
Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2007

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

The Board of Directors announces the audited results of the Group for the year ended 31 December 2007.

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Full Year	Full Year	Incr/
	2007	2006	(Decr)
	\$'000	\$'000	%
Turnover	653,260	612,564	6.6
Other operating income	16,782	15,988	5.0
Revenue	<u>670,042</u>	<u>628,552</u>	<u>6.6</u>
Staff costs	(280,819)	(273,221)	2.8
Repairs and maintenance	(91,097)	(74,806)	21.8
Energy and fuel costs	(129,005)	(121,479)	6.2
Premises costs	(27,393)	(27,614)	(0.8)
Depreciation expense	(34,605)	(24,754)	39.8
Other operating expenses	(53,767)	(49,254)	9.2
Total operating expenses	<u>(616,686)</u>	<u>(571,128)</u>	<u>8.0</u>
Operating profit	53,356	57,424	(7.1)
Net income from investments	5,840	8,515	(31.4)
Share of profit in associate	284	1,342	(78.8)
Profit before taxation	59,480	67,281	(11.6)
Taxation	(9,458)	(11,148)	(15.2)
Profit attributable to shareholders	<u>50,022</u>	<u>56,133</u>	<u>(10.9)</u>

1(a)(ii) Included in the determination of net profit are the following items :-

	Group		
	Full Year	Full Year	Incr/
	2007	2006	(Decr)
	\$'000	\$'000	%
<i>After crediting :-</i>			
Write-back of deferred tax	1,147	-	NM

NM - Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2007 \$'000	31 Dec 2006 \$'000	31 Dec 2007 \$'000	31 Dec 2006 \$'000
<u>ASSETS</u>				
Current assets				
Short-term deposits and bank balances	42,726	26,896	42,726	26,896
Held-for-trading investments	73,759	148,082	73,759	148,082
Available-for-sale investments	15,003	13,739	15,003	13,739
Trade receivables	10,448	8,790	10,448	8,790
Other receivables and prepayments	23,330	21,241	23,330	21,241
Hedging instruments	-	71	-	71
Inventories	21,639	14,374	21,639	14,374
Total current assets	186,905	233,193	186,905	233,193
Non-current assets				
Associate	964	4,135	1,280	1,286
Available-for-sale investments	20,420	35,586	20,420	35,586
Hedging instruments	-	37	-	37
Vehicles, premises and equipment	251,487	221,718	251,487	221,718
Total non-current assets	272,871	261,476	273,187	258,627
Total assets	459,776	494,669	460,092	491,820
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Hedging instruments	25	-	25	-
Trade payables	139,012	140,445	139,012	140,445
Deposits received - current portion	1,027	1,366	1,027	1,366
Provision for claims	9,786	9,263	9,786	9,263
Fuel price equalisation account	34,075	34,075	34,075	34,075
Income tax payable	11,017	10,344	11,017	10,344
Total current liabilities	194,942	195,493	194,942	195,493
Non-current liabilities				
Deposits received	1,469	-	1,469	-
Deferred tax liabilities	17,271	15,766	17,271	15,766
Provision for service benefits and long service awards	10,556	11,668	10,556	11,668
Total non-current liabilities	29,296	27,434	29,296	27,434
Capital and reserves				
Share capital	91,324	83,371	91,324	83,371
Capital reserves	954	951	954	951
Accumulated profits	143,260	187,420	143,576	184,571
Total equity	235,538	271,742	235,854	268,893
Total liabilities and equity	459,776	494,669	460,092	491,820

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Not applicable.

