

**SBS TRANSIT LTD**

Company Registration No.: 199206653M

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**First Quarter 2016 Financial Statements**

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The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2016.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>		
	<b>1st Qtr 2016 \$'000</b>	<b>1st Qtr 2015 \$'000</b>	<b>Incr/ (Decr) %</b>
<b>Revenue</b>	263,473	247,199	6.6
Staff costs	139,892	123,510	13.3
Repairs and maintenance costs	31,195	26,108	19.5
Fuel and electricity costs	28,946	42,257	(31.5)
Premises costs	11,840	10,132	16.9
Depreciation expense	18,585	20,198	(8.0)
Other operating costs	21,982	18,130	21.2
Total operating costs	<u>252,440</u>	<u>240,335</u>	5.0
<b>Operating profit</b>	11,033	6,864	60.7
Net income from investments	60	60	-
Finance costs	<u>(1,506)</u>	<u>(1,274)</u>	18.2
<b>Profit before taxation</b>	9,587	5,650	69.7
Taxation	<u>(1,503)</u>	<u>(880)</u>	70.8
<b>Profit attributable to shareholders</b>	<u>8,084</u>	<u>4,770</u>	69.5

## 2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	4,792	4,379	4,123	3,907
Trade receivables	10,322	9,577	8,770	9,142
Other receivables and prepayments	38,206	82,429	124,724	160,257
Inventories	50,589	48,365	46,165	45,130
Total current assets	<u>103,909</u>	<u>144,750</u>	<u>183,782</u>	<u>218,436</u>
<b>Non-current assets</b>				
Subsidiary	-	-	5,000	5,000
Investments	5,375	5,337	5,375	5,337
Prepayments	1,881	21,592	1,839	21,334
Vehicles, premises and equipment	875,700	904,506	859,343	888,368
Deferred tax assets	15,833	14,961	-	-
Total non-current assets	<u>898,789</u>	<u>946,396</u>	<u>871,557</u>	<u>920,039</u>
<b>Total assets</b>	<u><u>1,002,698</u></u>	<u><u>1,091,146</u></u>	<u><u>1,055,339</u></u>	<u><u>1,138,475</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	28,500	87,500	28,500	87,500
Trade and other payables	206,563	247,669	183,005	223,393
Deposits received	5,470	4,452	4,636	3,816
Insurance premiums payable and provision for accident claims	25,908	26,652	25,908	26,652
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	58	43	58	43
Total current liabilities	<u>286,491</u>	<u>386,308</u>	<u>262,099</u>	<u>361,396</u>
<b>Non-current liabilities</b>				
Borrowings	250,000	250,000	250,000	250,000
Deferred grants	8,214	8,426	8,214	8,426
Deposits received	4,888	5,921	4,262	5,131
Deferred tax liabilities	74,291	71,545	74,291	71,545
Provision for service benefits and long service awards	10,024	10,260	9,939	10,186
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	<u>367,409</u>	<u>366,144</u>	<u>366,698</u>	<u>365,280</u>
<b>Total liabilities</b>	<u><u>653,900</u></u>	<u><u>752,452</u></u>	<u><u>628,797</u></u>	<u><u>726,676</u></u>
<b>Capital and reserves</b>				
Share capital	94,838	94,786	94,838	94,786
Other reserves	(15,560)	(17,492)	(15,170)	(17,017)
Accumulated profits	269,520	261,400	346,874	334,030
Total equity	<u>348,798</u>	<u>338,694</u>	<u>426,542</u>	<u>411,799</u>
<b>Total liabilities and equity</b>	<u><u>1,002,698</u></u>	<u><u>1,091,146</u></u>	<u><u>1,055,339</u></u>	<u><u>1,138,475</u></u>

**3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS**

	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured</b>		
Amount repayable in one year or less, or on demand	28,500	87,500
Amount repayable after one year	250,000	250,000
	<u>278,500</u>	<u>337,500</u>

**Details of any collateral**

Not applicable.

