

First Quarter 2014 Financial Statements

The Board of Directors announces the unaudited results for the First Quarter ended 31 March 2014.

1 GROUP INCOME STATEMENT

(i)

	Group		
	1st Qtr 2014	1st Qtr 2013	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	222,820	204,761	8.8
Staff costs	103,770	93,692	10.8
Repairs and maintenance	25,630	23,953	7.0
Fuel and electricity costs	45,402	42,352	7.2
Premises costs	9,381	7,796	20.3
Depreciation expense	16,596	15,527	6.9
Other operating expenses	17,143	16,412	4.5
Total operating expenses	217,922	199,732	9.1
Operating profit	4,898	5,029	(2.6)
Net income from investments	108	123	(12.2)
Finance costs	(1,137)	(1,025)	10.9
Profit before taxation	3,869	4,127	(6.3)
Taxation	(570)	(1,303)	(56.3)
Profit attributable to shareholders	<u>3,299</u>	<u>2,824</u>	16.8

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

	Group		
	1st Qtr 2014	1st Qtr 2013	Incr/ (Decr)
	\$'000	\$'000	%
<u>After crediting :-</u>			
Net gain on disposal of vehicles and equipment	373	134	178.4

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Short-term deposits and bank balances	6,305	4,494	5,269	4,265
Available-for-sale investments	5,002	5,045	5,002	5,045
Trade receivables	7,082	9,388	6,863	9,274
Other receivables and prepayments	21,393	24,682	46,572	41,739
Inventories	42,575	42,833	41,924	42,524
Total current assets	82,357	86,442	105,630	102,847
Non-current assets				
Subsidiary	-	-	5,000	5,000
Available-for-sale investments	5,531	5,549	5,531	5,549
Prepayments	22,294	27,363	22,093	27,281
Vehicles, premises and equipment	941,280	902,871	932,134	894,085
Deferred tax assets	5,549	4,407	-	-
Total non-current assets	974,654	940,190	964,758	931,915
Total assets	1,057,011	1,026,632	1,070,388	1,034,762
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	68,046	31,485	68,046	31,485
Trade and other payables	139,926	155,600	126,622	142,661
Trade payables for buses	16,714	15,746	16,714	15,746
Deposits received	2,220	2,196	2,211	2,176
Insurance premiums payable and provision for accident claims	30,115	30,126	30,115	30,126
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	83	69	83	69
Total current liabilities	277,096	255,214	263,783	242,255
Non-current liabilities				
Borrowings	328,746	322,608	328,746	322,608
Deferred grants	7,103	7,077	7,103	7,077
Deposits received	5,338	5,227	4,586	4,525
Deferred tax liabilities	62,155	60,919	62,155	60,919
Provision for service benefits and long service awards	11,256	11,304	11,208	11,262
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	434,590	427,127	433,790	426,383
Capital and reserves				
Share capital	93,875	93,875	93,875	93,875
Other reserves	2,960	5,225	2,960	5,225
Accumulated profits	248,490	245,191	275,980	267,024
Total equity	345,325	344,291	372,815	366,124
Total liabilities and equity	1,057,011	1,026,632	1,070,388	1,034,762

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	31 Mar 2014 \$'000	31 Dec 2013 \$'000
Secured		
Amount repayable in one year or less, or on demand	5,546	4,985
Amount repayable after one year	78,746	72,608
	<u>84,292</u>	<u>77,593</u>
Unsecured		
Amount repayable in one year or less, or on demand	62,500	26,500
Amount repayable after one year	250,000	250,000
	<u>312,500</u>	<u>276,500</u>
Total		
Amount repayable in one year or less, or on demand	68,046	31,485
Amount repayable after one year	328,746	322,608
	<u>396,792</u>	<u>354,093</u>

