


COMFORTDELGRO CORPORATION LIMITED

Company Registration Number : 200300002K

Financial Statements and Dividend Announcement for the year ended 31 December 2019

The Board of Directors announces the audited results of the Group for the year ended 31 December 2019.

1 GROUP INCOME STATEMENT

	Group		Incr / (Decr) %
	FY2019 \$'m	FY2018 \$'m	
Revenue	3,905.7	3,805.2	2.6
Staff costs	1,726.2	1,656.1	4.2
Depreciation and amortisation*	453.0	393.2	15.2
Fuel and electricity costs	303.8	295.5	2.8
Repairs and maintenance costs	304.8	286.9	6.2
Contract services	171.3	168.3	1.8
Materials and consumables costs	122.6	131.6	(6.8)
Insurance premiums and accident claims	94.5	96.9	(2.5)
Road tax and licence fees	94.5	100.6	(6.1)
Premises costs*	76.0	103.3	(26.4)
Advertising production and promotion costs*	23.4	23.5	(0.4)
Utilities and communication costs	21.2	20.9	1.4
Other operating costs*	98.6	89.6	10.0
Total Operating Costs	<u>3,489.9</u>	<u>3,366.4</u>	3.7
Operating Profit	415.8	438.8	(5.2)
Net Income from Investments	12.0	11.9	0.8
Finance Costs*	(21.2)	(11.4)	86.0
Profit before Taxation	406.6	439.3	(7.4)
Taxation	(88.4)	(80.5)	9.8
Profit after Taxation	<u>318.2</u>	<u>358.8</u>	(11.3)
Attributable to :			
Shareholders of the Company	265.1	303.3	(12.6)
Non-Controlling Interests	53.1	55.5	(4.3)
	<u>318.2</u>	<u>358.8</u>	(11.3)

* Incorporates the effect of adoption of SFRS(I) 16 *Leases* from 1 January 2019

2 STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$'m	\$'m	\$'m	\$'m
ASSETS				
Current assets				
Short-term deposits and bank balances	594.2	586.1	159.7	159.9
Trade receivables	318.7	275.4	-	-
Other receivables and prepayments	255.5	277.0	15.8	32.3
Inventories	150.7	138.7	-	-
Total current assets	1,319.1	1,277.2	175.5	192.2
Non-current assets				
Subsidiaries	-	-	1,230.7	1,230.7
Associates	0.7	0.9	-	-
Investments	24.4	29.6	12.7	19.0
Other receivables and prepayments	4.0	6.2	351.1	338.1
Grant receivables	280.3	212.8	-	-
Vehicles, premises and equipment	2,706.1	2,691.3	3.2	5.1
Right-of-use assets*	173.6	-	5.3	-
Taxi licences and rights under contract	204.5	218.9	-	-
Goodwill	644.2	677.5	-	-
Deferred tax assets	22.1	22.3	-	-
Total non-current assets	4,059.9	3,859.5	1,603.0	1,592.9
Total assets	5,379.0	5,136.7	1,778.5	1,785.1
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	198.8	71.1	-	5.8
Lease liabilities from financial institutions	28.2	19.3	-	-
Lease liabilities*	27.6	-	4.0	-
Trade and other payables	670.3	691.0	167.9	169.0
Deferred grants	27.6	91.4	-	-
Fuel price equalisation account	20.0	20.0	-	-
Provision for accident claims	51.6	52.0	-	-
Income tax payable	91.7	64.5	0.9	0.3
Total current liabilities	1,115.8	1,009.3	172.8	175.1
Non-current liabilities				
Borrowings	331.3	414.1	331.3	338.0
Lease liabilities from financial institutions	75.9	65.4	-	-
Lease liabilities*	176.1	-	30.5	-
Deferred grants	364.9	271.1	-	-
Other liabilities	75.9	80.3	0.1	0.1
Fuel price equalisation account	20.0	20.0	-	-
Deferred tax liabilities	210.1	249.4	1.3	1.3
Total non-current liabilities	1,254.2	1,100.3	363.2	339.4
Total liabilities	2,370.0	2,109.6	536.0	514.5
Capital, reserves and non-controlling interests				
Share capital	692.2	691.1	692.2	691.1
Other reserves	64.5	80.9	(38.0)	(32.0)
Foreign currency translation reserve	(93.6)	(81.5)	-	-
Accumulated profits *	1,931.9	1,923.1	588.3	611.5
Equity attributable to shareholders of the Company	2,595.0	2,613.6	1,242.5	1,270.6
Non-controlling interests	414.0	413.5	-	-
Total equity	3,009.0	3,027.1	1,242.5	1,270.6
Total liabilities and equity	5,379.0	5,136.7	1,778.5	1,785.1

