Journeying With You
Since 1907

AUTOMOBILE ASSOCIATION
OF SINGAPORE

110 YEARS OF ROAD SAFETY AND MOBILITY

ANNUAL REPORT 2017

CONTENTS

VISION

To be the partner in motoring and to excel as the leader in quality vehicle recovery and motoring services in Singapore.

MISSION

To represent our Members' interest and satisfy their needs for value and peace of mind.

To be the voice of motorists and serve as a bridge between the motoring public and relevant agencies.

To excel in our products, services and people.

VALUE

We seek to provide value to our Members to achieve total customer satisfaction.

ADVANCED

We seek to be advanced, advocating continuous improvement and innovation.

LOYAL

We believe in building loyal and trusted relationships.

UNITED

We foster a united workplace that encourages teamwork and dedication to advance our common business objectives.

ETHICAL

We believe in acting with integrity by practising the highest ethical standards and honouring our commitments.

PRESIDENT'S MESSAGE

> 2017 was an eventful year of celebration for AA Singapore as the Association entered its 110th year, crossing another significant milestone in the Association's long history.

REDEVELOPMENT OF 2 KUNG CHONG ROAD

Over the years, the Association have been serving our AA Members from various locations and many would have fond memories of our former premises. In November 2013, the Association had relocated to our current location at GB Point. On 21 January last year, AA Singapore held its Groundbreaking Ceremony at 2 Kung Chong Road, officiated by Minister K Shanmugam. The Association is currently in the midst of redeveloping the building and paving way for the new seven-storey AA Centre; designed to house the Association and its subsidiaries together in one centralised location.

Set amongst the automotive cluster in Alexandra and Leng Kee neighbourhood, the prime position of 2 Kung Chong Road will strengthen the Association's presence amongst the public and motoring community while continuing to remain relevant and deliver better services to AA Members as well as motorists of the wider public. The one-stop AA Centre will also provide greater convenience to AA Members and the public to enjoy hassle-free services.

A YEAR OF 110TH ANNIVERSARY CELEBRATIONS

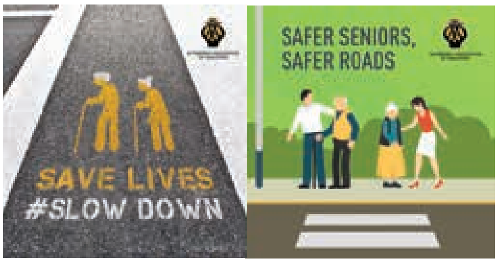
In celebration of its 110th Anniversary, AA Singapore had organised several events and activities. I had the pleasure to join our AA Members on the 110th Anniversary Drive to Malacca, Ipoh and Penang from 14 to 18 June 2017. The trip saw a total of 68 cars and 215 participants, travelling 1,510km to Malaysia.

The Association also organised the Safe Driving and Mobility Conference on 20 and 21 October 2017, featuring local and overseas renowned speakers; sharing their insights on the latest road safety technologies and mobility developments to the motoring landscape. The conference is a good platform to engage the various road safety partners and stakeholders while continuing to explore initiatives where everyone can collectively contribute to a safe motoring environment in Singapore.

The AA 110th Anniversary celebrations concluded with our Anniversary Dinner where AA Members and guests witnessed a self-driven AA 110th Anniversary Cake. AA Members celebrated the Association's achievements in its 110-year long journey, along with the Singapore Road Safety Council Fundraising Gala Dinner. Apart from AA Members, like-minded road safety partners joined in the meaningful celebration and supported the good cause.

ROAD SAFETY ADVOCACY

As an active advocate of road safety, AA Singapore have been proactively rolling out road safety initiatives throughout the year. Statistics revealed by the Traffic Police brought attention to a rising trend of accidents involving the elderly. In effort to create awareness for this group of pedestrians, the Association displayed road safety exhibits and distributed informational kits to the public, highlighting the risks elderly road users face on roads at the Singapore Road Safety Month in May 2017. The exhibition booth further exhibits the Federation Internationale de l'Automobile (FIA) Golden Road Safety Rules while members of public pledged to stay safe on roads.



