



SBS TRANSIT LTD
Company Registration No: 199206653M

First Quarter 2013 Financial Statements

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2013.

1 GROUP INCOME STATEMENT

	Group		
	1st Qtr 2013	1st Qtr 2012	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	204,761	191,277	7.0
Staff costs	93,692	80,264	16.7
Repairs and maintenance	23,953	23,568	1.6
Fuel and electricity costs	42,352	45,290	(6.5)
Premises costs	7,796	7,564	3.1
Depreciation expense	15,527	13,227	17.4
Other operating expenses	16,412	15,121	8.5
Total operating expenses	<u>199,732</u>	<u>185,034</u>	<u>7.9</u>
Operating profit	5,029	6,243	(19.4)
Net income from investments	123	110	11.8
Finance costs	(1,025)	(485)	111.3
Profit before taxation	<u>4,127</u>	<u>5,868</u>	<u>(29.7)</u>
Taxation	(1,303)	(1,032)	26.3
Profit attributable to shareholders	<u><u>2,824</u></u>	<u><u>4,836</u></u>	<u><u>(41.6)</u></u>

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar	31 Dec	31 Mar	31 Dec
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Short-term deposits and bank balances	10,801	18,247	10,689	18,111
Trade receivables	12,438	7,817	12,438	7,817
Other receivables and prepayments	21,320	33,843	24,939	38,996
Inventories	33,673	33,402	33,673	33,402
Total current assets	78,232	93,309	81,739	98,326
Non-current assets				
Subsidiary	-	-	5,000	100
Available-for-sale investments	10,962	11,021	10,962	11,021
Prepayments	38,981	41,518	38,981	41,518
Vehicles, premises and equipment	807,751	784,252	807,481	784,001
Total non-current assets	857,694	836,791	862,424	836,640
Total assets	935,926	930,100	944,163	934,966
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	2,131	1,253	2,131	1,253
Trade and other payables	119,742	131,499	118,573	130,246
Trade payables for buses	29,069	26,879	29,069	26,879
Deposits received	2,922	2,180	2,922	2,180
Insurance premiums payable and provision for accident claims	30,964	31,039	30,964	31,039
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	79	69	79	69
Total current liabilities	204,899	212,911	203,730	211,658
Non-current liabilities				
Borrowings	287,987	276,911	287,987	276,911
Deferred grant income	5,706	5,495	5,706	5,495
Deposits received	3,038	3,701	3,038	3,701
Deferred tax liabilities	57,558	56,233	57,558	56,233
Provision for service benefits and long service awards	11,649	12,800	11,617	12,774
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	385,930	375,132	385,898	375,106
Capital and reserves				
Share capital	93,875	93,875	93,875	93,875
Other reserves	6,686	6,522	6,686	6,522
Accumulated profits	244,536	241,660	253,974	247,805
Total equity	345,097	342,057	354,535	348,202
Total liabilities and equity	935,926	930,100	944,163	934,966

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	<u>31 Mar</u> <u>2013</u> <u>\$'000</u>	<u>31 Dec</u> <u>2012</u> <u>\$'000</u>
Secured		
Amount repayable in one year or less, or on demand	2,131	-
Amount repayable after one year	<u>37,987</u>	<u>-</u>
	<u>40,118</u>	<u>-</u>
Unsecured		
Amount repayable in one year or less, or on demand	-	1,253
Amount repayable after one year	<u>250,000</u>	<u>276,911</u>
	<u>250,000</u>	<u>278,164</u>
Total		
Amount repayable in one year or less, or on demand	2,131	1,253
Amount repayable after one year	<u>287,987</u>	<u>276,911</u>
	<u>290,118</u>	<u>278,164</u>

Details of any collateral

Total secured borrowings of \$40.1m relates to loan from 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	1st Qtr
	2013	2012
	\$'000	\$'000
Operating activities		
Profit before taxation	4,127	5,868
Adjustments for:		
Depreciation expense	15,527	13,227
Finance costs	1,025	485
Net gain on disposal of vehicles and equipment	(134)	(527)
Interest income	(123)	(110)
Operating cash flows before movements in working capital	20,422	18,943
Changes in working capital	(2,303)	(6,070)
Cash generated from operations	18,119	12,873
Income tax paid	(14)	(13)
Net cash from operating activities	18,105	12,860
Investing activities		
Interest received	16	-
Proceeds from disposal of vehicles and equipment	209	546
Purchase of vehicles, premises and equipment	(36,443)	(43,293)
Net cash used in investing activities	(36,218)	(42,747)
Financing activities		
New loans raised	12,493	28,500
Repayment of loans	(539)	-
Interest paid	(1,339)	(23)
Others	52	-
Net cash from financing activities	10,667	28,477
Net decrease in cash and cash equivalents	(7,446)	(1,410)
Cash and cash equivalents at beginning of period	18,247	5,540
Cash and cash equivalents at end of period	10,801	4,130

