



SBS TRANSIT LTD

Company Registration No: 199206653M

First Quarter 2015 Financial Statements

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

1 GROUP INCOME STATEMENT

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

2 STATEMENTS OF FINANCIAL POSITION

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

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

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

Details of any collateral

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

4 GROUP CASH FLOW STATEMENT

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

5 GROUP COMPREHENSIVE INCOME STATEMENT

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

6 STATEMENTS OF CHANGES IN EQUITY

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

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2015	94,579	(37,427)	252,927	310,079
Total comprehensive income for the period				
Profit for the period	-	-	4,770	4,770
Other comprehensive income for the period	-	5,107	-	5,107
Total	-	5,107	4,770	9,877
Transactions recognised directly in equity				
Other reserves	-	(42)	42	-
Total	-	(42)	42	-
Balance at 31 March 2015	94,579	(32,362)	257,739	319,956
Balance at 1 January 2014	93,875	5,225	245,191	344,291
Total comprehensive income (expense) for the period				
Profit for the period	-	-	3,299	3,299
Other comprehensive expense for the period	-	(2,265)	-	(2,265)
Total	-	(2,265)	3,299	1,034
Balance at 31 March 2014	93,875	2,960	248,490	345,325

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

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	94,579	(37,427)	295,464	352,616
Total comprehensive income for the period				
Profit for the period	-	-	9,578	9,578
Other comprehensive income for the period	-	5,107	-	5,107
Total	-	5,107	9,578	14,685
Transactions recognised directly in equity				
Other reserves	-	(42)	42	-
Total	-	(42)	42	-
Balance at 31 March 2015	94,579	(32,362)	305,084	367,301
Balance at 1 January 2014	93,875	5,225	267,024	366,124
Total comprehensive income (expense) for the period				
Profit for the period	-	-	8,956	8,956
Other comprehensive expense for the period	-	(2,265)	-	(2,265)
Total	-	(2,265)	8,956	6,691
Balance at 31 March 2014	93,875	2,960	275,980	372,815

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

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

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

Outstanding Shares - SBS Transit Share Option Scheme

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

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

As at 31 March 2015, the Company does not hold any treasury shares.

8 AUDIT

The financial statements have not been audited or reviewed.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2014.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2015.

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

11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Not applicable.

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

Earnings per ordinary share

	Group	
	1st Qtr 2015	1st Qtr 2014
Earnings per ordinary share for the period based on profit attributable to shareholders:-		
(i) Based on the weighted average number of ordinary shares in issue (cents)	1.54	1.07
(ii) On a fully diluted basis (cents)	1.54	1.07

EBITDA

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

13 NET ASSET VALUE PER ORDINARY SHARE

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

14 REVIEW OF GROUP PERFORMANCE

Performance Review

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

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

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

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

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

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

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

A segmental breakdown by business is provided under paragraph 18.

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

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

Statement of Financial Position

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

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

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

Cash Flow

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

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

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

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

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

The Bus and Rail segments will continue to face challenges.

17 DIVIDEND

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

18 GROUP SEGMENTAL INFORMATION

By Business Activity

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

19 BREAKDOWN OF REVENUE

Not applicable.

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

Not applicable.

21 INTERESTED PERSON TRANSACTIONS

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

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the First Quarter 2015 financial results to be false or misleading in any material aspect.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

12 May 2015