Based on global statistics, children are one of the most vulnerable group of road users. As the supporter of #3500LIVES campaign, AA Singapore worked with FIA and JCDecaux to put up a 12 metres billboard display featuring the "Use a Child Safety Seat" message endorsed by Michelle Yeoh, actress, producer and UNDP goodwill ambassador at People's Park Centre for about 8 months. The campaign aims to encourage road users to adopt road safety rules to prevent the 3,500 lives lost daily in car crashes globally.

REACHING OUT TO THE COMMUNITY

On its corporate social responsibility front, AA Singapore have been contributing to professionalising the industry by bringing in relevant international standards of training and we have sponsored Road Safety Awards under the Champion Winner Award for the categories of Company Award (AAS Academy), Safe Driver Award (AA-SPCS) and Most Improved Driver Award (AAS Academy).

Last year, we are also proud to have sponsored 40,100 mooncakes that were used in a record-setting event graced by Prime Minister Lee Hsien Loong and the mooncakes were distributed to residents as well as charities, homes, shelters, schools and community organisations in Teck Ghee constituency to share the love and joy.

EXPANSION OF PRODUCTS AND SERVICES

The Association have been constantly reviewing and innovating our products and offerings throughout the year to provide AA Members with enhanced experiences.

In the celebratory spirit, AA Singapore implemented a new loyalty programme for AA Members, allowing our members of three years and above to enjoy free non-standard tow as part of their membership entitlements. In encouraging greater synergy between the Association's various subsidiaries, members are also rewarded with additional perks on their membership when they utilise the offers from the Association's subsidiary arm.

The Roadside Assistance Service (RAS) mobile application was launched in July 2017 to enhance members' accessibility and convenience in requesting for assistance. Using GPS, the app is able to accurately locate AA Members' exact breakdown location and provide real time notifications to keep members assured of their job status.

PRESIDENT'S MESSAGE

AA Singapore is also delighted to have set up the AA-Gtechniq Car Detailing service, satisfying AA Members' car grooming needs. AA-Gtechniq offers superior protection to your car by guarding it against external contaminants that damages the car's paint and finish.

Not forgetting members' lifestyle and travel needs, the AUTOVENTURE™ team organised a total of 15 trips and 34 talks and courses in 2017. One of the most notable trip for the year was the 43D42N AUTOVENTURE™ to Xin Jiang, Tibet and Everest Base Camp from 25 September – 5 November 2017. The convoy of 19 cars drove a total of 16,000km from Singapore up to China. Another interesting trip would be the 9D8N Fly-Drive to Jeju Island and Seoul. The trip was organised with the support of Korea Tourism Organization and Jeju Tourism Organization, allowing participants to get a first-hand try of driving an electric car as part of the efforts in promoting clean energy.

With the rise in use of ride-hailing and carpool platforms amongst commuters, the Association aims to ensure our members are well-protected when travelling on the roads. As such, AAS Insurance Agency (AAS-IA) rolled out a free extension on motor insurance, allowing drivers to be insured even when engaging in carpooling activities, without having to apply for a commercial motor insurance. A new commercial insurance scheme was also introduced to offer protection for businesses and their drivers while promoting overall road safety at the same time. AAS-IA also introduced additional coverage to cover pre-existing conditions for emergency medical evacuation under AA TourCare Plus to give travellers greater peace of mind. AA Senior Motor Plus was further enhanced to reduce eligible driver's age from 65 to 60 years old making it more accessible to wider group of drivers.

To further enhance the Association's role in advocating road safety, AAS Academy and their trainers have achieved new accreditations from DriveTech UK and the Royal Society for Prevention of Accidents to deliver a wider range of safe driver training courses to companies' fleet of drivers. Besides delivering classroom courses, AAS Academy offers on-road training as part of driver coaching for all classes of drivers. AAS Academy has also been accredited by RoSPA to offer fleet audit services for owners and fleet operators. Till date, AAS Academy has assessed over 5,000 drivers through the Online Driver Risk Assessment and Training System.

To encourage all motorists to be responsible for their driving behaviour, AAS Academy collaborated with our insurance partner, AIG Singapore, to reward safe drivers with insurance premium discounts through the use of Online Driver Risk Assessment programme. The initiative was well-received by the public and heartening results were observed.

MAINTAINING MOTORING SERVICE STANDARDS

In 2017, the Association had its fair share of challenges. The expiry of the EMAS vehicle recovery services contract in July 2017 meant that existing staff and assets had to be reviewed and redeployed to other operations units. Nonetheless, AA Singapore continues to uphold its service level and I am pleased to share that the overall response time for recovery services had improved. 80% of the job requested for mechanic assistance was attended to within 30 minutes and 71% of that requested for towing service was achieved in 45 minutes.

