



SBS TRANSIT LTD
Company Registration No.: 199206653M

**Condensed Financial Statements for the second half and full year ended 31
December 2023 and Dividend Announcement**

CONTENTS

	Page
A. GROUP INCOME STATEMENT	1
B. GROUP COMPREHENSIVE INCOME STATEMENT	2
C. STATEMENTS OF FINANCIAL POSITION	3
D. GROUP CASH FLOW STATEMENT	4
E. STATEMENTS OF CHANGES IN EQUITY	5
F. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2	20

A GROUP INCOME STATEMENT

		Group					
Note	2nd Half	2nd Half	Incr/	Full Year	Full Year	Incr/	
	2023 ^(N1)	2022 ^(N1)	(Decr)	2023	2022	(Decr)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	782,754	782,915	-	1,527,136	1,515,311	0.8	
Staff costs	362,254	363,571	(0.4)	737,646	735,928	0.2	
Repairs and maintenance costs	113,862	117,722	(3.3)	201,416	206,558	(2.5)	
Fuel and electricity costs	148,674	138,836	7.1	281,551	259,288	8.6	
Premises costs	23,026	34,458	(33.2)	44,716	56,226	(20.5)	
Depreciation expense	45,426	46,368	(2.0)	92,618	93,991	(1.5)	
Other operating costs	48,954	45,059	8.6	92,537	83,412	10.9	
Total operating costs	<u>742,196</u>	<u>746,014</u>	(0.5)	<u>1,450,484</u>	<u>1,435,403</u>	1.1	
Operating profit	5	40,558	36,901	9.9	76,652	79,908	(4.1)
Interest income		6,539	3,972	64.6	12,834	4,524	183.7
Finance costs		(865)	(698)	23.9	(1,515)	(1,473)	2.9
Profit before taxation		<u>46,232</u>	<u>40,175</u>	15.1	<u>87,971</u>	<u>82,959</u>	6.0
Tax expense	6	<u>(11,944)</u>	<u>(6,794)</u>	75.8	<u>(18,895)</u>	<u>(14,937)</u>	26.5
Profit attributable to shareholders		<u><u>34,288</u></u>	<u><u>33,381</u></u>	2.7	<u><u>69,076</u></u>	<u><u>68,022</u></u>	1.5

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

N1 – Unaudited

B GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	2nd Half 2023 ^(N1)	2nd Half 2022 ^(N1)	Full Year 2023	Full Year 2022
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	34,288	33,381	69,076	68,022
<i>Items that may be reclassified subsequently to Profit or Loss</i>				
Fair value adjustment on cash flow hedges	(5)	(1,306)	91	(997)
Total comprehensive income attributable to shareholders	<u>34,283</u>	<u>32,075</u>	<u>69,167</u>	<u>67,025</u>

N1 – Unaudited

Earnings per ordinary share - Basic and Diluted

	Group	
	Full Year 2023	Full Year 2022
Based on weighted average number of ordinary shares in issue (cents)	22.15	21.81

C STATEMENTS OF FINANCIAL POSITION

	Note	Group			Company		
		31 Dec	31 Dec	1 Jan	31 Dec	31 Dec	1 Jan
		2023	2022	2022	2023	2022	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	
			(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
Current assets							
Short-term deposits and bank balances		371,965	345,304	204,034	368,892	342,498	201,974
Trade and other receivables	10	304,478	261,132	253,372	211,403	184,930	490,545
Inventories		119,876	102,649	101,482	25,019	16,290	73,340
Total current assets		<u>796,319</u>	<u>709,085</u>	<u>558,888</u>	<u>605,314</u>	<u>543,718</u>	<u>765,859</u>
Non-current assets							
Subsidiaries		-	-	-	100,002	100,002	100,000
Prepayments		1,476	492	4,605	35	248	4,538
Due from subsidiaries	10	-	-	-	347,292	350,565	-
Net investment on sublease		-	-	28	-	-	28
Vehicles, premises and equipment	11	353,546	480,867	563,200	314,594	435,048	537,610
Deferred tax assets		20,855	20,750	27,065	-	-	-
Total non-current assets		<u>375,877</u>	<u>502,109</u>	<u>594,898</u>	<u>761,923</u>	<u>885,863</u>	<u>642,176</u>
Total assets		<u>1,172,196</u>	<u>1,211,194</u>	<u>1,153,786</u>	<u>1,367,237</u>	<u>1,429,581</u>	<u>1,408,035</u>
LIABILITIES AND EQUITY							
Current liabilities							
Lease liabilities	12	10,523	11,116	11,131	10,523	11,116	11,131
Trade and other payables	13	333,920	333,800	298,567	209,545	236,807	240,620
Deposits received		4,046	4,655	3,766	1,450	2,593	2,657
Provisions		16,079	16,465	16,075	14,674	13,213	16,075
Fuel price equalisation account		19,442	19,992	19,992	19,442	19,992	19,992
Income tax payable		28,293	36,259	33,879	28,275	36,259	33,879
Total current liabilities		<u>412,303</u>	<u>422,287</u>	<u>383,410</u>	<u>283,909</u>	<u>319,980</u>	<u>324,354</u>
Non-current liabilities							
Lease liabilities	12	8,787	68,005	80,481	8,787	68,005	80,481
Deferred grants		4,064	4,349	4,772	3,966	4,104	4,772
Deposits received		7,367	6,862	7,284	2,960	1,905	5,475
Deferred tax liabilities		22,424	26,621	42,589	22,424	26,621	42,589
Provisions		15,725	16,757	11,663	11,624	13,649	11,081
Fuel price equalisation account		19,442	19,992	19,992	19,442	18,892	19,992
Total non-current liabilities		<u>77,809</u>	<u>142,586</u>	<u>166,781</u>	<u>69,203</u>	<u>133,176</u>	<u>164,390</u>
Total liabilities		<u>490,112</u>	<u>564,873</u>	<u>550,191</u>	<u>353,112</u>	<u>453,156</u>	<u>488,744</u>
Capital and reserves							
Share capital	14	100,783	100,499	100,499	100,783	100,499	100,499
Other reserves		40,861	40,072	40,749	41,283	40,444	40,501
Accumulated profits		540,440	505,750	462,347	872,059	835,482	778,291
Total equity		<u>682,084</u>	<u>646,321</u>	<u>603,595</u>	<u>1,014,125</u>	<u>976,425</u>	<u>919,291</u>
Total liabilities and equity		<u>1,172,196</u>	<u>1,211,194</u>	<u>1,153,786</u>	<u>1,367,237</u>	<u>1,429,581</u>	<u>1,408,035</u>

