034
Cash generated from operations	1,379	23,944	41,864	15,889
Income tax paid	(15)	(20)	(25)	(34)
Net cash from operating activities	1,364	23,924	41,839	15,855
Investing activities				
Interest received	121	121	121	121
Proceeds from disposal of vehicles and equipment	265	420	452	601
Purchase of vehicles, premises and equipment	(5,782)	(44,698)	(10,711)	(84,960)
Net cash used in investing activities	(5,396)	(44,157)	(10,138)	(84,238)
Financing activities				
New loans raised	71,500	74,779	226,000	179,645
Repayment of borrowings	(92,000)	(73,602)	(305,500)	(150,756)
Proceeds from share issue	1,141	190	1,189	190
Grants received	27,126	22,942	53,337	44,578
Interest paid	(572)	(1,109)	(3,151)	(2,558)
Dividends paid	(3,247)	(3,245)	(3,247)	(3,245)
Others	11	9	11	9
Net cash from (used in) financing activities	3,959	19,964	(31,361)	67,863
Net (decrease) increase in cash and cash equivalents	(73)	(269)	340	(520)
Cash and cash equivalents at beginning of period	4,792	4,736	4,379	4,987
Cash and cash equivalents at end of period	4,719	4,467	4,719	4,467

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	7,248	6,091	15,332	10,861
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on cash flow hedges	7,133	11,605	9,067	16,724
Fair value adjustment on investments	(21)	(34)	17	(46)
Total comprehensive income attributable to shareholders	14,360	17,662	24,416	27,539

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half-Year ended 30 June 2016:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2016	94,786	(17,492)	261,400	338,694
Total comprehensive income for the period				
Profit for the period	-	-	8,084	8,084
Other comprehensive income for the period	-	1,972	-	1,972
Total	-	1,972	8,084	10,056
Transactions recognised directly in equity				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
Total	52	(40)	36	48
Balance at 31 March 2016	94,838	(15,560)	269,520	348,798
Total comprehensive income for the period				
Profit for the period	-	-	7,248	7,248
Other comprehensive income for the period	-	7,112	-	7,112
Total	-	7,112	7,248	14,360
Transactions recognised directly in equity				
Exercise of share options	1,193	(52)	-	1,141
Payment of dividends	-	-	(3,247)	(3,247)
Other reserves	-	-	11	11
Total	1,193	(52)	(3,236)	(2,095)
Balance at 30 June 2016	96,031	(8,500)	273,532	361,063

Consolidated Statement of Changes in Equity for the Second Quarter and Half-Year ended 30 June 2015:

Group

	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	94,579	(37,427)	252,927	310,079
Total comprehensive income for the period				
Profit for the period	-	-	4,770	4,770
Other comprehensive income for the period	-	5,107	-	5,107
Total	-	5,107	4,770	9,877
Transactions recognised directly in equity				
Other reserves	-	(42)	42	-
Total	-	(42)	42	-
Balance at 31 March 2015	94,579	(32,362)	257,739	319,956
Total comprehensive income for the period				
Profit for the period	-	-	6,091	6,091
Other comprehensive income for the period	-	11,571	-	11,571
Total	-	11,571	6,091	17,662
Transactions recognised directly in equity				
Exercise of share options	207	(17)	-	190
Payment of dividends	-	-	(3,245)	(3,245)
Other reserves	-	-	9	9
Total	207	(17)	(3,236)	(3,046)
Balance at 30 June 2015	94,786	(20,808)	260,594	334,572

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 2016:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	94,786	(17,017)	334,030	411,799
Total comprehensive income for the period				
Profit for the period	-	-	12,808	12,808
Other comprehensive income for the period	-	1,887	-	1,887
Total	-	1,887	12,808	14,695
Transactions recognised directly in equity				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
Total	52	(40)	36	48
Balance at 31 March 2016	94,838	(15,170)	346,874	426,542
Total comprehensive income for the period				
Profit for the period	-	-	14,580	14,580
Other comprehensive income for the period	-	6,805	-	6,805
Total	-	6,805	14,580	21,385
Transactions recognised directly in equity				
Exercise of share options	1,193	(52)	-	1,141
Payment of dividends	-	-	(3,247)	(3,247)
Other reserves	-	-	11	11
Total	1,193	(52)	(3,236)	(2,095)
Balance at 30 June 2016	96,031	(8,417)	358,218	445,832