EVOLVING MOTORING LANDSCAPE AND CHALLENGES AHEAD

Achieving 110 years is indeed a milestone for the Association and as a motoring leader in Singapore, it is important for us to understand the evolving motoring landscape and staying relevant to the industry.

2018 will continue to be a challenging year for the Association. To remain competitive and sustainable, the Association has to adapt to changes and continue striving for service excellence. The General Committee and the Management of AA Singapore are working hard to meet the rising needs and I'm confident that we will be able to handle the challenges ahead.

On behalf of the Association, I wish to thank my fellow General Committee members, Resource Panel members, AA Management and staff, for all the hard work and commitment that they have put in throughout the year.

I would also like to thank all AA Members for being part of the big AA family over the years. Your presence helps to make the Association what it is today and we will continue to explore more benefits and value for you. Lastly, I would also like to thank our partners for their support in bringing greater benefits to our AA Members and we certainly look forward to your strong support in many more years to come.

Together, I look forward to driving AA Singapore to greater heights.

Thank you.

Bernard Tay
President

GENERAL COMMITTEE

BERNARD TAY
President

LOW BENG TIN
Deputy President

CHAN CHIK WENG
Committee Member

LEE HAN YANG
Committee Member

ROBERT TAN
Committee Member

TAY BOON KENG
Committee Member

CHIA HO CHOON
Secretary

RANKIN B. YEO
Treasurer

S CHANDRA MOHAN
Committee Member

TAN CHIAN KHONG
Committee Member

DAVID WONG
Committee Member

THOMAS YEOH
Committee Member

RESOURCE PANEL

ALVIN PHUA

DARYL LUA

DARRYL WEE

DENNY LIE

EDWIN TAN

TAN HUN TWANG

WONG SIEW HONG

YEAR
IN REVIEW

From a group of 57 motoring enthusiasts that gathered to form an automobile club in 1907, the Association has since grown and expanded its presence in the motoring community, celebrating its 110th Anniversary in 2017.

CONVENIENCE UNDER ONE ROOF

On 21 January 2017, the Association held its Groundbreaking Ceremony and launched the commencement of redevelopment works at 2 Kung Chong Road. The Groundbreaking Ceremony was officiated by Mr K Shanmugam, Minister for Home Affairs and Minister for Law. The new AA Centre is estimated to be completed by the fourth quarter of 2018. The new AA Centre will also house the Association and its subsidiaries, including AutoSwift Recovery under one roof, allowing members to enjoy one-stop service in a fuss-free manner. The centralised location will allow for improved overall operational efficiency, strengthening the Association's presence amongst the public and the motoring community.

REWARDS & PERKS FOR THE VALUED MEMBER

In celebration of AA's 110th Anniversary, special renewal promotions were introduced for the year and a total of 6,102 new members were recruited in 2017.

A new loyalty programme was launched for our existing members, rewarding those members who have been with AA Singapore for at least three years by waiving the fee of Roadside Assistance Service for usage of non-standard tow.

Motoring and lifestyle perks for AA Members were also enhanced with 6% increase in new privilege partners as compared to 2016.

YEAR
IN REVIEW

TEAMWORK FOR SUCCESSFUL TRIPS

As part of the celebrations, the AUTOVENTURE™ team organised the AA 110th Anniversary Drive 5D4N Adventure to Malacca, Ipoh and Penang from 14 – 18 June 2017. A total of 215 participants made up the convoy comprising 68 cars, being one of the largest scale trips organised by the Association in recent years.

The Association also organised a 9D8N Fly-Drive to Jeju Island and Seoul, supported by Korea Tourism Organization (KTO) and Jeju Tourism Organization (JTO). The drive also saw participants driving around the island using fully electric cars sponsored by JTO in effort to promote clean energy. The trip saw 19 participants and 7 cars. In September, AA Singapore organised one of its longest trips – a 42D41N AUTOVENTURE™ to Xin Jiang, Tibet and Everest Base Camp from 25 September – 5 November 2017, bringing with them 19 cars carrying 42 participants, driving a total of 16,000km spanning across Singapore to China.