D GROUP CASH FLOW STATEMENT

	Note	Group	
		Full Year	Full Year
		2023	2022
		\$'000	\$'000
Operating activities			
Profit before taxation		87,971	82,959
Adjustments for:			
Depreciation expense		92,618	93,991
Drawdown of fuel price equalisation account		(1,100)	-
Finance costs		1,515	1,473
Net loss (gain) on disposal of vehicles and equipment		93	(357)
Interest income		(12,834)	(4,524)
Provisions		4,250	9,695
Allowance for inventory obsolescence		8,363	11,027
Allowance for expected credit losses		5	4
Share-based payment expense		982	320
Operating cash flows before movements in working capital		181,863	194,588
Trade receivables and other receivables		(43,077)	(6,995)
Inventories		(25,590)	(12,194)
Trade and other payables		264	34,651
Deferred grants		(285)	(423)
Deposits received		(104)	467
Utilisation of provisions		(6,032)	(4,211)
Receipt from net investment on sublease		166	163
Cash generated from operations		107,205	206,046
Income tax paid		(31,182)	(22,006)
Interest paid arising from leases		(1,151)	(1,473)
Net cash from operating activities		74,872	182,567
Investing activities			
Interest received		12,658	3,001
Proceeds from disposal of vehicles and equipment		227	1,410
Purchase of vehicles, premises and equipment		(15,661)	(10,682)
Net cash used in investing activities		(2,776)	(6,271)
Financing activities			
Payments under lease liabilities		(11,049)	(10,407)
Dividends paid	7	(34,404)	(24,637)
Others		18	18
Net cash used in financing activities		(45,435)	(35,026)
Net increase in cash and cash equivalents		26,661	141,270
Cash and cash equivalents at beginning of year		345,304	204,034
Cash and cash equivalents at end of year		371,965	345,304

E STATEMENTS OF CHANGES IN EQUITY

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	100,499	40,072	503,720	644,291
Amendment of SFRS(I) 1-12	-	-	2,030	2,030
Balance at 1 January 2023 (as restated)	100,499	40,072	505,750	646,321
Total comprehensive income for the year				
Profit for the year	-	-	69,076	69,076
Other comprehensive income for the year	-	91	-	91
Total	-	91	69,076	69,167
Transactions recognised directly in equity				
Payment of dividends	-	-	(34,404)	(34,404)
Shares issuance	284	(284)	-	-
Share-based payment	-	982	-	982
Other reserves	-	-	18	18
Total	284	698	(34,386)	(33,404)
Balance at 31 December 2023	100,783	40,861	540,440	682,084
Balance at 1 January 2022	100,499	40,749	460,317	601,565
Amendment of SFRS(I) 1-12	-	-	2,030	2,030
Balance at 1 January 2022 (as restated)	100,499	40,749	462,347	603,595
Total comprehensive income (expense) for the year				
Profit for the year	-	-	68,022	68,022
Other comprehensive expense for the year	-	(997)	-	(997)
Total	-	(997)	68,022	67,025
Transactions recognised directly in equity				
Payment of dividends	-	-	(24,637)	(24,637)
Share-based payment	-	320	-	320
Other reserves	-	-	18	18
Total	-	320	(24,619)	(24,299)
Balance at 31 December 2022 (as restated)	100,499	40,072	505,750	646,321

