

Second Quarter 2014 Financial Statements and Dividend Announcement

The Board of Directors announces the unaudited results for the Second Quarter and Half-Year ended 30 June 2014.

1 GROUP INCOME STATEMENT

(i)

	Group					
	2nd Qtr 2014	2nd Qtr 2013	Incr/ (Decr)	1st Half 2014	1st Half 2013	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	235,131	209,338	12.3	457,951	414,099	10.6
Staff costs	107,141	93,898	14.1	210,911	187,590	12.4
Repairs and maintenance	26,805	26,594	0.8	52,435	50,547	3.7
Fuel and electricity costs	47,177	43,370	8.8	92,579	85,722	8.0
Premises costs	9,864	8,298	18.9	19,245	16,094	19.6
Depreciation expense	17,502	15,183	15.3	34,098	30,710	11.0
Other operating expenses	19,895	17,156	16.0	37,038	33,568	10.3
Total operating expenses	<u>228,384</u>	<u>204,499</u>	11.7	<u>446,306</u>	<u>404,231</u>	10.4
Operating profit	6,747	4,839	39.4	11,645	9,868	18.0
Net income from investments	62	111	(44.1)	170	234	(27.4)
Finance costs	(1,181)	(1,051)	12.4	(2,318)	(2,076)	11.7
Profit before taxation	5,628	3,899	44.3	9,497	8,026	18.3
Taxation	(666)	(742)	(10.2)	(1,236)	(2,045)	(39.6)
Profit attributable to shareholders	<u>4,962</u>	<u>3,157</u>	57.2	<u>8,261</u>	<u>5,981</u>	38.1

(ii) Included in the determination of net profit is the following item :-

	Group					
	2nd Qtr 2014	2nd Qtr 2013	Incr/ (Decr)	1st Half 2014	1st Half 2013	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
<i>After crediting :-</i>						
Net gain on disposal of vehicles and equipment	314	66	375.8	687	200	243.5

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000
ASSETS				
Current assets				
Short-term deposits and bank balances	5,840	4,494	5,339	4,265
Available-for-sale investments	-	5,045	-	5,045
Trade receivables	9,235	9,388	8,792	9,274
Other receivables and prepayments	22,669	24,682	56,732	41,739
Inventories	43,144	42,833	41,256	42,524
Total current assets	80,888	86,442	112,119	102,847
Non-current assets				
Subsidiary	-	-	5,000	5,000
Available-for-sale investments	5,576	5,549	5,576	5,549
Prepayments	18,118	27,363	18,118	27,281
Vehicles, premises and equipment	977,253	902,871	968,038	894,085
Deferred tax assets	6,522	4,407	-	-
Total non-current assets	1,007,469	940,190	996,732	931,915
Total assets	1,088,357	1,026,632	1,108,851	1,034,762
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	66,487	31,485	66,487	31,485
Trade and other payables	147,754	155,600	136,868	142,661
Trade payables for buses	25,827	15,746	25,827	15,746
Deposits received	2,071	2,196	2,055	2,176
Insurance premiums payable and provision for accident claims	29,809	30,126	29,809	30,126
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	85	69	85	69
Total current liabilities	292,025	255,214	281,123	242,255
Non-current liabilities				
Borrowings	339,774	322,608	339,774	322,608
Deferred grants	7,457	7,077	7,457	7,077
Deposits received	5,823	5,227	4,932	4,525
Deferred tax liabilities	63,856	60,919	63,856	60,919
Provision for service benefits and long service awards	10,811	11,304	10,756	11,262
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	447,713	427,127	446,767	426,383
Total liabilities	739,738	682,341	727,890	668,638
Capital and reserves				
Share capital	94,506	93,875	94,506	93,875
Other reserves	3,353	5,225	3,353	5,225
Accumulated profits	250,760	245,191	283,102	267,024
Total equity	348,619	344,291	380,961	366,124
Total liabilities and equity	1,088,357	1,026,632	1,108,851	1,034,762