Response for the trips in 2017 was favourable with a 21% increase in the number of AUTOVENTURE™ participants from 2016. AUTOVENTURE™ participants can now enjoy an elevated experience with the provision of complimentary Wi-Fi connectivity throughout the journey.

There was also a 5% increase in the take up rate for talks and courses organised within the year, as compared to 2016.

A total of 15 trips and 34 talks and courses were organised in 2017.

UPHOLDING OF REGULATIONS & STANDARDS

In the year of review, the Ministry of Home Affairs announced its intention to tighten regulations on fruit machines operators in Singapore. In support of these changes, the Association implemented several changes to members' use of AA Winners' Clubs. This include the change in operating hours and entry requirements with effect from 1 October 2017.

The Association values the importance of maintaining its quality in standards and service processes and ensuring its commitment towards the safety of its members and staff. During the renewal audit in 2017, AA Singapore is proud to be certified with the new ISO 9001:2015 standards and renewed its BS OHSAS 18001:2007 standards.

ENHANCING ROAD SAFETY EFFORTS

Statistics revealed in the Annual Road Traffic Situation 2016 by the Traffic Police showed a rising trend of accidents involving the elderly. In light of the figures, the Association launched the *"Safer Seniors, Safer Roads"* informational pamphlet for the elderly road users which was given out to the public at the annual Singapore Road Safety Month for 2017 held at nex shopping mall. The pamphlets highlighted the risks of elderly road users within Singapore.

The Association also supported the launch of the #3500LIVES road safety campaign in Singapore by the Federation Internationale de l'Automobile (FIA) and JCDecaux, a worldwide campaign to raise awareness and prompt road users to adopt easily applicable and efficient rules to combat against the 3,500 lives lost in car crashes worldwide daily. The billboard display featuring the "Use a Child Safety Seat" message endorsed by Michelle Yeoh, actress, producer and UNDP goodwill ambassador was unveiled in a 12 metres display at People's Park Centre on 1 August 2017.

Following the success of the inaugural Asia Pacific Road Safety and Mobility Conference 2015, the Association organised the Safe Driving and Mobility Conference 2017 on 20 – 21 October 2017. Featuring local and international expert speakers and safety professionals, the 1.5 day conference also included a road safety exhibition with the participation by various road safety partners, to exchange ideas and share perspectives on global developments and technology. We were honoured to have Associate Professor Dr Muhammad Faishal Ibrahim, Senior Parliamentary Secretary for Ministry of Social and Family Development and Ministry of Education as the Guest-of-Honour.

AA 110th Anniversary Dinner for AA Members was held on 21 October 2017, at Marina Bay Sands Convention Centre as a way of our appreciation for their continuous support over the years. To commemorate its significance, a remote controlled self-driven AA 110th Anniversary Cake was customised to order weighing over 100kg in the shape of AA's iconic yellow mechanic van. The dinner was graced by Guest-of-Honour Mr K Shanmugam whom we had the pleasure of inviting to the cake-cutting ceremony.

Besides educating motorists on staying safe locally, the Association also plays an active role when it comes to providing public with the needed knowledge and advice for driving overseas. In collaboration with Korea Tourism Organization (KTO), the Association developed the 'Must-Have Guide when Driving in Korea', distributed at AA outlets, KTO, events and roadshows.

YEAR
IN REVIEW

"We look forward to embracing changes in the evolving motoring landscape and begin creating the next decade's worth of memories with our members"

GIVING BACK TO THE COMMUNITY

Not forgetting its corporate social responsibility, the Association was proud to have sponsored 40,100 mooncakes used in a record-setting event graced by Prime Minister Lee Hsien Loong as part of the Mid-Autumn Festival celebrations. The mooncakes were distributed to residents, charities, homes, shelters, schools and community organisation in the Teck Ghee constituency.

INTO THE FUTURE

It was another productive year for our subsidiaries as well.

AAS Academy significantly expanded its portfolio of services throughout 2017.

AAS Academy was appointed by DriveTech UK as their certified local training provider offering personal driver coaching and on-road practical training for companies. Academy trainers have also achieved accreditation from the Royal Society for Prevention of Accidents (RoSPA) to conduct the MORR™ (Managing Occupational Road Risks) Review for fleet operators and owners and provide fleet audit and fleet policy drafting services besides driver safety training.

