

**SBS TRANSIT LTD**

Company Registration No: 199206653M

First Quarter 2015 Financial Statements

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2015.

1 GROUP INCOME STATEMENT

| | Group | | |
|--|------------------------------------|------------------------------------|-------------------------------|
| | 1st Qtr 2015 \$'000 | 1st Qtr 2014 \$'000 | Incr/ (Decr) % |
| Revenue | 247,199 | 222,820 | 10.9 |
| Staff costs | 123,510 | 103,770 | 19.0 |
| Repairs and maintenance costs | 26,108 | 25,630 | 1.9 |
| Fuel and electricity costs | 42,257 | 45,402 | (6.9) |
| Premises costs | 10,132 | 9,381 | 8.0 |
| Depreciation expense | 20,198 | 16,596 | 21.7 |
| Other operating costs | 18,130 | 17,143 | 5.8 |
| Total operating costs | <u>240,335</u> | <u>217,922</u> | 10.3 |
| Operating profit | 6,864 | 4,898 | 40.1 |
| Net income from investments | 60 | 108 | (44.4) |
| Finance costs | <u>(1,274)</u> | <u>(1,137)</u> | 12.0 |
| Profit before taxation | 5,650 | 3,869 | 46.0 |
| Taxation | <u>(880)</u> | <u>(570)</u> | 54.4 |
| Profit attributable to shareholders | <u>4,770</u> | <u>3,299</u> | 44.6 |

2 STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 Mar 2015 \$'000 | 31 Dec 2014 \$'000 | 31 Mar 2015 \$'000 | 31 Dec 2014 \$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and bank balances | 4,736 | 4,987 | 4,178 | 4,542 |
| Trade receivables | 9,862 | 9,120 | 9,569 | 8,803 |
| Other receivables and prepayments | 40,927 | 34,261 | 96,134 | 83,269 |
| Inventories | 44,428 | 43,727 | 42,251 | 41,661 |
| Total current assets | 99,953 | 92,095 | 152,132 | 138,275 |
| Non-current assets | | | | |
| Subsidiary | - | - | 5,000 | 5,000 |
| Available-for-sale investments | 5,475 | 5,487 | 5,475 | 5,487 |
| Prepayments | 30,968 | 40,483 | 30,861 | 40,483 |
| Vehicles, premises and equipment | 1,062,939 | 1,033,337 | 1,054,049 | 1,024,242 |
| Deferred tax assets | 9,507 | 8,551 | - | - |
| Total non-current assets | 1,108,889 | 1,087,858 | 1,095,385 | 1,075,212 |
| Total assets | 1,208,842 | 1,179,953 | 1,247,517 | 1,213,487 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Borrowings | 217,015 | 200,950 | 217,015 | 200,950 |
| Trade and other payables | 212,162 | 225,052 | 204,569 | 217,110 |
| Trade payables for buses | 11,240 | 8,299 | 11,240 | 8,299 |
| Deposits received | 3,455 | 3,169 | 3,445 | 3,160 |
| Insurance premiums payable and provision for accident claims | 27,417 | 28,916 | 27,417 | 28,916 |
| Fuel price equalisation account | 19,992 | 19,992 | 19,992 | 19,992 |
| Income tax payable | 73 | 62 | 73 | 62 |
| Total current liabilities | 491,354 | 486,440 | 483,751 | 478,489 |
| Non-current liabilities | | | | |
| Borrowings | 293,223 | 281,576 | 293,223 | 281,576 |
| Deferred grants | 7,840 | 7,754 | 7,840 | 7,754 |
| Deposits received | 5,150 | 5,507 | 4,139 | 4,502 |
| Deferred tax liabilities | 61,067 | 58,207 | 61,067 | 58,207 |
| Provision for service benefits and long service awards | 10,260 | 10,398 | 10,204 | 10,351 |
| Fuel price equalisation account | 19,992 | 19,992 | 19,992 | 19,992 |
| Total non-current liabilities | 397,532 | 383,434 | 396,465 | 382,382 |
| Total liabilities | 888,886 | 869,874 | 880,216 | 860,871 |
| Capital and reserves | | | | |
| Share capital | 94,579 | 94,579 | 94,579 | 94,579 |
| Other reserves | (32,362) | (37,427) | (32,362) | (37,427) |
| Accumulated profits | 257,739 | 252,927 | 305,084 | 295,464 |
| Total equity | 319,956 | 310,079 | 367,301 | 352,616 |
| Total liabilities and equity | 1,208,842 | 1,179,953 | 1,247,517 | 1,213,487 |