Details of any collateral

Not applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the year ended 31 December 2007:

	Group	
	2007 \$'000	2006 \$'000
Operating activities		
Profit before taxation	59,480	67,281
Adjustments for:		
Depreciation expense	34,605	24,754
Share-based payment expense	335	258
Net gain on disposal of held-for-trading investments	(28)	(182)
Net loss (gain) on fair value changes of held-for-trading investments	161	(88)
Net loss (gain) on fair value changes of energy hedging instruments	23	(23)
Net loss on disposal of available-for-sale investments	-	73
Net gain on disposal of vehicles and equipment	(688)	(398)
Interest income	(6,041)	(8,761)
(Write-back of) Provision for service benefits and long service awards	(422)	683
Others	6	-
Share of profit in associate	(284)	(1,342)
	87,147	82,255
Payment of service benefits and long service awards	(690)	(628)
Operating cash flows before movements in working capital	86,457	81,627
Trade receivables	(1,658)	(4,956)
Other receivables and prepayments	(2,323)	(1,839)
Inventories	(7,265)	(2,807)
Held-for-trading investments	74,143	60,531
Trade payables	(1,433)	17,712
Deposits received	1,130	478
Provision for claims	523	1,496
Cash generated from operations	149,574	152,242
Income tax paid	(7,280)	(18,921)
Net cash from operating activities	142,294	133,321
Investing activities		
Interest received	6,293	9,095
Dividend received from associate	3,449	-
Proceeds from disposal of:		
Vehicles, premises and equipment	786	442
Available-for-sale investments	13,927	7,927
Proceeds from (Payment on) transfer of:		
Equipment to ultimate holding company	-	1
Equipment from ultimate holding company	-	(3)
Purchase of:		
Vehicles, premises and equipment	(64,472)	(83,949)
Additional interest in associate	-	(260)
Net cash used in investing activities	(40,017)	(66,747)
Financing activities		
Proceeds from share issue	7,737	1,496
Dividend paid	(94,220)	(60,653)
Others	36	28
Net cash used in financing activities	(86,447)	(59,129)
Net increase in cash and cash equivalents	15,830	7,445
Cash and cash equivalents at beginning of year	26,896	19,451
Cash and cash equivalents at end of year	42,726	26,896

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of changes in equity for the year ended 31 December 2007:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Capital reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006	75,611	6,593	191,911	274,115
Fair value gain on available-for-sale investments	-	252	-	252
Net realised loss transferred to profit or loss on disposal of available-for-sale investments	-	113	-	113
Net profit for the year	-	-	56,133	56,133
Total recognised income and expense for the year	-	365	56,133	56,498
Adjustment arising from abolition of par value of shares (Note 1)	6,246	(6,246)	-	-
Recognition of share-based payments	-	258	-	258
Exercise of share options	1,514	(18)	-	1,496
Payment of dividends	-	-	(60,653)	(60,653)
Others	-	(1)	29	28
Balance at 31 December 2006	83,371	951	187,420	271,742
Fair value loss on available-for-sale investments	-	(112)	-	(112)
Net realised gain transferred to profit or loss on disposal of available-for-sale investments	-	(2)	-	(2)
Net profit for the year	-	-	50,022	50,022
Total recognised income and expense for the year	-	(114)	50,022	49,908
Recognition of share-based payments	-	335	-	335
Exercise of share options	7,953	(216)	-	7,737
Payment of dividends	-	-	(94,220)	(94,220)
Others	-	(2)	38	36
Balance at 31 December 2007	91,324	954	143,260	235,538

Statement of changes in equity of the Company for the year ended 31 December 2007:

	Company			
	Share capital	Capital reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006	75,611	6,593	190,404	272,608
Fair value gain on available-for-sale investments	-	252	-	252
Net realised loss transferred to profit or loss on disposal of available-for-sale investments	-	113	-	113
Net profit for the year	-	-	54,791	54,791
Total recognised income and expense for the year	-	365	54,791	55,156
Adjustment arising from abolition of par value of shares (Note 1)	6,246	(6,246)	-	-
Recognition of share-based payments	-	258	-	258
Exercise of share options	1,514	(18)	-	1,496
Payment of dividends	-	-	(60,653)	(60,653)
Others	-	(1)	29	28
Balance at 31 December 2006	83,371	951	184,571	268,893
Fair value loss on available-for-sale investments	-	(112)	-	(112)
Net realised gain transferred to profit or loss on disposal of available-for-sale investments	-	(2)	-	(2)
Net profit for the year	-	-	53,187	53,187
Total recognised income and expense for the year	-	(114)	53,187	53,073
Recognition of share-based payments	-	335	-	335
Exercise of share options	7,953	(216)	-	7,737
Payment of dividends	-	-	(94,220)	(94,220)
Others	-	(2)	38	36
Balance at 31 December 2007	91,324	954	143,576	235,854