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	100,499	40,444	833,452	974,395
Amendment of SFRS(I) 1-12	-	-	2,030	2,030
Balance at 1 January 2023 (as restated)	100,499	40,444	835,482	976,425
Total comprehensive income for the year				
Profit for the year	-	-	70,963	70,963
Total	-	-	70,963	70,963
Transactions recognised directly in equity				
Payment of dividends	-	-	(34,404)	(34,404)
Shares issuance	284	(284)	-	-
Share-based payment	-	1,123	-	1,123
Other reserves	-	-	18	18
Total	284	839	(34,386)	(33,263)
Balance at 31 December 2023	100,783	41,283	872,059	1,014,125
Balance at 1 January 2022	100,499	40,501	776,261	917,261
Amendment of SFRS(I) 1-12	-	-	2,030	2,030
Balance at 1 January 2022 (as restated)	100,499	40,501	778,291	919,291
Total comprehensive income (expense) for the year				
Profit for the year	-	-	81,810	81,810
Other comprehensive expense for the year	-	(236)	-	(236)
Total	-	(236)	81,810	81,574
Transactions recognised directly in equity				
Payment of dividends	-	-	(24,637)	(24,637)
Share-based payment	-	179	-	179
Other reserves	-	-	18	18
Total	-	179	(24,619)	(24,440)
Balance at 31 December 2022 (as restated)	100,499	40,444	835,482	976,425

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 2023 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. The principal activities of the companies in the Group are in the business of provision of public transport services and the supporting services relating to land transport. The provision of public transport services includes the operation of public bus, Downtown Mass Rapid Transit System (DTL), North-East Mass Rapid Transit System (NEL) and Sengkang Light Rapid Transit System and the Punggol Light Rapid Transit System (SPLRT).

2. BASIS OF PREPARATION

The condensed interim Financial Statements for the six months ended 31 December 2023 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 2023.

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 2022.

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 2023.

The adoption of these new and revised SFRS(I)s has no material effect on the amounts reported for the current or prior years except as disclosed in Note 2.1.

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

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

2.1.1 Amendments to SFRS(I) 1-12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above amendments apply for annual reporting periods beginning on or after 1 January 2023, which narrowed the scope of the recognition exemption of SFRS(I) 1-12 Income Taxes so that it no longer applies to transactions such as leases that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and recognises the cumulative effect arising from the initial application of the amendments as an adjustment to the opening balance of retained earnings at that date.

The effects of the adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s are shown below.

	31 Dec	SFRS(I) 1-12	1 Jan
	2021	adjustments	2022
	\$'000	\$'000	\$'000
Group			
Deferred tax liabilities	44,619	(2,030)	42,589
Accumulated profits	460,317	2,030	462,347
Company			
Deferred tax liabilities	44,619	(2,030)	42,589
Accumulated profits	776,261	2,030	778,291

2.1.2 Amendments to SFRS(I) 1-12 Income Taxes - International Tax Reform – Pillar Two Model Rules

The amendments to SFRS(I) 1-12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the Financial Statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Group is a subsidiary of ComfortDelGro Corporation Limited ("CDG Group") and the CDG Group is in scope of the Pillar Two model rules as its consolidated annual revenue is more than EUR 750 million. Following the announcement in Budget 2023, the legislation is expected to be effective in Singapore for the Group's financial year beginning on or after 1 January 2025. The Group does not expect a material exposure to Pillar Two income taxes as the effective tax rate is above 15% where the transitional safe harbour relief would apply.

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 2022.

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, or in the 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 and recoverability of debt and equity investments in a subsidiary

The Group applies judgement in evaluating whether the consolidated rail contract is an onerous contract and whether there are indicators of impairment and significant increase in credit risks in respect to the Company's debt and equity investments in SBS Transit Rail Pte. Ltd. ("SBST Rail" or the "subsidiary"). It considers the projection of the future financial performance of the DTL, NEL and SPLRT under the Consolidated Rail Licence applying appropriate key assumptions relating to ridership growth, fare adjustments, availability of grants from the Authorities and operating costs projections. The Group also considers external information regarding forecasted economic indicators and geopolitical risk factors that could affect key operating costs drivers such as labour and energy costs.

Accounting for contracts with public transport regulator

The Group's Public Transport Services segment has entered into contracts with the public transport regulator (the "Grantor") in Singapore whereby the Group operates bus and train assets and related infrastructure that are either owned by the Group or leased from the Grantor (the "Public Transport Assets") to provide public transportation services. As part of determining the appropriate accounting treatments for these contracts, the Group applies judgement to determine whether these public-to-private arrangements are within the scope of SFRS(I) INT 12 Service Concession Arrangements that would affect the manner that the Public Transport Assets, the related expenditures incurred by the Group, the service and fare income earned by the Group, and payments made to the Grantor under these contracts are recognised in the Group's Statement of Financial Position and Income Statement. The applicability of SFRS(I) INT 12 is based on an assessment of whether the Grantor has both the control over the services to be provided using the Assets, and the residual interests at the end of the contract.