*The Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Please refer to paragraph 10 for further details.

3 AGGREGATE AMOUNT OF GROUP'S BORROWINGS

Secured / Unsecured Group Borrowings and Lease liabilities as at 31 Dec 2019

	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>
	\$ 'm	\$ 'm
<u>Borrowings</u>		
Secured		
Amount repayable in one year or less, or on demand	49.8	57.0
Amount repayable after one year	-	1.1
	<u>49.8</u>	<u>58.1</u>
Unsecured		
Amount repayable in one year or less, or on demand	149.0	14.1
Amount repayable after one year	331.3	413.0
	<u>480.3</u>	<u>427.1</u>
Amount repayable in one year or less, or on demand	198.8	71.1
Amount repayable after one year	331.3	414.1
	<u>530.1</u>	<u>485.2</u>
<u>Lease liabilities from financial institutions</u>		
Secured		
Amount repayable in one year or less, or on demand	28.2	19.3
Amount repayable after one year	75.9	65.4
	<u>104.1</u>	<u>84.7</u>
<u>Lease liabilities*</u>		
Secured		
Amount repayable in one year or less, or on demand	27.6	-
Amount repayable after one year	176.1	-
	<u>203.7</u>	<u>-</u>

* relates to lease liabilities on adoption of SFRS(I)16 *Leases*

Details of any collateral

Details of the total secured borrowings of \$49.8m, lease liabilities from financial institutions of \$104.1m and lease liabilities of \$203.7m are as follows:

- a \$49.8m relates to borrowings of subsidiaries secured by vehicles;
- b \$104.1m relates to financing of vehicles under hire purchase arrangements; and
- c \$203.7m relates to lease liabilities secured over the right-of-use assets.

