


COMFORTDELGRO CORPORATION LIMITED

Company Registration Number : 200300002K

Financial Statements and Dividend Announcement for the year ended 31 December 2018

The Board of Directors announces the audited results of the Group for the year ended 31 December 2018.

1 GROUP INCOME STATEMENT

	Group		Incr / (Decr) %
	FY2018 \$'m	FY2017 \$'m	
Revenue	3,805.2	3,576.4	6.4
Staff costs	1,656.1	1,495.2	10.8
Depreciation and amortisation	394.3	408.8	(3.5)
Fuel and electricity costs	295.5	236.8	24.8
Repairs and maintenance costs	286.9	266.2	7.8
Contract services	168.3	158.5	6.2
Materials and consumables costs	131.6	144.1	(8.7)
Premises costs	103.3	95.9	7.7
Road tax	100.6	118.1	(14.8)
Insurance premiums and accident claims	96.9	116.0	(16.5)
Advertising production and promotion costs	23.5	21.6	8.8
Utilities and communication costs	20.9	18.8	11.2
Vehicle leasing charges	6.7	11.5	(41.7)
Other operating costs	81.8	75.7	8.1
Total Operating Costs	<u>3,366.4</u>	<u>3,167.2</u>	6.3
Operating Profit	438.8	409.2	7.2
Net Income from Investments	11.8	22.4	(47.3)
Finance Costs	(11.4)	(10.8)	5.6
Share of Profit in Associate	0.1	4.6	(97.8)
Profit before Taxation	439.3	425.4	3.3
Taxation	(80.5)	(76.5)	5.2
Profit after Taxation	<u>358.8</u>	<u>348.9</u>	2.8
Attributable to :			
Shareholders of the Company	303.3	301.5	0.6
Non-Controlling Interests	55.5	47.4	17.1
	<u>358.8</u>	<u>348.9</u>	2.8

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) 15 *Revenue from Contracts with Customers* with effect from 1 January 2018. Certain comparative figures have been reclassified to conform to current year's presentation. Please refer to paragraph 10 for further details.

2 STATEMENTS OF FINANCIAL POSITION

	Group			Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
ASSETS						
Current assets						
Short-term deposits and bank balances	586.1	596.2	779.3	159.9	129.7	309.6
Investments	-	10.4	-	-	5.2	-
Trade receivables	275.4	250.6	237.4	-	-	-
Other receivables and prepayments	277.0	195.2	152.7	32.3	5.5	5.4
Inventories	138.7	113.6	81.7	-	-	-
Total current assets	1,277.2	1,166.0	1,251.1	192.2	140.4	315.0
Non-current assets						
Subsidiaries	-	-	-	1,230.7	1,314.5	1,121.5
Associates	0.9	9.0	11.2	-	0.3	0.3
Investments	29.6	28.7	62.9	19.0	18.3	41.7
Other receivables and prepayments	6.2	6.7	3.0	338.1	19.8	19.9
Grant receivables	212.8	231.2	237.6	-	-	-
Vehicles, premises and equipment	2,691.3	2,722.6	2,814.8	5.1	6.9	8.0
Taxi licences	218.9	211.9	217.7	-	-	-
Goodwill	677.5	428.3	427.5	-	-	-
Deferred tax assets	22.3	23.3	23.6	-	-	-
Total non-current assets	3,859.5	3,661.7	3,798.3	1,592.9	1,359.8	1,191.4
Total assets	5,136.7	4,827.7	5,049.4	1,785.1	1,500.2	1,506.4
LIABILITIES AND EQUITY						
Current liabilities						
Borrowings	90.4	114.2	169.3	5.8	-	-
Trade and other payables	691.0	677.3	717.5	169.0	253.0	472.1
Deferred grants	91.4	19.1	17.9	-	-	-
Fuel price equalisation account	20.0	20.0	20.0	-	-	-
Insurance premiums payable and provision for accident claims	52.0	62.2	65.8	-	-	-
Income tax payable	64.5	52.2	48.5	0.3	2.8	2.6
Total current liabilities	1,009.3	945.0	1,039.0	175.1	255.8	474.7
Non-current liabilities						
Borrowings	479.5	208.1	175.8	338.0	-	-
Deferred grants	271.1	282.4	279.6	-	-	-
Other liabilities	80.3	75.9	90.7	0.1	0.1	0.1
Fuel price equalisation account	20.0	20.0	20.0	-	-	-
Deferred tax liabilities	249.4	258.5	252.2	1.3	1.3	2.3
Total non-current liabilities	1,100.3	844.9	818.3	339.4	1.4	2.4
Total liabilities	2,109.6	1,789.9	1,857.3	514.5	257.2	477.1
Capital, reserves and non-controlling interests						
Share capital	691.1	688.2	676.9	691.1	688.2	676.9
Other reserves	80.9	84.2	23.4	(32.0)	(32.4)	(13.3)
Foreign currency translation reserve	(81.5)	(3.1)	-	-	-	-
Accumulated profits	1,923.1	1,848.9	1,775.2	611.5	587.2	365.7
Equity attributable to shareholders of the Company	2,613.6	2,618.2	2,475.5	1,270.6	1,243.0	1,029.3
Non-controlling interests	413.5	419.6	716.6	-	-	-
Total equity	3,027.1	3,037.8	3,192.1	1,270.6	1,243.0	1,029.3
Total liabilities and equity	5,136.7	4,827.7	5,049.4	1,785.1	1,500.2	1,506.4

The Group has adopted SFRS(I)s on 1 January 2018 and applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. Please refer to paragraph 10 for further details.

