


SBS TRANSIT LTD

Company Registration No.: 199206653M

Third Quarter 2015 Financial Statements

The Board of Directors announces the unaudited results for the Third Quarter and 9 Months ended 30 September 2015.

1 GROUP INCOME STATEMENT

	Group					
	3rd Qtr 2015	3rd Qtr 2014	Incr/ (Decr)	9 Months 2015	9 Months 2014	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	262,014	248,584	5.4	764,074	706,535	8.1
Staff costs	125,210	116,770	7.2	367,617	327,681	12.2
Repairs and maintenance costs	30,313	28,217	7.4	83,951	80,652	4.1
Fuel and electricity costs	44,265	47,536	(6.9)	130,471	140,115	(6.9)
Premises costs	10,950	9,982	9.7	33,506	29,227	14.6
Depreciation expense	21,536	18,053	19.3	63,208	52,151	21.2
Other operating costs	21,935	20,212	8.5	61,990	57,250	8.3
Total operating costs	254,209	240,770	5.6	740,743	687,076	7.8
Operating profit	7,805	7,814	(0.1)	23,331	19,459	19.9
Net income from investments	61	62	(1.6)	181	232	(22.0)
Finance costs	(1,597)	(1,220)	30.9	(4,266)	(3,538)	20.6
Profit before taxation	6,269	6,656	(5.8)	19,246	16,153	19.1
Taxation	(810)	(909)	(10.9)	(2,926)	(2,145)	36.4
Profit attributable to shareholders	5,459	5,747	(5.0)	16,320	14,008	16.5

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	4,723	4,987	3,973	4,542
Trade receivables	10,596	9,120	10,214	8,803
Other receivables and prepayments	46,239	34,261	116,001	83,269
Inventories	46,232	43,727	43,392	41,661
Total current assets	107,790	92,095	173,580	138,275
Non-current assets				
Subsidiary	-	-	5,000	5,000
Available-for-sale investments	5,374	5,487	5,374	5,487
Prepayments	26,854	40,483	26,660	40,483
Vehicles, premises and equipment	1,103,067	1,033,337	1,093,394	1,024,242
Deferred tax assets	12,622	8,551	-	-
Total non-current assets	1,147,917	1,087,858	1,130,428	1,075,212
Total assets	1,255,707	1,179,953	1,304,008	1,213,487
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	218,454	200,950	218,454	200,950
Trade and other payables	224,452	225,052	211,022	217,110
Trade payables for buses	11,215	8,299	11,215	8,299
Deposits received	3,867	3,169	3,767	3,160
Insurance premiums payable and provision for accident claims	27,071	28,916	27,071	28,916
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	44	62	44	62
Total current liabilities	505,095	486,440	491,565	478,489
Non-current liabilities				
Borrowings	306,709	281,576	306,709	281,576
Deferred grants	7,924	7,754	7,924	7,754
Deposits received	6,055	5,507	5,043	4,502
Deferred tax liabilities	67,948	58,207	67,948	58,207
Provision for service benefits and long service awards	10,262	10,398	10,200	10,351
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	418,890	383,434	417,816	382,382
Total liabilities	923,985	869,874	909,381	860,871
Capital and reserves				
Share capital	94,786	94,579	94,786	94,579
Other reserves	(24,043)	(37,427)	(24,043)	(37,427)
Accumulated profits	260,979	252,927	323,884	295,464
Total equity	331,722	310,079	394,627	352,616
Total liabilities and equity	1,255,707	1,179,953	1,304,008	1,213,487

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	30 Sep 2015 \$'000	31 Dec 2014 \$'000
Secured		
Amount repayable in one year or less, or on demand	11,454	8,950
Amount repayable after one year	156,709	131,576
	<u>168,163</u>	<u>140,526</u>
Unsecured		
Amount repayable in one year or less, or on demand	207,000	192,000
Amount repayable after one year	150,000	150,000
	<u>357,000</u>	<u>342,000</u>
Total		
Amount repayable in one year or less, or on demand	218,454	200,950
Amount repayable after one year	306,709	281,576
	<u>525,163</u>	<u>482,526</u>

