



**SBS TRANSIT LTD**

Company Registration No: 199206653M

**Second Quarter 2013 Financial Statements and Dividend Announcement**

The Board of Directors announces the unaudited results for the Second Quarter and Half-Year ended 30 June 2013.

**1 GROUP INCOME STATEMENT**

	<b>Group</b>					
	<b>2nd Qtr 2013</b>	<b>2nd Qtr 2012</b>	<b>Incr/ (Decr)</b>	<b>1st Half 2013</b>	<b>1st Half 2012</b>	<b>Incr/ (Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	209,338	196,212	6.7	414,099	387,489	6.9
Staff costs	93,898	83,623	12.3	187,590	163,887	14.5
Repairs and maintenance	26,594	23,847	11.5	50,547	47,415	6.6
Fuel and electricity costs	43,370	45,427	(4.5)	85,722	90,717	(5.5)
Premises costs	8,298	7,907	4.9	16,094	15,471	4.0
Depreciation expense	15,183	13,985	8.6	30,710	27,212	12.9
Other operating expenses	17,156	15,740	9.0	33,568	30,861	8.8
Total operating expenses	<u>204,499</u>	<u>190,529</u>	<u>7.3</u>	<u>404,231</u>	<u>375,563</u>	<u>7.6</u>
<b>Operating profit</b>	4,839	5,683	(14.9)	9,868	11,926	(17.3)
Net income from investments	111	110	0.9	234	220	6.4
Finance costs	<u>(1,051)</u>	<u>(544)</u>	<u>93.2</u>	<u>(2,076)</u>	<u>(1,029)</u>	<u>101.7</u>
<b>Profit before taxation</b>	3,899	5,249	(25.7)	8,026	11,117	(27.8)
Taxation	<u>(742)</u>	<u>(697)</u>	<u>6.5</u>	<u>(2,045)</u>	<u>(1,729)</u>	<u>18.3</u>
<b>Profit attributable to shareholders</b>	<u><u>3,157</u></u>	<u><u>4,552</u></u>	<u><u>(30.6)</u></u>	<u><u>5,981</u></u>	<u><u>9,388</u></u>	<u><u>(36.3)</u></u>

## 2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000	31 Dec 2012 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Short-term deposits and bank balances	6,188	18,247	6,001	18,111
Available-for-sale investments	5,104	-	5,104	-
Trade receivables	10,472	7,817	10,472	7,817
Other receivables and prepayments	27,096	33,843	34,660	38,996
Inventories	36,731	33,402	36,731	33,402
<b>Total current assets</b>	<b>85,591</b>	<b>93,309</b>	<b>92,968</b>	<b>98,326</b>
<b>Non-current assets</b>				
Subsidiary	-	-	5,000	100
Available-for-sale investments	5,593	11,021	5,593	11,021
Prepayments	31,859	41,518	31,859	41,518
Vehicles, premises and equipment	840,315	784,252	840,008	784,001
<b>Total non-current assets</b>	<b>877,767</b>	<b>836,791</b>	<b>882,460</b>	<b>836,640</b>
<b>Total assets</b>	<b>963,358</b>	<b>930,100</b>	<b>975,428</b>	<b>934,966</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Borrowings	18,577	1,253	18,577	1,253
Trade and other payables	124,501	131,499	122,973	130,246
Trade payables for buses	20,627	26,879	20,627	26,879
Deposits received	2,744	2,180	2,744	2,180
Insurance premiums payable and provision for accident claims	30,510	31,039	30,510	31,039
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	81	69	81	69
<b>Total current liabilities</b>	<b>217,032</b>	<b>212,911</b>	<b>215,504</b>	<b>211,658</b>
<b>Non-current liabilities</b>				
Borrowings	306,888	276,911	306,888	276,911
Deferred grant income	6,602	5,495	6,602	5,495
Deposits received	3,294	3,701	3,294	3,701
Deferred tax liabilities	57,748	56,233	57,748	56,233
Provision for service benefits and long service awards	11,491	12,800	11,455	12,774
Fuel price equalisation account	19,992	19,992	19,992	19,992
<b>Total non-current liabilities</b>	<b>406,015</b>	<b>375,132</b>	<b>405,979</b>	<b>375,106</b>
<b>Capital and reserves</b>				
Share capital	93,875	93,875	93,875	93,875
Other reserves	3,780	6,522	3,780	6,522
Accumulated profits	242,656	241,660	256,290	247,805
<b>Total equity</b>	<b>340,311</b>	<b>342,057</b>	<b>353,945</b>	<b>348,202</b>
<b>Total liabilities and equity</b>	<b>963,358</b>	<b>930,100</b>	<b>975,428</b>	<b>934,966</b>

