
Full Year Financial Statements and Dividend Announcement

The Board of Directors announces the audited results for the year ended 31 December 2014.

1 GROUP INCOME STATEMENT

(i)

	Group		
	Full Year 2014	Full Year 2013	Incr/ (Decr)
	\$'000	\$'000	%
Revenue	951,035	847,322	12.2
Staff costs	448,114	386,766	15.9
Repairs and maintenance	110,271	106,828	3.2
Fuel and electricity costs	184,030	174,213	5.6
Premises costs	39,272	33,896	15.9
Depreciation expense	70,978	61,916	14.6
Other operating expenses	77,691	68,177	14.0
Total operating expenses	930,356	831,796	11.8
Operating profit	20,679	15,526	33.2
Net income from investments	293	456	(35.7)
Finance costs	(4,785)	(4,304)	11.2
Profit before taxation	16,187	11,678	38.6
Taxation	(1,904)	(502)	279.3
Profit attributable to shareholders	14,283	11,176	27.8

(ii) The net profit is determined after crediting the following item :-

	Group		
	Full Year 2014	Full Year 2013	Incr/ (Decr)
	\$'000	\$'000	%
Net gain on disposal of vehicles and equipment	1,581	739	113.9

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and bank balances	4,987	4,494	4,542	4,265
Available-for-sale investments	-	5,045	-	5,045
Trade receivables	9,120	9,388	8,803	9,274
Other receivables and prepayments	34,261	24,682	83,269	41,739
Inventories	43,727	42,833	41,661	42,524
Total current assets	92,095	86,442	138,275	102,847
Non-current assets				
Subsidiary	-	-	5,000	5,000
Available-for-sale investments	5,487	5,549	5,487	5,549
Prepayments	40,483	27,363	40,483	27,281
Vehicles, premises and equipment	1,033,337	902,871	1,024,242	894,085
Deferred tax assets	8,551	4,407	-	-
Total non-current assets	1,087,858	940,190	1,075,212	931,915
Total assets	1,179,953	1,026,632	1,213,487	1,034,762
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	200,950	31,485	200,950	31,485
Trade and other payables	225,052	155,600	217,110	142,661
Trade payables for buses	8,299	15,746	8,299	15,746
Deposits received	3,169	2,196	3,160	2,176
Insurance premiums payable and provision for accident claims	28,916	30,126	28,916	30,126
Fuel price equalisation account	19,992	19,992	19,992	19,992
Income tax payable	62	69	62	69
Total current liabilities	486,440	255,214	478,489	242,255
Non-current liabilities				
Borrowings	281,576	322,608	281,576	322,608
Deferred grants	7,754	7,077	7,754	7,077
Deposits received	5,507	5,227	4,502	4,525
Deferred tax liabilities	58,207	60,919	58,207	60,919
Provision for service benefits and long service awards	10,398	11,304	10,351	11,262
Fuel price equalisation account	19,992	19,992	19,992	19,992
Total non-current liabilities	383,434	427,127	382,382	426,383
Total liabilities	869,874	682,341	860,871	668,638
Capital and reserves				
Share capital	94,579	93,875	94,579	93,875
Other reserves	(37,427)	5,225	(37,427)	5,225
Accumulated profits	252,927	245,191	295,464	267,024
Total equity	310,079	344,291	352,616	366,124
Total liabilities and equity	1,179,953	1,026,632	1,213,487	1,034,762

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Secured		
Amount repayable in one year or less, or on demand	8,950	4,985
Amount repayable after one year	<u>131,576</u>	<u>72,608</u>
	<u>140,526</u>	<u>77,593</u>
Unsecured		
Amount repayable in one year or less, or on demand	192,000	26,500
Amount repayable after one year	<u>150,000</u>	<u>250,000</u>
	<u>342,000</u>	<u>276,500</u>
Total		
Amount repayable in one year or less, or on demand	200,950	31,485
Amount repayable after one year	<u>281,576</u>	<u>322,608</u>
	<u><u>482,526</u></u>	<u><u>354,093</u></u>