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
	\$ 'm	\$ 'm
Secured		
Amount repayable in one year or less, or on demand	76.3	34.6
Amount repayable after one year	66.5	83.1
	<u>142.8</u>	<u>117.7</u>
Unsecured		
Amount repayable in one year or less, or on demand	14.1	79.6
Amount repayable after one year	413.0	125.0
	<u>427.1</u>	<u>204.6</u>
Total		
Amount repayable in one year or less, or on demand	90.4	114.2
Amount repayable after one year	479.5	208.1
	<u>569.9</u>	<u>322.3</u>

Details of any collateral

Details of the total secured borrowings of \$142.8m are as follows:

- a \$84.7m relates to financing of vehicles under hire purchase arrangements; and
- b \$58.1m relates to borrowings of subsidiaries secured by vehicles.

4 GROUP CASH FLOW STATEMENT

	Group	
	Full Year 2018	Full Year 2017
	\$'m	\$'m
Operating activities:		
Profit before Taxation	439.3	425.4
Adjustments for:		
Depreciation and amortisation	394.3	408.8
Finance costs	11.4	10.8
Interest income	(10.8)	(9.9)
Dividend income	(1.0)	(12.5)
Grant income	(34.9)	(35.8)
Net gain on disposal of vehicles, premises and equipment	(15.9)	(5.2)
Provision for relocation costs	7.1	-
Insurance premiums payable and provision for accident claims	14.8	17.7
Share of profit in associate	(0.1)	(4.6)
Others	1.7	4.8
Operating cash flows before movements in working capital	805.9	799.5
Changes in working capital	(55.0)	(145.6)
Cash generated from operations	750.9	653.9
Income tax paid	(82.1)	(72.0)
Net cash from operating activities	668.8	581.9
Investing activities:		
Purchases of vehicles, premises and equipment	(352.8)	(393.6)
Less: Vehicles purchased under finance lease arrangements	27.8	28.2
Less: Proceeds from disposal of vehicles, premises and equipment	98.9	81.8
Cash payments on purchase of vehicles, premises and equipment	(226.1)	(283.6)
Maturity of investments	10.4	-
Payment for taxi licences	(15.4)	-
Acquisition of subsidiaries, net of cash [(Note (a))]	(418.8)	-
Interest received	11.0	10.4
Dividend received from an associate	-	6.8
Dividend received from investments	1.0	12.5
Net cash used in investing activities	(637.9)	(253.9)
Financing activities:		
Acquisition of non-controlling interests in subsidiaries	(1.9)	(218.0)
New loans raised	1,283.0	1,012.9
Repayment of borrowings	(1,067.5)	(1,064.4)
Dividends paid to shareholders of the Company	(225.1)	(224.9)
Dividends paid to non-controlling shareholders of subsidiaries	(54.6)	(58.4)
Proceeds from exercise of share options of the Company	2.6	10.4
Proceeds from exercise of share options of a subsidiary	1.3	1.8
Grants received	44.2	44.9
Interest paid	(11.0)	(11.4)
Proceeds from unclaimed dividends	-	0.1
Net cash used in financing activities	(29.0)	(507.0)
Net effect of exchange rate changes in consolidating subsidiaries	(12.0)	(4.1)
Net decrease in cash and cash equivalents	(10.1)	(183.1)
Cash and cash equivalents at beginning of year	596.2	779.3
Cash and cash equivalents at end of year	586.1	596.2

Note (a):**Summary of the effects of acquisition of subsidiaries:**

	Full Year 2018	Full Year 2017
	<u>\$'m</u>	<u>\$'m</u>
Net (assets) liabilities acquired:		
Current assets	(108.4)	-
Non-current assets	(158.2)	-
Current liabilities	96.3	-
Non-current liabilities	24.3	-
Net assets acquired	<u>(146.0)</u>	<u>-</u>
Goodwill on acquisition	<u>(281.6)</u>	<u>-</u>
Total purchase consideration	<u>(427.6)</u>	<u>-</u>
Less: Cash and cash equivalent balances acquired	<u>8.8</u>	<u>-</u>
Net cash outflow on acquisition of subsidiaries	<u><u>(418.8)</u></u>	<u><u>-</u></u>