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 payments as well as the Group's insurance coverage are taken into account to estimate the amounts in which the Group will have to pay to third parties for such claims.

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 used in the Group's Public Transport Services segment.

Management identifies and provides for obsolete inventories based on considerations such as phasing out of vehicle models and inventories purchased for specific projects which have ended. For inventories that are still held for operations, Management considers economic obsolescence risk due to the limited timeframe for cost recovery from the related train or bus service revenues, which is expected to end by the expiry of the current licence agreement or the useful life of the buses respectively. Consequently, Management has estimated the obsolescence allowance by adopting a systematic straight-line write-down for spares that are aged 2 years and above till the end of the licence period or useful life of the buses.

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, including the consideration of climate-related matters, such as climate-related legislation and regulations or the Group's sustainability commitments that may restrict the use of assets. During the financial year, Management determined that the estimated useful lives of vehicles, premises and equipment are appropriate and no material revision is required.

Recoverability of the Company's investment in subsidiary and non-trade receivables due from subsidiary

Investment in a subsidiary is tested for impairment whenever there is indication that the investment may be impaired. Where there is an indication of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs of disposal of the investment. The Company has estimated the value-in-use of the equity investment in SBST Rail based on estimates of the future cash flows generated by SBST Rail and application of a suitable discount rate in order to calculate the present value of the cash flows. The Company has also made assessment of the expected credit loss ("ECL") of non-trade receivables due from SBST Rail that is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The above assessments involve projections of the subsidiary's future operating and financial performance during and beyond the current Consolidated Rail Licence prepared based on key assumptions and estimates including but not limited to ridership growth, fare adjustments, availability of grants from the Authorities and operating costs, after taking into consideration the current ridership patterns, fare adjustments, key operating cost drivers and the relevant risk factors. It also involves determining and applying an appropriate market-based discount rate to the discounted cash flow model. Management concluded that there is no impairment required as at 31 December 2023 and 31 December 2022.

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 under contracts with the transport regulator.
- (b) Other Commercial Services:
 - (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 Transport Services	Other Commercial Services	Total
	\$'000	\$'000	\$'000
<u>Second Half 2023</u>			
Revenue	752,889	29,865	782,754
<u>Results</u>			
Segment results	21,854	18,704	40,558
Interest income			6,539
Finance costs			(865)
Profit before taxation			<u>46,232</u>
Tax expense			<u>(11,944)</u>
Profit attributable to shareholders			<u><u>34,288</u></u>
OTHER INFORMATION			
Depreciation expense	42,971	2,455	45,426
<u>Second Half 2022</u>			
Revenue	754,528	28,387	782,915
<u>Results</u>			
Segment results	19,809	17,092	36,901
Interest income			3,972
Finance costs			(698)
Profit before taxation			<u>40,175</u>
Tax expense			<u>(6,794)</u>
Profit attributable to shareholders			<u><u>33,381</u></u>
OTHER INFORMATION			
Depreciation expense	43,877	2,491	46,368

	Public Transport Services	Other Commercial Services	Total
	\$'000	\$'000	\$'000
<u>Full Year 2023</u>			
Revenue	1,470,277	56,859	1,527,136
<u>Results</u>			
Segment results	40,192	36,460	76,652
Interest income			12,834
Finance costs			(1,515)
Profit before taxation			<u>87,971</u>
Tax expense			(18,895)
Profit attributable to shareholders			<u><u>69,076</u></u>
OTHER INFORMATION			
Depreciation expense	87,547	5,071	92,618
<u>Full Year 2022</u>			
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			<u>82,959</u>
Tax expense			(14,937)
Profit attributable to shareholders			<u><u>68,022</u></u>
OTHER INFORMATION			
Depreciation expense	89,090	4,901	93,991

	Public Transport Services	Other Commercial Services	Total
	\$'000	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION			
<u>31 December 2023</u>			
ASSETS			
Segment assets	756,700	21,288	777,988
Unallocated corporate assets			<u>394,208</u>
Consolidated total assets			<u><u>1,172,196</u></u>
LIABILITIES			
Segment liabilities	398,265	27,751	426,016
Unallocated corporate liabilities			<u>64,096</u>
Consolidated total liabilities			<u><u>490,112</u></u>
OTHER INFORMATION			
Addition of vehicles, premises and equipment	13,162	1,515	14,677
<u>31 December 2022 (Restated)</u>			
ASSETS			
Segment assets	820,621	23,655	844,276
Unallocated corporate assets			<u>366,918</u>
Consolidated total assets			<u><u>1,211,194</u></u>
LIABILITIES			
Segment liabilities	462,890	27,070	489,960
Unallocated corporate liabilities			<u>74,913</u>
Consolidated total liabilities			<u><u>564,873</u></u>
OTHER INFORMATION			
Addition of vehicles, premises and equipment	13,671	1,124	14,795

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 10 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 3% (2022: 4%) of the total revenue.