4 GROUP CASH FLOW STATEMENT

	Group	
	FY2019 \$'m	FY2018 \$'m
Operating activities:		
Profit before Taxation	406.6	439.3
Adjustments for:		
Depreciation and amortisation *	453.0	393.2
Finance costs *	21.2	11.4
Interest income	(10.8)	(10.8)
Dividend income	(1.0)	(1.0)
Grant income	(42.5)	(34.9)
Net gain on disposal of vehicles, premises and equipment	(4.6)	(15.9)
Provision for relocation costs	-	7.1
Provision for accident claims	22.0	14.8
Others	4.9	2.7
Operating cash flows before movements in working capital	<u>848.8</u>	<u>805.9</u>
Inventories	(11.7)	(23.9)
Trade receivables	(41.7)	(5.5)
Other receivables and prepayments	(30.3)	(0.4)
Grant receivables, net of deferred grants	(4.0)	2.2
Trade and other payables	(28.2)	(5.0)
Other liabilities	(4.6)	4.6
Payments of service benefits and long service awards	(0.9)	(1.8)
Payment of accident claims	(22.6)	(25.2)
Changes in working capital	<u>(144.0)</u>	<u>(55.0)</u>
Cash generated from operations	704.8	750.9
Income tax paid	(89.5)	(82.1)
Interest paid arising from leases *	(5.4)	-
Net cash from operating activities	<u>609.9</u>	<u>668.8</u>
Investing activities:		
Purchases of vehicles, premises and equipment	(506.7)	(352.8)
Less: Vehicles purchased under lease arrangements from financial institutions	40.4	27.8
Less: Proceeds from disposal of vehicles, premises and equipment	119.8	98.9
Cash payments on purchase of vehicles, premises and equipment	(346.5)	(226.1)
Maturity of investments	-	10.4
Payment for taxi licences	-	(15.4)
Investments made	(3.1)	-
Acquisition of subsidiaries, net of cash [Note (a)]	(28.3)	(418.8)
Interest received	10.3	11.0
Dividend received from investments	1.0	1.0
Net cash used in investing activities	<u>(366.6)</u>	<u>(637.9)</u>
Financing activities:		
Acquisition of non-controlling interests in subsidiaries	-	(1.9)
New loans raised	1,302.3	1,283.0
Repayment of borrowings and lease liabilities from financial institutions	(1,271.0)	(1,067.5)
Payments under lease liabilities *	(27.6)	-
Dividends paid to shareholders of the Company	(230.7)	(225.1)
Dividends paid to non-controlling shareholders of subsidiaries	(43.6)	(54.6)
Proceeds from exercise of share options of the Company	1.0	2.6
Proceeds from exercise of share options of a subsidiary	0.3	1.3
Grants received	55.0	44.2
Interest paid	(15.4)	(11.0)
Net cash used in financing activities	<u>(229.7)</u>	<u>(29.0)</u>
Net effect of exchange rate changes in consolidating subsidiaries	(5.5)	(12.0)
Net increase/(decrease) in cash and cash equivalents	8.1	(10.1)
Cash and cash equivalents at beginning of year	586.1	596.2
Cash and cash equivalents at end of year	<u>594.2</u>	<u>586.1</u>

* Incorporates the effect of adoption of SFRS(I) 16 Leases from 1 January 2019

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

	FY2019	FY2018
	\$'m	\$'m
(i) Net (assets) liabilities acquired:		
Current assets	(7.3)	(108.4)
Non-current assets	(18.1)	(158.2)
Current liabilities	1.4	96.3
Non-current liabilities	6.0	24.3
Net assets acquired	(18.0)	(146.0)
Goodwill on acquisition *	(18.3)	(281.6)
Total purchase consideration	(36.3)	(427.6)
Less: Cash and cash equivalent balances acquired	6.8	8.8
Net cash outflow on acquisition of subsidiaries	(29.5)	(418.8)
* Includes provisional goodwill of \$18.3 million (2018 : \$257.6 million).		
(ii) Adjustment to goodwill upon finalisation of purchase price allocation:		
Current assets	(12.8)	-
Non-current assets	(37.2)	-
Current liabilities	11.5	-
Non-current liabilities	6.1	-
Net assets acquired	(32.4)	-
Adjustment to goodwill on acquisition	30.6	-
Adjustment to purchase consideration	(1.8)	-
Less: Cash and cash equivalent balances acquired	3.0	-
Net cash inflow on acquisition of subsidiaries	1.2	-
(iii) Total:		
Current assets	(20.1)	(108.4)
Non-current assets	(55.3)	(158.2)
Current liabilities	12.9	96.3
Non-current liabilities	12.1	24.3
Net assets acquired	(50.4)	(146.0)
Goodwill on acquisition	(18.3)	(281.6)
Adjustment to goodwill on acquisition	30.6	-
Total purchase consideration	(38.1)	(427.6)
Less: Cash and cash equivalent balances acquired	9.8	8.8
Net cash outflow on acquisition of subsidiaries	(28.3)	(418.8)