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

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group		
	1st Qtr	1st Qtr	Incr/ (Decr)
	2013	2012	%
	\$'000	\$'000	
Profit attributable to shareholders	2,824	4,836	(41.6)
Fair value adjustment on cash flow hedges	223	845	(73.6)
Fair value adjustment on available-for-sale investments	(59)	(76)	(22.4)
Total comprehensive income attributable to shareholders	2,988	5,605	(46.7)

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

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2013:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	93,875	6,522	241,660	342,057
Total comprehensive income for the period	-	164	2,824	2,988
Others	-	-	52	52
Balance at 31 March 2013	93,875	6,686	244,536	345,097
Balance at 1 January 2012	93,875	3,814	235,732	333,421
Total comprehensive income for the period	-	769	4,836	5,605
Balance at 31 March 2012	93,875	4,583	240,568	339,026

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2013:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	93,875	6,522	247,805	348,202
Total comprehensive income for the period	-	164	6,117	6,281
Others	-	-	52	52
Balance at 31 March 2013	93,875	6,686	253,974	354,535
Balance at 1 January 2012	93,875	3,814	235,732	333,421
Total comprehensive income for the period	-	769	5,176	5,945
Balance at 31 March 2012	93,875	4,583	240,908	339,366

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

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 31 December 2012, no new ordinary shares were issued by the Company.

As at 31 March 2013, the total number of issued shares was 308,629,766 (31 December 2012: 308,629,766).

As at 31 March 2013, the Company does not hold any treasury shares.

Outstanding Shares - SBS Transit Share Option Scheme

As at 31 March 2013, there were unexercised options for 7,306,250 (31 March 2012: 8,723,750) of unissued ordinary shares under the SBS Transit Share Option Scheme.

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 2012.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

11 CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Not applicable.

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

	Group	
	1st Qtr 2013	1st Qtr 2012
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)	0.92	1.57
(ii) On a fully diluted basis (cents)	0.92	1.57

EBITDA

	Group	
	1st Qtr 2013	1st Qtr 2012
(i) EBITDA (\$'000)	20,556	19,470
(ii) EBITDA margin (%)	10.0	10.2

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.12	1.11	1.15	1.13

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$204.8m for 1Q13 increased by 7.0% or \$13.5m from \$191.3m in 1Q12 while Group operating expenses of \$199.7m increased by 7.9% or \$14.7m from \$185.0m in 1Q12.

Group operating profit of \$5.0m for 1Q13 was 19.4% or \$1.2m lower than that of \$6.2m in 1Q12.

Net income from investments of \$0.1m for 1Q13 was 11.8% higher than 1Q12.

Finance costs of \$1.0m for 1Q13 was \$0.5m higher than 1Q12 due to the increase in borrowings.

Consequently, Group profit before tax for 1Q13 of \$4.1m was 29.7% or \$1.8m lower than that of \$5.9m in 1Q12.

Taxation for 1Q13 of \$1.3m was higher by 26.3% or \$0.3m due mainly to certain non tax-deductible expenses, partially offset by lower profits in 1Q13.

Group profit attributable to shareholders of the Company for 1Q13 of \$2.8m was 41.6% or \$2.0m lower than that of \$4.8m in 1Q12.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Bus Operations for 1Q13 at \$154.7m was higher by 6.8% or \$9.8m due to the increase in average daily ridership of 2.3% and an increase in other operating income. Operating loss for 1Q13 of \$5.4m increased by \$1.7m from \$3.7m in 1Q12 due mainly to higher staff costs, higher depreciation and higher repairs and maintenance costs, offset by higher bus revenue and lower fuel costs.