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	<u>30 Jun</u> <u>2014</u> <u>\$'000</u>	<u>31 Dec</u> <u>2013</u> <u>\$'000</u>
Secured		
Amount repayable in one year or less, or on demand	6,487	4,985
Amount repayable after one year	<u>89,774</u>	<u>72,608</u>
	<u>96,261</u>	<u>77,593</u>
Unsecured		
Amount repayable in one year or less, or on demand	60,000	26,500
Amount repayable after one year	<u>250,000</u>	<u>250,000</u>
	<u>310,000</u>	<u>276,500</u>
Total		
Amount repayable in one year or less, or on demand	66,487	31,485
Amount repayable after one year	<u>339,774</u>	<u>322,608</u>
	<u>406,261</u>	<u>354,093</u>

Details of any collateral

Total secured borrowing of \$96.3m 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			
	2nd Qtr	2nd Qtr	1st Half	1st Half
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	5,628	3,899	9,497	8,026
Adjustments for:				
Depreciation expense	17,502	15,183	34,098	30,710
Finance costs	1,181	1,051	2,318	2,076
Net gain on disposal of vehicles and equipment	(314)	(66)	(687)	(200)
Interest income	(62)	(111)	(170)	(234)
Grant income	(13,343)	(7,402)	(24,711)	(12,445)
Operating cash flows before movements in working capital	10,592	12,554	20,345	27,933
Changes in working capital	12,802	(13,518)	1,326	(15,397)
Cash generated from (used in) operations	23,394	(964)	21,671	12,536
Income tax paid	(20)	(19)	(31)	(33)
Net cash from (used in) operating activities	23,374	(983)	21,640	12,503
Investing activities				
Interest received	221	221	221	237
Proceeds from disposal of:				
Vehicles and equipment	316	89	692	298
Available-for-sale investments	5,000	-	5,000	-
Purchase of vehicles, premises and equipment	(49,258)	(40,536)	(99,144)	(76,979)
Net cash used in investing activities	(43,721)	(40,226)	(93,231)	(76,444)
Financing activities				
New loans raised	64,510	50,256	161,055	62,749
Repayment of loans	(55,041)	(14,909)	(108,887)	(15,448)
Proceeds from share issue	585	-	585	-
Grants received	13,559	7,315	25,279	11,934
Interest paid	(1,025)	(974)	(2,389)	(2,313)
Dividends paid	(2,777)	(5,092)	(2,777)	(5,092)
Others	71	-	71	52
Net cash from financing activities	19,882	36,596	72,937	51,882
Net (decrease) increase in cash and cash equivalents	(465)	(4,613)	1,346	(12,059)
Cash and cash equivalents at beginning of period	6,305	10,801	4,494	18,247
Cash and cash equivalents at end of period	5,840	6,188	5,840	6,188

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

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Qtr	2nd Qtr	1st Half	1st Half
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	4,962	3,157	8,261	5,981
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on cash flow hedges	410	(2,586)	(1,794)	(2,363)
Fair value adjustment on available-for-sale investments	43	(265)	(18)	(324)
Total comprehensive income attributable to shareholders	5,415	306	6,449	3,294

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Second Quarter and Half-Year ended 30 June 2014:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2014	93,875	5,225	245,191	344,291
Total comprehensive income for the period				
Profit for the period	-	-	3,299	3,299
Other comprehensive income 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
Total comprehensive income for the period				
Profit for the period	-	-	4,962	4,962
Other comprehensive income for the period	-	453	-	453
Total	-	453	4,962	5,415
Transactions recognised directly in equity				
Exercise of share options	631	(46)	-	585
Payment of dividends	-	-	(2,777)	(2,777)
Other reserves	-	(14)	85	71
Total	631	(60)	(2,692)	(2,121)
Balance at 30 June 2014	94,506	3,353	250,760	348,619
Balance at 1 January 2013	93,875	6,522	241,660	342,057
Total comprehensive income for the period				
Profit for the period	-	-	2,824	2,824
Other comprehensive income for the period	-	164	-	164
Total	-	164	2,824	2,988
Transactions recognised directly in equity				
Other reserves	-	-	52	52
Total	-	-	52	52
Balance at 31 March 2013	93,875	6,686	244,536	345,097
Total comprehensive income for the period				
Profit for the period	-	-	3,157	3,157
Other comprehensive income for the period	-	(2,851)	-	(2,851)
Total	-	(2,851)	3,157	306
Transactions recognised directly in equity				
Payment of dividends	-	-	(5,092)	(5,092)
Other reserves	-	(55)	55	-
Total	-	(55)	(5,037)	(5,092)
Balance at 30 June 2013	93,875	3,780	242,656	340,311