With the diverse range of expertise now under the belt of AAS Academy's trainers, the Academy has been actively engaged throughout the year to deliver training courses to companies who possess a fleet of drivers for their logistics needs.

To enhance its existing training solutions, the Online Driver Risk Assessment for heavy vehicle drivers, introduced in 2017, have been further refined and translated into Mandarin to cater to Chinese speaking drivers.

In 2017, AAS Academy partnered AIG Singapore to reward safe drivers with insurance premium discounts through the use of the Online Driver Risk Assessment programme. The encouraging result has led to a continuation of the collaboration into 2018.

RESPONSIBILITY IS OUR POLICY

A few initiatives were introduced in 2017 to improve AAS Insurance Agency's (AAS-IA) motor insurance offerings.

AAS-IA launched the free extension on motor insurance to provide coverage for drivers engaging in carpooling activities, making it the first in the industry which aims to bridge the gap faced by car owners in obtaining affordable coverage for themselves and their passengers when carpooling. Purchase of motor insurance also enabled members to enjoy a S$10,000 Group Term Life benefit.

AA Senior Motor Plus was enhanced to reduce eligible driver's age from 65 to 60 years old, making it more accessible to wider group of drivers. Through collaboration with AAS Academy, AAS-IA was able to offer up to 30% premium discount for drivers achieving Low Risk grading in the Online Driver Risk Assessment offered by AAS Academy.

AAS-IA also rolled out new commercial insurance schemes for businesses. Besides offering protection to businesses, the scheme also hopes to promote overall road safety by making use of telematics technologies to assess drivers' driving habits and behaviour and help businesses implement necessary measures to reduce vehicle accident rates.

For travellers, additional coverage has been introduced to cover pre-existing conditions for emergency medical evacuation under AA TourCare Plus to give travellers greater peace of mind.

WE TAKE CARE OF WHAT IS IMPORTANT

AA Singapore was the service provider for EMAS vehicle recovery services and the contract had ended in July 2017. Upon its cessation, existing staff and assets were reviewed and redeployed to other operations units.

Despite the change, AA Singapore remains committed to its service level. Overall, the response time for vehicle recovery services had improved. Response time for assistance by mechanics had improved by 2%, from 78% within 30 minutes to 80% from 2016 to 2017. The response time for tow service had improved by 11%, from 60% achieved within 45 minutes for 2016 to 71% in 2017.

To improve accessibility of our Roadside Assistance Service (RAS), the RAS mobile application was launched in July 2017, providing an alternative avenue for members to call for RAS. The app is able to pinpoint the exact breakdown location through GPS and allows members to be updated on their service request by receiving real time notifications on their job status. It also contains useful information such as nearby AA Approved Workshops and petrol stations.

YEAR
IN REVIEW

Together with the Consumer Association of Singapore (CASE), the Association participated in the launch of the Standard and Functional Evaluation (SAFE) checklist that guides consumers on what they need to know before buying a used car at the Motoring and You roadshow held in March 2017. The Association was one of the stakeholders consulted by CASE to produce the checklist.

Hearing members' needs for car grooming services, the Association launched the AA-Gtechniq Car Detailing. Using Smart Surface Science in its products, AA-Gtechniq offers superior protection against external contaminants to maintain its glossy finish.

ABOVE ALL IN SERVICE

The Singapore Police Co-operative Society continued to perform well with no lack of compliments received by the driving testers for their professionalism and good service, including a tester receiving the Commissioner of Police commendation award.

TOGETHER WE ARE STRONGER

The Association would not be able to achieve what it has without the hard work of its employees. It recognises the importance of the training and development of its staff and hopes to encourage greater self-development amongst its employees. As such, minimum training hours was implemented for every employee as a personal target. On the recreational front, the Association continued its efforts to foster interaction amongst its staff via Movie Day in July and AA Staff Dinner and Dance in December.

Achieving 110 years is a milestone for the Association. We look forward to embracing changes in the evolving motoring landscape and begin creating the next decade's worth of memories with our members.

MINUTES OF THE ANNUAL GENERAL MEETING

Minutes of the Annual General Meeting (AGM) of Members of the Automobile Association of Singapore held at Fort Canning Lodge (YWCA), 6 Fort Canning Road, Level 2 Sophia Cooke Ballroom, Singapore 179494 on Tuesday, 30 May 2017 at 6:30 pm.