### 3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Secured</b>		
Amount repayable in one year or less, or on demand	3,577	-
Amount repayable after one year	<u>56,888</u>	<u>-</u>
	<u>60,465</u>	<u>-</u>
<b>Unsecured</b>		
Amount repayable in one year or less, or on demand	15,000	1,253
Amount repayable after one year	<u>250,000</u>	<u>276,911</u>
	<u>265,000</u>	<u>278,164</u>
<b>Total</b>		
Amount repayable in one year or less, or on demand	18,577	1,253
Amount repayable after one year	<u>306,888</u>	<u>276,911</u>
	<u>325,465</u>	<u>278,164</u>

#### Details of any collateral

Total secured borrowing of \$60.5m 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			
	2nd Qtr	2nd Qtr	1st Half	1st Half
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before taxation	3,899	5,249	8,026	11,117
Adjustments for:				
Depreciation expense	15,183	13,985	30,710	27,212
Finance costs	1,051	544	2,076	1,029
Net gain on disposal of vehicles and equipment	(66)	(399)	(200)	(926)
Interest income	(111)	(110)	(234)	(220)
Operating cash flows before movements in working capital	19,956	19,269	40,378	38,212
Changes in working capital	(13,605)	23,132	(15,908)	17,062
Cash generated from operations	6,351	42,401	24,470	55,274
Income tax paid	(19)	(21)	(33)	(34)
Net cash from operating activities	6,332	42,380	24,437	55,240
<b>Investing activities</b>				
Interest received	221	221	237	221
Proceeds from disposal of vehicles and equipment	89	403	298	949
Purchase of vehicles, premises and equipment	(40,536)	(93,294)	(76,979)	(136,587)
Net cash used in investing activities	(40,226)	(92,670)	(76,444)	(135,417)
<b>Financing activities</b>				
New loans raised	50,256	60,700	62,749	89,200
Repayment of loans	(14,909)	-	(15,448)	-
Interest paid	(974)	(1,027)	(2,313)	(1,050)
Dividends paid	(5,092)	(8,642)	(5,092)	(8,642)
Others	-	-	52	-
Net cash from financing activities	29,281	51,031	39,948	79,508
Net (decrease) increase in cash and cash equivalents	(4,613)	741	(12,059)	(669)
Cash and cash equivalents at beginning of period	10,801	4,130	18,247	5,540
<b>Cash and cash equivalents at end of period</b>	<b>6,188</b>	<b>4,871</b>	<b>6,188</b>	<b>4,871</b>

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

#### 5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group					
	2nd Qtr	2nd Qtr	Incr/ (Decr)	1st Half	1st Half	Incr/ (Decr)
	2013	2012	(Decr)	2013	2012	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit attributable to shareholders</b>	3,157	4,552	(30.6)	5,981	9,388	(36.3)
Fair value adjustment on cash flow hedges	(2,586)	(5,975)	(56.7)	(2,363)	(5,130)	(53.9)
Fair value adjustment on available-for-sale investments	(265)	(2)	NM	(324)	(78)	NM
<b>Total comprehensive income (expense) attributable to shareholders</b>	<b>306</b>	<b>(1,425)</b>	<b>NM</b>	<b>3,294</b>	<b>4,180</b>	<b>(21.2)</b>

NM - Not meaningful

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 Second Quarter and Half-Year ended 30 June 2013:

	<b>Group</b>			
	<b>Attributable to shareholders of the 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 2013</b>	93,875	6,522	241,660	342,057
Total comprehensive income for the period	-	164	2,824	2,988
Others	-	-	52	52
<b>Balance at 31 March 2013</b>	<b>93,875</b>	<b>6,686</b>	<b>244,536</b>	<b>345,097</b>
Total comprehensive (expense) income for the period	-	(2,851)	3,157	306
Payment of dividends	-	-	(5,092)	(5,092)
Others	-	(55)	55	-
<b>Balance at 30 June 2013</b>	<b>93,875</b>	<b>3,780</b>	<b>242,656</b>	<b>340,311</b>
<b>Balance at 1 January 2012</b>	93,875	3,814	235,732	333,421
Total comprehensive income for the period	-	769	4,836	5,605
<b>Balance at 31 March 2012</b>	<b>93,875</b>	<b>4,583</b>	<b>240,568</b>	<b>339,026</b>
Total comprehensive (expense) income for the period	-	(5,977)	4,552	(1,425)
Payment of dividends	-	-	(8,642)	(8,642)
Others	-	(74)	74	-
<b>Balance at 30 June 2012</b>	<b>93,875</b>	<b>(1,468)</b>	<b>236,552</b>	<b>328,959</b>