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	Full Year 2018	Full Year 2017
	\$'m	\$'m
Profit after Taxation	358.8	348.9
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	(2.7)	10.3
Fair value adjustment on bonds	(0.2)	(0.2)
Exchange differences on translation of foreign operations	(83.2)	(6.2)
	<u>(86.1)</u>	<u>3.9</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial adjustment on defined benefit plans	(5.4)	5.0
Fair value adjustment on equity investments	1.2	(21.9)
	<u>(4.2)</u>	<u>(16.9)</u>
Other comprehensive income for the year	<u>(90.3)</u>	<u>(13.0)</u>
Total comprehensive income for the year	<u><u>268.5</u></u>	<u><u>335.9</u></u>
Attributable to:		
Shareholders of the Company	218.2	291.1
Non-Controlling Interests	50.3	44.8
	<u><u>268.5</u></u>	<u><u>335.9</u></u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 2018:

	Group						
	Attributable to shareholders of the Company				Non- controlling interests	Total equity	
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated profits			Total
\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	
Balance at 1 January 2017 (as previously reported)	676.9	23.4	(125.5)	1,900.7	2,475.5	716.6	3,192.1
Reclassification on adoption of SFRS(I) 1 *	-	-	125.5	(125.5)	-	-	-
Balance at 1 January 2017	676.9	23.4	-	1,775.2	2,475.5	716.6	3,192.1
Total comprehensive income for the year							
Profit for the year	-	-	-	301.5	301.5	47.4	348.9
Other comprehensive income for the year	-	(7.3)	(3.1)	-	(10.4)	(2.6)	(13.0)
Total	-	(7.3)	(3.1)	301.5	291.1	44.8	335.9
Transactions recognised directly in equity							
Adjustments arising from acquisition of interest in subsidiaries	-	66.8	-	-	66.8	(284.8)	(218.0)
Exercise of share options	11.3	(0.9)	-	-	10.4	-	10.4
Payment of dividends	-	-	-	(224.9)	(224.9)	-	(224.9)
Other reserves	-	2.2	-	(2.9)	(0.7)	(57.0)	(57.7)
Total	11.3	68.1	-	(227.8)	(148.4)	(341.8)	(490.2)
Balance at 31 December 2017	688.2	84.2	(3.1)	1,848.9	2,618.2	419.6	3,037.8
Total comprehensive income for the year							
Profit for the year	-	-	-	303.3	303.3	55.5	358.8
Other comprehensive income for the year	-	(6.7)	(78.4)	-	(85.1)	(5.2)	(90.3)
Total	-	(6.7)	(78.4)	303.3	218.2	50.3	268.5
Transactions recognised directly in equity							
Adjustments arising from acquisition of interest in subsidiaries	-	0.3	-	-	0.3	(2.2)	(1.9)
Exercise of share options	2.9	(0.3)	-	-	2.6	-	2.6
Payment of dividends	-	-	-	(225.1)	(225.1)	-	(225.1)
Other reserves	-	3.4	-	(4.0)	(0.6)	(54.2)	(54.8)
Total	2.9	3.4	-	(229.1)	(222.8)	(56.4)	(279.2)
Balance at 31 December 2018	691.1	80.9	(81.5)	1,923.1	2,613.6	413.5	3,027.1

* The Group has adopted SFRS(I)s on 1 January 2018 and applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. Please refer to paragraph 10 for further details.

Statement of Changes in Equity of the Company for the year ended 31 December 2018:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'m	\$'m	\$'m	\$'m
Balance at 1 January 2017	676.9	(13.3)	365.7	1,029.3
Total comprehensive income for the year				
Profit for the year	-	-	446.4	446.4
Other comprehensive income for the year	-	(18.2)	-	(18.2)
Total	-	(18.2)	446.4	428.2
Transactions recognised directly in equity				
Exercise of share options	11.3	(0.9)	-	10.4
Payment of dividends	-	-	(224.9)	(224.9)
Total	11.3	(0.9)	(224.9)	(214.5)
Balance at 31 December 2017	688.2	(32.4)	587.2	1,243.0
Total comprehensive income for the year				
Profit for the year	-	-	249.4	249.4
Other comprehensive income for the year	-	0.7	-	0.7
Total	-	0.7	249.4	250.1
Transactions recognised directly in equity				
Exercise of share options	2.9	(0.3)	-	2.6
Payment of dividends	-	-	(225.1)	(225.1)
Total	2.9	(0.3)	(225.1)	(222.5)
Balance at 31 December 2018	691.1	(32.0)	611.5	1,270.6

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the financial year, the Company issued 1,785,000 new ordinary shares following the exercise of share options under the ComfortDelGro Employees' Share Option Scheme (ComfortDelGro Scheme).

As at 31 December 2018, the total number of issued shares was 2,165,402,663 (31 December 2017: 2,163,617,663).