PRESENT:
Bernard Tay, Chairman and President
Chia Ho Choon
Tan Chian Khong
Chan Chik Weng
Lee Han Yang
S Chandra Mohan
Robert Tan
Tay Boon Keng
Rankin B. Yeo
Thomas Yeoh Eng Leong

In accordance with Clause 14c of the Constitution, the quorum for an AGM should be 35. Ms Lo Wei Shih, the audit representative from Messrs Lo Hock Ling & Co. confirmed that at the close of 6:30 pm, the total number of members present was 77. As there was a quorum, President called the Meeting to order.

1 PRESIDENT'S ADDRESS

The President highlighted the following points:

The Association was kept busy in 2016 as we implemented several initiatives to improve our services to members.

Last year, we successfully launched the Highway magazine mobile app on both Android and iOS platforms, giving members flexibility and better accessibility to the digital magazine anytime, anywhere.

Members may also notice that we have recently revamped the website with an improved look, making it more user-friendly for members to search for information.

In July 2016, we extended our car battery protection from 15 to 24 months as an added benefit to our members. The 24-month car battery protection is the longest battery warranty in Singapore and the revised warranty period will enable members to enjoy better value on their battery purchases.

We have now reviewed all our insurance products which include changes to our Group Term Life insurance policy plans. AAS Insurance Agency (AAS-IA) entered into a new partnership with Tokio Marine Life Insurance Singapore Ltd. (TMLS) last September to revamp the Group Term Life plans and continue its coverage for members at very affordable rates. AAS-IA also rolled out new motor and travel insurance policy plans known as the AA Motor 365 and AA Xplora 365. Feedback from members on these changes have been positive so far. We will continue to improve our insurance offerings to ensure our members are well protected.

Our annual travel collaboration with Lianhe Wanbao continues to be very successful and the event, in its 8th consecutive year, achieved a total participation of 47 cars with 137 participants. The group travelled to Phuket for an 8-day getaway.

The Autoventure team organised a total of 16 Autoventure holidays last year, and with two long trips amongst the mix. Our longest trip in 2016 was an ambitious 36-day drive to Zhang Jia Jie, Shangri-La & Li Jiang, China. 10 cars and 18 participants covered a journey of over 15,000 km. Another notable trip was the 18-day Autoventure drive to Cambodia and Vietnam. The trip was especially memorable as Cambodia's Ministry of Tourism gave special approval for our convoy to drive into the Angkor Wat, where vehicle entry is not usually open to tourists.

AA Singapore dedicates itself as an advocate for road safety. Last year, the Association launched the "Always Belt-up Children – *Safe Kids on Roads*" children activity book. Parents often ignore or misuse the child seat when

MINUTES OF THE
ANNUAL GENERAL MEETING

travelling with children in cars and the book contained useful information about various child restraint systems and their appropriate methods of use. Through the book, children are engaged with interesting illustrations and educated on correct road behaviours. It also serves as reminders to parents to adopt safe road practices. Over 30,000 activity books were distributed to all K1 and K2 students in PCF centres islandwide, private pre-schoolers and the wider public.

To emphasise the importance of road safety issues, the Association also introduced the "I Pledge to be a 5-Star Safe Road User!" online pledge. With every online pledge received, the Association would donate $5 to The Straits Times School Pocket Money Fund (STSPMF). The Association collected over 2,000 pledges for the cause and donated a total of $15,000 to STSPMF.

Besides raising road safety awareness, the Association also takes on an active role in improving road safety and raising higher standards of driving through continuous learning.

Since its establishment in 2015, AAS Academy has been conducting Crash Prevention Course for commercial drivers as IRU's first and only accredited training institute in Southeast Asia. In 2016, the Academy delivered the Crash Prevention Course to more than 100 drivers. The course has also been made available in Mandarin.

AAS Academy has also acquired the Online Driver Risk Assessment and Training System in 2016, expanding its curriculum to serve both commercial and non-commercial drivers. The system is currently available to all AA members and since its launch, over 2,000 drivers have completed the programme. It provides a comprehensive insight into the driver's driving profile and understanding them is a significant step towards creating safer drivers and safer roads.

AAS Academy also partnered the Royal Society for the Prevention of Accidents (RoSPA) and achieved RoSPA's Course and Centre Approval to deliver the Certification of Professional Competence courses designed and developed to enhance the skills and risk awareness of commercial drivers.

