



**SBS TRANSIT LTD**  
Company Registration No.: 199206653M

**Condensed Financial Statements for the second half and full year ended 31  
December 2022 and Dividend Announcement**

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## A GROUP INCOME STATEMENT

|  |                                  | Group                            |                 |                   |                   |                 |
|--|----------------------------------|----------------------------------|-----------------|-------------------|-------------------|-----------------|
| Note   | 2nd Half<br>2022 <sup>(N1)</sup> | 2nd Half<br>2021 <sup>(N1)</sup> | Incr/<br>(Decr) | Full Year<br>2022 | Full Year<br>2021 | Incr/<br>(Decr) |
|  | \$'000                           | \$'000                           | %               | \$'000            | \$'000            | %               |
| <b>Revenue</b>                                 | 782,915                          | 670,024                          | 16.8            | 1,515,311         | 1,310,842         | 15.6            |
| Staff costs                                    | 363,571                          | 311,038                          | 16.9            | 735,928           | 625,554           | 17.6            |
| Repairs and maintenance costs                  | 117,722                          | 108,928                          | 8.1             | 206,558           | 204,404           | 1.1             |
| Fuel and electricity costs                     | 138,836                          | 81,175                           | 71.0            | 259,288           | 148,703           | 74.4            |
| Premises costs                                 | 34,458                           | 23,593                           | 46.1            | 56,226            | 47,063            | 19.5            |
| Depreciation expense                           | 46,368                           | 53,676                           | (13.6)          | 93,991            | 105,340           | (10.8)          |
| Other operating costs                          | 45,059                           | 76,239                           | (40.9)          | 83,412            | 126,224           | (33.9)          |
| Total operating costs                          | <u>746,014</u>                   | <u>654,649</u>                   | 14.0            | <u>1,435,403</u>  | <u>1,257,288</u>  | 14.2            |
| <b>Operating profit</b>                        | 5 36,901                         | 15,375                           | 140.0           | 79,908            | 53,554            | 49.2            |
| Interest income                                | 3,972                            | 184                              | NM              | 4,524             | 291               | NM              |
| Finance costs                                  | (698)                            | (581)                            | 20.1            | (1,473)           | (1,339)           | 10.0            |
| <b>Profit before taxation</b>                  | 40,175                           | 14,978                           | 168.2           | 82,959            | 52,506            | 58.0            |
| Tax (expense) credit                           | 6 (6,794)                        | 181                              | NM              | (14,937)          | (872)             | NM              |
| <b>Profit attributable to shareholders</b>     | <u>33,381</u>                    | <u>15,159</u>                    | 120.2           | <u>68,022</u>     | <u>51,634</u>     | 31.7            |
| <b>Operating Profit (Loss) before COVID-19</b> |                                  |                                  |                 |                   |                   |                 |
| <b>Government reliefs</b>                      | <b>36,901</b>                    | <b>(6,348)</b>                   | <b>NM</b>       | <b>79,908</b>     | <b>(2,769)</b>    | <b>NM</b>       |
| COVID-19 Government reliefs                    | -                                | 21,723                           | NM              | -                 | 56,323            | NM              |
| <b>Operating Profit after COVID-19</b>         |                                  |                                  |                 |                   |                   |                 |
| <b>Government reliefs</b>                      | <b>36,901</b>                    | <b>15,375</b>                    | <b>140.0</b>    | <b>79,908</b>     | <b>53,554</b>     | <b>49.2</b>     |

Please refer to paragraph G2 for a detailed explanation of the Group's financial performance.

N1 – Unaudited

NM – Not meaningful

## B GROUP COMPREHENSIVE INCOME STATEMENT

|  | Group                            |                                  |                   |                   |
|--|----------------------------------|----------------------------------|-------------------|-------------------|
|  | 2nd Half<br>2022 <sup>(N1)</sup> | 2nd Half<br>2021 <sup>(N1)</sup> | Full Year<br>2022 | Full Year<br>2021 |
|  | \$'000                           | \$'000                           | \$'000            | \$'000            |
| <b>Profit attributable to shareholders</b>                           | 33,381                           | 15,159                           | 68,022            | 51,634            |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                                  |                                  |                   |                   |
| Fair value adjustment on cash flow hedges                            | (1,306)                          | 484                              | (997)             | 484               |
| <b>Total comprehensive income attributable to shareholders</b>       | <u>32,075</u>                    | <u>15,643</u>                    | <u>67,025</u>     | <u>52,118</u>     |

N1 – Unaudited

### Earnings per ordinary share - Basic and Diluted

|   | Group             |                   |
|---|-------------------|-------------------|
|   | Full Year<br>2022 | Full Year<br>2021 |
| Based on weighted average number<br>of ordinary shares in issue (cents) | 21.81             | 16.56             |