5 GROUP COMPREHENSIVE INCOME STATEMENT

	Group	
	Full Year 2019 \$'m	Full Year 2018 \$'m
Profit after Taxation	318.2	358.8
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value adjustment on cash flow hedges	3.0	(2.7)
Fair value adjustment on bonds	-	(0.2)
Exchange differences on translation of foreign operations	(16.2)	(83.2)
	<u>(13.2)</u>	<u>(86.1)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial adjustment on defined benefit plans	(2.1)	(5.4)
Fair value adjustment on equity investments	(7.5)	1.2
	<u>(9.6)</u>	<u>(4.2)</u>
Other comprehensive income for the year	<u>(22.8)</u>	<u>(90.3)</u>
Total comprehensive income for the year	<u>295.4</u>	<u>268.5</u>
Attributable to:		
Shareholders of the Company	245.8	218.2
Non-Controlling Interests	49.6	50.3
	<u>295.4</u>	<u>268.5</u>

6 STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 2019:

	Group						
	Attributable to shareholders of the Company				Total	Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign currency translation reserve	Accumulated profits			
\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	
Balance at 1 January 2018	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 (as previously reported)	691.1	80.9	(81.5)	1,923.1	2,613.6	413.5	3,027.1
Adoption of SFRS(I) 16 *	-	-	-	(23.1)	(23.1)	(5.2)	(28.3)
Balance at 1 January 2019	691.1	80.9	(81.5)	1,900.0	2,590.5	408.3	2,998.8
Total comprehensive income for the year							
Profit for the year	-	-	-	265.1	265.1	53.1	318.2
Other comprehensive income for the year	-	(7.2)	(12.1)	-	(19.3)	(3.5)	(22.8)
Total	-	(7.2)	(12.1)	265.1	245.8	49.6	295.4
Transactions recognised directly in equity							
Exercise of share options	1.1	(0.1)	-	-	1.0	-	1.0
Payment of dividends	-	-	-	(230.7)	(230.7)	-	(230.7)
Other reserves	-	(9.1)	-	(2.5)	(11.6)	(43.9)	(55.5)
Total	1.1	(9.2)	-	(233.2)	(241.3)	(43.9)	(285.2)
Balance at 31 December 2019	692.2	64.5	(93.6)	1,931.9	2,595.0	414.0	3,009.0

* The Group has adopted SFRS(I) 16 *Leases* on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 10 for further details.

Statement of Changes in Equity of the Company for the year ended 31 December 2019:

	Company			
	Share capital	Other reserves	Accumulated profits	Total equity
	\$'m	\$'m	\$'m	\$'m
Balance at 1 January 2018	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 (as previously reported)	691.1	(32.0)	611.5	1,270.6
Adoption of SFRS(I) 16 *	-	-	(7.0)	(7.0)
Balance at 1 January 2019	691.1	(32.0)	604.5	1,263.6
Total comprehensive income for the year				
Profit for the year	-	-	214.5	214.5
Other comprehensive income for the year	-	(6.3)	-	(6.3)
Total	-	(6.3)	214.5	208.2
Transactions recognised directly in equity				
Exercise of share options	1.1	(0.1)	-	1.0
Payment of dividends	-	-	(230.7)	(230.7)
Other reserves	-	0.4	-	0.4
Total	1.1	0.3	(230.7)	(229.3)
Balance at 31 December 2018	692.2	(38.0)	588.3	1,242.5

* The Company has adopted SFRS(I) 16 *Leases* on 1 January 2019 and adjusted the opening accumulated profits by the cumulative effect of initially applying the standard. Please refer to paragraph 10 for further details.

7 CHANGES IN COMPANY'S SHARE CAPITAL

Share Capital

During the financial year, the Company issued 756,000 new ordinary shares following the exercise of share options under the ComfortDelGro Employees' Share Option Scheme (ComfortDelGro Scheme).

As at 31 December 2019, the total number of issued shares was 2,166,158,663 (31 December 2018: 2,165,402,663).

Outstanding Shares – ComfortDelGro Employees' Share Option Scheme

As at 31 December 2019, options to subscribe for 2,893,000 ordinary shares (31 December 2018: 3,789,000 ordinary shares) remained outstanding under the ComfortDelGro Scheme which was not renewed following its expiry on 17 February 2013.