Members were informed that our subsidiary, AutoSwift Recovery, has relocated their office to 10 Kallang Way in preparation of the redevelopment for 2 Kung Chong Road. Members who require technical services for their vehicles are reminded to visit 10 Kallang Way. The President also wished to thank members who attended the Groundbreaking Ceremony at 2 Kung Chong Road and witnessed the significant milestone of the Association in January.

Last year, members were informed that the EMAS vehicle recovery services had been extended for another 18 months with effect from February 2016. Following the extension, a tender was called for the new contract but unfortunately, due to changes in tender specifications, the contract was awarded to a new player. Hence, we are currently reviewing on redeploying the EMAS assets to our operations unit and members can be assured that we will continue to maintain our service level and remain committed to providing service to the motoring community.

In 2014, the Association acquired a property at 217 East Coast Road and in view of the current property market situation, there is a declining trend on rental rates for the retail shops and office spaces. The Association has since engaged a consultancy firm for better repositioning and revitalising the building for higher rental income.

The Association has come a long way from its humble beginnings in 1907 and this year marks our 110th Anniversary and we will continue to carry forward AA's legacy as we continue the journey with our members.

To commemorate the celebratory year, some of the upcoming 110th Anniversary events include our iconic Autoventure, 5D4N Drive to Malacca, Ipoh and Penang; a Safe Driving and Mobility Conference as well as the AA 110th Anniversary Dinner. Members are welcomed to join us at all our events and to keep a lookout for more information on the events in the Highway magazine.

I wish to thank all our members for their strong support over the years.

2

TO CONFIRM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 25 MAY 2016

There were no other comments and the Minutes were confirmed as proposed by Mr Tay Choon Mong and seconded by Mr Tan See Peng.

3

TO RECEIVE AND, IF APPROVED, ADOPT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The annual report and audited financial statements were put before the meeting for discussion.

Q1 Page 27 – Income from fruit machine net takings.
Mr Tan Tok Jin wanted to know the gross takings from the fruit machine.

A1 The Chairman replied that the gross takings were $31,332,000.

Mr Tan commented that the takings were low as compared to Tanjong Pagar Football Club.

The Chairman explained that their higher takings probably depended on the number of machines and the players who played the fruit machines. There are various types of machines with different denominations and the product mix also varies.

Q2 Page 51 – Investment Property.
Mr Tan Tok Jin noted the big drop in the property rentals as compared to last year.

A2 The Chairman replied that some tenants had moved out upon the expiry of their contracts. Rentals had also been adjusted to the market rate and the property will be operating at 94% capacity in July 2017.

Q3 Page 56 – Trade Receivables.
Mr Tan Tok Jin enquired on the big increase in the trade receivables which had shot up to $4.7 million as compared to last year of $3.5 million.

A3 The CFO replied that the trade receivables are related to the LTA contract as well as the AA-SPCS contract. The Association has yet to receive the outstanding payment from the Government and the amount is expected to be received in 2017.

Q4 Page 51 – Investment Property (Note 13).
Mr Jimmy Tan wanted a clarification on the Investment Property on the 5-storey East Coast Road that the Association purchased in mid-2014. The market value was about $43 million during the purchase of the property. However, it has been fair valued to $40 million as at 31 December 2016.

A4 The Chairman replied that this was due to the Singapore Accounting Standard, where the investment property is stated at cost less accumulated depreciation and impairment loss as at 31st December 2016.

Q5 Mr Jimmy Tan enquired on the total net rental income received by the Association for the two and a half years from middle of 2014 to end of 2016.

A5 The Chairman replied that it was estimated at $3.3 million.

Q6 Mr Jimmy Tan next asked which valuer would be used for the consulting work.

A6 The CFO replied that there is express intention to use Colliers International to assist in the consultation work.

Page 27 – Income from other services.

Mr Tan Choon Mong wanted to commend the Committee for doing a great job as the income from other services had steadily increased.

The Chairman thanked Mr Tan Choon Mong for his compliment.

MINUTES OF THE ANNUAL GENERAL MEETING

Q7 Page 27 – Employee benefits expense.
Mr Tan Choon Mong noted that there was an increase of about $2 million from 2015 to 2016.