Details of any collateral

Total secured borrowings of \$140.5m 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	
	Full Year 2014	Full Year 2013
	\$'000	\$'000
Operating activities		
Profit before taxation	16,187	11,678
Adjustments for:		
Depreciation expense	70,978	61,916
Finance costs	4,785	4,304
Net gain on disposal of vehicles and equipment	(1,581)	(739)
Interest income	(293)	(456)
Grant income	(60,382)	(31,906)
Operating cash flows before movements in working capital	29,694	44,797
Changes in working capital	3,663	10,860
Cash generated from operations	33,357	55,657
Income tax paid	(66)	(68)
Net cash from operating activities	33,291	55,589
Investing activities		
Interest received	343	457
Proceeds from disposal of:		
Vehicles and equipment	1,594	852
Available-for-sale investments	5,000	-
Purchase of vehicles, premises and equipment	(214,404)	(166,121)
Net cash used in investing activities	(207,467)	(164,812)
Financing activities		
New loans raised	346,311	192,735
Repayment of loans	(217,878)	(116,806)
Proceeds from share issue	657	-
Grants received	57,013	31,973
Interest paid	(4,872)	(4,672)
Dividends paid	(6,641)	(7,870)
Others	79	110
Net cash from financing activities	174,669	95,470
Net increase (decrease) in cash and cash equivalents	493	(13,753)
Cash and cash equivalents at beginning of year	4,494	18,247
Cash and cash equivalents at end of year	4,987	4,494

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	Full Year 2014	Full Year 2013
	\$'000	\$'000
Profit attributable to shareholders	14,283	11,176
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	(42,483)	(755)
Fair value adjustment on available-for-sale investments	(107)	(427)
Total comprehensive (expense) income attributable to shareholders	(28,307)	9,994

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 2014:

	Group			
	Attributable to shareholders of the Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2013	93,875	6,522	241,660	342,057
Total comprehensive income (expense) for the year				
Profit for the year	-	-	11,176	11,176
Other comprehensive expense for the year	-	(1,182)	-	(1,182)
Total	-	(1,182)	11,176	9,994
Transactions recognised directly in equity				
Payment of dividends	-	-	(7,870)	(7,870)
Other reserves	-	(115)	225	110
Total	-	(115)	(7,645)	(7,760)
Balance at 31 December 2013	93,875	5,225	245,191	344,291
Total comprehensive income (expense) for the year				
Profit for the year	-	-	14,283	14,283
Other comprehensive expense for the year	-	(42,590)	-	(42,590)
Total	-	(42,590)	14,283	(28,307)
Transactions recognised directly in equity				
Exercise of share options	704	(47)	-	657
Payment of dividends	-	-	(6,641)	(6,641)
Other reserves	-	(15)	94	79
Total	704	(62)	(6,547)	(5,905)
Balance at 31 December 2014	94,579	(37,427)	252,927	310,079

Statement of Changes in Equity of the Company for the year ended 31 December 2014:

	Company			
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2013	93,875	6,522	247,805	348,202
Total comprehensive income (expense) for the year				
Profit for the year	-	-	26,864	26,864
Other comprehensive expense for the year	-	(1,182)	-	(1,182)
Total	-	(1,182)	26,864	25,682
Transactions recognised directly in equity				
Payment of dividends	-	-	(7,870)	(7,870)
Other reserves	-	(115)	225	110
Total	-	(115)	(7,645)	(7,760)
Balance at 31 December 2013	93,875	5,225	267,024	366,124
Total comprehensive income (expense) for the year				
Profit for the year	-	-	34,987	34,987
Other comprehensive expense for the year	-	(42,590)	-	(42,590)
Total	-	(42,590)	34,987	(7,603)
Transactions recognised directly in equity				
Exercise of share options	704	(47)	-	657
Payment of dividends	-	-	(6,641)	(6,641)
Other reserves	-	(15)	94	79
Total	704	(62)	(6,547)	(5,905)
Balance at 31 December 2014	94,579	(37,427)	295,464	352,616

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

Since 30 September 2014, no new ordinary share was issued by the Company.

As at 31 December 2014, the total number of issued shares was 309,044,766 (31 December 2013: 308,629,766).

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 31 December 2014, there were unexercised options for 5,418,750 (31 December 2013: 6,173,750) of unissued ordinary shares under the SBS Transit Share Option Scheme.

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

8 AUDIT

The financial statements have been audited in accordance with the Singapore Standards on Auditing.