Details of any collateral

Total secured borrowings of \$168.2m 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			
	3rd Qtr 2015	3rd Qtr 2014	9 Months 2015	9 Months 2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	6,269	6,656	19,246	16,153
Adjustments for:				
Depreciation expense	21,536	18,053	63,208	52,151
Finance costs	1,597	1,220	4,266	3,538
Net gain on disposal of vehicles and equipment	(100)	(514)	(694)	(1,201)
Interest income	(61)	(62)	(181)	(232)
Grant income	(23,287)	(15,981)	(68,036)	(40,692)
Operating cash flows before movements in working capital	5,954	9,372	17,809	29,717
Changes in working capital	(5)	2,349	4,029	3,675
Cash generated from operations	5,949	11,721	21,838	33,392
Income tax paid	(20)	(21)	(54)	(52)
Net cash from operating activities	5,929	11,700	21,784	33,340
Investing activities				
Interest received	-	1	121	222
Proceeds from disposal of:				
Vehicles and equipment	100	518	701	1,210
Available-for-sale investments	-	-	-	5,000
Purchase of vehicles, premises and equipment	(34,420)	(73,662)	(119,380)	(172,806)
Net cash used in investing activities	(34,320)	(73,143)	(118,558)	(166,374)
Financing activities				
New loans raised	84,530	102,326	264,175	263,381
Repayment of loans	(70,782)	(50,329)	(221,538)	(159,216)
Proceeds from share issue	-	72	190	657
Grants received	21,572	13,314	66,150	38,593
Interest paid	(1,584)	(1,425)	(4,142)	(3,814)
Dividends paid	(5,101)	(3,864)	(8,346)	(6,641)
Others	12	-	21	71
Net cash from financing activities	28,647	60,094	96,510	133,031
Net increase (decrease) in cash and cash equivalents	256	(1,349)	(264)	(3)
Cash and cash equivalents at beginning of period	4,467	5,840	4,987	4,494
Cash and cash equivalents at end of period	4,723	4,491	4,723	4,491

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group			
	3rd Qtr 2015	3rd Qtr 2014	9 Months 2015	9 Months 2014
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	5,459	5,747	16,320	14,008
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on cash flow hedges	(3,153)	(5,935)	13,571	(7,729)
Fair value adjustment on available-for-sale investments	(67)	(12)	(113)	(30)
Total comprehensive income (expense) attributable to shareholders	<u>2,239</u>	<u>(200)</u>	<u>29,778</u>	<u>6,249</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the Third Quarter and 9 Months ended 30 September 2015:

	Group			
	Attributable to shareholders of the Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	94,579	(37,427)	252,927	310,079
Total comprehensive income for the period				
Profit for the period	-	-	10,861	10,861
Other comprehensive income for the period	-	16,678	-	16,678
Total	-	16,678	10,861	27,539
Transactions recognised directly in equity				
Exercise of share options	207	(17)	-	190
Payment of dividends	-	-	(3,245)	(3,245)
Other reserves	-	(42)	51	9
Total	207	(59)	(3,194)	(3,046)
Balance at 30 June 2015	94,786	(20,808)	260,594	334,572
Total comprehensive income (expense) for the period				
Profit for the period	-	-	5,459	5,459
Other comprehensive expense for the period	-	(3,220)	-	(3,220)
Total	-	(3,220)	5,459	2,239
Transactions recognised directly in equity				
Payment of dividends	-	-	(5,101)	(5,101)
Other reserves	-	(15)	27	12
Total	-	(15)	(5,074)	(5,089)
Balance at 30 September 2015	94,786	(24,043)	260,979	331,722

Consolidated Statement of Changes in Equity for the Third Quarter and 9 Months ended 30 September 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 (expense) for the period				
Profit for the period	-	-	8,261	8,261
Other comprehensive expense for the period	-	(1,812)	-	(1,812)
Total	-	(1,812)	8,261	6,449
Transactions recognised directly in equity				
Exercise of share options	631	(46)	-	585
Payment of dividends	-	-	(2,777)	(2,777)
Other reserves	-	(14)	85	71
Total	631	(60)	(2,692)	(2,121)
Balance at 30 June 2014	94,506	3,353	250,760	348,619
Total comprehensive income (expense) for the period				
Profit for the period	-	-	5,747	5,747
Other comprehensive expense for the period	-	(5,947)	-	(5,947)
Total	-	(5,947)	5,747	(200)
Transactions recognised directly in equity				
Exercise of share options	73	(1)	-	72
Payment of dividends	-	-	(3,864)	(3,864)
Other reserves	-	(1)	1	-
Total	73	(2)	(3,863)	(3,792)
Balance at 30 September 2014	94,579	(2,596)	252,644	344,627