Revenue from Rail Operations for 1Q13 at \$35.7m increased by 4.4% or \$1.5m from \$34.2m in 1Q12 due to the increase in average daily ridership, offset by the decrease in average fare. Average daily ridership for the North-East Line and the two Light Rail Transit systems went up by 5.6% and 11.9% respectively as compared to 1Q12. Operating profit for 1Q13 of \$0.4m decreased by 80.5% or \$1.4m as compared to \$1.8m for 1Q12 due mainly to higher staff costs largely from the start up of the Downtown Line (DTL) and higher other operating expenses, offset by higher rail fare revenue and lower electricity cost. Excluding the start up costs for DTL, operating profit for Rail Operations in 1Q13 would have increased by 65.3% or \$1.4m to \$3.6m from \$2.2m in 1Q12.

Revenue from Advertisement Business for 1Q13 increased by 7.8% or \$0.7m to \$9.6m as compared to \$8.9m for 1Q12 due mainly to the increase in panel advertising sales. Operating profit for 1Q13 of \$6.4m increased by 8.9% or \$0.5m as compared to \$5.9m for 1Q12 due mainly to higher advertising revenue.

Revenue from Rental Business for 1Q13 increased by 43.0% or \$1.4m to \$4.7m as compared to \$3.3m for 1Q12 due to higher income from shop space and roadshows. Consequently, operating profit for 1Q13 of \$3.7m increased by 62.5% or \$1.4m as compared to \$2.3m in 1Q12.

Statement of Financial Position

As at 31 March 2013, total equity for the Group increased by 0.9% or \$3.0m to \$345.1m as compared to 31 December 2012 due mainly to the profits generated from operations.

Group total assets increased by 0.6% or \$5.8m to \$935.9m due to an increase in non-current assets of \$20.9m, partially offset by the decrease in current assets of \$15.1m. The increase in non-current assets was due mainly to the purchase of buses. The decrease in current assets was due mainly to the decrease in other receivables and short-term deposits, partially offset by the increase in trade receivables.

Group total liabilities increased by 0.5% or \$2.8m to \$590.8m due to an increase in non-current liabilities of \$10.8m, partially offset by the decrease in current liabilities of \$8.0m. The increase in non-current liabilities was due mainly to the additional loan from external party. The decrease in current liabilities was due mainly to the decrease in trade and other payables, partially offset by the increase in trade payables for buses.

Cash Flow

Net cash outflow of \$7.4m for 1Q13 was mainly from the purchase of buses, partially offset by the net cash generated from operations and new loans raised.

As at 31 March 2013, the Group had cash and short-term deposits of \$10.8m. After accounting for the borrowings of \$290.1m, the Group had a net debt position of \$279.3m and a net gearing ratio of 80.9% which was higher than that of 45.1% as at 31 March 2012. The Group's gross gearing ratio was 84.1% as at 31 March 2013 compared to 46.3% as at 31 March 2012.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

With the expected slower economic growth, Bus and Rail riderships are expected to increase at slower rates. Advertising revenue is expected to be maintained while Rental revenue is expected to be higher due to new shops and rental renewals.

Staff costs are expected to be higher due to headcount increase, salary adjustments and increases in foreign workers' levy. With the renewal and expansion of the bus fleet, depreciation and financing cost are expected to increase. The Bus Segment is expected to be impacted more significantly by these cost increases and its outlook remains challenging.

With the gearing up for operations of Stage 1 of DTL, more costs are correspondingly being incurred.

17 DIVIDEND**(a) Current Financial Period Reported On**

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

(b) Corresponding Period of the Immediately 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>	<u>Rail</u>	<u>Advertise- ments</u>	<u>Rental</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>1st Quarter 2013</u>					
Revenue	154,717	35,716	9,584	4,744	204,761
<u>Results</u>					
Segment results	(5,407)	357	6,361	3,718	5,029
Net income from investments					123
Finance costs					(1,025)
Profit before taxation					4,127
Taxation					(1,303)
Profit after taxation					<u>2,824</u>
<u>1st Quarter 2012</u>					
Revenue	144,872	34,196	8,891	3,318	191,277
<u>Results</u>					
Segment results	(3,715)	1,830	5,840	2,288	6,243
Net income from investments					110
Finance costs					(485)
Profit before taxation					5,868
Taxation					(1,032)
Profit after taxation					<u>4,836</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 2013 financial results to be false or misleading in any material aspects.

ON BEHALF OF THE DIRECTORS

Lim Jit Poh
Chairman

Gan Juay Kiat
Chief Executive Officer

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

13 May 2013