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

Breakdown of revenue:

	Full Year 2023	Full Year 2022	Incr/ (Decr)
	\$'000	\$'000	%
(a) Revenue reported for first half year	744,382	732,396	1.6
(b) Profit after taxation reported for first half year	34,788	34,641	0.4
(a) Revenue reported for second half year	782,754	782,915	-
(b) Profit after taxation reported for second half year	34,288	33,381	2.7

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 2023 and 31 December 2022:

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

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Amortised cost	642,915	578,286	922,336	871,552
Financial Instruments designated in hedge accounting relationships:				
Hedging instrument	-	34	-	-
Financial Liabilities				
Amortised cost	341,882	341,501	212,483	239,849
Lease Liabilities	19,310	79,121	19,310	79,121
Financial Instruments designated in hedge accounting relationships:				
Hedging instrument	509	652	-	-

5. OPERATING PROFIT

5.1 Significant items

	Group			
	2nd Half	2nd Half	Full Year	Full Year
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cost of inventories recognised in repairs and maintenance costs	79,399	78,155	139,042	137,751
Net (gain) loss on disposal of vehicles and equipment	(15)	461	93	(357)
Allowance for inventory obsolescence	4,711	6,926	8,363	11,027
(Write-back) Allowance for expected credit losses	(8)	(5)	5	4
Provision for accident claims	2,641	148	2,641	401
Provision (Write-back) for service benefits	517	969	(136)	1,706
(Write-back) Provision for reinstatement and maintenance costs	(95)	7,588	1,745	7,588

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 consolidated Financial Statements are as follows:

	Group	
	Full Year	Full Year
	2023	2022
	\$'000	\$'000
Purchases of inventories from a related company	32,463	29,127
Shared services charged from ultimate holding company	4,575	4,727
Corporate services charged from ultimate holding company	4,302	4,132
Rental expense from:		
Ultimate holding company	2,997	2,808
Related company	591	651
Purchase of goods and services from related companies	4,492	4,235
Transfer of premises and equipment from (to):		
Ultimate holding company	266	(385)
Related companies	6	-
Sales of goods and services to:		
Ultimate holding company	(24)	(22)
Related companies	(2,042)	(1,594)
Rental income from related companies	(232)	(222)

6. TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the Group Income Statement are:

	Group			
	2nd Half 2023	2nd Half 2022	Full Year 2023	Full Year 2022
	\$'000	\$'000	\$'000	\$'000
Current income tax	11,409	14,034	23,218	36,324
Deferred tax	535	(7,240)	(4,323)	(21,387)
Total	<u>11,944</u>	<u>6,794</u>	<u>18,895</u>	<u>14,937</u>

7. DIVIDENDS

	Group	
	Full Year 2023	Full Year 2022
Tax-exempt one-tier final dividend in respect of previous financial year - 5.45 cents (2022: 2.45 cents) per ordinary shares	16,997	7,641
Tax-exempt one-tier interim dividend in respect of current financial year - 5.58 cents (2022: 5.45 cents) per ordinary shares	17,407	16,996
	<u>34,404</u>	<u>24,637</u>

8. NET ASSET VALUE PER ORDINARY SHARE

	Group			Company		
	31 Dec 2023	31 Dec 2022	1 Jan 2022	31 Dec 2023	31 Dec 2022	1 Jan 2022
		(Restated)	(Restated)		(Restated)	(Restated)
Net asset value per ordinary share based on issued share capital (dollars)	2.19	2.07	1.94	3.25	3.13	2.95

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 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. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables from:				
Related companies (Note 5.2)	672	6	-	-
Outside parties	144,024	111,095	133,836	102,864
Accrued income	52,223	44,107	1,119	1,107
	<u>196,919</u>	<u>155,208</u>	<u>134,955</u>	<u>103,971</u>
Allowance for expected credit losses	(59)	(58)	(25)	(21)
	<u>196,860</u>	<u>155,150</u>	<u>134,930</u>	<u>103,950</u>
Other receivables from:				
Ultimate holding company (Note 5.2)	4	24	4	24
Related companies (Note 5.2)	2,073	2,867	1,740	1,723
Subsidiaries (Note 5.2)	-	-	1,250	-
Outside parties	64,465	69,041	64,114	69,576
	<u>66,542</u>	<u>71,932</u>	<u>67,108</u>	<u>71,323</u>
Prepayments	33,528	28,116	5,251	6,441
Interest receivable	1,720	1,544	1,720	1,544
Staff advances	584	368	220	60
Security deposits from outside parties	1,263	1,118	1,234	1,089
Accrued income	3,761	2,810	714	429
Net investment on sublease	228	96	228	96
	<u>107,626</u>	<u>105,984</u>	<u>76,475</u>	<u>80,982</u>
Allowance for expected credit losses	(8)	(2)	(2)	(2)
	<u>107,618</u>	<u>105,982</u>	<u>76,473</u>	<u>80,980</u>
Total current trade and other receivables	304,478	261,132	211,403	184,930
Non-current other receivables due from subsidiaries (Note 5.2)	-	-	347,292	350,565
Total	<u>304,478</u>	<u>261,132</u>	<u>558,695</u>	<u>535,495</u>

The amounts outstanding are interest-free and the credit period ranges from 7 to 30 days (2022 : 7 to 30 days).