Statement of Changes in Equity of the Company for the Third Quarter and 9 Months ended 30 September 2015:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	94,579	(37,427)	295,464	352,616
Total comprehensive income for the period				
Profit for the period	-	-	23,645	23,645
Other comprehensive income for the period	-	16,678	-	16,678
Total	-	16,678	23,645	40,323
Transactions recognised directly in equity				
Exercise of share options	207	(17)	-	190
Payment of dividends	-	-	(3,245)	(3,245)
Other reserves	-	(42)	51	9
Total	207	(59)	(3,194)	(3,046)
Balance at 30 June 2015	94,786	(20,808)	315,915	389,893
Total comprehensive income (expense) for the period				
Profit for the period	-	-	13,043	13,043
Other comprehensive expense for the period	-	(3,220)	-	(3,220)
Total	-	(3,220)	13,043	9,823
Transactions recognised directly in equity				
Payment of dividends	-	-	(5,101)	(5,101)
Other reserves	-	(15)	27	12
Total	-	(15)	(5,074)	(5,089)
Balance at 30 September 2015	94,786	(24,043)	323,884	394,627

Statement of Changes in Equity of the Company for the Third Quarter and 9 Months ended 30 September 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 (expense) for the period				
Profit for the period	-	-	18,770	18,770
Other comprehensive expense for the period	-	(1,812)	-	(1,812)
Total	-	(1,812)	18,770	16,958
Transactions recognised directly in equity				
Exercise of share options	631	(46)	-	585
Payment of dividends	-	-	(2,777)	(2,777)
Other reserves	-	(14)	85	71
Total	631	(60)	(2,692)	(2,121)
Balance at 30 June 2014	94,506	3,353	283,102	380,961
Total comprehensive income (expense) for the period				
Profit for the period	-	-	10,534	10,534
Other comprehensive expense for the period	-	(5,947)	-	(5,947)
Total	-	(5,947)	10,534	4,587
Transactions recognised directly in equity				
Exercise of share options	73	(1)	-	72
Payment of dividends	-	-	(3,864)	(3,864)
Other reserves	-	(1)	1	-
Total	73	(2)	(3,863)	(3,792)
Balance at 30 September 2014	94,579	(2,596)	289,773	381,756

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 30 June 2015, no new ordinary share was issued by the Company.

As at 30 September 2015, the total number of issued shares was 309,164,766 (31 December 2014: 309,044,766).

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 30 September 2015, there were unexercised options for 4,791,250 (30 September 2014: 5,598,750) of unissued ordinary shares under the SBS Transit Share Option Scheme.

As at 30 September 2015, 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 2014.

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 2015.

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

	Group			
	3rd Qtr 2015	3rd Qtr 2014	9 Months 2015	9 Months 2014
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)	1.77	1.86	5.28	4.54
(ii) On a fully diluted basis (cents)	1.77	1.86	5.28	4.54

EBITDA

	Group			
	3rd Qtr 2015	3rd Qtr 2014	9 Months 2015	9 Months 2014
(i) EBITDA (\$'000)	29,341	25,867	86,539	71,610
(ii) EBITDA margin (%)	11.2	10.4	11.3	10.1

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per ordinary share based on issued share capital at the end of the period/year (dollars)	1.07	1.00	1.28	1.14

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$262.0m for 3Q15 increased by 5.4% or \$13.4m from \$248.6m for 3Q14 while Group operating costs of \$254.2m increased by 5.6% or \$13.4m from \$240.8m for 3Q14.

Group operating profit of \$7.8m for 3Q15 was marginally lower than 3Q14 by 0.1% or \$9k.

Net income from investments of \$61k for 3Q15 was marginally lower than that of \$62k for 3Q14 by 1.6% or \$1k.

Finance costs of \$1.6m for 3Q15 were 30.9% or \$0.4m higher than that of \$1.2m for 3Q14.

Consequently, Group profit before tax of \$6.3m for 3Q15 was 5.8% or \$0.4m lower than that of \$6.7m for 3Q14.

Taxation of \$0.8m for 3Q15 was lower than that of \$0.9m for 3Q14 by 10.9% or \$0.1m due mainly to lower profits for 3Q15.

Group profit attributable to shareholders of the Company of \$5.5m for 3Q15 was 5.0% or \$0.2m lower than that of \$5.7m for 3Q14.

A segmental breakdown by business is provided under paragraph 18.