At the Annual General Meeting of ComfortDelGro held on 26 April 2019, Shareholders approved the renewal of the Share Buyback Mandate. As at 31 December 2019, the Company does not hold any treasury shares.

On 6 May 2019, the Company granted the first tranche of share awards of 510,000 ordinary shares under the ComfortDelGro Executive Share Award Scheme. These are time-based awards to be vested over a 4-year period.

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 2019, 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 2019 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 finite 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 rates for the relevant countries. For the discount rates, 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.

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

14 February 2020

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 period consistent with those of the audited financial statements for the year ended 31 December 2018.

10 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

SFRS(I) 16 *Leases* is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 resulted in most of the leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, it requires a lessee to recognise a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments resulting mainly in higher depreciation, lower lease payments (premises costs) and higher finance costs. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The ROU assets as at 31 December 2019 were largely related to leases of the office premises, bus depots, workshops, inspection and testing centres occupied by the Group in the various locations. Accordingly, there was a corresponding increase in lease liabilities as at 31 December 2019.

The adoption of SFRS(I) 16 resulted in adjustments to the Statement of Financial Position of the Group and Company as at 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows:

Statement of Financial Position	Group	Company
	1 Jan 2019	1 Jan 2019
	\$'m	\$'m
Increase in other receivables	-	21.4
Increase in right-of-use assets	188.0	2.8
Increase in lease liabilities	(216.3)	(31.2)
Decrease in net assets	<u>(28.3)</u>	<u>(7.0)</u>
Decrease in accumulated profits	23.1	7.0
Decrease in non-controlling interests	5.2	-
Decrease in total equity	<u>28.3</u>	<u>7.0</u>

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

Earnings per ordinary share

	Group	
	Full Year 2019	Full Year 2018
(i) Based on weighted average number of ordinary shares in issue - cents	12.24	14.01
(ii) On a fully diluted basis (detailing any adjustments made to the earnings) - cents	12.23	14.00

EBITDA

	Group	
	Full Year 2019	Full Year 2018
(i) EBITDA (\$'m)	868.8	832.0
(ii) EBITDA margin (%)	22.2	21.9

12 NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital - cents	119.80	120.70	57.36	58.68

13 REVIEW OF GROUP PERFORMANCE

Performance Review

Group Revenue of \$3,905.7m for 2019 was \$100.5m or 2.6% higher compared to \$3,805.2m for 2018 with the increase of \$154.2m coming from the new acquisitions and \$20.0m from existing businesses, offset by the unfavourable foreign currency translation of \$73.7m from the weaker £ and A\$. The increase in revenue from the existing businesses was mainly driven by higher mileage and ridership in Singapore Public Transport Services and offset by lower Singapore Taxi revenue as a result of increased competition from ride-hailing operators.

Group Operating Costs of \$3,489.9m for 2019 were \$123.5m or 3.7% higher compared to \$3,366.4m for 2018 with the increase of \$134.0m coming from the new acquisitions and \$55.8m from existing businesses, offset by a corresponding favourable foreign currency translation of \$66.3m from the weaker £ and A\$. Higher Group Operating Costs of \$123.5m were mainly due to staff costs from acquisitions and depreciation and amortisation charges from the adoption of SFRS(I)16 and provision for impairment in Taxi Business, partially offset by lower premises costs due mainly to the adoption of SFRS(I) 16.

Group Operating Profit of \$415.8m for 2019 was \$23.0m or 5.2% lower compared to \$438.8m for 2018 with \$20.2m increased contribution from new acquisitions more than offset by \$35.8m reduction from existing businesses as a result of the above and net negative impact from the foreign currency translation of \$7.4m.

Net Income from Investments of \$12.0m for 2019 mostly related to interest income on short-term deposits and bank balances and remained consistent with \$11.9m for 2018. Finance Costs of \$21.2m for 2019 increased by \$9.8m or 86.0% from \$11.4m for 2018 due to the adoption of SFRS(I) 16, acquisitions funding and bus fleet financing.

