

Third Quarter 2013 Financial Statements

The Board of Directors announces the unaudited results for the Third Quarter and 9 Months ended 30 September 2013.

1 GROUP INCOME STATEMENT

(i)

	Group					
	3rd Qtr 2013	3rd Qtr 2012	Incr/ (Decr)	9 Months 2013	9 Months 2012	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	218,851	203,803	7.4	632,950	591,292	7.0
Staff costs	98,841	87,742	12.6	286,431	251,629	13.8
Repairs and maintenance	28,329	24,701	14.7	78,876	72,116	9.4
Fuel and electricity costs	44,820	43,628	2.7	130,542	134,345	(2.8)
Premises costs	8,791	7,733	13.7	24,885	23,204	7.2
Depreciation expense	15,402	14,536	6.0	46,112	41,748	10.5
Other operating expenses	17,336	16,706	3.8	50,904	47,567	7.0
Total operating expenses	<u>213,519</u>	<u>195,046</u>	9.5	<u>617,750</u>	<u>570,609</u>	8.3
Operating profit	5,332	8,757	(39.1)	15,200	20,683	(26.5)
Net income from investments	112	117	(4.3)	346	337	2.7
Finance costs	(1,104)	(702)	57.3	(3,180)	(1,731)	83.7
Profit before taxation	4,340	8,172	(46.9)	12,366	19,289	(35.9)
Taxation	(797)	(1,873)	(57.4)	(2,842)	(3,602)	(21.1)
Profit attributable to shareholders	<u>3,543</u>	<u>6,299</u>	(43.8)	<u>9,524</u>	<u>15,687</u>	(39.3)

(ii) Included in the determination of net profit is the following item :-

	Group					
	3rd Qtr 2013	3rd Qtr 2012	Incr/ (Decr)	9 Months 2013	9 Months 2012	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
<i>After crediting :-</i>						
Net gain on disposal of vehicles and equipment	330	364	(9.3)	530	1,290	(58.9)

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2013 \$'000	31 Dec 2012 \$'000	30 Sep 2013 \$'000	31 Dec 2012 \$'000
ASSETS				
Current assets				
Short-term deposits and bank balances	9,178	18,247	8,887	18,111
Available-for-sale investments	5,079	-	5,079	-
Trade receivables	7,700	7,817	7,700	7,817
Other receivables and prepayments	24,050	33,843	36,031	38,996
Inventories	39,306	33,402	39,306	33,402
Total current assets	85,313	93,309	97,003	98,326
Non-current assets				
Subsidiary	-	-	5,000	100
Available-for-sale investments	5,610	11,021	5,610	11,021
Prepayments	29,730	41,518	29,663	41,518
Vehicles, premises and equipment	868,686	784,252	868,168	784,001
Deferred tax assets	881	-	-	-
Total non-current assets	904,907	836,791	908,441	836,640
Total assets	990,220	930,100	1,005,444	934,966
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	21,543	1,253	21,543	1,253
Trade and other payables	136,339	131,499	133,617	130,246
Trade payables for buses	17,705	26,879	17,705	26,879
Deposits received	2,564	2,180	2,564	2,180
Insurance premiums payable and provision for accident claims	30,493	31,039	30,493	31,039
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	61	69	61	69
Total current liabilities	228,697	212,911	225,975	211,658
Non-current liabilities				
Borrowings	318,630	276,911	318,630	276,911
Deferred grant income	6,489	5,495	6,489	5,495
Deposits received	3,738	3,701	3,738	3,701
Deferred tax liabilities	59,572	56,233	59,572	56,233
Provision for service benefits and long service awards	11,262	12,800	11,225	12,774
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	419,683	375,132	419,646	375,106
Capital and reserves				
Share capital	93,875	93,875	93,875	93,875
Other reserves	4,465	6,522	4,465	6,522
Accumulated profits	243,500	241,660	261,483	247,805
Total equity	341,840	342,057	359,823	348,202
Total liabilities and equity	990,220	930,100	1,005,444	934,966