Details of any collateral

Total secured borrowing of \$84.3m relates to loan from an 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 2014	1st Qtr 2013
	\$'000	\$'000
Operating activities		
Profit before taxation	3,869	4,127
Adjustments for:		
Depreciation expense	16,596	15,527
Finance costs	1,137	1,025
Net gain on disposal of vehicles and equipment	(373)	(134)
Interest income	(108)	(123)
Grant income	(11,368)	(5,043)
Operating cash flows before movements in working capital	9,753	15,379
Changes in working capital	(11,476)	(1,879)
Cash (used in) generated from operations	(1,723)	13,500
Income tax paid	(11)	(14)
Net cash (used in) from operating activities	(1,734)	13,486
Investing activities		
Interest received	-	16
Proceeds from disposal of vehicles and equipment	376	209
Purchase of vehicles, premises and equipment	(49,886)	(36,443)
Net cash used in investing activities	(49,510)	(36,218)
Financing activities		
New loans raised	96,545	12,493
Repayment of loans	(53,846)	(539)
Grants received	11,720	4,619
Interest paid	(1,364)	(1,339)
Others	-	52
Net cash from financing activities	53,055	15,286
Net increase (decrease) in cash and cash equivalents	1,811	(7,446)
Cash and cash equivalents at beginning of period	4,494	18,247
Cash and cash equivalents at end of period	6,305	10,801

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

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	1st Qtr 2014	1st Qtr 2013
	\$'000	\$'000
Profit attributable to shareholders	3,299	2,824
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	(2,204)	223
Fair value adjustment on available-for-sale investments	(61)	(59)
Total comprehensive income attributable to shareholders	1,034	2,988

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2014:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	93,875	5,225	245,191	344,291
Total comprehensive income for the period				
Profit for the period	-	-	3,299	3,299
Other comprehensive income for the period	-	(2,265)	-	(2,265)
Total	-	(2,265)	3,299	1,034
Balance at 31 March 2014	93,875	2,960	248,490	345,325
Balance at 1 January 2013	93,875	6,522	241,660	342,057
Total comprehensive income for the period				
Profit for the period	-	-	2,824	2,824
Other comprehensive income for the period	-	164	-	164
Total	-	164	2,824	2,988
Transactions recognised directly in equity				
Other reserves	-	-	52	52
Total	-	-	52	52
Balance at 31 March 2013	93,875	6,686	244,536	345,097

Statement of Changes in Equity of the Company for the First Quarter ended 31 March 2014:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	93,875	5,225	267,024	366,124
Total comprehensive income for the period				
Profit for the period	-	-	8,956	8,956
Other comprehensive income for the period	-	(2,265)	-	(2,265)
Total	-	(2,265)	8,956	6,691
Balance at 31 March 2014	93,875	2,960	275,980	372,815
Balance at 1 January 2013	93,875	6,522	247,805	348,202
Total comprehensive income for the period				
Profit for the period	-	-	6,117	6,117
Other comprehensive income for the period	-	164	-	164
Total	-	164	6,117	6,281
Transactions recognised directly in equity				
Other reserves	-	-	52	52
Total	-	-	52	52
Balance at 31 March 2013	93,875	6,686	253,974	354,535

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

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

As at 31 March 2014, the total number of issued shares was 308,629,766 (31 December 2013: 308,629,766).

As at 31 March 2014, the Company does not hold any treasury shares.

Outstanding Shares - SBS Transit Share Option Scheme

As at 31 March 2014, there were unexercised options for 6,173,750 (31 March 2013: 7,306,250) 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 2013.

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 2014. 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 2014	1st Qtr 2013
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)	1.07	0.92
(ii) On a fully diluted basis (cents)	1.07	0.92

EBITDA

	Group	
	1st Qtr 2014	1st Qtr 2013
(i) EBITDA (\$'000)	21,494	20,556
(ii) EBITDA margin (%)	9.6	10.0

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.12	1.12	1.21	1.19

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$222.8m for 1Q14 increased by 8.8% or \$18.0m from \$204.8m in 1Q13 while Group operating expenses of \$217.9m increased by 9.1% or \$18.2m from \$199.7m in 1Q13.

Group operating profit of \$4.9m for 1Q14 was 2.6% or \$0.1m lower than that of \$5.0m in 1Q13.

Net income from investments of \$0.1m for 1Q14 was lower than 1Q13 by 12.2%.

Finance costs of \$1.1m for 1Q14 were 10.9% or \$0.1m higher than 1Q13.

Consequently, Group profit before tax for 1Q14 of \$3.9m was 6.3% or \$0.2m lower than that of \$4.1m in 1Q13.

Taxation for 1Q14 of \$0.6m was lower than 1Q13 by 56.3% or \$0.7m due mainly to tax credit recognised for the subsidiary of the Company.

Group profit attributable to shareholders of the Company for 1Q14 of \$3.3m was 16.8% or \$0.5m higher than that of \$2.8m in 1Q13 due to tax credit recognised.

A segmental breakdown by business is provided under paragraph 18.