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

| | 31 Mar 2015 | 31 Dec 2014 |
|--|------------------------|------------------------|
| | \$'000 | \$'000 |
| Secured | | |
| Amount repayable in one year or less, or on demand | 10,015 | 8,950 |
| Amount repayable after one year | <u>143,223</u> | <u>131,576</u> |
| | <u>153,238</u> | <u>140,526</u> |
| Unsecured | | |
| Amount repayable in one year or less, or on demand | 207,000 | 192,000 |
| Amount repayable after one year | <u>150,000</u> | <u>150,000</u> |
| | <u>357,000</u> | <u>342,000</u> |
| Total | | |
| Amount repayable in one year or less, or on demand | 217,015 | 200,950 |
| Amount repayable after one year | <u>293,223</u> | <u>281,576</u> |
| | <u>510,238</u> | <u>482,526</u> |

Details of any collateral

Total secured borrowings of \$153.2m relates to loan from an external party under the Bus Service Enhancement Programme (BSEP) secured over the BSEP buses and related accessories.

4 GROUP CASH FLOW STATEMENT

| | Group | |
|--|-----------------|-----------------|
| | 1st Qtr 2015 | 1st Qtr 2014 |
| | \$'000 | \$'000 |
| Operating activities | | |
| Profit before taxation | 5,650 | 3,869 |
| Adjustments for: | | |
| Depreciation expense | 20,198 | 16,596 |
| Finance costs | 1,274 | 1,137 |
| Net gain on disposal of vehicles and equipment | (175) | (373) |
| Interest income | (60) | (108) |
| Grant income | (20,920) | (11,368) |
| Operating cash flows before movements in working capital | 5,967 | 9,753 |
| Changes in working capital | (14,022) | (11,476) |
| Cash used in operations | (8,055) | (1,723) |
| | | |
| Income tax paid | (14) | (11) |
| Net cash used in operating activities | (8,069) | (1,734) |
| Investing activities | | |
| Proceeds from disposal of vehicles and equipment | 181 | 376 |
| Purchase of vehicles, premises and equipment | (40,262) | (49,886) |
| Net cash used in investing activities | (40,081) | (49,510) |
| Financing activities | | |
| New loans raised | 104,866 | 96,545 |
| Repayment of loans | (77,154) | (53,846) |
| Grants received | 21,636 | 11,720 |
| Interest paid | (1,449) | (1,364) |
| Net cash from financing activities | 47,899 | 53,055 |
| | | |
| Net (decrease) increase in cash and cash equivalents | (251) | 1,811 |
| Cash and cash equivalents at beginning of period | 4,987 | 4,494 |
| Cash and cash equivalents at end of period | 4,736 | 6,305 |

5 GROUP COMPREHENSIVE INCOME STATEMENT

| | Group | |
|--|-----------------|-----------------|
| | 1st Qtr 2015 | 1st Qtr 2014 |
| | \$'000 | \$'000 |
| Profit attributable to shareholders | 4,770 | 3,299 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Fair value adjustment on cash flow hedges | 5,119 | (2,204) |
| Fair value adjustment on available-for-sale investments | (12) | (61) |
| Total comprehensive income attributable to shareholders | 9,877 | 1,034 |