#### 4 GROUP CASH FLOW STATEMENT

	Group	
	1st Qtr 2016	1st Qtr 2015
	\$'000	\$'000
<b>Operating activities</b>		
Profit before taxation	9,587	5,650
Adjustments for:		
Depreciation expense	18,585	20,198
Finance costs	1,506	1,274
Net gain on disposal of vehicles and equipment	(176)	(175)
Interest income	(60)	(60)
Grant income	(24,029)	(20,920)
Operating cash flows before movements in working capital	5,413	5,967
Changes in working capital	35,072	(14,022)
Cash generated from (used in) operations	40,485	(8,055)
Income tax paid	(10)	(14)
Net cash from (used in) operating activities	40,475	(8,069)
<b>Investing activities</b>		
Proceeds from disposal of vehicles and equipment	187	181
Purchase of vehicles, premises and equipment	(4,929)	(40,262)
Net cash used in investing activities	(4,742)	(40,081)
<b>Financing activities</b>		
New loans raised	154,500	104,866
Repayment of borrowings	(213,500)	(77,154)
Proceeds from share issue	48	-
Grants received	26,211	21,636
Interest paid	(2,579)	(1,449)
Net cash (used in) from financing activities	(35,320)	47,899
Net increase (decrease) in cash and cash equivalents	413	(251)
Cash and cash equivalents at beginning of period	4,379	4,987
<b>Cash and cash equivalents at end of period</b>	<b>4,792</b>	<b>4,736</b>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	<b>Group</b>	
	<b>1st Qtr</b>	<b>1st Qtr</b>
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit attributable to shareholders</b>	8,084	4,770
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	1,934	5,119
Fair value adjustment on investments	38	(12)
<b>Total comprehensive income attributable to shareholders</b>	<u>10,056</u>	<u>9,877</u>

## 6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2016:

	<b>Group</b>			
	<b>Attributable to shareholders of the Company</b>			
	<b>Share capital \$'000</b>	<b>Other reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2016</b>	94,786	(17,492)	261,400	338,694
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	8,084	8,084
Other comprehensive income for the period	-	1,972	-	1,972
<b>Total</b>	-	1,972	8,084	10,056
<b>Transactions recognised directly in equity</b>				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
<b>Total</b>	52	(40)	36	48
<b>Balance at 31 March 2016</b>	<u>94,838</u>	<u>(15,560)</u>	<u>269,520</u>	<u>348,798</u>
<b>Balance at 1 January 2015</b>	94,579	(37,427)	252,927	310,079
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	4,770	4,770
Other comprehensive income for the period	-	5,107	-	5,107
<b>Total</b>	-	5,107	4,770	9,877
<b>Transactions recognised directly in equity</b>				
Other reserves	-	(42)	42	-
<b>Total</b>	-	(42)	42	-
<b>Balance at 31 March 2015</b>	<u>94,579</u>	<u>(32,362)</u>	<u>257,739</u>	<u>319,956</u>

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2016:

	<b>Company</b>			
	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2016</b>	94,786	(17,017)	334,030	411,799
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	12,808	12,808
Other comprehensive income for the period	-	1,887	-	1,887
<b>Total</b>	-	1,887	12,808	14,695
<b>Transactions recognised directly in equity</b>				
Exercise of share options	52	(4)	-	48
Other reserves	-	(36)	36	-
<b>Total</b>	52	(40)	36	48
<b>Balance at 31 March 2016</b>	<u>94,838</u>	<u>(15,170)</u>	<u>346,874</u>	<u>426,542</u>
<b>Balance at 1 January 2015</b>	94,579	(37,427)	295,464	352,616
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	9,578	9,578
Other comprehensive income for the period	-	5,107	-	5,107
<b>Total</b>	-	5,107	9,578	14,685
<b>Transactions recognised directly in equity</b>				
Other reserves	-	(42)	42	-
<b>Total</b>	-	(42)	42	-
<b>Balance at 31 March 2015</b>	<u>94,579</u>	<u>(32,362)</u>	<u>305,084</u>	<u>367,301</u>

## **7 CHANGES IN COMPANY'S SHARE CAPITAL**

### Share Capital

During the quarter, 30,000 new ordinary shares were issued by the Company upon the exercise of options granted under the SBS Transit Share Option Scheme.

As at 31 March 2016, the total number of issued shares was 309,194,766 (31 December 2015: 309,164,766).

### 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 2016, there were unexercised options for 4,200,000 (31 March 2015: 5,167,500) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 31 March 2016, 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 2015.

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 2016.

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

	<b>Group</b>	
	<b>1st Qtr 2016</b>	<b>1st Qtr 2015</b>
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)	2.61	1.54
(ii) On a fully diluted basis (cents)	2.61	1.54

EBITDA

	<b>Group</b>	
	<b>1st Qtr 2016</b>	<b>1st Qtr 2015</b>
(i) EBITDA (\$'000)	29,618	27,062
(ii) EBITDA margin (%)	11.2	10.9

**13 NET ASSET VALUE PER ORDINARY SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.13	1.10	1.38	1.33

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

Group revenue of \$263.5m for 1Q16 increased by 6.6% or \$16.3m from \$247.2m for 1Q15 while Group operating costs of \$252.4m increased by 5.0% or \$12.1m from \$240.3m for 1Q15.

Group operating profit of \$11.0m for 1Q16 was 60.7% or \$4.1m higher than that of \$6.9m for 1Q15.

Finance costs of \$1.5m for 1Q16 were 18.2% or \$0.2m higher than that of \$1.3m for 1Q15.