Consequently, Group Profit before Taxation of \$406.6m for 2019 was \$32.7m or 7.4% lower compared to \$439.3m for 2018.

Taxation for the Group of \$88.4m for 2019 was \$7.9m or 9.8% higher compared to \$80.5m for 2018 mainly due to higher taxable profits from Australia acquisitions.

Group Profit after Taxation of \$318.2m for 2019 was \$40.6m or 11.3% lower than the \$358.8m for 2018.

Group Profit attributable to Shareholders of the Company of \$265.1m for 2019 decreased by \$38.2m or 12.6% compared to \$303.3m for 2018.

Group Profit attributable to Non-Controlling Interests of \$53.1m for 2019 decreased by \$2.4m or 4.3% compared to \$55.5m for 2018.

Revenue from Overseas for 2019 at 42.1% of Group Revenue compared to 41.1% for 2018. Operating Profit from Overseas for 2019 at 33.7% of Group Operating Profit compared to 35.6% a year ago.

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

Revenue from the Group's **Public Transport Services Business** of \$2,880.4m for 2019 was \$168.1m or 6.2% higher than the \$2,712.3m for 2018 due mainly to contributions from new acquisitions in Australia, higher fees earned with higher mileage operated and better performance from bus services and higher average fares following the 4.3% fare adjustment from 29 December 2018 and higher

ridership from rail services in Singapore partially offset by an unfavourable foreign currency translation from the weaker A\$ and £.

Revenue from the Group's **Taxi Business** of \$668.6m for 2019 was \$57.9m or 8.0% lower compared to \$726.5m for 2018 due to competition from ride-hailing operators resulting in a smaller operating fleet.

Revenue from the Group's **Automotive Engineering Services Business** \$246.3m for 2019 was \$15.4m or 5.9% lower than the \$261.7m for 2018 mainly due to a reduced taxi fleet.

Revenue from the Group's **Inspection and Testing Services Business** of \$103.8m for 2019 was \$6.7m or 6.1% lower than the \$110.5m for 2018 in the absence of the net gain on the surrender of a lease in 2018.

Revenue from the Group's **Driving Centre Business** of \$48.2m for 2019 was \$4.7m or 10.8% higher than the \$43.5m for 2018.

Revenue from the Group's **Car Rental and Leasing Business** of \$28.0m for 2019 was \$1.3m or 4.9% higher than the \$26.7m for 2018.

Revenue from the Group's **Bus Station Business** of \$21.8m for 2019 decreased by \$2.3m or 9.5% from the \$24.1m for 2018.

Statement of Financial Position

The financial position of the Group as at 31 December 2019 remained strong. Total Equity decreased by \$18.1m from \$3,027.1m as at 31 December 2018 to \$3,009.0m as at 31 December 2019 due mainly to decrease in foreign currency translation reserve from the weaker A\$, £ and RMB and the adjustments to accumulated profits arising from the adoption of SFRS(I) 16 on 1 January 2019 partially offset by profits generated for the year.

Total Assets increased by \$242.3m to \$5,379.0m as at 31 December 2019 from \$5,136.7m as at 31 December 2018 due to increases in non-current assets by \$200.4m and current assets by \$41.9m. The increase in non-current assets was mainly due to the recognition of Right-Of-Use (ROU) assets following the adoption of SFRS(I) 16 and higher grant receivables partially offset by the reduction in goodwill after purchase price allocation to fixed and intangible assets. The increase in current assets was due mainly to increase in trade receivables arising mainly from timing differences on contractual payments due from the authorities.

Total Liabilities increased by \$260.4m to \$2,370.0m as at 31 December 2019 from \$2,109.6m as at 31 December 2018 due to increases in non-current liabilities of \$153.9m and increase in current liabilities of \$106.5m. The increase in non-current liabilities is due mainly to recognition of lease liabilities following the adoption of SFRS(I) 16 and higher deferred grant income partially offset by decrease in long-term borrowings and deferred tax liabilities. The increase in current liabilities was due mainly to increases in short-term borrowings, recognition of lease liabilities following the adoption of SFRS(I) 16 and income tax payable, partially offset by lower deferred grant income and lower trade and other payables.