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 2015:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	94,579	(37,427)	295,464	352,616
Total comprehensive income for the period				
Profit for the period	-	-	9,578	9,578
Other comprehensive income for the period	-	5,107	-	5,107
Total	-	5,107	9,578	14,685
Transactions recognised directly in equity				
Other reserves	-	(42)	42	-
Total	-	(42)	42	-
Balance at 31 March 2015	94,579	(32,362)	305,084	367,301
Total comprehensive income for the period				
Profit for the period	-	-	14,067	14,067
Other comprehensive income for the period	-	11,571	-	11,571
Total	-	11,571	14,067	25,638
Transactions recognised directly in equity				
Exercise of share options	207	(17)	-	190
Payment of dividends	-	-	(3,245)	(3,245)
Other reserves	-	-	9	9
Total	207	(17)	(3,236)	(3,046)
Balance at 30 June 2015	94,786	(20,808)	315,915	389,893

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the quarter, 530,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme.

As at 30 June 2016, the total number of issued shares was 309,724,766 (31 December 2015: 309,164,766).

Outstanding Shares – SBS Transit Share Option Scheme

The SBS Transit Share Option Scheme was not renewed following its expiry on 8 June 2010.

As at 30 June 2016, there were unexercised options for 3,670,000 (30 June 2015: 5,047,500) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 30 June 2016, the Company does not hold any treasury shares.

8 AUDIT

The financial statements have not been audited or reviewed.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2015.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016.

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

11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Not applicable.

12 GROUP EARNINGS PER ORDINARY SHARE AND EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings per ordinary share

	Group			
	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
Earnings per ordinary share for the period based on profit attributable to Shareholders:-				
(i) Based on the weighted average number of ordinary shares in issue (cents)	2.34	1.97	4.96	3.51
(ii) On a fully diluted basis (cents)	2.34	1.97	4.95	3.51

EBITDA

	Group			
	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
(i) EBITDA (\$'000)	28,079	30,136	57,697	57,198
(ii) EBITDA margin (%)	10.4	11.8	10.8	11.4

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.17	1.10	1.44	1.33

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$269.0m for 2Q16 increased by 5.6% or \$14.1m from \$254.9m for 2Q15 while Group operating costs of \$259.4m increased by 5.4% or \$13.2m from \$246.2m for 2Q15.

Group operating profit of \$9.6m for 2Q16 was 11.1% or \$0.9m higher than that of \$8.7m for 2Q15.

Net income from investments of \$61k for 2Q16 was 1.7% or \$1k higher than that of \$60k for 2Q15.

Finance costs of \$1.2m for 2Q16 were 11.8% or \$0.2m lower than that of \$1.4m for 2Q15.

Consequently, Group profit before taxation of \$8.5m for 2Q16 was 15.4% or \$1.2m higher than that of \$7.3m for 2Q15.

Taxation of \$1.21m for 2Q16 was marginally lower than that of \$1.24m for 2Q15 due mainly to the write-back of over-provision for prior years' tax.

Group profit attributable to shareholders of the Company of \$7.2m for 2Q16 was 19.0% or \$1.1m higher than that of \$6.1m for 2Q15.

A segmental breakdown by business is provided under paragraph 18.

Revenue from the Bus segment of \$203.9m for 2Q16 was higher by 0.6% or \$1.3m compared to \$202.6m in the corresponding quarter last year due mainly to the increase in average daily ridership and higher other operating income, partially offset by the decrease in average fare following the fare reduction from 27 December 2015. Average daily ridership increased by 2.1% to 2.9m passenger trips for 2Q16. Operating profit of \$9.4m for 2Q16 increased by 25.5% or \$1.9m from \$7.5m for 2Q15 due mainly to higher revenue, lower fuel costs and lower depreciation, offset by higher staff costs and higher repairs and maintenance costs.

Revenue from the Rail segment of \$65.1m for 2Q16 was higher by 24.6% or \$12.8m compared to \$52.3m in the corresponding quarter last year due mainly to the increase in average daily ridership following the commencement of revenue service of Downtown Line (DTL) 2, offset by lower average fare for North-East Line (NEL) and Light Rail Transit (LRT) due to the fare reduction from 27 December 2015. For 2Q16, average daily ridership for the DTL grew by 204.8% to 212k passenger trips. Average daily ridership for the NEL grew by 6.0% to 558k passenger trips and that for the LRT increased by 15.2% to 112k passenger trips as compared to that of 2Q15. Operating profit for 2Q16 at \$0.2m decreased by 81.7% or \$0.9m compared to 2Q15 due mainly to higher staff costs from the build-up of staff for DTL 3, higher repairs and maintenance costs, higher depreciation and higher other operating costs, offset by higher revenue.