9 AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBS TRANSIT LTD

Report on the Financial Statements

We have audited the financial statements of SBS Transit Ltd (the "Company") and its subsidiary (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Jeremy Toh Yew Kuan
Partner

Singapore
10 February 2015

10 ACCOUNTING POLICIES

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2013.

In the current financial year, 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 2014.

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	
	Full Year 2014	Full Year 2013
Earnings per ordinary share for the year based on profit attributable to shareholders:-		
(i) Based on the weighted average number of ordinary shares in issue (cents)	4.62	3.62
(ii) On a fully diluted basis (cents)	4.62	3.62

EBITDA

	Group	
	Full Year 2014	Full Year 2013
(i) EBITDA (\$'000)	91,657	77,442
(ii) EBITDA margin (%)	9.6	9.1

13 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per ordinary share based on issued share capital at the end of the year (dollars)	1.00	1.12	1.14	1.19

14 REVIEW OF GROUP PERFORMANCE

Performance Review

Group revenue of \$951.0m for 2014 increased by 12.2% or \$103.7m from \$847.3m for 2013 while Group operating expenses of \$930.4m increased by 11.8% or \$98.6m from \$831.8m for 2013.

Group operating profit of \$20.7m for 2014 was 33.2% or \$5.2m higher than that of \$15.5m for 2013.

Net income from investments of \$0.3m for 2014 was lower than that of \$0.5m for 2013 by 35.7% or \$0.2m.

Finance costs of \$4.8m for 2014 were 11.2% or \$0.5m higher than that of \$4.3m for 2013.

Consequently, Group profit before tax of \$16.2m for 2014 was 38.6% or \$4.5m higher than that of \$11.7m for 2013.

Taxation of \$1.9m for 2014 was higher than that of \$0.5m for 2013 by \$1.4m due mainly to higher profits for 2014 and tax credit recognised in December 2013 for the subsidiary's prior year's start up expenses.

Group profit attributable to shareholders of the Company of \$14.3m for 2014 was 27.8% or \$3.1m higher than that of \$11.2m for 2013.

A segmental breakdown by business is provided under paragraph 18.

Revenue from the Bus segment of \$754.0m for 2014 was higher by 10.5% or \$71.6m than the \$682.4m last year due to the increases in average daily ridership and average fare, higher rental from shop renewals, higher advertising sales and higher other operating income. Average daily ridership increased by 3.2% to 2.8m passenger trips for 2014. Operating profit of \$12.3m for 2014 increased by 14.9% or \$1.6m from \$10.7m for 2013 due to higher revenue, offset by higher staff costs, higher depreciation, higher fuel and electricity costs, higher repairs and maintenance costs, higher premises costs and higher other operating expenses. On its own, the core Bus operation continues to suffer losses with a loss of \$13.5m incurred for 2014.

Revenue from the Rail segment of \$197.0m for 2014 was higher by 19.5% or \$32.1m than the \$164.9m last year due to the full year operation of Downtown Line (DTL)¹, increases in average daily ridership and average fare, higher rental from shop renewals and new DTL1 shops, higher advertising sales and higher other operating income. For 2014, average daily ridership for the North-East Line (NEL) grew by 6.7% to 513k passenger trips and that for the Light Rail Transit (LRT) went up by 10.5% to 87k passenger trips as compared to 2013. Average daily ridership for DTL1 was 62k passenger trips. Operating profit of \$8.3m for 2014 increased by \$3.5m as compared to \$4.8m for 2013 due mainly to higher revenue, offset by DTL1 losses, higher staff costs, higher premises costs and higher other operating expenses.

Statement of Financial Position

As at 31 December 2014, total equity for the Group decreased by 9.9% or \$34.2m to \$310.1m as compared to 31 December 2013 due mainly to the payment of dividends and decrease in other reserves, partially offset by profits generated from operations.

Group total assets increased by 14.9% or \$153.3m to \$1.2b due to an increase in non-current assets of \$147.7m and an increase in current assets of \$5.6m. The increase in non-current assets was due to the purchase of buses, an increase in prepayments for new buses and an increase in deferred tax assets. The increase in current assets was due mainly to the increase in other receivables and prepayments and the increase in inventories, partially offset by the maturity of available-for-sale investment.