## C STATEMENTS OF FINANCIAL POSITION

|                                       | Note | Group            |                  | Company          |                  |
|---------------------------------------|------|------------------|------------------|------------------|------------------|
|                                       |      | 31 Dec           | 31 Dec           | 31 Dec           | 31 Dec           |
|                                       |      | 2022             | 2021             | 2022             | 2021             |
|                                       |      | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>ASSETS</b>                         |      |                  |                  |                  |                  |
| <b>Current assets</b>                 |      |                  |                  |                  |                  |
| Short-term deposits and bank balances |      | 345,304          | 204,034          | 342,498          | 201,974          |
| Trade and other receivables           |      | 261,132          | 253,372          | 184,930          | 490,545          |
| Inventories                           |      | 102,649          | 101,482          | 16,290           | 73,340           |
| Total current assets                  |      | 709,085          | 558,888          | 543,718          | 765,859          |
| <b>Non-current assets</b>             |      |                  |                  |                  |                  |
| Subsidiaries                          |      | -                | -                | 100,002          | 100,000          |
| Prepayments                           |      | 492              | 4,605            | 248              | 4,538            |
| Due from subsidiaries                 |      | -                | -                | 350,565          | -                |
| Net Investment on sublease            |      | -                | 28               | -                | 28               |
| Vehicles, premises and equipment      | 10   | 480,867          | 563,200          | 435,048          | 537,610          |
| Deferred tax assets                   |      | 20,750           | 27,065           | -                | -                |
| Total non-current assets              |      | 502,109          | 594,898          | 885,863          | 642,176          |
| <b>Total assets</b>                   |      | <b>1,211,194</b> | <b>1,153,786</b> | <b>1,429,581</b> | <b>1,408,035</b> |
| <b>LIABILITIES AND EQUITY</b>         |      |                  |                  |                  |                  |
| <b>Current liabilities</b>            |      |                  |                  |                  |                  |
| Lease liabilities                     | 11   | 11,116           | 11,131           | 11,116           | 11,131           |
| Trade and other payables              |      | 333,800          | 298,567          | 236,807          | 240,620          |
| Deposits received                     |      | 4,655            | 3,766            | 2,593            | 2,657            |
| Provisions                            |      | 16,465           | 16,075           | 13,213           | 16,075           |
| Fuel price equalisation account       |      | 19,992           | 19,992           | 19,992           | 19,992           |
| Income tax payable                    |      | 36,259           | 33,879           | 36,259           | 33,879           |
| Total current liabilities             |      | 422,287          | 383,410          | 319,980          | 324,354          |
| <b>Non-current liabilities</b>        |      |                  |                  |                  |                  |
| Lease liabilities                     | 11   | 68,005           | 80,481           | 68,005           | 80,481           |
| Deferred grants                       |      | 4,349            | 4,772            | 4,104            | 4,772            |
| Deposits received                     |      | 6,862            | 7,284            | 1,905            | 5,475            |
| Deferred tax liabilities              |      | 28,651           | 44,619           | 28,651           | 44,619           |
| Provisions                            |      | 16,757           | 11,663           | 13,649           | 11,081           |
| Fuel price equalisation account       |      | 19,992           | 19,992           | 18,892           | 19,992           |
| Total non-current liabilities         |      | 144,616          | 168,811          | 135,206          | 166,420          |
| <b>Total liabilities</b>              |      | <b>566,903</b>   | <b>552,221</b>   | <b>455,186</b>   | <b>490,774</b>   |
| <b>Capital and reserves</b>           |      |                  |                  |                  |                  |
| Share capital                         | 12   | 100,499          | 100,499          | 100,499          | 100,499          |
| Other reserves                        |      | 40,072           | 40,749           | 40,444           | 40,501           |
| Accumulated profits                   |      | 503,720          | 460,317          | 833,452          | 776,261          |
| Total equity                          |      | 644,291          | 601,565          | 974,395          | 917,261          |
| <b>Total liabilities and equity</b>   |      | <b>1,211,194</b> | <b>1,153,786</b> | <b>1,429,581</b> | <b>1,408,035</b> |

## D GROUP CASH FLOW STATEMENT

|  | Note | Group          |                |
|--|------|----------------|----------------|
|  |      | Full Year      | Full Year      |
|  |      | 2022           | 2021           |
|  |      | \$'000         | \$'000         |
| <b>Operating activities</b>                              |      |                |                |
| Profit before taxation                                   |      | 82,959         | 52,506         |
| Adjustments for:   |      |                |                |
| Depreciation expense                                     |      | 93,991         | 105,340        |
| Finance costs  |      | 1,473          | 1,339          |
| Net (gain) loss on disposal of vehicles and equipment    |      | (357)          | 15,812         |
| Interest income  |      | (4,524)        | (291)          |
| Provisions   |      | 9,695          | 567            |
| Allowance for inventory obsolescence                     |      | 11,027         | 6,950          |
| Allowance (write-back) for expected credit losses        |      | 4              | (344)          |
| Share-based payment expense                              |      | 320            | -              |
| Operating cash flows before movements in working capital |      | 194,588        | 181,879        |
| Changes in working capital                               |      | 11,458         | 61,186         |
| Cash generated from operations                           |      | 206,046        | 243,065        |
| Income tax paid  |      | (22,006)       | (17,423)       |
| Interest paid arising from leases                        |      | (1,473)        | (1,300)        |
| Net cash from operating activities                       |      | 182,567        | 224,342        |
| <b>Investing activities</b>                              |      |                |                |
| Interest received  |      | 3,001          | 281            |
| Proceeds from disposal of vehicles and equipment         |      | 1,410          | 280            |
| Purchase of vehicles, premises and equipment             |      | (10,682)       | (33,098)       |
| Net cash used in investing activities                    |      | (6,271)        | (32,537)       |
| <b>Financing activities</b>                              |      |                |                |
| New loans raised   |      | -              | 4,000          |
| Repayment of borrowings                                  |      | -              | (29,000)       |
| Payments under lease liabilities                         |      | (10,407)       | (10,701)       |
| Interest paid  |      | -              | (51)           |
| Dividends paid   | 7    | (24,637)       | (37,579)       |
| Others   |      | 18             | -              |
| Net cash used in financing activities                    |      | (35,026)       | (73,331)       |
| Net increase in cash and cash equivalents                |      | 141,270        | 118,474        |
| Cash and cash equivalents at beginning of year           |      | 204,034        | 85,560         |
| <b>Cash and cash equivalents at end of year</b>          |      | <b>345,304</b> | <b>204,034</b> |