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	30 Sep 2013	31 Dec 2012
	\$'000	\$'000
Secured		
Amount repayable in one year or less, or on demand	4,543	-
Amount repayable after one year	<u>68,630</u>	<u>-</u>
	<u>73,173</u>	<u>-</u>
Unsecured		
Amount repayable in one year or less, or on demand	17,000	1,253
Amount repayable after one year	<u>250,000</u>	<u>276,911</u>
	<u>267,000</u>	<u>278,164</u>
Total		
Amount repayable in one year or less, or on demand	21,543	1,253
Amount repayable after one year	<u>318,630</u>	<u>276,911</u>
	<u>340,173</u>	<u>278,164</u>

Details of any collateral

Total secured borrowing of \$73.2m 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			
	3rd Qtr	3rd Qtr	9 Months	9 Months
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	4,340	8,172	12,366	19,289
Adjustments for:				
Depreciation expense	15,402	14,536	46,112	41,748
Finance costs	1,104	702	3,180	1,731
Net gain on disposal of vehicles and equipment	(330)	(364)	(530)	(1,290)
Interest income	(112)	(117)	(346)	(337)
Operating cash flows before movements in working capital	20,404	22,929	60,782	61,141
Changes in working capital	13,226	(25,731)	(2,682)	(8,669)
Cash generated from (used in) operations	33,630	(2,802)	58,100	52,472
Income tax paid	(21)	(23)	(54)	(57)
Net cash from (used in) operating activities	33,609	(2,825)	58,046	52,415
Investing activities				
Interest received	-	2	237	223
Proceeds from disposal of vehicles and equipment	336	365	634	1,314
Purchase of vehicles, premises and equipment	(41,574)	(26,914)	(118,553)	(163,501)
Net cash used in investing activities	(41,238)	(26,547)	(117,682)	(161,964)
Financing activities				
New loans raised	63,865	60,800	126,614	150,000
Repayment of loans	(49,157)	(9,500)	(64,605)	(9,500)
Interest paid	(1,369)	(188)	(3,682)	(1,238)
Dividends paid	(2,778)	(4,166)	(7,870)	(12,808)
Others	58	28	110	28
Net cash from financing activities	10,619	46,974	50,567	126,482
Net increase (decrease) in cash and cash equivalents	2,990	17,602	(9,069)	16,933
Cash and cash equivalents at beginning of period	6,188	4,871	18,247	5,540
Cash and cash equivalents at end of period	9,178	22,473	9,178	22,473

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

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	3rd Qtr	3rd Qtr	9 Months	9 Months
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	3,543	6,299	9,524	15,687
Fair value adjustment on cash flow hedges	714	11,184	(1,649)	6,054
Fair value adjustment on available-for-sale investments	(8)	(25)	(332)	(103)
Total comprehensive income attributable to shareholders	4,249	17,458	7,543	21,638

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 Third Quarter and 9 Months ended 30 September 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 (expense) income for the period	-	(2,687)	5,981	3,294
Payment of dividends	-	-	(5,092)	(5,092)
Others	-	(55)	107	52
Balance at 30 June 2013	93,875	3,780	242,656	340,311
Total comprehensive income for the period	-	706	3,543	4,249
Payment of dividends	-	-	(2,778)	(2,778)
Others	-	(21)	79	58
Balance at 30 September 2013	93,875	4,465	243,500	341,840
Balance at 1 January 2012	93,875	3,814	235,732	333,421
Total comprehensive (expense) income for the period	-	(5,208)	9,388	4,180
Payment of dividends	-	-	(8,642)	(8,642)
Others	-	(74)	74	-
Balance at 30 June 2012	93,875	(1,468)	236,552	328,959
Total comprehensive income for the period	-	11,159	6,299	17,458
Payment of dividends	-	-	(4,166)	(4,166)
Others	-	(12)	40	28
Balance at 30 September 2012	93,875	9,679	238,725	342,279

