**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 | 199,732 | 185,034 | 7.9 |
| **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** | 4,127 | 5,868 | (29.7) |
| Taxation | (1,303) | (1,032) | 26.3 |
| **Profit attributable to shareholders** | 2,824 | 4,836 | (41.6) |

## 2 STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Mar 2013 | 31 Dec 2012 | 31 Mar 2013 | 31 Dec 2012 |
| | $'000 | $'000 | $'000 | $'000 |
| **ASSETS** | | | | |
| **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 |
| **LIABILITIES AND EQUITY** | | | | |
| **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

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

**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 2013 | 1st Qtr 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 2013 | 1st Qtr 2012 | Incr/ (Decr) |
| | $'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**

| | Bus | Rail | Advertise-ments | Rental | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **1st Quarter 2013** | | | | | |
| Revenue | 154,717 | 35,716 | 9,584 | 4,744 | 204,761 |
| Results | | | | | |
| 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 | | | | | 2,824 |
| **1st Quarter 2012** | | | | | |
| Revenue | 144,872 | 34,196 | 8,891 | 3,318 | 191,277 |
| Results | | | | | |
| 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 | | | | | 4,836 |

**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<br>Chairman | Gan Juay Kiat<br>Chief Executive Officer |

**BY ORDER OF THE BOARD**

Chan Wan Tak, Wendy
Company Secretary

13 May 2013