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2015:

| | Group | | | |
|--|--|--------------------------------------|---|------------------------------------|
| | Attributable to shareholders of the Company | | | |
| | Share capital \$'000 | Other reserves \$'000 | Accumulated profits \$'000 | Total equity \$'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 |
| Balance at 1 January 2014 | 93,875 | 5,225 | 245,191 | 344,291 |
| Total comprehensive income (expense) for the period | | | | |
| Profit for the period | - | - | 3,299 | 3,299 |
| Other comprehensive expense for the period | - | (2,265) | - | (2,265) |
| Total | - | (2,265) | 3,299 | 1,034 |
| Balance at 31 March 2014 | 93,875 | 2,960 | 248,490 | 345,325 |

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 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 |
| Balance at 1 January 2014 | 93,875 | 5,225 | 267,024 | 366,124 |
| Total comprehensive income (expense) for the period | | | | |
| Profit for the period | - | - | 8,956 | 8,956 |
| Other comprehensive expense for the period | - | (2,265) | - | (2,265) |
| Total | - | (2,265) | 8,956 | 6,691 |
| Balance at 31 March 2014 | 93,875 | 2,960 | 275,980 | 372,815 |

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 31 December 2014, no new ordinary share was issued by the Company.

As at 31 March 2015, the total number of issued shares was 309,044,766 (31 December 2014: 309,044,766).

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 31 March 2015, there were unexercised options for 5,167,500 (31 March 2014: 6,173,750) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 31 March 2015, 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 2014.

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 2015.

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 | |
|---|-----------------|-----------------|
| | 1st Qtr 2015 | 1st Qtr 2014 |
| 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) | 1.54 | 1.07 |
| (ii) On a fully diluted basis (cents) | 1.54 | 1.07 |

EBITDA

| | Group | |
|------------------------|-----------------|-----------------|
| | 1st Qtr 2015 | 1st Qtr 2014 |
| (i) EBITDA (\$'000) | 27,062 | 21,494 |
| (ii) EBITDA margin (%) | 10.9 | 9.6 |

13 NET ASSET VALUE PER ORDINARY SHARE

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 31 Mar 2015 | 31 Dec 2014 | 31 Mar 2015 | 31 Dec 2014 |
| Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars) | 1.04 | 1.00 | 1.19 | 1.14 |

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$247.2m for 1Q15 increased by 10.9% or \$24.4m from \$222.8m for 1Q14 while Group operating costs of \$240.3m increased by 10.3% or \$22.4m from \$217.9m for 1Q14.

Group operating profit of \$6.9m for 1Q15 was 40.1% or \$2.0m higher than that of \$4.9m for 1Q14.

Net income from investments of \$0.1m for 1Q15 was 44.4% lower than 1Q14.

Finance costs of \$1.3m for 1Q15 were 12.0% or \$0.2m higher than that of \$1.1m for 1Q14.

Consequently, Group profit before tax of \$5.7m for 1Q15 was 46.0% or \$1.8m higher than that of \$3.9m for 1Q14.

Taxation of \$0.9m for 1Q15 was higher than that of \$0.6m for 1Q14 by 54.4% or \$0.3m due mainly to higher profits for 1Q15.

Group profit attributable to shareholders of the Company of \$4.8m for 1Q15 was 44.6% or \$1.5m higher than that of \$3.3m for 1Q14.

A segmental breakdown by business is provided under paragraph 18.

Revenue from the Bus segment of \$196.2m for 1Q15 was higher by 11.7% or \$20.6m compared to the \$175.6m in the corresponding quarter last year due to the increases in average fare and average daily ridership, higher rental from shop renewals and higher other operating income. Average daily ridership increased by 2.6% to 2.8m passenger trips for 1Q15. Operating profit of \$3.1m for 1Q15 increased by 33.0% or \$0.8m from \$2.3m for 1Q14 due mainly to higher revenue and lower fuel costs, offset by higher staff costs, higher depreciation and higher repairs and maintenance costs. On its own, the core Bus operation continued to suffer losses with a loss of \$3.7m incurred for 1Q15 compared to a loss of \$4.7m for 1Q14.