Statement of Changes in Equity of the Company for the Third Quarter and 9 Months ended 30 September 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
Total comprehensive (expense) income for the period	-	(2,687)	13,470	10,783
Payment of dividends	-	-	(5,092)	(5,092)
Others	-	(55)	107	52
Balance at 30 June 2013	93,875	3,780	256,290	353,945
Total comprehensive income for the period	-	706	7,892	8,598
Payment of dividends	-	-	(2,778)	(2,778)
Others	-	(21)	79	58
Balance at 30 September 2013	93,875	4,465	261,483	359,823
Balance at 1 January 2012	93,875	3,814	235,732	333,421
Total comprehensive (expense) income for the period	-	(5,208)	10,935	5,727
Payment of dividends	-	-	(8,642)	(8,642)
Others	-	(74)	74	-
Balance at 30 June 2012	93,875	(1,468)	238,099	330,506
Total comprehensive income for the period	-	11,159	8,224	19,383
Payment of dividends	-	-	(4,166)	(4,166)
Others	-	(12)	40	28
Balance at 30 September 2012	93,875	9,679	242,197	345,751

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

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 30 June 2013, no new ordinary shares were issued by the Company.

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

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

Outstanding Shares - SBS Transit Share Option Scheme

As at 30 September 2013, there were unexercised options for 6,526,250 (30 September 2012: 8,061,250) 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			
	3rd Qtr 2013	3rd Qtr 2012	9 Months 2013	9 Months 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)	1.15	2.04	3.09	5.08
(ii) On a fully diluted basis (cents)	1.15	2.04	3.09	5.08

EBITDA

	Group			
	3rd Qtr 2013	3rd Qtr 2012	9 Months 2013	9 Months 2012
(i) EBITDA (\$'000)	20,734	23,293	61,312	62,431
(ii) EBITDA margin (%)	9.5	11.4	9.7	10.6

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.11	1.11	1.17	1.13

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$218.8m for 3Q13 increased by 7.4% or \$15.0m from \$203.8m in 3Q12 while Group operating expenses of \$213.5m increased by 9.5% or \$18.5m from \$195.0m in 3Q12.

Group operating profit of \$5.3m for 3Q13 was 39.1% or \$3.4m lower than that of \$8.7m in 3Q12.

Net income from investments of \$0.1m for 3Q13 was marginally lower than 3Q12 by 4.3%.

Finance costs of \$1.1m for 3Q13 was 57.3% or \$0.4m higher than 3Q12 due to the increase in borrowings.

Consequently, Group profit before tax for 3Q13 of \$4.3m was 46.9% or \$3.9m lower than that of \$8.2m in 3Q12.

Taxation for 3Q13 of \$0.8m was lower than 3Q12 by 57.4% or \$1.1m due mainly to lower profits in 3Q13.

Group profit attributable to shareholders of the Company for 3Q13 of \$3.5m was 43.8% or \$2.8m lower than that of \$6.3m in 3Q12.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Bus Operations for 3Q13 at \$167.4m was higher by 8.7% or \$13.3m due to the increase in average daily ridership of 3.9% and an increase in other operating income, offset by the decrease in average fare. Operating loss for 3Q13 of \$0.9m decreased by \$0.9m from \$1.8m in 3Q12 due to higher bus revenue, offset by higher staff costs, higher repairs and maintenance costs, higher fuel cost, higher depreciation, higher premises costs and higher other operating expenses.

Revenue from Rail Operations for 3Q13 at \$37.9m increased by 8.3% or \$2.9m from \$35.0m in 3Q12 due to the increase in average daily ridership, and an increase in average fare. Average daily ridership for the North-East Line and the two Light Rail Transit systems went up by 7.5% and 11.7% respectively as compared to 3Q12. For 3Q13, Rail Operations incurred an operating loss of \$2.6m as compared to an operating profit of \$0.4m for 3Q12 due mainly to higher staff costs largely from the preparation for the start up of the Downtown Line (DTL) and higher repairs and maintenance costs, offset by higher rail fare revenue. Excluding the start up costs for DTL, operating profit for Rail Operations in 3Q13 would have increased by 10.4% or \$0.2m to \$2.5m from \$2.3m in 3Q12.