**E STATEMENTS OF CHANGES IN EQUITY**

|  | <b>Group</b>                                       |                                      |   |                                    |
|--|--|--------------------------------------|---|------------------------------------|
|  | <b>Attributable to shareholders of the Company</b> |                                      |   |                                    |
|  | <b>Share<br/>capital<br/>\$'000</b>                | <b>Other<br/>reserves<br/>\$'000</b> | <b>Accumulated<br/>profits<br/>\$'000</b> | <b>Total<br/>equity<br/>\$'000</b> |
| <b>Balance at 1 January 2021</b>                         | <b>100,499</b>                                     | <b>40,265</b>                        | <b>446,262</b>                            | <b>587,026</b>                     |
| <b>Total comprehensive income for the year</b>           |  |                                      |   |                                    |
| Profit for the year                                      | -  | -                                    | 51,634                                    | 51,634                             |
| Other comprehensive income for the year                  | -  | 484                                  | -   | 484                                |
| <b>Total</b>   | <b>-</b>   | <b>484</b>                           | <b>51,634</b>                             | <b>52,118</b>                      |
| <b>Transactions recognised directly in equity</b>        |  |                                      |   |                                    |
| Payment of dividends                                     | -  | -                                    | (37,579)                                  | (37,579)                           |
| <b>Total</b>   | <b>-</b>   | <b>-</b>                             | <b>(37,579)</b>                           | <b>(37,579)</b>                    |
| <b>Balance at 31 December 2021</b>                       | <b>100,499</b>                                     | <b>40,749</b>                        | <b>460,317</b>                            | <b>601,565</b>                     |
| <b>Total comprehensive income (expense) for the year</b> |  |                                      |   |                                    |
| Profit for the year                                      | -  | -                                    | 68,022                                    | 68,022                             |
| Other comprehensive expense for the year                 | -  | (997)                                | -   | (997)                              |
| <b>Total</b>   | <b>-</b>   | <b>(997)</b>                         | <b>68,022</b>                             | <b>67,025</b>                      |
| <b>Transactions recognised directly in equity</b>        |  |                                      |   |                                    |
| Payment of dividends                                     | -  | -                                    | (24,637)                                  | (24,637)                           |
| Recognition of share-based payment                       | -  | 320                                  | -   | 320                                |
| Other reserves   | -  | -                                    | 18  | 18                                 |
| <b>Total</b>   | <b>-</b>   | <b>320</b>                           | <b>(24,619)</b>                           | <b>(24,299)</b>                    |
| <b>Balance at 31 December 2022</b>                       | <b>100,499</b>                                     | <b>40,072</b>                        | <b>503,720</b>                            | <b>644,291</b>                     |

|  | <b>Company</b>       |                       |                            |                     |
|--|----------------------|-----------------------|----------------------------|---------------------|
|  | <b>Share capital</b> | <b>Other reserves</b> | <b>Accumulated profits</b> | <b>Total equity</b> |
|  | <b>\$'000</b>        | <b>\$'000</b>         | <b>\$'000</b>              | <b>\$'000</b>       |
| <b>Balance at 1 January 2021</b>                         | <b>100,499</b>       | <b>40,265</b>         | <b>710,747</b>             | <b>851,511</b>      |
| <b>Total comprehensive income for the year</b>           |                      |                       |                            |                     |
| Profit for the year                                      | -                    | -                     | 103,093                    | 103,093             |
| Other comprehensive income for the year                  | -                    | 236                   | -                          | 236                 |
| <b>Total</b>   | <b>-</b>             | <b>236</b>            | <b>103,093</b>             | <b>103,329</b>      |
| <b>Transactions recognised directly in equity</b>        |                      |                       |                            |                     |
| Payment of dividends                                     | -                    | -                     | (37,579)                   | (37,579)            |
| Other reserves   | -                    | -                     | -                          | -                   |
| <b>Total</b>   | <b>-</b>             | <b>-</b>              | <b>(37,579)</b>            | <b>(37,579)</b>     |
| <b>Balance at 31 December 2021</b>                       | <b>100,499</b>       | <b>40,501</b>         | <b>776,261</b>             | <b>917,261</b>      |
| <b>Total comprehensive income (expense) for the year</b> |                      |                       |                            |                     |
| Profit for the year                                      | -                    | -                     | 81,810                     | 81,810              |
| Other comprehensive expense for the year                 | -                    | (236)                 | -                          | (236)               |
| <b>Total</b>   | <b>-</b>             | <b>(236)</b>          | <b>81,810</b>              | <b>81,574</b>       |
| <b>Transactions recognised directly in equity</b>        |                      |                       |                            |                     |
| Payment of dividends                                     | -                    | -                     | (24,637)                   | (24,637)            |
| Recognition of share-based payment                       | -                    | 179                   | -                          | 179                 |
| Other reserves   | -                    | -                     | 18                         | 18                  |
| <b>Total</b>   | <b>-</b>             | <b>179</b>            | <b>(24,619)</b>            | <b>(24,440)</b>     |
| <b>Balance at 31 December 2022</b>                       | <b>100,499</b>       | <b>40,444</b>         | <b>833,452</b>             | <b>974,395</b>      |

## **F NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

The Company (Registration No. 199206653M) is incorporated in 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. These condensed consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of the provision of public bus transport services. Prior to 1 January 2022, the operation of the North-East Mass Rapid Transit System (NEL), Sengkang Light Rapid Transit System and the Punggol Light Rapid Transit System (SPLRT) were operating under the Company. These have since been transferred to the wholly-owned subsidiary, SBS Transit Rail Pte. Ltd. on 1 January 2022, in line with the transition to the New Rail Financing Framework (Version 2).

The principal activities of the subsidiaries are those of the operation of the Downtown Mass Rapid Transit System (DTL), NEL and SPLRT and provision of supporting services to land transport industry.

### **2. BASIS OF PREPARATION**

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

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 2021.

In the current financial year, the Group has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual periods beginning on 1 January 2022.