Outstanding Shares – ComfortDelGro Employees' Share Option Scheme

As at 31 December 2018, options to subscribe for 3,789,000 ordinary shares (31 December 2017: 6,174,000 ordinary shares) remained outstanding under the ComfortDelGro Scheme.

The ComfortDelGro Scheme was not renewed following its expiry on 17 February 2013.

As at 31 December 2018, the Company does not hold any treasury shares.

Note: At the Annual General Meeting of ComfortDelGro held on 26 April 2018, the Shareholders had approved the adoption of the Share Buyback Mandate and ComfortDelGro Executive Share Award Scheme.

8 AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMFORTDELGRO CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of ComfortDelGro Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the Statements of Financial Position of the Group and the Company as at 31 December 2018, and the Group Income Statement, Group Comprehensive Income Statement, Group Statement of Changes in Equity and Group Cash Flow Statement and Statement of Changes in Equity of the Company for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Consolidated Financial Statements of the Group and the Statement of Financial Position and the Statement of Changes in Equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the Financial Statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Taxi vehicles, taxi licences and goodwill impairment review

The Group reviews taxi licences with indefinite useful lives and goodwill for impairment annually or more frequently when there is an impairment indication. Impairment assessment is also performed for taxi vehicles and taxi licences with definite useful lives when there is an impairment indication. The taxi vehicles, taxi licences and goodwill are disclosed in Notes to the Financial Statements.

Management exercises significant judgements in the assumptions on inputs used in the discounted cash flow forecasts to determine the recoverable amounts. The key assumptions used by management are disclosed in Notes to the Financial Statements.

Our audit procedures included critically challenging the key assumptions on growth rates and discount rates used by Management in the impairment review. We also performed sensitivity analysis around the key inputs including growth rates and discount rates used in the cash flow forecasts. We compared the growth rates to recent business performance, trend analysis and the growth rate for the relevant country. For the discount rate, we involved our valuation specialist and compared it to the weighted average cost of capital. We found Management’s key assumptions to be reasonable.

Valuation and completeness of provision for accident claims

The valuation and completeness of provisions for settlement of accident claims involves estimation uncertainty. Management considers the probability and amount of the expected settlement claims based on the number of claims lodged, recent settlements, third party settlement data and accident claims statistics report in determining the provision for accident claims as disclosed in Notes to the Financial Statements.

Our audit procedures included understanding the process used to determine the provision for accident claims. We compared the number of claims and recent settlements to accident claims statistics report issued by insurers; and independently evaluated the reasonableness of the provision estimated by Management. Based on our procedures, we found Management’s key assumptions to be reasonable.

Business combinations

During the year, the Group acquired several subsidiaries for a total purchase consideration of \$427.6 million. Under SFRS (I) 3 Business Combination, the Group is required to assess and determine the fair values of the assets acquired and liabilities assumed, including any potential intangible assets. Any excess of the purchase consideration over the fair value of net assets acquired is recognised as goodwill. Significant management judgement is involved in the valuation of these assets and liabilities. Management has recorded a provisional goodwill of \$257.6 million arising from acquisitions. The final goodwill arising from the above acquisitions is dependent on the completion of the valuation of the assets acquired and liabilities assumed (including any intangible assets). Adjustments to the provisional amount may be required upon finalisation of the valuation of net assets.

We have discussed and reviewed management's assessment of the acquisitions which was accounted for as business combinations. Our procedures included reading the key terms of the purchase agreements to obtain an understanding of the transactions. We assessed Management's identification and fair value measurement of the identifiable assets and liabilities and the calculation of the provisional goodwill. There is a twelve month period to finalise the purchase price allocation, accordingly we noted that management's assessment is provisional at this time.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon. The Directors' Statement was obtained prior to the date of this auditor's report and the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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 Financial Statements and to maintain accountability of assets.

In preparing the Financial Statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Cheung Pui Yuen.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

13 February 2019

9 ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, 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 2017.

10 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the SFRS(I)s, that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's and Company's opening Statements of Financial Position under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

The Group has applied the option to reset the cumulative foreign currency translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017. As a result, a cumulative foreign currency translation loss of \$125.5m was reclassified from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

In accordance with the requirements of SFRS(I) 1 effective for the financial year beginning on or after 1 January 2018, the Group has adopted SFRS(I) 15 *Revenue from Contracts with Customers* retrospectively.

The effect of the initial application of SFRS(I) 15 are presented and explained below.

Group Income Statement for the year ended 31 December 2017:

	As previously reported	Adoption of SFRS(I) 15	Note	As restated
	\$'m	\$'m		\$'m
Revenue	3,970.9	(394.5)	(a),(b)	3,576.4
Contract services	(521.9)	363.4	(b)	(158.5)
Taxi drivers' benefits	(43.8)	43.8	(a)	-
Other operating costs	(63.0)	(12.7)	(a)	(75.7)
Other costs	(2,933.0)	-		(2,933.0)
Operating Profit	409.2	-		409.2

Explanatory Notes:

(a) Certain benefits and incentives payable to taxi drivers, previously accounted for as taxi drivers' benefits, are within the scope of SFRS(I) 15. Under SFRS(I) 15, such incentives and benefits are treated as variable consideration, and effectively reduce the amount of revenue recognised. The remaining taxi drivers' benefits are reclassified to Other operating costs.