Revenue from Advertisement Business for 3Q13 decreased by 18.0% or \$1.9m to \$8.4m as compared to \$10.3m for 3Q12 due mainly to the decrease in panel advertising sales. Operating profit for 3Q13 of \$4.8m decreased by 31.1% or \$2.1m as compared to \$6.9m for 3Q12 due mainly to lower advertising revenue.

Revenue from Rental Business for 3Q13 increased by 15.3% or \$0.7m to \$5.1m as compared to \$4.4m for 3Q12 due mainly to rental from new shops and renewals. Consequently, operating profit for 3Q13 of \$4.0m increased by 22.2% or \$0.7m as compared to \$3.3m in 3Q12.

Statement of Financial Position

As at 30 September 2013, total equity for the Group decreased marginally by 0.1% or \$0.2m to \$341.8m as compared to 31 December 2012.

Group total assets increased by 6.5% or \$60.1m to \$990.2m due to an increase in non-current assets of \$68.1m, partially offset by a decrease in current assets of \$8.0m. 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 increase in inventories and reclassification of available-for-sale investments from non-current to current assets.

Group total liabilities increased by 10.3% or \$60.3m to \$648.4m due to an increase in non-current liabilities of \$44.5m and an increase in current liabilities of \$15.8m. 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.

Cash Flow

Net cash inflow of \$3.0m for 3Q13 was mainly from new loans raised and net cash generated from operations, partially offset by the repayment of loans, purchase of buses and payment of dividends.

As at 30 September 2013, the Group had cash and short-term deposits of \$9.2m. After accounting for the borrowings of \$340.2m, the Group had a net debt position of \$331.0m and a net gearing ratio of 96.8% which was higher than that of 72.0% as at 30 September 2012. The Group's gross gearing ratio was 99.5% as at 30 September 2013 compared to 78.6% as at 30 September 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

The report from the Fare Review Mechanism Committee was released on 5 November 2013 and its recommendations had been accepted by the Government. We will await further implementation details from the Public Transport Council.

Bus and Rail riderships are expected to increase at slower rates. Advertising revenue is expected to be slightly lower 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 costs are expected to increase.

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 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>	<u>Rail</u>	<u>Advertise-</u> <u>ments</u>	<u>Rental</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>3rd Quarter 2013</u>					
Revenue	167,431	37,937	8,442	5,041	218,851
<u>Results</u>					
Segment results	(880)	(2,599)	4,760	4,051	5,332
Net income from investments					112
Finance costs					(1,104)
Profit before taxation					4,340
Taxation					(797)
Profit after taxation					<u>3,543</u>
<u>3rd Quarter 2012</u>					
Revenue	154,097	35,037	10,296	4,373	203,803
<u>Results</u>					
Segment results	(1,836)	371	6,908	3,314	8,757
Net income from investments					117
Finance costs					(702)
Profit before taxation					8,172
Taxation					(1,873)
Profit after taxation					<u>6,299</u>
<u>9 Months 2013</u>					
Revenue	481,771	110,101	26,634	14,444	632,950
<u>Results</u>					
Segment results	(9,326)	(3,017)	16,078	11,465	15,200
Net income from investments					346
Finance costs					(3,180)
Profit before taxation					12,366
Taxation					(2,842)
Profit after taxation					<u>9,524</u>
<u>9 Months 2012</u>					
Revenue	448,197	103,275	28,379	11,441	591,292
<u>Results</u>					
Segment results	(10,356)	4,114	18,643	8,282	20,683
Net income from investments					337
Finance costs					(1,731)
Profit before taxation					19,289
Taxation					(3,602)
Profit after taxation					<u>15,687</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 Third 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

12 November 2013