The condensed financial statements are expressed in Singapore dollars which is the Company's functional currency.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2 Use of judgements and estimates**

In the application of the Group's accounting policies, the 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.



The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

### ***Critical judgements in applying the Group's accounting policies***

The following are the critical judgements, apart from those involving estimates (see below), that Management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements:

#### Provision for rail contract

In projecting the future financial performance of the DTL, NEL and SPLRT under the Consolidated Rail Licence, significant judgement is exercised in key assumptions relating to ridership, fare adjustments and availability of grants from the Authorities. Based on Management's assessment, no provision for rail contract is required.

### ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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

Provisions are recognised when the Group has a present obligation 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.

##### (a) Accident 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 are used as a basis to estimate the amounts in which the Group will have to pay to third parties for such claims.

##### (b) Retirement benefits

Retirement benefits subject to a maximum of \$3,000 is payable to a retiring employee on or after attaining the retirement age and on completion of at least five years of service. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend.

##### (c) Long service awards

Staff serving more than 5 years and up to 35 years are entitled to long service awards. Provision is made based on the number of years of service rendered by qualifying employees and discounted to present value using the market yield of Singapore Government Bonds at end of the reporting period and after taking into account an estimated attrition rate. The estimated attrition rate used is based on the Management's best estimate using historical trend.

#### Allowance for inventory obsolescence

The Group's inventories comprised mainly parts, accessories and consumable stock required for the operation and maintenance of vehicles and equipment.

The terms of the rail licence contract and useful life of buses are considered in the determination of the useful life of the inventories. In addition to identification of obsolete inventories based on considerations such as phasing out of vehicle models and inventories purchased for specific projects which have ended, Management identifies inventories that are slow moving (i.e. stocks with no movement for 2 years and beyond) and evaluates the carrying value of inventories. An allowance for inventory obsolescence is recognised for these inventories based on its useful life and inventory turnover.

#### Useful lives of vehicles, premises and equipment

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.

### **3. SEGMENT AND REVENUE INFORMATION**

The Group operates principally in Singapore.

Information reported to the Group's chief operating decision maker for purposes of resource allocation and assessment of segment performance are based on the following:

- (a) Public Transport Services: Income is generated substantially from the provision of bus and rail services to commuters travelling on public transport systems.
- (b) Other Commercial Services: Income is generated substantially through -
  - (i) advertisements on buses and trains and at bus interchanges and rail stations; and
  - (ii) rental collections from commercial and shop space at bus interchanges and rail stations.

**Segment revenue and expense:** Segment revenue and expense are the operating revenue and expense reported in the Group's Profit or Loss 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 operating receivables, inventories and vehicles, premises and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire vehicles, premises and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

3.1 Segment information

|                                     | Public<br>Transport<br>Services | Other<br>Commercial<br>Services | Total                |
|-------------------------------------|---------------------------------|---------------------------------|----------------------|
|                                     | \$'000                          | \$'000                          | \$'000               |
| <b><u>Second Half 2022</u></b>      |                                 |                                 |                      |
| Revenue                             | 754,528                         | 28,387                          | 782,915              |
| <b><u>Results</u></b>               |                                 |                                 |                      |
| Segment results                     | 19,809                          | 17,092                          | 36,901               |
| Interest income                     |                                 |                                 | 3,972                |
| Finance costs                       |                                 |                                 | (698)                |
| Profit before taxation              |                                 |                                 | <u>40,175</u>        |
| Tax expense                         |                                 |                                 | (6,794)              |
| Profit attributable to shareholders |                                 |                                 | <u><u>33,381</u></u> |
| <b>OTHER INFORMATION</b>            |                                 |                                 |                      |
| Depreciation expense                | 43,877                          | 2,491                           | 46,368               |
| <b><u>Second Half 2021</u></b>      |                                 |                                 |                      |
| Revenue                             | 643,924                         | 26,100                          | 670,024              |
| <b><u>Results</u></b>               |                                 |                                 |                      |
| Segment results                     | 3,153                           | 12,222                          | 15,375               |
| Interest income                     |                                 |                                 | 184                  |
| Finance costs                       |                                 |                                 | (581)                |
| Profit before taxation              |                                 |                                 | <u>14,978</u>        |
| Tax credit                          |                                 |                                 | 181                  |
| Profit attributable to shareholders |                                 |                                 | <u><u>15,159</u></u> |
| <b>OTHER INFORMATION</b>            |                                 |                                 |                      |
| Depreciation expense                | 50,499                          | 3,177                           | 53,676               |

|                                     | Public<br>Transport<br>Services | Other<br>Commercial<br>Services | Total         |
|-------------------------------------|---------------------------------|---------------------------------|---------------|
|                                     | \$'000                          | \$'000                          | \$'000        |
| <b><u>Full Year 2022</u></b>        |                                 |                                 |               |
| Revenue                             | 1,464,995                       | 50,316                          | 1,515,311     |
| <u>Results</u>                      |                                 |                                 |               |
| Segment results                     | 50,753                          | 29,155                          | 79,908        |
| Interest income                     |                                 |                                 | 4,524         |
| Finance costs                       |                                 |                                 | (1,473)       |
| Profit before taxation              |                                 |                                 | 82,959        |
| Tax expense                         |                                 |                                 | (14,937)      |
| Profit attributable to shareholders |                                 |                                 | <u>68,022</u> |
| OTHER INFORMATION                   |                                 |                                 |               |
| Depreciation expense                | 89,090                          | 4,901                           | 93,991        |
| <b><u>Full Year 2021</u></b>        |                                 |                                 |               |
| Revenue                             | 1,265,331                       | 45,511                          | 1,310,842     |
| <u>Results</u>                      |                                 |                                 |               |
| Segment results                     | 30,978                          | 22,576                          | 53,554        |
| Interest income                     |                                 |                                 | 291           |
| Finance costs                       |                                 |                                 | (1,339)       |
| Profit before taxation              |                                 |                                 | 52,506        |
| Tax expense                         |                                 |                                 | (872)         |
| Profit attributable to shareholders |                                 |                                 | <u>51,634</u> |
| OTHER INFORMATION                   |                                 |                                 |               |
| Depreciation expense                | 101,286                         | 4,054                           | 105,340       |