11. VEHICLES, PREMISES AND EQUIPMENT

During the financial year ended 31 December 2023, the addition to vehicles, premises and equipment (including transfer from intercompany) amounted to \$14,677,000 (31 December 2022: \$14,795,000) and disposal of vehicles, premises and equipment owned amounted to a net book value of \$322,000 (31 December 2022: \$1,053,000). In 2023, the Group has remeasured its leases due to changes in lease term and change in future lease payments from change in index or rate which are not considered as lease modification under SFRS(I) 16 amounting to \$49,060,000 (31 December 2022: \$2,084,000).

12. AGGREGATE AMOUNT OF GROUP'S LEASE LIABILITIES

	Group and Company	
	31 Dec	31 Dec
	2023	2022
	\$'000	\$'000
<u>Lease Liabilities</u>		
Secured		
Amount repayable in one year or less, or on demand	10,523	11,116
Amount repayable after one year	8,787	68,005
	<u>19,310</u>	<u>79,121</u>

Details of any collateral

The Group's obligations are secured by the lessors' title to the leased assets for such leases.

13. TRADE AND OTHER PAYABLES

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Payables to:				
Ultimate holding company (Note 5.2)	2,753	2,668	2,697	2,658
Subsidiaries (Note 5.2)	-	-	-	2
Related companies (Note 5.2)	6,257	4,290	5,542	3,699
Outside parties	95,748	71,520	60,355	60,461
Accruals	226,255	252,158	139,479	168,531
Deferred income	2,907	3,164	1,472	1,456
Total	<u>333,920</u>	<u>333,800</u>	<u>209,545</u>	<u>236,807</u>

The amounts outstanding are interest-free and the average credit period is 30 days (2022 : 30 days).

14. SHARE CAPITAL

	Group and Company			
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
	Number ('000) of		\$'000	\$'000
	Ordinary shares			
Issued and paid up:				
At beginning of the year	311,865	311,865	100,499	100,499
Issued during the year	101	-	284	-
At end of the year	<u>311,966</u>	<u>311,865</u>	<u>100,783</u>	<u>100,499</u>

As at 31 December 2023, the Company does not hold any treasury shares.

15. 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 2023 have been audited. Please refer to auditor's report in item 9. Financial results of the Group for 2H2023 and 2H2022 have not been audited nor reviewed.

2. REVIEW OF GROUP PERFORMANCE

Performance Review

(i) 2H2023 vs 2H2022

Group revenue of \$782.8m for 2H2023 decreased by \$0.1m from \$782.9m for the same period last year while Group operating costs of \$742.2m for 2H2023 decreased by 0.5% or \$3.8m from \$746.0m for 2H2022.

Group operating profit of \$40.6m for 2H2023 was 9.9% or \$3.7m higher than that of \$36.9m for 2H2022.

Interest income of \$6.5m for 2H2023 was 64.6% or \$2.5m higher than that of \$4.0m for 2H2022.

Finance costs of \$0.9m for 2H2023 were 23.9% or \$0.2m higher than that of \$0.7m for 2H2022.

Consequently, Group profit before taxation of \$46.2m for 2H2023 was 15.1% or \$6.0m higher than that of \$40.2m for 2H2022.

Tax expense for 2H2023 was \$11.9m as compared to \$6.8m for the same period last year in 2H2022 due mainly to under provision of prior year's tax and higher profits.

Group profit attributable to shareholders of the Company of \$34.3m for 2H2023 was 2.7% or \$0.9m higher than that of \$33.4m for 2H2022.

Revenue from Public Transport Services of \$752.9m for 2H2023 was lower by 0.2% or \$1.6m compared to \$754.5m for 2H2022 due mainly to lower fuel indexation for bus service fee, partially offset by higher rail revenue due mainly to higher ridership. For 2H2023, average daily ridership for NEL grew by 10.6% to 582k passenger trips and that for the SPLRT by 12.6% to 162k passenger trips as compared to that of 2H2022. Average daily ridership for the DTL grew by 12.1% to 453k passenger trips as compared to that of 2H2022. Operating profit for 2H2023 at \$21.9m increased by 10.3% or \$2.1m from \$19.8m for 2H2022 due mainly to lower premises costs, lower repairs and maintenance costs and lower staff costs, offset by higher fuel and electricity costs, higher other operating costs and lower revenue.

Revenue from Other Commercial Services of \$29.9m for 2H2023 was higher by 5.2% or \$1.5m compared to \$28.4m for 2H2022 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 and ridership returning to pre-COVID levels. Operating profit for 2H2023 at \$18.7m increased by 9.4% or \$1.6m compared to \$17.1m for 2H2022 due mainly to lower premises costs and higher revenue, offset by higher staff costs.

(ii) FY2023 vs FY2022

Group revenue of \$1,527.1m for 2023 increased by 0.8% or \$11.8m from \$1,515.3m for 2022 while Group operating costs of \$1,450.5m for 2023 increased by 1.1% or \$15.1m from \$1,435.4m for 2022.