Note 1

As a result of the Companies (Amendment) Act 2005 which became effective on 30 January 2006, the concept of authorised share capital and par value has been abolished. Consequently, any amounts standing to the credit of the Company's share premium account and capital redemption reserve account as at 30 January 2006 were transferred to the Company's share capital account as at that date.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter, 393,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme (SSOS).

As at 31 December 2007, there were unexercised options for 7,592,250 (31 December 2006 : 8,677,500) of unissued ordinary shares under the SSOS.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial statements have been audited in accordance with the Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBS TRANSIT LTD

We have audited the financial statements of SBS Transit Ltd (the "Company") and its subsidiary (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.

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

Opinion

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 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 have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

Kee Cheng Kong, Michael
Partner

Singapore
15 February 2008

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2006, except for the adoption of the following new/revised Financial Reporting Standard ("FRSs") that became effective for the financial year beginning on 1 January 2007:

Amendments to FRS 1 - Presentation of Financial Statements relating to Capital disclosures
FRS 107 - Financial Instruments: 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 as required by the amendments to FRS 1 which are effective from 1 January 2007.

The adoption of the new/revised FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	2007	2006
Earnings per ordinary share for the year based on profit attributable to shareholders:-		
(i) Based on the weighted average number of ordinary shares in issue	16.37 cents	18.52 cents
(ii) On a fully diluted basis	16.29 cents	18.48 cents

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Net asset value per ordinary share based on issued share capital at the end of the year	77 cents	90 cents	77 cents	89 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8(a) Review of Performance

Compared to last year, Group revenue for the year rose by 6.6% or \$41.5m to \$670.0m mainly due to higher bus and rail fare revenue and higher advertisement revenue, partially offset by lower bus chartering revenue. Group operating expenses of \$616.7m was 8.0% or \$45.6m higher mainly due to higher repairs and maintenance, higher depreciation, higher staff costs, higher fuel costs and higher other operating expenses. Taxation decreased by 15.2% or \$1.7m to \$9.5m. The decrease was mainly due to the write-back of provision in deferred tax of \$1.1m and lower tax charge arising from the reduction in corporate tax rate from 20.0% to 18.0%. Group profit after tax for the year dropped by 10.9% or \$6.1m to \$50.0m.

A segmental breakdown by business is provided under paragraph 13.

Turnover from Bus Operations for the year at \$535.4m increased by 4.2% or \$21.5m as compared to last year. Ridership increased by 4.3% compared to last year. Operating profit from Bus Operations dropped by 35.6% or \$15.2m to \$27.5m mainly due to higher repairs and maintenance, higher depreciation, higher fuel costs, higher staff costs and higher other operating expenses, partially offset by higher bus fare revenue.

Turnover from Rail Operations for the year at \$87.6m increased by 17.6% or \$13.1m as compared to last year. Ridership for North-East Line and the two light rail transit systems increased by 18.1% and 9.9% respectively as compared to last year. Operating profit from Rail Operations (including station rental) was better by \$8.5m as compared to a loss of \$1.0m last year. The increase in profit was mainly due to higher rail fare revenue, partially offset by higher staff costs, higher energy cost and higher repairs and maintenance. Including the profits from rail advertisements (which were classified under Advertisements), the total profit attributable to rail business was \$9.5m for the year. This was better by \$8.9m as compared to \$0.6m last year.

Turnover from Advertisement Business for the year increased by 25.0% or \$6.0m to \$30.2m as compared to last year mainly due to higher bus advertisements. Consequently, operating profit from Advertisement Business for the year increased by 16.8% or \$2.6m to \$18.3m as compared to last year.