(b) Under SFRS(I) 15, the Company assessed that it acts as an agent in the delivery of certain contract services. Accordingly the Company recognises as revenue the net fee which it is entitled to, in exchange for arranging for the delivery of such services.

The transition to SFRS(I) and the initial application of SFRS(I) 15 have no impact to the Group Operating Profit and the Group Cash Flow Statement. The adoption of SFRS(I)s has no material impact on the Group's Financial Statements.

11 GROUP EARNINGS PER ORDINARY SHARE AND GROUP EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

Earnings per ordinary share

	Group	
	<u>Full Year 2018</u>	<u>Full Year 2017</u>
(i) Based on weighted average number of ordinary shares in issue - cents	14.01	13.95
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	14.00	13.94

EBITDA

	Group	
	<u>Full Year 2018</u>	<u>Full Year 2017</u>
(i) EBITDA (\$'m)	833.1	818.0
(ii) EBITDA margin (%)	21.9	22.9

12 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>	<u>31 Dec 2018</u>	<u>31 Dec 2017</u>
Net asset value per ordinary share based on issued share capital - cents	120.70	121.01	58.68	57.45

13 REVIEW OF GROUP PERFORMANCE

Performance Review

Group Revenue of \$3,805.2m for 2018 was \$228.8m or 6.4% higher compared to \$3,576.4m for 2017 with contribution from new acquisitions of \$124.2m and the increase in revenue from the existing businesses of \$104.6m. The increase in revenue came mainly from the Public Transport Services Business offset by decreases in the Taxi Business and the Automotive Engineering Services Business.

Group Operating Costs of \$3,366.4m for 2018 were \$199.2m or 6.3% higher compared to \$3,167.2m for 2017. The increase in operating costs was mainly from higher staff costs due mainly to additional headcount to support the Seletar and Bukit Merah Bus Packages, higher mileage operated and staff costs from the newly acquired entities, higher fuel and electricity costs which are largely indexed, higher repairs and maintenance costs mainly to enhance bus and rail reliability and higher payment for contract services offset by lower insurance premiums and accident claims, lower road tax, lower depreciation and lower materials and consumables costs.

Group Operating Profit of \$438.8m for 2018 was \$29.6m or 7.2% higher compared to \$409.2m for 2017 due mainly to contribution from new acquisitions, stronger operating performance and the net gain on the Surrender of Lease of the Property at Teban Gardens from VICOM Ltd ('VICOM'). Contribution from new acquisitions to Group Operating Profit amounted to \$20.7m for 2018. The foreign currency translation for 2018 resulted in a negative impact of \$1.8m to the Group Operating Profit due mainly to the weaker A\$.

Net Income from Investments of \$11.8m for 2018 was \$10.6m or 47.3% lower as compared to \$22.4m for 2017 due mainly to the one-off special dividend of \$10.0m from A2B Australia Limited (formerly known as Cabcharge Australia Limited) received in 2017. Finance Costs of \$11.4m for 2018 was \$0.6m or 5.6% higher compared to \$10.8m for 2017 due mainly to higher acquisition funding in Australia and higher fleet financing in the UK partially offset by lower finance costs in Singapore due mainly to repayment of borrowings at SBS Transit.

Share of Profit in Associate of \$0.1m for 2018 was \$4.5m or 97.8% lower than the \$4.6m for 2017 due to the change in accounting from equity accounting to consolidation of ComfortDelGro Insurance Brokers after it became a wholly-owned subsidiary.

Consequently, Group Profit before Taxation of \$439.3m for 2018 was \$13.9m or 3.3% higher compared to \$425.4m for 2017.

Taxation for the Group of \$80.5m for 2018 was \$4.0m or 5.2% higher compared to \$76.5m for 2017.

Group Profit after Taxation of \$358.8m for 2018 was \$9.9m or 2.8% higher than the \$348.9m for 2017.

Group Profit attributable to Shareholders of the Company ('PATMI') of \$303.3m for 2018 increased by \$1.8m or 0.6% compared to \$301.5m for 2017. Adjusting for the one-off special dividend from A2B Australia Limited in 2017 and the net gain on the Surrender of Lease of the Property at Teban Gardens from VICOM in 2018, the PATMI for 2018 of \$298.2m would be \$6.7m or 2.3% higher than the PATMI of \$291.5m for 2017.

Group Profit attributable to Non-Controlling Interests of \$55.5m for 2018 increased by \$8.1m or 17.1% compared to \$47.4m for 2017.