Statement of Financial Position

As at 30 June 2016, total equity for the Group increased by 6.6% or \$22.4m to \$361.1m as compared to 31 December 2015 due to profits generated from operations and an increase in other reserves, partially offset by payment of dividends.

Group total assets decreased by 8.0% or \$87.1m to \$1,004.0m due to a decrease in non-current assets of \$58.9m and a decrease in current assets of \$28.2m. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment and long-term prepayments following the novation of procurement contracts for the purchase of new buses to the Land Transport Authority (LTA). The decrease in current assets was due mainly to a decrease in other receivables and prepayments, partially offset by the increase in inventories.

Group total liabilities decreased by 14.6% or \$109.5m to \$642.9m due to a decrease in current liabilities of \$114.2m, partially offset by the increase in non-current liabilities of \$4.7m. The decrease in current liabilities was due mainly to lower borrowings and a decrease in trade and other payables.

Cash Flow

The net cash outflow of \$73k for 2Q16 was mainly from the repayment of borrowings, purchase of vehicles, premises and equipment and payments of dividends and interest, partially offset by the new loans raised, grants received, net cash generated from operations and proceeds from share issue.

As at 30 June 2016, the Group had cash and bank balances of \$4.7m. After accounting for the borrowings of \$258.0m, the Group had a net debt position of \$253.3m and a net gearing ratio of 70.1% which was lower than that of 98.4% as at 31 December 2015. The Group's gross gearing ratio was 71.5% as at 30 June 2016 compared to 99.7% as at 31 December 2015.

15 ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

Rail revenue is expected to be higher with higher ridership from DTL 2. Bus revenue is expected to be maintained.

The Bus business has entered into the Negotiated Contract with LTA for the operation of public bus services under the Bus Contracting Model (BCM) with effect from 1 September 2016. Under the BCM, the Bus revenue will comprise service fee for the provision of bus services and revenue from advertising and rental. In addition, LTA will pay the Company a leasing fee for the use of its existing fleet of buses based on the depreciation of the buses over the statutory lifespan.

With the recent salary adjustments announced in June 2016, staff costs are expected to be higher. For the DTL, we will continue to build up the staff strength in preparation for DTL 3. Repairs and maintenance costs are also expected to be higher as more such works are carried out in the Rail segment.

17 DIVIDEND

(a) Current Financial Period Reported on

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 2.35 cents (2015: 1.65 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	2.35 cents
Tax Rate	Exempt one-tier

(b) Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	1.65 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The interim dividend will be paid on 26 August 2016.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 20 August 2016 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO building, Singapore 048544, up to 5.00 p.m. on 19 August 2016 will be registered to determine Shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 19 August 2016 will be entitled to the interim dividend.

18 GROUP SEGMENTAL INFORMATION

By Business Activity

	<u>Bus</u> \$'000	<u>Rail</u> \$'000	<u>Total</u> \$'000
<u>2nd Quarter 2016</u>			
Revenue	203,877	65,132	269,009
<u>Results</u>			
Segment results	9,415	212	9,627
Net income from investments			61
Finance costs			(1,230)
Profit before taxation			<u>8,458</u>
Taxation			(1,210)
Profit after taxation			<u><u>7,248</u></u>
<u>2nd Quarter 2015</u>			
Revenue	202,595	52,266	254,861
<u>Results</u>			
Segment results	7,501	1,161	8,662
Net income from investments			60
Finance costs			(1,395)
Profit before taxation			<u>7,327</u>
Taxation			(1,236)
Profit after taxation			<u><u>6,091</u></u>
<u>First Half 2016</u>			
Revenue	402,376	130,106	532,482
<u>Results</u>			
Segment results	16,706	3,954	20,660
Net income from investments			121
Finance costs			(2,736)
Profit before taxation			<u>18,045</u>
Taxation			(2,713)
Profit after taxation			<u><u>15,332</u></u>
<u>First Half 2015</u>			
Revenue	398,788	103,272	502,060
<u>Results</u>			
Segment results	10,618	4,908	15,526
Net income from investments			120
Finance costs			(2,669)
Profit before taxation			<u>12,977</u>
Taxation			(2,116)
Profit after taxation			<u><u>10,861</u></u>

19 BREAKDOWN OF REVENUE

Not applicable.

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

Not applicable.

21 INTERESTED PERSON TRANSACTIONS

The Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

22 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

23 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS UNDER SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Second Quarter 2016 financial results to be false or misleading in any material aspect.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

11 August 2016