|   | Public<br>Transport<br>Services | Other<br>Commercial<br>Services | Total            |
|---|---------------------------------|---------------------------------|------------------|
|   | \$'000                          | \$'000                          | \$'000           |
| <b>STATEMENT OF FINANCIAL POSITION</b>          |                                 |                                 |                  |
| <b><u>31 December 2022</u></b>                  |                                 |                                 |                  |
| <b>ASSETS</b>                                   |                                 |                                 |                  |
| Segment assets                                  | 820,621                         | 23,655                          | 844,276          |
| Unallocated corporate assets                    |                                 |                                 | 366,918          |
| Consolidated total assets                       |                                 |                                 | <u>1,211,194</u> |
| <b>LIABILITIES</b>                              |                                 |                                 |                  |
| Segment liabilities                             | 462,890                         | 27,070                          | 489,960          |
| Unallocated corporate liabilities               |                                 |                                 | 76,943           |
| Consolidated total liabilities                  |                                 |                                 | <u>566,903</u>   |
| <b>OTHER INFORMATION</b>                        |                                 |                                 |                  |
| Addition of vehicles,<br>premises and equipment | 13,671                          | 1,124                           | 14,795           |
| <b><u>31 December 2021</u></b>                  |                                 |                                 |                  |
| <b>ASSETS</b>                                   |                                 |                                 |                  |
| Segment assets                                  | 900,513                         | 23,327                          | 923,840          |
| Unallocated corporate assets                    |                                 |                                 | 229,946          |
| Consolidated total assets                       |                                 |                                 | <u>1,153,786</u> |
| <b>LIABILITIES</b>                              |                                 |                                 |                  |
| Segment liabilities                             | 435,698                         | 27,798                          | 463,496          |
| Unallocated corporate liabilities               |                                 |                                 | 88,725           |
| Consolidated total liabilities                  |                                 |                                 | <u>552,221</u>   |
| <b>OTHER INFORMATION</b>                        |                                 |                                 |                  |
| Addition of vehicles,<br>premises and equipment | 22,627                          | 12,324                          | 34,951           |

### 3.2 Revenue

Revenue is substantially generated from the provision of bus and rail services to commuters travelling on public transport systems. Revenue from transport services are mainly contracts with the Government (public sector) in Singapore for an average of 9 years. Included in the revenue from transport services are performance incentives from transport regulator for achieving certain performance and service quality targets, and other rail related services income. The performance incentives accounted for approximately 4% (2021: 5%) of the total revenue.

Revenue from Public Transport Services and Other Commercial Services are recognised over time.

Breakdown of revenue:

|   | Full Year<br>2022<br>\$'000 | Full Year<br>2021<br>\$'000 | Incr /<br>(Decr)<br>% |
|---|-----------------------------|-----------------------------|-----------------------|
| (a) Revenue reported for first half year                | 732,396                     | 640,818                     | 14.3                  |
| (b) Profit after taxation reported for first half year  | 34,641                      | 36,475                      | (5.0)                 |
| (a) Revenue reported for second half year               | 782,915                     | 670,024                     | 16.8                  |
| (b) Profit after taxation reported for second half year | 33,381                      | 15,159                      | 120.2                 |

#### 4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

The following table sets out the financial instruments as at the end of the reporting period:

|   | Group                 |                       | Company               |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 31 Dec 2022<br>\$'000 | 31 Dec 2021<br>\$'000 | 31 Dec 2022<br>\$'000 | 31 Dec 2021<br>\$'000 |
| <b>Financial Assets</b>   |                       |                       |                       |                       |
| Amortised cost  | 578,286               | 438,998               | 871,553               | 681,069               |
| Financial Instruments designated in hedge accounting relationships: |                       |                       |                       |                       |
| Hedging instrument  | 34                    | 653                   | -                     | 319                   |
| <b>Financial Liabilities</b>  |                       |                       |                       |                       |
| Amortised cost  | 409,562               | 381,846               | 297,055               | 320,997               |
| Financial Instruments designated in hedge accounting relationships: |                       |                       |                       |                       |
| Hedging instrument  | 652                   | 69                    | -                     | 34                    |

## 5. OPERATING PROFIT

### 5.1 Significant items

|   | Group    |          |           |           |
|---|----------|----------|-----------|-----------|
|   | 2nd Half | 2nd Half | Full Year | Full Year |
|   | 2022     | 2021     | 2022      | 2021      |
|   | \$'000   | \$'000   | \$'000    | \$'000    |
| Cost of inventories recognised in repairs and maintenance costs | 78,155   | 72,841   | 137,751   | 137,405   |
| Net loss (gain) on disposal of vehicles and equipment           | 461      | 15,955   | (357)     | 15,812    |
| Allowance for inventory obsolescence                            | 6,926    | 3,173    | 11,027    | 6,950     |
| (Write-back) Allowance for expected credit losses               | (5)      | (52)     | 4         | (344)     |
| Provision for accident claims                                   | 148      | 125      | 401       | 365       |
| Provision for service benefits and long service awards          | 969      | 44       | 1,706     | 202       |
| Provision for reinstatement and maintenance costs               | 7,588    | -        | 7,588     | -         |
| Government grants (COVID-19 related)                            | -        | (21,723) | -         | (56,323)  |

### 5.2 Related party transactions

The Company's immediate and ultimate holding company is ComfortDelGro Corporation Limited, incorporated in Singapore.