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 2014:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	93,875	5,225	267,024	366,124
Total comprehensive income for the period				
Profit for the period	-	-	8,956	8,956
Other comprehensive income 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
Total comprehensive income for the period				
Profit for the period	-	-	9,814	9,814
Other comprehensive income for the period	-	453	-	453
Total	-	453	9,814	10,267
Transactions recognised directly in equity				
Exercise of share options	631	(46)	-	585
Payment of dividends	-	-	(2,777)	(2,777)
Other reserves	-	(14)	85	71
Total	631	(60)	(2,692)	(2,121)
Balance at 30 June 2014	94,506	3,353	283,102	380,961
Balance at 1 January 2013	93,875	6,522	247,805	348,202
Total comprehensive income for the period				
Profit for the period	-	-	6,117	6,117
Other comprehensive income for the period	-	164	-	164
Total	-	164	6,117	6,281
Transactions recognised directly in equity				
Other reserves	-	-	52	52
Total	-	-	52	52
Balance at 31 March 2013	93,875	6,686	253,974	354,535
Total comprehensive income for the period				
Profit for the period	-	-	7,353	7,353
Other comprehensive income for the period	-	(2,851)	-	(2,851)
Total	-	(2,851)	7,353	4,502
Transactions recognised directly in equity				
Payment of dividends	-	-	(5,092)	(5,092)
Other reserves	-	(55)	55	-
Total	-	(55)	(5,037)	(5,092)
Balance at 30 June 2013	93,875	3,780	256,290	353,945

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the quarter, 370,000 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 2014, the total number of issued shares was 308,999,766 (31 December 2013: 308,629,766).

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 2014, there were unexercised options for 5,688,750 (30 June 2013: 6,756,250) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 30 June 2014, 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 2013.

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 or after 1 January 2014. The adoption of these new/revised 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.

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 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
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)	1.61	1.02	2.68	1.94
(ii) On a fully diluted basis (cents)	1.61	1.02	2.68	1.94

EBITDA

	Group			
	2nd Qtr 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
(i) EBITDA (\$'000)	24,249	20,022	45,743	40,578
(ii) EBITDA margin (%)	10.3	9.6	10.0	9.8

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.13	1.12	1.23	1.19

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$235.1m for 2Q14 increased by 12.3% or \$25.8m from \$209.3m in 2Q13 while Group operating expenses of \$228.4m increased by 11.7% or \$23.9m from \$204.5m in 2Q13.

Group operating profit of \$6.7m for 2Q14 was 39.4% or \$1.9m higher than that of \$4.8m in 2Q13.

Net income from investments of \$0.1m for 2Q14 was lower than 2Q13 by 44.1%.

Finance costs of \$1.2m for 2Q14 were 12.4% or \$0.1m higher than 2Q13.

Consequently, Group profit before tax for 2Q14 of \$5.6m was 44.3% or \$1.7m higher than that of \$3.9m in 2Q13.

Taxation for 2Q14 of \$0.7m was lower than 2Q13 by 10.2% or \$0.1m due mainly to the tax credit recognised for the subsidiary of the Company, partially offset by adjustment of prior year's tax in 2Q13.

Group profit attributable to shareholders of the Company for 2Q14 of \$5.0m was 57.2% or \$1.8m higher than that of \$3.2m in 2Q13.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Bus segment for 2Q14 at \$186.3m was higher by 10.3% or \$17.4m than the \$168.9m in the corresponding quarter last year due to the increases in average daily ridership of 3.0% to 2,725,000 passenger trips and average fare, higher rental revenue at interchanges, increase in advertising sales and higher other operating income. Operating profit of \$4.1m for 2Q14 increased by 36.5% or \$1.1m from \$3.0m in 2Q13 due mainly to higher revenue, offset by higher staff costs, higher fuel cost, higher depreciation and higher other operating expenses.