Group operating profit of \$76.7m for 2023 was 4.1% or \$3.2m lower than that of \$79.9m for 2022.

Interest income of \$12.8m for 2023 was \$8.3m higher than that of \$4.5m for 2022.

Consequently, Group profit before taxation of \$88.0m for 2023 was 6.0% or \$5.0m higher than that of \$83.0m for 2022.

Tax expense of \$18.9m for 2023 was \$4.0m higher than that of \$14.9m for 2022 due mainly to under provision of prior year's tax and higher profits.

Group profit attributable to shareholders of the Company of \$69.1m for 2023 was 1.5% or \$1.1m higher than that of \$68.0m for 2022.

Revenue from Public Transport Services of \$1,470.3m for 2023 was higher by 0.4% or \$5.3m compared to \$1,465.0m for 2022 due mainly to higher ridership and higher bus mileage, offset by lower fuel indexation coupled with the full year impact from lower service fee rate for the extended Negotiated Contract packages with effect from September 2022. For 2023, average daily ridership for NEL grew by 17.3% to 570k passenger trips and that for the SPLRT by 17.4% to 159k passenger trips as compared to that of 2022. Average daily ridership for DTL grew by 21.0% to 443k passenger trips as compared to that of 2022. Operating profit for 2023 at \$40.2m decreased by 20.8% or \$10.6m from \$50.8m for 2022 due mainly to higher fuel and electricity costs, offset by higher revenue, lower premises costs and lower repairs and maintenance costs.

Revenue from Other Commercial Services of \$56.9m for 2023 was higher by 13.0% or \$6.6m compared to \$50.3m for 2022 due mainly to higher advertising revenue mostly attributable to the improved economic conditions as a result of the easing of the COVID-19 restrictions together with the ridership returning to pre-COVID level. Operating profit for 2023 at \$36.5m increased by 25.1% or \$7.3m compared to \$29.2m for 2022 due mainly to higher revenue and lower premises costs, offset by lower higher staff costs.

Statement of Financial Position

As at 31 December 2023, total equity for the Group increased by 5.5% or \$35.8m to \$682.1m as compared to 31 December 2022 due mainly to profits generated from operations, partially offset by the dividends paid.

Group total assets decreased by 3.2% or \$39.0m to \$1,172.2m due mainly to a decrease in non-current assets of \$126.2m, partially offset by an increase in current assets of \$87.2m. The decrease in non-current assets was due mainly to the depreciation of vehicles, premises and equipment. The increase in current assets was due mainly to an increase in trade and other receivables and short-term deposits and bank balances.

Group total liabilities decreased by 13.2% or \$74.8m to \$490.1m due to a decrease in non-current liabilities of \$64.8m and a decrease in current liabilities of \$10.0m. The decrease in non-current liabilities was due mainly to a decrease in lease liabilities and deferred tax liabilities. The decrease in current liabilities was due mainly to a decrease in income tax payable.

Cash Flow

The net cash inflow of \$26.7m for 2023 was mainly from net cash generated from operating activities, partially offset by the payment of dividends and purchase of vehicles, premises and equipment.

As at 31 December 2023, the Group had short-term deposits and bank balances of \$372.0m.

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

No forecast or prospect statement has been previously disclosed.

4. GROUP OUTLOOK

Rail fare revenue is expected to grow with higher ridership and fare increase effective from 23 December 2023.

Bus operations revenue will see a drop with the expiry of Jurong West bus package as it will be handed over to the new operator from 1 September 2024.

Under the terms of the Downtown Line's transition to the New Rail Financing Framework (Version 2), SBS Transit Rail Pte. Ltd. ("SBST Rail") was to hand over the rail advertising business to the Land Transport Authority ("LTA") from 1 January 2024; alternatively, LTA may allow SBST Rail to continue to operate the rail advertising business at a concession fee to be set by LTA. During LTA's consultation of the advertising industry on rail advertising in 2023, SBST Rail made representations to LTA for the retention of the rail advertising business with SBST Rail. Following a review by LTA, SBST Rail will continue to operate the rail advertising business from 1 January 2024 till the end of the rail licence period on 31 December 2032 under a concession agreement.

Operating costs remain a challenge due to cost uncertainties arising from inflation, tight labour market and elevated electricity prices.

5. DIVIDEND

(a) Current Financial Period Reported on

The Directors are pleased to propose a tax-exempt one-tier final dividend of 5.58 cents (2022: 5.45 cents) per ordinary share. Including interim dividend of 5.58 cents (2022: 5.45 cents), total dividend per share for 2023 is 11.16 cents (2022: 10.90 cents).

Name of Dividend	Final
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	5.58 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	5.45 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The proposed final dividend, if approved by the Shareholders at the Fourteenth Annual General Meeting of the Company to be held on 25 April 2024, will be payable on 14 May 2024.