Statement of Changes in Equity of the Company for the Second Quarter and Half-Year ended 30 June 2013:

	<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 2013</b>	93,875	6,522	247,805
Total comprehensive income for the period	-	164	6,117	6,281
Others	-	-	52	52
<b>Balance at 31 March 2013</b>	<b>93,875</b>	<b>6,686</b>	<b>253,974</b>	<b>354,535</b>
Total comprehensive (expense) income for the period	-	(2,851)	7,353	4,502
Payment of dividends	-	-	(5,092)	(5,092)
Others	-	(55)	55	-
<b>Balance at 30 June 2013</b>	<b>93,875</b>	<b>3,780</b>	<b>256,290</b>	<b>353,945</b>
<b>Balance at 1 January 2012</b>	93,875	3,814	235,732	333,421
Total comprehensive income for the period	-	769	5,176	5,945
<b>Balance at 31 March 2012</b>	<b>93,875</b>	<b>4,583</b>	<b>240,908</b>	<b>339,366</b>
Total comprehensive (expense) income for the period	-	(5,977)	5,759	(218)
Payment of dividends	-	-	(8,642)	(8,642)
Others	-	(74)	74	-
<b>Balance at 30 June 2012</b>	<b>93,875</b>	<b>(1,468)</b>	<b>238,099</b>	<b>330,506</b>

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

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

### Share Capital

Since 31 March 2013, no new ordinary shares were issued by the Company.

As at 30 June 2013, the total number of issued shares was 308,629,766 (31 December 2012: 308,629,766).

As at 30 June 2013, the Company does not hold any treasury shares.

### Outstanding Shares - SBS Transit Share Option Scheme

As at 30 June 2013, there were unexercised options for 6,756,250 (30 June 2012: 8,173,750) 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			
	2nd Qtr 2013	2nd Qtr 2012	1st Half 2013	1st Half 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)	1.02	1.47	1.94	3.04
(ii) On a fully diluted basis (cents)	1.02	1.47	1.94	3.04

### EBITDA

	Group			
	2nd Qtr 2013	2nd Qtr 2012	1st Half 2013	1st Half 2012
(i) EBITDA (\$'000)	20,022	19,668	40,578	39,138
(ii) EBITDA margin (%)	9.6	10.0	9.8	10.1

## 13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.10	1.11	1.15	1.13

## 14 REVIEW OF GROUP PERFORMANCE

### Performance Review

Group revenue of \$209.3m for 2Q13 increased by 6.7% or \$13.1m from \$196.2m in 2Q12 while Group operating expenses of \$204.5m increased by 7.3% or \$14.0m from \$190.5m in 2Q12.

Group operating profit of \$4.8m for 2Q13 was 14.9% or \$0.9m lower than that of \$5.7m in 2Q12.

Net income from investments of \$0.1m for 2Q13 was marginally higher than 2Q12 by 0.9%.

Finance costs of \$1.1m for 2Q13 was 93.2% or \$0.5m higher than 2Q12 due to the increase in borrowings.

Consequently, Group profit before tax for 2Q13 of \$3.9m was 25.7% or \$1.3m lower than that of \$5.2m in 2Q12.

Taxation for 2Q13 of \$0.7m was marginally higher than 2Q12 by 6.5% due mainly to certain non tax-deductible expenses, partially offset by the write-back of over-provision for prior years' tax and lower profits in 2Q13.

Group profit attributable to shareholders of the Company for 2Q13 of \$3.2m was 30.6% or \$1.4m lower than that of \$4.6m in 2Q12.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Bus Operations for 2Q13 at \$159.6m was higher by 7.0% or \$10.4m due to the increase in average daily ridership of 3.0% and an increase in other operating income, offset by the decrease in average fare. Operating loss for 2Q13 of \$3.0m decreased by \$1.8m from \$4.8m in 2Q12 due to higher bus revenue and lower fuel cost, offset by higher staff costs, higher repairs and maintenance costs, higher depreciation and higher other operating expenses.

Revenue from Rail Operations for 2Q13 at \$36.4m increased by 7.1% or \$2.4m from \$34.0m in 2Q12 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 5.9% and 9.8% respectively as compared to 2Q12. For 2Q13, Rail Operations incurred an operating loss of \$0.8m as compared to an operating profit of \$1.9m for 2Q12 due mainly to higher staff costs largely from the preparation for the start up of the Downtown Line (DTL), offset by higher rail fare revenue. Excluding the start up costs for DTL, operating profit for Rail Operations in 2Q13 would have increased by 6.4% or \$0.2m to \$3.3m from \$3.1m in 2Q12.