Revenue from Bus Operations for 1Q14 at \$165.9m was higher by 7.2% or \$11.2m than the \$154.7m in the corresponding quarter last year due to the increase in average daily ridership of 4.1% and an increase in other operating income, offset by the decrease in average fare. Operating loss of \$4.7m for 1Q14 decreased by 12.4% or \$0.7m from the operating loss of \$5.4m in 1Q13 due mainly to higher bus revenue, offset by higher staff costs, higher fuel cost, higher depreciation, higher repairs and maintenance costs and higher other operating expenses.

Revenue from Rail Operations for 1Q14 at \$42.1m increased by 18.0% or \$6.4m from \$35.7m in 1Q13 due to the commencement of Downtown Line (DTL) 1 operations, increase in average daily ridership and an increase in average fare. Average daily ridership for the North-East Line grew by 6.2% to 500,000 passenger trips and the two Light Rail Transit systems went up by 10.7% to 84,000 passenger trips as compared to 1Q13. Average daily ridership for DTL 1 was 54,000 passenger trips. For 1Q14, Rail Operations incurred an operating loss of \$1.0m as compared to an operating profit of \$0.4m in 1Q13 due mainly to the DTL 1, higher staff costs, higher repairs and maintenance costs, higher premises costs and higher electricity cost, offset by higher rail revenue.

Revenue from Advertisement Business for 1Q14 decreased marginally by 0.6% or \$0.1m to \$9.5m from \$9.6m in 1Q13. Operating profit for 1Q14 of \$6.5m increased by 2.0% or \$0.1m as compared to \$6.4m for 1Q13 due mainly to lower advertising expenses.

Revenue from Rental Business for 1Q14 increased by 11.2% or \$0.5m to \$5.3m due mainly to higher rental from new shops and renewals. Consequently, operating profit for 1Q14 of \$4.2m increased by 12.2% or \$0.5m as compared to \$3.7m in 1Q13.

Statement of Financial Position

As at 31 March 2014, total equity for the Group increased by 0.3% or \$1.0m to \$345.3m as compared to 31 December 2013 due mainly to profits generated from operations, partially offset by lower fair value gain on cash flow hedge.

Group total assets increased by 3.0% or \$30.4m to \$1.1b due to an increase in non-current assets of \$34.5m, partially offset by a decrease in current assets of \$4.1m. 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 trade and other receivables, partially offset by the increase in cash and bank balances.

Group total liabilities increased by 4.3% or \$29.4m to \$711.7m due to an increase in current liabilities of \$21.9m and an increase in non-current liabilities of \$7.5m. The increase in current liabilities was due mainly to the increase in borrowings from banks, partially offset by the decrease in trade and other payables. The increase in non-current liabilities was due mainly to the additional loans from an external party and an increase in deferred tax liabilities.

Cash Flow

Net cash inflow of \$1.8m for 1Q14 was mainly from new loans raised and grants received, partially offset by the repayment of loans, purchase of buses, net cash used in operations and payment of interest.

As at 31 March 2014, the Group had cash and short-term deposits of \$6.3m. After accounting for the borrowings of \$396.8m, the Group had a net debt position of \$390.5m and a net gearing ratio of 113.1% which was higher than that of 80.9% as at 31 March 2013. The Group's gross gearing ratio was 114.9% as at 31 March 2014 compared to 84.1% as at 31 March 2013.

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 ridership is expected to increase at a slower rate. Rail ridership is expected to experience higher growth with the opening of DTL 1.

Advertising and Rental revenue are expected to increase due to the 6 new DTL 1 stations.

Staff costs are expected to be higher due to the headcount increase mainly from the build-up for BSEP and DTL 2 and salary adjustments. With the renewal and expansion of the bus fleet, depreciation and financing costs are expected to increase. The outlook for Bus and Rail segments will continue to be challenging.

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- ments</u>	<u>Rental</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>1st Quarter 2014</u>					
Revenue	165,875	42,149	9,522	5,274	222,820
<u>Results</u>					
Segment results	(4,736)	(1,022)	6,486	4,170	4,898
Net income from investments					108
Finance costs					<u>(1,137)</u>
Profit before taxation					3,869
Taxation					<u>(570)</u>
Profit after taxation					<u><u>3,299</u></u>
<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					<u>(1,025)</u>
Profit before taxation					4,127
Taxation					<u>(1,303)</u>
Profit after taxation					<u><u>2,824</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 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 2014 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

9 May 2014