Related companies refer to members of the ultimate holding company's group of companies.

Related parties include associate or joint venture of a member of the ultimate holding company.

Intercompany and related party transactions during the financial year, other than those disclosed elsewhere in the notes to the Financial Statements are as follows:

|   | Group     |           |
|---|-----------|-----------|
|   | Full Year | Full Year |
|   | 2022      | 2021      |
|   | \$'000    | \$'000    |
| Purchases of inventories from a related company                           | 29,127    | 27,956    |
| Shared services charged from ultimate holding company                     | 4,727     | 2,737     |
| Corporate services charged from ultimate holding company                  | 4,132     | 4,022     |
| Rental expense from:  |           |           |
| Ultimate holding company  | 2,808     | 2,839     |
| Related company   | 651       | 660       |
| Purchase of goods and services from related companies                     | 4,235     | 3,921     |
| Sales of goods and services to:   |           |           |
| Ultimate holding company  | (22)      | (22)      |
| Related companies   | (1,594)   | (1,045)   |
| Transfer of computers and automated equipment to ultimate holding company | (385)     | -         |
| Rental income from related companies                                      | (222)     | (209)     |

## 6. TAX EXPENSE (CREDIT)

The taxation charge varied from the amount of taxation charge determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before taxation as a result of the following differences:

|                    | Group            |                  |                   |                   |
|--------------------|------------------|------------------|-------------------|-------------------|
|                    | 2nd Half<br>2022 | 2nd Half<br>2021 | Full Year<br>2022 | Full Year<br>2021 |
|                    | \$'000           | \$'000           | \$'000            | \$'000            |
| Current income tax | 14,034           | 15,196           | 36,324            | 31,555            |
| Deferred tax       | (7,240)          | (15,377)         | (21,387)          | (30,683)          |
| Total              | <u>6,794</u>     | <u>(181)</u>     | <u>14,937</u>     | <u>872</u>        |

## 7. DIVIDENDS

|  | Group             |                   |
|--|-------------------|-------------------|
|  | Full Year<br>2022 | Full Year<br>2021 |
| Tax-exempt one-tier final dividend in respect of previous financial year<br>- 2.45 cents (2021: 6.30 cents) per ordinary shares  | 7,641             | 19,647            |
| Tax-exempt one-tier interim dividend in respect of current financial year<br>- 5.45 cents (2021: 5.75 cents) per ordinary shares | 16,996            | 17,932            |
|  | <u>24,637</u>     | <u>37,579</u>     |

## 8. NET ASSET VALUE PER ORDINARY SHARE

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 31 Dec<br>2022 | 31 Dec<br>2021 | 31 Dec<br>2022 | 31 Dec<br>2021 |
| Net asset value per ordinary share based on<br>issued share capital (dollars) | 2.07           | 1.93           | 3.12           | 2.94           |



## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) quoted prices in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (Level 3).

The fair values of the Group's investments are classified into Level 1. The Group's hedging instruments are classified into Level 2. None of the fair value of the financial instrument is classified in Level 3. There are also no transfers between Levels 1 and 2 of the fair value hierarchy during the financial year.

## 10. VEHICLES, PREMISES AND EQUIPMENT

During the six months ended 31 December 2022, the addition to vehicles, premises and equipment owned and adjustment to Right-of-use assets for the Group amounted to \$7,406,000 (31 December 2021: \$63,848,000) and disposal of vehicles, premises and equipment owned amounted to a net book value of \$515,000 (31 December 2021: \$16,040,000).

## 11. AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND LEASE LIABILITIES

|  | 31 Dec<br>2022<br>\$'000 | 31 Dec<br>2021<br>\$'000 |
|--|--------------------------|--------------------------|
| <b><u>Lease Liabilities</u></b>                    |                          |                          |
| <b>Secured</b>                                     |                          |                          |
| Amount repayable in one year or less, or on demand | 11,116                   | 11,131                   |
| Amount repayable after one year                    | <u>68,005</u>            | <u>80,481</u>            |
|  | <u>79,121</u>            | <u>91,612</u>            |

### Details of any collateral

The total secured lease liabilities relate to the adoption of SFRS(I) 16 Leases.

## 12. SHARE CAPITAL

|                              | Group and Company                   |                |                |                |
|------------------------------|-------------------------------------|----------------|----------------|----------------|
|                              | 31 Dec<br>2022                      | 31 Dec<br>2021 | 31 Dec<br>2022 | 31 Dec<br>2021 |
|                              | Number ('000) of<br>Ordinary shares |                | \$'000         | \$'000         |
| Issued and paid up           |                                     |                |                |                |
| At beginning and end of year | 311,865                             | 311,865        | 100,499        | 100,499        |

Since 30 June 2022, no new ordinary shares were issued by the Company.

As at 31 December 2022, the Company does not hold any treasury shares.

## 13. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

## **G OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

### **1. REVIEW**

The financial statements of the Group and Company for the financial year ended 31 December 2022 have been audited. Please refer to auditors' report in item 9. Financial results of the Group for 2H2022 and 2H2021 have not been audited nor reviewed.

### **2. REVIEW OF GROUP PERFORMANCE**

#### **Performance Review**

##### **(i) 2H2022 vs 2H2021**

Group revenue of \$782.9m for 2H2022 increased by 16.8% or \$112.9m from \$670.0m for the same period last year while Group operating costs of \$746.0m for 2H2022 increased by 14.0% or \$91.4m from \$654.6m for 2H2021.

Group operating profit of \$36.9m for 2H2022 was 140.0% or \$21.5m higher than that of \$15.4m for 2H2021.

Interest income of \$4.0m for 2H2022 was \$3.8m higher than that of \$184k for 2H2021.