Revenue from Advertisement Business for 2Q13 decreased by 6.4% or \$0.6m to \$8.6m as compared to \$9.2m for 2Q12 due mainly to the decrease in panel advertising sales. Operating profit for 2Q13 of \$5.0m decreased by 15.9% or \$0.9m as compared to \$5.9m for 2Q12 due mainly to lower advertising revenue and higher staff costs.

Revenue from Rental Business for 2Q13 increased by 24.2% or \$0.9m to \$4.7m as compared to \$3.8m for 2Q12 due to higher rental from shop space and roadshows. Consequently, operating profit for 2Q13 of \$3.7m increased by 37.9% or \$1.0m as compared to \$2.7m in 2Q12.

### **Statement of Financial Position**

As at 30 June 2013, total equity for the Group decreased by 0.5% or \$1.7m to \$340.3m as compared to 31 December 2012 due mainly to payment of dividends, partially offset by profits generated from operations.

Group total assets increased by 3.6% or \$33.3m to \$963.4m due to an increase in non-current assets of \$41.0m, partially offset by a decrease in current assets of \$7.7m. The increase in non-current assets was due mainly to the purchase of buses, partially offset by the decrease in prepayments for new buses. The decrease in current assets was due mainly to the decrease in short-term deposits and other receivables, partially offset by the reclassification of available-for-sale investments from non-current to current assets, increase in inventories and trade receivables.

Group total liabilities increased by 6.0% or \$35.0m to \$623.0m due to an increase in non-current liabilities of \$30.9m and an increase in current liabilities of \$4.1m. The increase in non-current liabilities was due mainly to the additional loans from external party. The increase in current liabilities was due mainly to the increase in borrowings from banks and loans from external party, partially offset by the decrease in trade payables for buses and other payables.

### **Cash Flow**

Net cash outflow of \$4.6m for 2Q13 was mainly from the purchase of buses, repayment of loans and payment of dividends, partially offset by new loans raised and net cash generated from operations.

As at 30 June 2013, the Group had cash and short-term deposits of \$6.2m. After accounting for the borrowings of \$325.5m, the Group had a net debt position of \$319.3m and a net gearing ratio of 93.8% which was higher than that of 64.7% as at 30 June 2012. The Group's gross gearing ratio was 95.6% as at 30 June 2013 compared to 66.2% as at 30 June 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**

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**

The Directors are pleased to declare a tax-exempt one-tier interim dividend of 0.90 cents (2012: 1.35 cents) per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	0.90 cents
Tax Rate	Exempt one-tier

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

Name of Dividend	Interim
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	1.35 cents
Tax Rate	Exempt one-tier

**(c) Date Payable**

The interim dividend will be paid on 29 August 2013.

**(d) Books Closure Date**

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 22 August 2013 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, up to 5.00pm on 21 August 2013 will be registered to determine Shareholders' entitlements to the interim 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 5.00pm on 21 August 2013 will be entitled to the interim dividend.

## 18 GROUP SEGMENTAL INFORMATION

### By Business Activity

	<u>Bus</u>	<u>Rail</u>	<u>Advertise- ments</u>	<u>Rental</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>2nd Quarter 2013</u></b>					
Revenue	159,623	36,448	8,608	4,659	209,338
<b><u>Results</u></b>					
Segment results	(3,039)	(775)	4,957	3,696	4,839
Net income from investments					111
Finance costs					(1,051)
Profit before taxation					3,899
Taxation					(742)
Profit after taxation					<u>3,157</u>
<b><u>2nd Quarter 2012</u></b>					
Revenue	149,228	34,042	9,192	3,750	196,212
<b><u>Results</u></b>					
Segment results	(4,805)	1,913	5,895	2,680	5,683
Net income from investments					110
Finance costs					(544)
Profit before taxation					5,249
Taxation					(697)
Profit after taxation					<u>4,552</u>
<b><u>First Half 2013</u></b>					
Revenue	314,340	72,164	18,192	9,403	414,099
<b><u>Results</u></b>					
Segment results	(8,446)	(418)	11,318	7,414	9,868
Net income from investments					234
Finance costs					(2,076)
Profit before taxation					8,026
Taxation					(2,045)
Profit after taxation					<u>5,981</u>
<b><u>First Half 2012</u></b>					
Revenue	294,100	68,238	18,083	7,068	387,489
<b><u>Results</u></b>					
Segment results	(8,520)	3,743	11,735	4,968	11,926
Net income from investments					220
Finance costs					(1,029)
Profit before taxation					11,117
Taxation					(1,729)
Profit after taxation					<u>9,388</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 Second 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 August 2013