Revenue from Overseas for 2018 was 41.1% of Group Revenue compared to 41.0% for 2017. Operating Profit from Overseas for 2018 was 35.6% of Group Operating Profit compared to 40.4% a year ago.

A segmental breakdown by **Business** is provided under item 17.

Revenue from the Group's **Public Transport Services Business** of \$2,712.3m for 2018 was \$310.0m or 12.9% higher than the \$2,402.3m for 2017 due mainly to higher fees earned with higher operated mileage following the commencement of the Seletar and Bukit Merah Bus Packages in March 2018 and November 2018 respectively and higher ridership from rail services with full year operation of Downtown Line 3, offset by lower average rail fare from the fare reduction effective 29 December 2017 in Singapore and contributions from new acquisitions in Australia and the UK.

Revenue from the Group's **Taxi Business** of \$726.5m for 2018 was \$78.2m or 9.7% lower compared to \$804.7m for 2017 due to a reduction in operating fleet.

Revenue from the Group's **Automotive Engineering Services Business** of \$261.7m for 2018 was \$21.7m or 7.7% lower than the \$283.4m for 2017 due to the decrease in revenue mainly from repair and maintenance of taxis from a smaller taxi fleet.

Revenue from the Group's **Inspection and Testing Services Business** of \$110.5m for 2018 was \$6.5m or 6.3% higher compared to the \$104.0m for 2017 due mainly to the net gain on the Surrender of Lease of the Property at Teban Gardens in Singapore included as other income.

Revenue from the Group's **Driving Centre Business** of \$43.5m for 2018 was \$1.3m or 3.1% higher than the \$42.2m for 2017.

Revenue from the Group's **Car Rental and Leasing Business** of \$26.7m for 2018 was \$4.8m or 15.2% lower than the \$31.5m for 2017.

Revenue from the Group's **Bus Station Business** of \$24.1m for 2018 was \$1.5m or 5.9% lower than the \$25.6m for 2017.

Statement of Financial Position

The financial position of the Group as at 31 December 2018 remained strong. Total Equity decreased by \$10.7m from \$3,037.8m as at 31 December 2017 to \$3,027.1m as at 31 December 2018 due mainly to the drop in the foreign currency translation reserve from the weaker A\$, £ and RMB and the payment of dividends partially offset by profits generated for the year.

Total Assets increased by \$309.0m to \$5,136.7m as at 31 December 2018 from \$4,827.7m as at 31 December 2017 due to increases in non-current assets by \$197.8m and increases in current assets by \$111.2m. The increase in non-current assets was due mainly to increases in goodwill and taxi licences from the acquisitions of subsidiaries partially offset by decreases in vehicles, premises and equipment and long-term grant receivables. The increase in current assets was due mainly to higher other receivables and prepayments mainly from higher short-term grant receivables, higher trade receivables, arising mainly from the new acquisitions and timing differences on contractual payments due from the

authorities and higher inventories partially offset by lower short-term deposits and bank balances following the payment of dividends and the use of cash for the acquisitions of subsidiaries.

Total Liabilities increased by \$319.7m to \$2,109.6m as at 31 December 2018 from \$1,789.9m as at 31 December 2017 due to increases in non-current liabilities of \$255.4m and increases in current liabilities of \$64.3m. The increase in non-current liabilities was due mainly to an increase in long-term borrowings to finance acquisitions. The increase in current liabilities was due mainly to higher deferred grant income and higher trade and other payables partially offset by decreases in short-term borrowings.

Cash Flow

The Group recorded a net cash outflow of \$10.1m for 2018. As at 31 December 2018, the Group had short-term deposits and bank balances of \$586.1m. After accounting for the borrowings of \$569.9m, the Group had a net cash position of \$16.2m. The Group's gross gearing ratio increased to 18.8% as at 31 December 2018 compared to 10.6% as at 31 December 2017.

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

No forecast or prospect statement has been previously disclosed.

15 GROUP OUTLOOK

Revenue from the Public Transport Services Business in Singapore is expected to grow. Bus service revenue is expected to be higher with the full year contribution from the Seletar and Bukit Merah Bus Packages which commenced in March 2018 and November 2018 respectively. Rail service revenue is expected to be higher with the fare adjustment of 4.3% which took effect on 29 December 2018. Notwithstanding this, the rail business will continue to face challenges from rising operating and maintenance costs.

Revenue from the Australia Bus Business is expected to be higher while revenue from the UK Bus Business is expected to be maintained. The acquisition of new bus businesses in Singapore, Australia and the UK will continue to contribute to overall revenue growth.

Revenue from the Taxi Business is expected to be maintained amidst the keener competitive environment anticipated. In Singapore, the Land Transport Authority has recently issued a public consultation paper on the proposed changes to regulations for the point-to-point transport sector. The Group has taken delivery of more than 900 new hybrid taxis with orders placed for another 600 new hybrid taxis to be delivered in Singapore this year mainly for fleet replacement. The new acquisitions in Australia, China and UK will continue to contribute.