Finance costs of \$0.7m for 2H2022 were 20.1% or \$0.1m higher than that of \$0.6m for 2H2021.

Consequently, Group profit before taxation of \$40.2m for 2H2022 was 168.2% or \$25.2m higher than that of \$15.0m for 2H2021.

Tax expense for 2H2022 was \$6.8m as compared to tax credit of \$0.2m for the same period last year due mainly to tax exemption on Jobs Support Scheme (JSS) grant in 2H2021 and higher profits in 2H2022.

Group profit attributable to shareholders of the Company of \$33.4m for 2H2022 was 120.2% or \$18.2m higher than that of \$15.2m for 2H2021.

Revenue from Public Transport Services of \$754.5m for 2H2022 was higher by 17.2% or \$110.6m compared to \$643.9m for 2H2021 due mainly to higher bus revenue arising from higher indexation for service fees and higher mileage, as well as growth in rail revenue due to higher ridership. For 2H2022, average daily ridership for NEL grew by 47.3% to 527k passenger trips and that for the SPLRT by 37.4% to 144k passenger trips as compared to that of 2H2021. Average daily ridership for the DTL grew by 63.2% to 404k passenger trips as compared to that of 2H2021. Operating profit for 2H2022 at \$19.8m increased by \$16.6m from \$3.2m for 2H2021 due mainly to higher revenue, absence of one-off loss on disposal of 241 buses recorded in 2H2021 of \$16.0m and lower other operating costs, offset by higher fuel and electricity costs, higher staff costs and absence of government reliefs largely from JSS.

Revenue from Other Commercial Services of \$28.4m for 2H2022 was higher by 8.8% or \$2.3m compared to \$26.1m for 2H2021 due mainly to higher advertising revenue mostly attributable to more campaigns due to improved economic conditions as a result of the easing of the COVID-19 restrictions. Operating profit for 2H2022 at \$17.1m increased by 39.8% or \$4.9m compared to \$12.2m for 2H2021 due mainly to higher revenue and lower other operating costs.

(ii) FY2022 vs FY2021

Group revenue of \$1,515.3m for 2022 increased by 15.6% or \$204.5m from \$1,310.8m for 2021 while Group operating costs of \$1,435.4m for 2022 increased by 14.2% or \$178.1m from \$1,257.3m for 2021.

Group operating profit of \$79.9m for 2022 was 49.2% or \$26.3m higher than that of \$53.6m for 2021.

Interest income of \$4.5m for 2022 was \$4.2m higher than that of \$291k for 2021.

Finance costs of \$1.5m for 2022 were 10.0% or \$0.2m higher than that of \$1.3m for 2021.

Consequently, Group profit before taxation of \$83.0m for 2022 was 58.0% or \$30.5m higher than that of \$52.5m for 2021.

Tax expense of \$14.9m for 2022 was \$14.0m higher than that of \$0.9m due mainly to tax exemption on JSS grant in prior year and higher profits in 2022.

Group profit attributable to shareholders of the Company of \$68.0m for 2022 was 31.7% or \$16.4m higher than that of \$51.6m for 2021.

Revenue from Public Transport Services of \$1,465.0m for 2022 was higher by 15.8% or \$199.7m compared to \$1,265.3m for 2021 due mainly to higher service fees from higher fuel indexation and higher rail revenue mainly from higher ridership. For 2022, average daily ridership for NEL grew by 30.4% to 486k passenger trips and that for the SPLRT by 26.6% to 136k passenger trips as compared to that of 2021. Average daily ridership for DTL grew by 39.1% to 366k passenger trips as compared to that of 2021. Operating profit for 2022 at \$50.8m increased by 63.8% or \$19.8m from \$31.0m for 2021 due mainly to higher revenue, one-off loss on disposal of 241 buses in 2021 of \$16.0m and lower other operating costs, offset by higher fuel and electricity costs, higher staff costs and absence of government reliefs largely from JSS.

Revenue from Other Commercial Services of \$50.3m for 2022 was higher by 10.6% or \$4.8m compared to \$45.5m for 2021 due mainly to higher advertising revenue mostly attributable to more campaigns due to improved economic conditions as a result of the lifting of the COVID-19 restrictions and higher rental income mostly from rental rebates given to tenants in 2021. Operating profit for 2022 at \$29.2m increased by 29.1% or \$6.6m compared to \$22.6m for 2021 due mainly to higher revenue and lower other operating costs, offset by higher staff costs.

## **Statement of Financial Position**

As at 31 December 2022, total equity for the Group increased by 7.1% or \$42.7m to \$644.3m as compared to 31 December 2021 due mainly to profits generated from operations, partially offset by the dividends paid.

Group total assets increased by 5.0% or \$57.4m to \$1,211.2m due to an increase in current assets of \$150.2m, partially offset by a decrease in non-current assets of \$92.8m. The increase in current assets was due mainly to an increase in short-term deposits and bank balances. The decrease in non-current assets was due mainly to the depreciation of vehicles and premises and equipment.

Group total liabilities increased by 2.7% or \$14.7m to \$566.9m due to an increase in current liabilities of \$38.9m, partially offset by a decrease in non-current liabilities of \$24.2m. The increase in current liabilities was due mainly to an increase in trade and other payables. The decrease in non-current liabilities was due mainly to a decrease in the deferred tax liabilities and lease liabilities.

## **Cash Flow**

The net cash inflow of \$141.3m for 2022 was from net cash generated from operating activities, partially offset by the payment of dividends, purchase of vehicles, premises and equipment and repayment of lease liabilities.

As at 31 December 2022, the Group had short-term deposits and bank balances of \$345.3m.

### **3. ANY VARIANCE BETWEEN PROSPECT STATEMENT PREVIOUSLY DISCLOSED AND THE ACTUAL RESULTS**

No forecast or prospect statement has been previously disclosed.