(d) Record Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 6 May 2024 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 6 May 2024 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 6 May 2024 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 2023, 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

27 February 2024

9. AUDITOR'S REPORT

The auditor's report on the full Financial Statements of SBS Transit Ltd for the financial year ended 31 December 2023 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 2023, 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 2023 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the Financial Statements.

- (a) Provision for rail contract and recoverability of debt and equity instruments in a subsidiary

As disclosed in the Financial Statements, pursuant to the framework agreement under the New Rail Financing Framework Version 2 ("NRFF (Version 2)") between the Group and the Land Transport Authority of Singapore ("LTA"), the Company's wholly-owned subsidiary, SBS Transit Rail Pte. Ltd. ("SBST Rail" or the "subsidiary"), has been issued a Consolidated Rail Licence to operate the Downtown Line ("DTL"), North East Line ("NEL"), and Sengkang Punggol Light Rail

Transit System (“SPLRT”) for a period of 11 years commencing 1 January 2022, and ending on 31 December 2032 (the “Consolidated Rail Licence” or “Rail contract”).

Management is required to assess whether a provision for onerous contract in respect to SBST Rail’s obligations under the Consolidated Rail Licence are required, and the recoverability of the Company’s related equity and debt investments in SBST Rail, which are disclosed in the Financial Statements.

As disclosed in the Financial Statements, these assessments involve projections of SBST Rail’s future operating and financial performance under the Consolidated Rail Licence prepared based on key assumptions and estimates including but not limited to ridership growth, fare adjustments, availability of grants from the Authorities and operating costs, after taking into consideration the current ridership patterns, fare adjustments, key operating cost drivers and the relevant risk factors. Additionally, the assessment of the recoverability of the Company’s equity and debt investments in SBST Rail involves Management making projections about the future operating and financial performance of SBST Rail during and beyond the current Consolidated Rail Licence period and applying an appropriate market-based discount rate. These assumptions and estimates involved significant Management judgement and estimation uncertainty.

Accordingly, we have considered this to be a key audit matter.

As part of our audit, we:

- reviewed the framework agreement under the NRFF (Version 2) and relevant key correspondences between the Authorities and the Group to understand the key terms of the Consolidated Rail Licence;
- reviewed Management’s process of determining whether a provision for the Rail contract is required, identifying impairment indicators, and assessing SBST Rail’s financial ability to repay amounts due to the Company;
- obtained the operating and financial projections and discounted cash flow workings which were prepared based on financial and operating budgets approved by Management and evaluated the appropriateness of the valuation methodology applied;
- discussed with Management to understand and identify the areas of significant judgement and key drivers in their projection of the future operating and financial performance of the DTL, NEL and SPLRT;
- assessed the reasonableness of the key assumptions and inputs used by Management to project the future operating and financial performance of the DTL, NEL and SPLRT both up to the end of and beyond the Licence period by reviewing historical trends, past budget variances, corroborative information on ridership projection, projected future fare adjustments, availability of grants from the Authorities, and relevant external information;
- tested the appropriateness of the growth rates and discount rate applied in the discounted cash flow computation used to estimate the recoverable amount of the Company’s equity and debt investments in SBST Rail with the assistance of our internal valuation specialist by corroborating with our understanding of SBST Rail’s business plans, the relevant public transport industry, available internal operating and financial information and relevant market data; and
- performed sensitivity analysis for certain key assumptions for alternative reasonably possible scenarios and their impact to Management’s assessment of provisions for rail contract and the recoverability of the Company’s equity and debt investments in SBST Rail.

We have also reviewed the adequacy of the related disclosures made in the Financial Statements.

(b) Recognition and measurement of provision for accident claims

The Group recognises provision for accident claims arising from its transportation business when it has a present obligation (legal or constructive) that would result in an expected settlement that can be reliably estimated.

Management exercises significant judgements in determining the estimated amounts required to settle the obligations, which is inherently uncertain in both timing and amounts. Management considers the probability and amount of the expected settlement claims based on current available information such as claims history and payment trends.

Given the significant Management judgement and estimation uncertainty involved, we have considered this to be a key audit matter.

As part of our audit, we

- reviewed Management's process of identifying accident claims that meet the recognition criteria and obtained Management's computation, assumptions and estimates used for the measurement of the provision;
- evaluated the reasonableness of key assumptions and estimates used by Management to measure the provision, including reviewing the number of claims lodged, current and historical accident claims and settlement data.
- reviewed the adequacy and overall reasonableness of the provision by understanding reasons for any significant variances and corroborating them with publicly available information and the list of accident reports subsequent to year end.

We also reviewed the adequacy of the disclosures in relation to the Group's provision for accident claims provided in the Financial Statements.

Other matter

The Financial Statements of the Group and Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2023.

Other information included in the 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 Annual Report other than the Financial Statements and our auditor's report thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information 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.

We obtained the Directors' Statement prior to the date of our auditor's report, and we expect to obtain the remaining other information included in the Annual Report after the date of our auditor's report.

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

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), 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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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.
- 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.
- 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 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 those subsidiary corporations 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. Wong Yew Chung.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 February 2024