Revenue from the Rail segment of \$51.0m for 1Q15 was higher by 8.1% or \$3.8m compared to the \$47.2m in the corresponding quarter last year due to the increases in average daily ridership and average fare and rental from new Downtown Line (DTL)1 shops. For 1Q15, average daily ridership for the North-East Line (NEL) grew by 5.2% to 526k passenger trips and that for the Light Rail Transit (LRT) went up by 13.3% to 95k passenger trips as compared to that of 1Q14. Average daily ridership for DTL1 grew by 24.1% to 67k passenger trips. Operating profit for 1Q15 was \$3.7m as compared to \$2.6m for 1Q14 due mainly to higher revenue and lower electricity costs, offset by higher staff costs.

Statement of Financial Position

As at 31 March 2015, total equity for the Group increased by 3.2% or \$9.9m to \$320.0m as compared to 31 December 2014 due to profits generated from operations and other reserves.

Group total assets increased by 2.4% or \$28.9m to \$1.2b due to an increase in non-current assets of \$21.0m and an increase in current assets of \$7.9m. The increase in non-current assets was due mainly to the purchase of buses, partially offset by a decrease in prepayments for new buses. The increase in current assets was due mainly to an increase in other receivables and prepayments.

Group total liabilities increased by 2.2% or \$19.0m to \$888.9m due to an increase in non-current liabilities of \$14.1m and an increase in current liabilities of \$4.9m. The increase in non-current liabilities was due mainly to an increase in loans from an external party and an increase in deferred tax liabilities. The increase in current liabilities was due mainly to an increase in borrowings from banks and an increase in trade payables for buses, partially offset by a decrease in trade and other payables.

Cash Flow

The net cash outflow of \$0.3m for 1Q15 was mainly from the repayment of loans, purchase of buses, net cash used in operations and payment of interest, partially offset by new loans raised and grants received.

As at 31 March 2015, the Group had cash and bank balances of \$4.7m. After accounting for the borrowings of \$510.2m, the Group had a net debt position of \$505.5m and a net gearing ratio of 158.0% which was higher than that of 154.0% as at 31 December 2014. The Group's gross gearing ratio was 159.5% as at 31 March 2015 compared to 155.6% as at 31 December 2014.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

Revenue is expected to be higher with higher ridership and fares.

With headcount increases mainly from the build-up for BSEP and DTL2 and salary adjustments, staff costs are expected to be higher. The renewal and expansion of the bus fleet is expected to result in higher depreciation and financing costs.

The Bus and Rail segments will continue to face challenges.

17 DIVIDEND

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on? None.

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

18 GROUP SEGMENTAL INFORMATION

By Business Activity

| | <u>Bus</u> \$'000 | <u>Rail</u> \$'000 | <u>Total</u> \$'000 |
|--------------------------------|----------------------|-----------------------|------------------------|
| <u>1st Quarter 2015</u> | | | |
| Revenue | 196,193 | 51,006 | 247,199 |
| <u>Results</u> | | | |
| Segment results | 3,117 | 3,747 | 6,864 |
| Net income from investments | | | 60 |
| Finance costs | | | (1,274) |
| Profit before taxation | | | 5,650 |
| Taxation | | | (880) |
| Profit after taxation | | | <u>4,770</u> |
| <u>1st Quarter 2014</u> | | | |
| Revenue | 175,620 | 47,200 | 222,820 |
| <u>Results</u> | | | |
| Segment results | 2,344 | 2,554 | 4,898 |
| Net income from investments | | | 108 |
| Finance costs | | | (1,137) |
| Profit before taxation | | | 3,869 |
| Taxation | | | (570) |
| Profit after taxation | | | <u>3,299</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 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 First Quarter 2015 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

12 May 2015