8(b)(i) Commentary on Balance Sheet

As at 31 December 2007, total shareholders' funds for the Group decreased by 13.3% or \$36.2m to \$235.5m compared to 31 December 2006 mainly due to the payment of dividends, partially offset by profits generated from operations.

Group total assets decreased by 7.1% or \$34.9m to \$459.8m mainly due to the reduction in held-for-trading and available-for-sale investments.

8(b)(ii) Commentary on Cash Flow

Net cash inflow of \$15.8m for the year arose mainly from net cash generated from operations and proceeds from maturity of available-for-sale investments, partially offset by the purchase of vehicles, premises and equipment and payment of dividends.

Group cash and cash equivalents as at 31 December 2007 was \$42.7m. If the held-for-trading and available-for-sale investments were to be included, the cash position as at 31 December 2007 would be \$151.9m.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Revenue from Bus and Rail Operations is expected to continue to improve with the anticipated growth in ridership. Advertising revenue is expected to increase from the introduction of new advertising initiatives. Staff costs are expected to increase with the annual salary increments and the 1.5 percentage points increase in employers' CPF contribution with effect from 1 July 2007. Repairs and maintenance expenses are expected to increase due to enhanced grooming and maintenance requirements of the bus fleet. Energy and fuel costs are expected to remain volatile.

11. Dividend

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on? Yes

Proposed final dividend

Name of Dividend	Tax exempt (one-tier) Final
Dividend Type	Cash
Dividend Amount per ordinary share	3.25 cents
Tax Rate	-

Declared interim dividend

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend Amount per ordinary share	6.00 cents	8.00 cents
Tax Rate	18%	18%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Declared final dividend

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per ordinary share	6.50 cents	17.00 cents
Tax Rate	20%	20%

Declared interim dividend

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per ordinary share	5.00 cents
Tax Rate	20%

(c) Date Payable

The Directors have proposed a final tax exempt (one-tier) dividend of 3.25 cents per ordinary share. The final dividend, if approved by the shareholders at the Fifteenth Annual General Meeting of the Company to be held on 30 April 2008, will be payable on 28 May 2008.

(d) Books Closure Date

NOTICE IS 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 final dividend.

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 5.00pm on 13 May 2008 will be registered before shareholders' entitlements to the final dividend are determined.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00pm on 13 May 2008 will be entitled to the proposed final dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group segmental information for the year ended 31 December 2007:

By Business Activity

	<u>Bus</u> \$'000	<u>Rail</u> \$'000	<u>Advertisements</u> \$'000	<u>Total</u> \$'000
<u>2007</u>				
Turnover	535,421	87,619	30,220	653,260
<u>Results</u>				
Segment results	27,515	7,533	18,308	53,356
Net income from investments				5,840
Share of profit in associate				284
Profit before taxation				59,480
Taxation				(9,458)
Profit after taxation				<u>50,022</u>
<u>2006</u>				
Turnover	513,912	74,475	24,177	612,564
<u>Results</u>				
Segment results	42,741	(990)	15,673	57,424
Net income from investments				8,515
Share of profit in associate				1,342
Profit before taxation				67,281
Taxation				(11,148)
Profit after taxation				<u>56,133</u>

Certain comparative figures have been reclassified to conform with current year's presentation.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales as follows :

	GROUP		
	2007	2006	Incr/ (Decr)
	\$'000	\$'000	%
(a) Sales reported for first half year	320,913	296,099	8.4
(b) Operating profit after tax before deducting minority interests reported for first half year	31,562	26,219	20.4
(c) Sales reported for second half year	332,347	316,465	5.0
(d) Operating profit after tax before deducting minority interests reported for second half year	18,460	29,914	(38.3)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	2007 \$'000	2006 \$'000
Ordinary	15,090 net of tax	12,132 net of tax
- Interim	20,154 net of tax	-
- Special	9,985 tax exempt (one-tier)	16,313 net of tax
- Final (proposed)	-	42,663 net of tax
- Special		
Total	45,229 net of tax	71,108 net of tax

BY ORDER OF THE BOARD

CHAN WAN TAK, WENDY
Company Secretary

15 February 2008