Revenue from the Automotive Engineering Services Business is expected to be maintained.

Revenue from the Inspection and Testing Services Business is expected to be maintained.

Revenue from the Driving Centre Business is expected to be maintained.

Revenue from the Car Rental and Leasing Business is expected to be lower.

The operating environment is expected to remain challenging. The Group will continue to manage costs prudently and seek growth and acquisition opportunities.

16 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to propose a tax-exempt one-tier final dividend of 6.15 cents (2017: 6.05 cents) per ordinary share.

Name of Dividend	Final
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	6.15 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	6.05 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The proposed final dividend, if approved by the Shareholders at the Sixteenth Annual General Meeting of the Company to be held on 26 April 2019, will be payable on 14 May 2019.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 8 May 2019 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, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 7 May 2019 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 7 May 2019 will be entitled to the proposed final dividend.

17 SEGMENT INFORMATION

Business Segments

Financial Year 2018	Public Transport <u>Services</u> \$'m	Taxi <u>Services</u> \$'m	Automotive Engineering <u>Services</u> \$'m	Inspection & Testing <u>Services</u> \$'m	Driving Centre <u>Services</u> \$'m	Car Rental & Leasing <u>Services</u> \$'m	Bus Station <u>Services</u> \$'m	Elimination <u>Services</u> \$'m	Total <u>Services</u> \$'m
Revenue									
External sales	2,711.0	726.5	166.1	107.5	43.3	26.7	24.1		3,805.2
Inter-segment sales	1.3	-	95.6	3.0	0.2	-	-	(100.1)	-
TOTAL	2,712.3	726.5	261.7	110.5	43.5	26.7	24.1	(100.1)	3,805.2
RESULT									
Operating Profit	216.5	129.4	25.3	39.8	11.8	4.9	11.1	-	438.8
Net Income from Investments									11.8
Finance Costs									(11.4)
Share of Profit in Associate									0.1
Profit before Taxation									439.3
Taxation									(80.5)
Profit after Taxation									358.8
Non-Controlling Interests									(55.5)
Profit Attributable to Shareholders of the Company									303.3
OTHER INFORMATION									
Additions to vehicles, premises and equipment	196.9	96.8	2.8	26.2	2.5	27.0	0.6	-	352.8
Additions to taxi licences	-	15.4	-	-	-	-	-	-	15.4
Additions to goodwill	262.0	19.6	-	-	-	-	-	-	281.6
Depreciation expense	180.3	186.2	2.2	6.7	2.0	14.0	1.6	-	393.0
Amortisation expense	-	1.3	-	-	-	-	-	-	1.3
(Reversal of) / Provision for impairment loss recognised in income statement	-	(1.4)	-	-	-	0.3	-	-	(1.1)

17 SEGMENT INFORMATION (Cont'd)

Business Segments

	Public Transport <u>Services</u> \$'m	Taxi <u>Taxi</u> \$'m	Automotive Engineering <u>Services</u> \$'m	Inspection & Testing <u>Services</u> \$'m	Driving Centre \$'m	Car Rental & Leasing \$'m	Bus Station \$'m	Elimination \$'m	Total \$'m
Financial Year 2017									
Revenue									
External sales	2,400.9	804.7	171.1	100.7	42.0	31.4	25.6	-	3,576.4
Inter-segment sales	1.4	-	112.3	3.3	0.2	0.1	-	(117.3)	-
TOTAL	2,402.3	804.7	283.4	104.0	42.2	31.5	25.6	(117.3)	3,576.4
RESULT									
Operating Profit	180.1	134.0	33.9	32.6	9.8	6.9	11.9	-	409.2
Net Income from Investments									22.4
Finance Costs									(10.8)
Share of Profit in Associate									4.6
Profit before Taxation									425.4
Taxation									(76.5)
Profit after Taxation									348.9
Non-Controlling Interests									(47.4)
Profit Attributable to Shareholders of the Company									301.5
OTHER INFORMATION									
Additions to vehicles, premises and equipment	164.9	188.1	1.3	4.3	2.1	30.8	2.1	-	393.6
Depreciation expense	170.7	212.0	2.1	6.5	2.0	12.9	1.7	-	407.9
Amortisation expense	-	0.9	-	-	-	-	-	-	0.9
Provision for impairment loss recognised in income statement	-	1.3	-	-	-	-	-	-	1.3