Consequently, Group profit before taxation of \$9.6m for 1Q16 was 69.7% or \$3.9m higher than that of \$5.7m for 1Q15.

Taxation of \$1.5m for 1Q16 was higher than that of \$0.9m for 1Q15 by 70.8% or \$0.6m due mainly to the higher profits for 1Q16.

Group profit attributable to shareholders of the Company of \$8.1m for 1Q16 was 69.5% or \$3.3m higher than that of \$4.8m for 1Q15.

A segmental breakdown by business is provided under paragraph 18.

Revenue from the Bus segment of \$198.5m for 1Q16 was higher by 1.2% or \$2.3m compared to \$196.2m in the corresponding quarter last year due mainly to the increase in average daily ridership, partially offset by the decrease in average fare following the fare reduction from 27 December 2015 and lower other operating income. Average daily ridership increased by 3.0% to 2.9m passenger trips for 1Q16. Operating profit of \$7.3m for 1Q16 increased by 133.9% or \$4.2m from \$3.1m for 1Q15 due mainly to higher revenue, lower fuel costs and lower depreciation, offset by higher staff costs, higher repairs and maintenance costs and higher other operating costs.

Revenue from the Rail segment of \$65.0m for 1Q16 was higher by 27.4% or \$14.0m compared to \$51.0m in the corresponding quarter last year due mainly to the increase in average daily ridership following the commencement of revenue service of Downtown Line (DTL) 2, offset by lower average fare for North-East Line (NEL) and Light Rail Transit (LRT) due to the fare reduction from 27 December 2015. For 1Q16, average daily ridership for the DTL grew by 205.7% to 206k passenger trips. Average daily ridership for the NEL grew by 5.8% to 557k passenger trips and that for the LRT increased by 15.5% to 110k passenger trips as compared to that of 1Q15. Operating profit for 1Q16 at \$3.7m decreased marginally by 0.1% compared to 1Q15 due mainly to higher staff costs from the build-up of staff for DTL, higher repairs and maintenance costs, higher premises costs and higher other operating costs, offset by higher revenue.

## **Statement of Financial Position**

As at 31 March 2016, total equity for the Group increased by 3.0% or \$10.1m to \$348.8m as compared to 31 December 2015 due to profits generated from operations and an increase in other reserves.

Group total assets decreased by 8.1% or \$88.4m to \$1,002.7m due to a decrease in non-current assets of \$47.6m and a decrease in current assets of \$40.8m. The decrease in non-current assets was due mainly to the decrease in vehicles, premises and equipment and long-term prepayments following the novation of procurement contracts for the purchase of new buses to Land Transport Authority. The decrease in current assets was due mainly to a decrease in other receivables and prepayments, partially offset by the increase in inventories.

Group total liabilities decreased by 13.1% or \$98.5m to \$653.9m due to a decrease in current liabilities of \$99.8m, partially offset by the increase in non-current liabilities of \$1.3m. The decrease in current liabilities was due mainly to lower borrowings and a decrease in trade and other payables.

## **Cash Flow**

The net cash inflow of \$0.4m for 1Q16 was mainly from the new loans raised, net cash generated from operations and grants received, partially offset by the repayment of borrowings, purchase of vehicles, premises and equipment and payment of interest.

As at 31 March 2016, the Group had cash and bank balances of \$4.8m. After accounting for the borrowings of \$278.5m, the Group had a net debt position of \$273.7m and a net gearing ratio of 78.5% which was lower than that of 98.4% as at 31 December 2015. The Group's gross gearing ratio was 79.9% as at 31 March 2016 compared to 99.7% as at 31 December 2015.

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

No forecast or prospect statement has been previously disclosed.

### **16 GROUP OUTLOOK**

Rail revenue is expected to be higher with higher ridership from DTL 2. Bus revenue will be affected with the gradual transition out of the Bulim and Loyang bus services.

Staff costs are expected to be higher as we review the compensation packages of staff. For the DTL, we will continue to build up the staff strength in preparation for DTL 3. Repairs and maintenance costs are also expected to be higher as more such works are carried out in the Rail segment.

**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
<b><u>1st Quarter 2016</u></b>			
Revenue	198,499	64,974	263,473
<b><u>Results</u></b>			
Segment results	7,291	3,742	11,033
Net income from investments			60
Finance costs			(1,506)
Profit before taxation			<u>9,587</u>
Taxation			(1,503)
Profit after taxation			<u><u>8,084</u></u>
<b><u>1st Quarter 2015</u></b>			
Revenue	196,193	51,006	247,199
<b><u>Results</u></b>			
Segment results	3,117	3,747	6,864
Net income from investments			60
Finance costs			(1,274)
Profit before taxation			<u>5,650</u>
Taxation			(880)
Profit after taxation			<u><u>4,770</u></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 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.

**23 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 2016 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

11 May 2016