#### 4. GROUP OUTLOOK

With the removal of the remaining COVID-19 restrictions from 13 February 2023, overall revenue is expected to improve.

Expected growth in Public Transport revenue for rail operations will be driven by higher ridership and fare increase granted by the Public Transport Council effective from 26 December 2022. Revenue from the bus operations will see a hit from the full-year impact of the revised lower service fees for the five negotiated bus packages which took effect from 1 September 2022.

Revenue from Other Commercial Services is expected to pick up in line with ridership recovery and improved market sentiments.

Operating costs especially staff costs are expected to be higher due to tight labour market. High energy prices due to global supply issues will also add to our cost pressures.

Given the lowered margins for the extended five negotiated bus contracts coupled by rising operating costs as mentioned above, the Group continues to maintain a cautious outlook.

#### 5. DIVIDEND

##### (a) Current Financial Period Reported on

The Directors are pleased to propose a tax-exempt one-tier final dividend of 5.45 cents (2021: 2.45 cents) per ordinary share. Including interim dividend of 5.45 cents (2021: 5.75 cents), total dividend per share for 2022 is 10.90 cents (2021: 8.20 cents).

| Name of Dividend                   | Final                     |
|------------------------------------|---------------------------|
| Dividend Type                      | Cash; Tax-exempt one-tier |
| Dividend Amount per ordinary share | 5.45 cents                |
| Tax Rate                           | Exempt one-tier           |

##### (b) Corresponding Period of the Immediate Preceding Financial Year

| Name of Dividend                   | Final                     |
|------------------------------------|---------------------------|
| Dividend Type                      | Cash; Tax-exempt one-tier |
| Dividend Amount per ordinary share | 2.45 cents                |
| Tax Rate                           | Exempt one-tier           |

##### (c) Date Payable

The proposed final dividend, if approved by the Shareholders at the Thirtieth Annual General Meeting of the Company to be held on 27 April 2023, will be payable on 16 May 2023.

**(d) Record Date**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00p.m. 8 May 2023 for the purposes of determining Shareholders' entitlements to the proposed final dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, up to 5.00 p.m. on 8 May 2023 will be registered to determine Shareholders' entitlements to the final 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 8 May 2023 will be entitled to the proposed final dividend.

**6. INTERESTED PERSON TRANSACTIONS**

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

**7. DISCLOSURE OF PERSONS OCCUPYING MANAGERIAL POSITIONS**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that as at 31 December 2022, none of the persons occupying managerial positions in the Company or its subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

**8. 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.

**BY ORDER OF THE BOARD**

Angeline Joyce Lee Siang Pohr  
Company Secretary

22 February 2023

## 9. AUDITOR'S REPORT

The auditor's report on the full financial statements of SBS Transit Ltd for the financial year ended 31 December 2022 is as follows:

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SBS TRANSIT LTD

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the Financial Statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2022, and the Group Income Statement, Group Comprehensive Income Statement, Group Statement of Changes in Equity and Group Cash Flow Statement and the Statement of Changes in Equity of the Company for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Consolidated Financial Statements of the Group and the Statement of Financial Position and the Statement of Changes in Equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

##### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the Financial Statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### (a) Provision for rail contract

On 11 November 2021, the Company entered into a framework agreement with the Land Transport Authority of Singapore ("LTA") and SBS Transit DTL Pte. Ltd. to transit the Downtown Line ("DTL") to the second version of the New Rail Financing Framework Version 2 ("NRFF (Version 2)"). North East Line ("NEL") and Sengkang Punggol Light Rail Transit System ("SPLRT") are already on NRFF Version 2 since 2018.



As part of the framework agreement, the LTA has issued a consolidated rail licence to SBS Transit Ltd's wholly-owned subsidiary, SBS Transit Rail Pte. Ltd., to operate the DTL, NEL and SPLRT for a period of 11 years commencing 1 January 2022, and ending on 31 December 2032 (the "Consolidated Rail Licence").

As disclosed in the Financial Statements, in projecting the future financial performance of the Consolidated Rail Licence, significant judgement is exercised in key assumptions relating to ridership, fare adjustments and availability of grants from the Authorities, after taking into consideration the ridership patterns and fare adjustments.

Our audit procedures focused on evaluating the areas of significant judgement made by Management in their projection of the future financial performance of the DTL, NEL and SPLRT after considering the new terms under the Consolidated Rail Licence.

We obtained and read the framework agreement and certain key correspondences between the Authorities and the Group. We discussed with Management on the areas of significant judgement in their projection of the future financial performance of the DTL, NEL and SPLRT. We obtained the projected future financial performance of the DTL, NEL and SPLRT up to the end of the licence period and challenged key assumptions made by Management, including reviewing relevant corroborative documentation of ridership projection, projected future fare adjustments and availability of grants from the Authorities. We have also assessed the appropriateness of the related disclosures in the financial statements.

(b) Valuation and Completeness of Provision for Accident Claims

The valuation and completeness of provision for settlement of accident claims involves estimation uncertainty and judgement. In determining the provision for accident claims as at 31 December 2022, Management considers the probability and amount of the expected settlement claims based on the number of claims lodged, recent settlements, third party settlement data and accident claims statistics.

Our audit procedures included understanding the process used to determine the provision for accident claims. We independently evaluated the reasonableness of Management's basis and the key estimates and assumptions used in the provision estimated by Management, including reviewing the number of claims lodged, recent settlements, third party settlement data and accident claims statistics.

We have also assessed the adequacy and appropriateness of the related disclosures in the financial statements.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon. The Directors' Statement was obtained prior to the date of this auditor's report and the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Financial Statements and to maintain accountability of assets.

In preparing the Financial Statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

(d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### *Report on Other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yang Chi Chih.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants

Singapore  
22 February 2023