17 SEGMENT INFORMATION (Cont'd)

Business Segments

As at 31 December 2018	<u>Public Transport Services</u> \$'m	<u>Taxi</u> \$'m	<u>Automotive Engineering Services</u> \$'m	<u>Inspection & Testing Services</u> \$'m	<u>Driving Centre</u> \$'m	<u>Car Rental & Leasing</u> \$'m	<u>Bus Station</u> \$'m	<u>Total</u> \$'m
STATEMENT OF FINANCIAL POSITION								
ASSETS								
Segment assets	2,538.6	1,038.4	45.6	76.5	12.8	90.6	17.8	3,820.3
Goodwill	611.6	50.5	-	13.5	0.5	1.4	-	677.5
Associates								0.9
Cash, fixed deposits & equities								615.7
Deferred tax assets								22.3
Consolidated total assets								<u>5,136.7</u>
LIABILITIES								
Segment liabilities	928.0	190.6	29.9	29.7	14.4	8.3	24.9	1,225.8
Borrowings								569.9
Income tax payable								64.5
Deferred tax liabilities								249.4
Consolidated total liabilities								<u>2,109.6</u>
As at 31 December 2017								
STATEMENT OF FINANCIAL POSITION								
ASSETS								
Segment assets	2,323.5	1,173.9	50.1	61.4	21.7	82.9	18.3	3,731.8
Goodwill	381.4	31.4	-	13.5	0.5	1.5	-	428.3
Associates								9.0
Cash, fixed deposits, equities & bonds								635.3
Deferred tax assets								23.3
Consolidated total assets								<u>4,827.7</u>
LIABILITIES								
Segment liabilities	832.3	214.1	34.5	22.8	13.9	10.2	29.1	1,156.9
Borrowings								322.3
Income tax payable								52.2
Deferred tax liabilities								258.5
Consolidated total liabilities								<u>1,789.9</u>

17 SEGMENT INFORMATION (Cont'd)

Business Segments

As at 1 January 2017	<u>Public Transport Services</u> \$'m	<u>Taxi</u> \$'m	<u>Automotive Engineering Services</u> \$'m	<u>Inspection & Testing Services</u> \$'m	<u>Driving Centre</u> \$'m	<u>Car Rental & Leasing</u> \$'m	<u>Bus Station</u> \$'m	<u>Total</u> \$'m
STATEMENT OF FINANCIAL POSITION								
ASSETS								
Segment assets	2,240.3	1,258.1	56.0	63.6	23.3	84.7	18.9	3,744.9
Goodwill	380.6	31.4	-	13.5	0.5	1.5	-	427.5
Associates								11.2
Cash, fixed deposits, equities & bonds								842.2
Deferred tax assets								23.6
Consolidated total assets								<u>5,049.4</u>
LIABILITIES								
Segment liabilities	839.2	245.4	51.5	21.3	15.2	11.5	27.4	1,211.5
Borrowings								345.1
Income tax payable								48.5
Deferred tax liabilities								252.2
Consolidated total liabilities								<u>1,857.3</u>

Geographical segmental information for Full Year 2018

	<u>Revenue</u>		<u>Non-current assets*</u>			<u>Additions to non-current assets*</u>	
	<u>2018</u> \$'m	<u>2017</u> \$'m	<u>31 Dec 2018</u> \$'m	<u>31 Dec 2017</u> \$'m	<u>1 Jan 2017</u> \$'m	<u>2018</u> \$'m	<u>2017</u> \$'m
Singapore	2,241.4	2,108.6	1,577.0	1,741.6	1,897.4	178.3	213.8
United Kingdom/ Ireland	891.0	855.6	529.1	497.2	438.5	85.4	95.8
Australia	503.4	423.6	1,155.5	795.5	776.4	338.1	54.3
China	163.5	179.2	317.4	317.0	330.5	46.9	29.1
Vietnam	3.3	6.8	4.6	7.5	12.8	0.2	0.1
Malaysia	2.6	2.6	4.1	4.0	4.4	0.9	0.5
Total	<u>3,805.2</u>	<u>3,576.4</u>	<u>3,587.7</u>	<u>3,362.8</u>	<u>3,460.0</u>	<u>649.8</u>	<u>393.6</u>

* Comprising vehicles, premises, equipment, taxi licences and goodwill.

18 BREAKDOWN OF REVENUE

	<u>Full Year 2018</u>	<u>Full Year 2017</u>	<u>Increase/ (Decrease)</u>
	\$'m	\$'m	%
(a) Revenue reported for first half year	1,819.9	1,762.9	3.2
(b) Profit after taxation before deducting Non-Controlling Interests reported for first half year	167.0	186.0	(10.2)
(a) Revenue reported for second half year	1,985.3	1,813.5	9.5
(b) Profit after taxation before deducting Non-Controlling Interests reported for second half year	191.8	162.9	17.7

19 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

	<u>Full Year 2018</u>	<u>Full Year 2017</u>
	\$'m	\$'m
Ordinary shares (tax-exempt one-tier)		
- Interim	94.2	94.1
- Final (proposed)	133.2	130.9
Total	227.4	225.0

20 INTERESTED PERSON TRANSACTIONS

The Group does not have any Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

21 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 2018, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

22 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Chan Wan Tak, Wendy / Yeo Tee Yeok, Edwin
Joint Company Secretaries

13 February 2019