Revenue from Rail segment for 2Q14 at \$48.9m was higher by 20.9% or \$8.5m than the \$40.4m in the corresponding quarter last year due to the commencement of Downtown Line (DTL) 1 operations, increases in average daily ridership and average fare, higher rental from new shops and renewals and an increase in advertising sales. Average daily ridership for the North-East Line grew by 6.8% to 502,000 passenger trips and the two Light Rail Transit systems went up by 10.2% to 84,000 passenger trips as compared to 2Q13. Average daily ridership for DTL 1 was 58,000 passenger trips. Operating profit of \$2.6m for 2Q14 increased by 44.3% or \$0.8m from \$1.8m in 2Q13 due mainly to higher revenue, offset by the DTL 1 losses, higher staff costs, higher premises costs, higher electricity cost and higher other operating expenses.

Statement of Financial Position

As at 30 June 2014, total equity for the Group increased by 1.3% or \$4.3m to \$348.6m as compared to 31 December 2013 due mainly to profits generated from operations, partially offset by payment of dividends.

Group total assets increased by 6.0% or \$61.7m to \$1.1b due to an increase in non-current assets of \$67.3m, partially offset by a decrease in current assets of \$5.6m. The increase in non-current assets was due mainly to the purchase of buses, partially offset by the decrease in prepayments for new buses. The decrease in current assets was due mainly to the maturity of available-for-sale investment and the decrease in other receivables, partially offset by the increase in cash and bank balances.

Group total liabilities increased by 8.4% or \$57.4m to \$739.7m due to an increase in current liabilities of \$36.8m and an increase in non-current liabilities of \$20.6m. The increase in current liabilities was due mainly to the increase in borrowings from banks and trade payable for buses, partially offset by the decrease in trade and other payables. The increase in non-current liabilities was due mainly to the additional loans from an external party and an increase in deferred tax liabilities.

Cash Flow

Net cash outflow of \$0.5m for 2Q14 was mainly from the repayment of loans, purchase of buses and payment of dividends, partially offset by new loans raised, net cash generated from operations, grants received and proceeds from available-for-sale investment.

As at 30 June 2014, the Group had cash and short-term deposits of \$5.8m. After accounting for the borrowings of \$406.3m, the Group had a net debt position of \$400.5m and a net gearing ratio of 114.9% which was higher than that of 93.8% as at 30 June 2013. The Group's gross gearing ratio was 116.5% as at 30 June 2014 compared to 95.6% as at 30 June 2013.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

Bus ridership growth is expected to be maintained. Rail ridership is expected to experience higher growth with the opening of DTL 1.

Staff costs are expected to be higher due to the headcount increase mainly from the build-up for BSEP and DTL 2 and salary adjustments. With the renewal and expansion of the bus fleet, depreciation and financing costs are expected to increase. The outlook for the Bus and Rail segments will continue to be challenging.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 1.25 cents (2013: 0.90 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	1.25 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	0.90 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The interim dividend will be paid on 27 August 2014.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 21 August 2014 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, 63 Cantonment Road, Singapore 089758, up to 5.00 p.m. on 20 August 2014 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 20 August 2014 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 2014</u>			
Revenue	186,263	48,868	235,131
<u>Results</u>			
Segment results	4,101	2,646	6,747
Net income from investments			62
Finance costs			<u>(1,181)</u>
Profit before taxation			5,628
Taxation			<u>(666)</u>
Profit after taxation			<u>4,962</u>
<u>2nd Quarter 2013</u>			
Revenue	168,926	40,412	209,338
<u>Results</u>			
Segment results	3,005	1,834	4,839
Net income from investments			111
Finance costs			<u>(1,051)</u>
Profit before taxation			3,899
Taxation			<u>(742)</u>
Profit after taxation			<u>3,157</u>
<u>First Half 2014</u>			
Revenue	361,883	96,068	457,951
<u>Results</u>			
Segment results	6,445	5,200	11,645
Net income from investments			170
Finance costs			<u>(2,318)</u>
Profit before taxation			9,497
Taxation			<u>(1,236)</u>
Profit after taxation			<u>8,261</u>
<u>First Half 2013</u>			
Revenue	333,895	80,204	414,099
<u>Results</u>			
Segment results	4,938	4,930	9,868
Net income from investments			234
Finance costs			<u>(2,076)</u>
Profit before taxation			8,026
Taxation			<u>(2,045)</u>
Profit after taxation			<u>5,981</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 Second Quarter 2014 financial results to be false or misleading in any material aspects.

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 August 2014