Cash Flow

The Group recorded a net cash inflow of \$8.1m for 2019. As at 31 December 2019, the Group had short-term deposits and bank balances of \$594.2m. After accounting for the borrowings of \$530.1m and lease liabilities from financial institutions of \$104.1m, the Group had a net debt position of \$40.0m representing a net gearing ratio of 1.3% compared to a net cash position of \$16.2m as at 31 December 2018. The Group's gross gearing ratio (excluding lease liabilities recognised under SFRS(I) 16) was 21.1% as at 31 December 2019 compared to 18.8% as at 31 December 2018.

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

No forecast or prospect statement has been previously disclosed.

15 GROUP OUTLOOK

The 2019 novel coronavirus outbreak in Wuhan, China in December 2019 ("COVID-19") quickly spread internationally despite efforts to contain it. How the outbreak will turn out is currently unclear and a prolonged outbreak is anticipated. COVID-19 and measures to fight it will result in the economic slowdown of affected countries. Our taxi, public transport and transport related businesses are witnessing lower ridership and volumes as we face significant operational challenges.

Notwithstanding the current uncertainties, the Group maintains its long term focus on the mobility strategy and continues to transform and build capabilities.

16 DIVIDEND

(a) Current Financial Period Reported On

The Directors are pleased to propose a tax-exempt one-tier final dividend of 5.29 cents (2018: 6.15 cents) per ordinary share.

Name of Dividend	Final
Dividend Type	Cash; Tax-exempt one-tier
Dividend Amount per ordinary share	5.29 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	6.15 cents
Tax Rate	Exempt one-tier

(c) Date Payable

The proposed final dividend, if approved by the Shareholders at the Seventeenth Annual General Meeting of the Company to be held on 24 April 2020, will be payable on 13 May 2020.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 6 May 2020 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 5 May 2020 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 5 May 2020 will be entitled to the proposed final dividend.

17 SEGMENT INFORMATION (Cont'd)**Geographical segmental information for Full Year 2019**

	Revenue		Non-current assets*		Additions to non-current assets*	
	2019	2018	31 Dec 2019	31 Dec 2018	2019	2018
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Singapore	2,259.7	2,241.4	1,611.6	1,577.0	285.7	178.3
United Kingdom/ Ireland	857.1	891.0	610.1	529.1	101.4	85.4
Australia	627.7	503.4	1,203.0	1,155.5	112.1	338.1
China	155.5	163.5	295.6	317.4	23.9	46.9
Vietnam	3.1	3.3	3.9	4.6	1.1	0.2
Malaysia	2.6	2.6	4.2	4.1	0.8	0.9
Total	3,905.7	3,805.2	3,728.4	3,587.7	525.0	649.8

* Comprising vehicles, premises, equipment, right-of-use assets, taxi licences, rights under contract and goodwill.

18 BREAKDOWN OF REVENUE

	Full Year 2019	Full Year 2018	Increase/ (Decrease)
	\$'m	\$'m	%
(a) Revenue reported for first half year	1,928.1	1,819.9	5.9
(b) Profit after taxation before deducting Non-Controlling Interests reported for first half year	173.4	167.0	3.8
(a) Revenue reported for second half year	1,977.6	1,985.3	(0.4)
(b) Profit after taxation before deducting Non-Controlling Interests reported for second half year	144.8	191.8	(24.5)

19 BREAKDOWN OF TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE)

	Full Year 2019	Full Year 2018
	\$'m	\$'m
Ordinary shares (tax-exempt one-tier)		
- Interim	97.5	94.2
- Final (proposed)	114.6	133.2
Total	212.1	227.4

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 2019, 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

14 February 2020