Group total liabilities increased by 27.5% or \$187.5m to \$869.9m due to an increase in current liabilities of \$231.2m, partially offset by a decrease in non-current liabilities of \$43.7m. The increase in current liabilities was due mainly to the reclassification of the first series of Medium-Term-Notes (MTN) maturing in October 2015 from non-current to current liabilities, the increase in borrowings from banks and other payables, partially offset by the decrease in trade payables for buses. The decrease in non-current liabilities was due mainly to the reclassification of the same series of MTN from non-current to current liabilities and a decrease in deferred tax liabilities, partially offset by an increase in loans from an external party.

Cash Flow

The net cash inflow of \$0.5m for 2014 was mainly from the new loans raised, grants received, net cash generated from operations, proceeds from available-for-sale investment, disposal of vehicles and equipment and share issue and interest received, partially offset by the repayment of loans, purchase of buses and payments of dividends and interest.

As at 31 December 2014, the Group had cash and bank balances of \$5.0m. After accounting for the borrowings of \$482.5m, the Group had a net debt position of \$477.5m and a net gearing ratio of 154.0% which was higher than that of 101.5% as at 31 December 2013. The Group's gross gearing ratio was 155.6% as at 31 December 2014 compared to 102.9% as at 31 December 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

Revenue is expected to be higher with higher ridership and higher average fare. The overall fare adjustment of 2.8% approved by the Public Transport Council for bus and train fares will take effect from 5 April 2015.

The outlook for Bus and Rail segments will continue to be challenging. With headcount increases mainly from the build-up for BSEP and DTL2 and salary adjustments, staff costs are expected to be higher. The continued renewal and expansion of the bus fleet is expected to result in higher depreciation and financing costs.

17 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to propose a tax-exempt one-tier final dividend of 1.05 cents (2013: 0.90 cents) per ordinary share.

Name of Dividend	Final
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	1.05 cents
Tax Rate	Exempt one-tier

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) Date Payable

The proposed final dividend, if approved by the Shareholders at the Twenty-Second Annual General Meeting of the Company to be held on 22 April 2015, will be payable on 8 May 2015.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 1 May 2015 for the purposes of determining Shareholders' entitlements to the proposed final 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 5.00 p.m. on 30 April 2015 will be registered to determine Shareholders' entitlements to the final 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 5.00 p.m. on 30 April 2015 will be entitled to the proposed final dividend.

18 GROUP SEGMENTAL INFORMATION

By Business Activity

	<u>Bus</u> \$'000	<u>Rail</u> \$'000	<u>Total</u> \$'000
<u>Full Year 2014</u>			
Revenue	754,044	196,991	951,035
<u>Results</u>			
Segment results	12,336	8,343	20,679
Net income from investments			293
Finance costs			(4,785)
Profit before taxation			16,187
Taxation			(1,904)
Profit after taxation			<u>14,283</u>
<u>Full Year 2013</u>			
Revenue	682,410	164,912	847,322
<u>Results</u>			
Segment results	10,736	4,790	15,526
Net income from investments			456
Finance costs			(4,304)
Profit before taxation			11,678
Taxation			(502)
Profit after taxation			<u>11,176</u>

19 BREAKDOWN OF REVENUE

	<u>Full Year</u> <u>2014</u> \$'000	<u>Full Year</u> <u>2013</u> \$'000	<u>Incr/</u> <u>(Decr)</u> %
(a) Revenue reported for first half year	457,951	414,099	10.6
(b) Operating profit after tax before deducting minority interests reported for first half year	8,261	5,981	38.1
(c) Revenue reported for second half year	493,084	433,223	13.8
(d) Operating profit after tax before deducting minority interests reported for second half year	6,022	5,195	15.9

20 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

	Full Year 2014 \$'000	Full Year 2013 \$'000
Ordinary shares (tax-exempt one-tier)		
- Interim	3,863	2,778
- Final (proposed)	3,245	2,778
Total	7,108	5,556

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 DISCLOSURE OF PERSONS OCCUPYING MANAGERIAL POSITIONS

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that as at 31 December 2014, none of the persons occupying managerial positions in the Company or its subsidiary is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy
Company Secretary

10 February 2015