Revenue from the Bus segment of \$207.3m for 3Q15 was higher by 4.9% or \$9.7m compared to \$197.6m in the corresponding quarter last year due mainly to the increases in average daily ridership and average fare and higher other operating income. Average daily ridership increased by 2.0% to 2.9m passenger trips for 3Q15. Operating profit of \$6.8m for 3Q15 increased by 24.1% or \$1.3m from \$5.5m for 3Q14 due mainly to higher revenue and lower fuel costs, offset by higher staff costs, higher depreciation, higher repairs and maintenance costs and higher other operating costs.

Revenue from the Rail segment of \$54.7m for 3Q15 was higher by 7.3% or \$3.7m compared to \$51.0m in the corresponding quarter last year due mainly to the increases in average daily ridership and average fare. For 3Q15, average daily ridership for the North-East Line (NEL) grew by 4.2% to 549k passenger trips and that for the Light Rail Transit (LRT) increased by 15.5% to 103k passenger trips as compared to that of 3Q14. Average daily ridership for Downtown Line Stage 1 (DTL1) grew by 15.2% to 78k passenger trips. Operating profit for 3Q15 was \$1.0m, a decrease of 57.5% or \$1.3m from \$2.3m for 3Q14 due mainly to higher staff costs from build-up of staff for Downtown Line Stage 2 (DTL2), higher premises costs and higher repairs and maintenance costs, offset by higher revenue and lower electricity costs.

Statement of Financial Position

As at 30 September 2015, total equity for the Group increased by 7.0% or \$21.6m to \$331.7m as compared to 31 December 2014 due to profits generated from operations and an increase in other reserves, partially offset by payment of dividends.

Group total assets increased by 6.4% or \$75.8m to \$1.3b due to an increase in non-current assets of \$60.1m and an increase in current assets of \$15.7m. The increase in non-current assets was due mainly to the purchase of buses and an increase in deferred tax assets, partially offset by a decrease in prepayments for new buses. The increase in current assets was due mainly to an increase in trade and other receivables and an increase in inventories.

Group total liabilities increased by 6.2% or \$54.1m to \$924.0m due to an increase in non-current liabilities of \$35.5m and an increase in current liabilities of \$18.6m. The increase in non-current liabilities was due mainly to higher borrowings and deferred tax liabilities. The increase in current liabilities was due mainly to increases in borrowings and trade payables for buses.

Cash Flow

The net cash inflow of \$0.3m for 3Q15 was mainly from the new loans raised, grants received and net cash generated from operations, partially offset by the repayment of loans, purchase of buses and payments of dividends and interest.

As at 30 September 2015, the Group had cash and bank balances of \$4.7m. After accounting for the borrowings of \$525.2m, the Group had a net debt position of \$520.5m and a net gearing ratio of 156.9% which was higher than that of 154.0% as at 31 December 2014. The Group's gross gearing ratio was 158.3% as at 30 September 2015 compared to 155.6% as at 31 December 2014.

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

No forecast or prospect statement has been previously disclosed.

16 GROUP OUTLOOK

Revenue is expected to be higher with higher ridership.

The Bus and Rail segments will continue to face challenges. With the headcount increases mainly from the build-up for BSEP and in preparation for operation of DTL2, staff costs are expected to be higher. Financing cost is expected to be higher due to higher interest rates. Operating expenses for the Rail segment will continue to increase due to higher repairs and maintenance.

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
<u>3rd Quarter 2015</u>			
Revenue	207,306	54,708	262,014
<u>Results</u>			
Segment results	6,818	987	7,805
Net income from investments			61
Finance costs			(1,597)
Profit before taxation			6,269
Taxation			(810)
Profit after taxation			<u>5,459</u>
<u>3rd Quarter 2014</u>			
Revenue	197,583	51,001	248,584
<u>Results</u>			
Segment results	5,493	2,321	7,814
Net income from investments			62
Finance costs			(1,220)
Profit before taxation			6,656
Taxation			(909)
Profit after taxation			<u>5,747</u>
<u>9 Months 2015</u>			
Revenue	606,094	157,980	764,074
<u>Results</u>			
Segment results	17,436	5,895	23,331
Net income from investments			181
Finance costs			(4,266)
Profit before taxation			19,246
Taxation			(2,926)
Profit after taxation			<u>16,320</u>
<u>9 Months 2014</u>			
Revenue	559,466	147,069	706,535
<u>Results</u>			
Segment results	11,938	7,521	19,459
Net income from investments			232
Finance costs			(3,538)
Profit before taxation			16,153
Taxation			(2,145)
Profit after taxation			<u>14,008</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 2015 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

12 November 2015