A7 The CFO replied that this was with regard to the joint venture that the Association had with AA-SPCS. In May 2015, the joint venture employed 18 personnel to provide the driver testing but in 2016, the number had increased to 28 and this was a contractual requirement.

Q8 Page 27 – Membership.
Mr Tan See Peng remarked on the declining membership and his concern on the promotion of safety issues for unmanned vehicles.

A8 The Chairman replied that the Government had been investing in technology and driverless cars and looking into its implementation by 2030. However, there are various issues to be resolved, including safety measures for personal mobility vehicles. At FIA, where the Association is an affiliated club, FIA has also conducted studies overseas and researches on the impact of driverless cars and safety issues.

Q9 Mr James Han commented that the Association has around 78,000 members but attendance at the AGM is low. He asked if efforts could be made to attract more attendees as he also noticed that there was no lady member in the GC. Lastly, Mr James Han asked if the discount on the Caltex petrol card could be increased as payment by credit card issuers offered a higher discount instead.

A9 The Chairman replied that they were trying to bring in younger members to the EXCO as well as attracting more members to attend the meetings. As for the petrol discount, the Chairman replied that they were still trying to get better deals for the members too.

Q10 Mr Chan Kok Leong asked how much do the Autoventure trips contribute to the profits of the Association.

A10 The Chairman replied that the objectives of these trips were for the welfare of members, and not profit-making. Besides the safety precautions taken, extra costs were incurred for purchase of insurance to ensure members' safety too.

The CFO further reported that the Association had been subsiding these trips for both years in 2015 and 2016.

Q11 Mr Gerald Tay commented on the Government's quest to encourage parking near MRT stations so as to reduce driving on the roads and avoiding congestion. However, he remarked that this approach was incorrect. He suggested that in order to entice more parking, the parking fees should be staggered. Free parking should also be considered for motorists who continue to park their vehicles instead of driving. Mr Gerald Tay suggested that this idea could be submitted to the relevant authorities.

A11 The Chairman replied that the government was gradually reducing parking lots and the GC would forward his suggestion to the relevant authorities for their consideration.

There were no other comments and the accounts were approved as proposed by Mr Shiao Chung Chiang and seconded by Mr James Han.

4

TO ELECT SIX MEMBERS TO THE COMMITTEE FOR THE ENSUING TERM

The Chairman informed that under the Association's Constitution, the term of office of 6 committee members had expired and the need to elect 6 members to the GC.

The Chairman informed that the auditors, Messrs Lo Hock Ling & Co. had duly verified and confirmed the nominations received.

Ms Lo Wei Shih, the audit representative from the auditors, reported that 6 nominations were received at 5:00 pm on 19 May 2017, being the time and date set for nominations to be closed.

The 6 nominees duly nominated were:
Low Beng Tin
Chia Ho Choon
David Wong
Rankin B. Yeo
Robert Tan
S Chandra Mohan

There were 6 candidates for the 6 vacancies and all the 6 were deemed elected.

The Chairman welcomed the newly elected members to the GC.

5

TO APPOINT AUDITORS FOR THE ENSUING YEAR

The Chairman informed that the present auditors, Messrs Lo Hock Ling & Co. had indicated their willingness to be re-appointed for the ensuing year.

The motion to re-elect Messrs Lo Hock Ling & Co. as auditors was then proposed by Mr Shiao Chung Chiang and seconded by Mr Niam Seng Wang Henry.

Messrs Lo Hock Ling & Co. was re-appointed as auditors for the ensuing year.

6

TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE IN WRITING HAS BEEN RECEIVED BY THE CHIEF EXECUTIVE OFFICER BY 5:00 PM ON TUESDAY, 23 MAY 2017

The Chairman informed the Meeting that as at 5:00 pm on 23 May 2017, there was no letter received from Members.

7

THE CHAIRMAN THANKED ALL MEMBERS FOR ATTENDING THE AGM

As there was no other business to be discussed, the Chairman formally declared the Meeting closed at 7:15 pm.

The Chairman thanked Members for taking their valuable time off to attend the Meeting and for their support and look forward to their continued support in the years ahead.

FINANCIAL CONTENTS

1. INSTRUMENT OF SETTING UP THE ASSOCIATION

Constitution of Automobile Association of Singapore

2. UNIQUE ENTITY NUMBER OF THE ASSOCIATION

S61SS0040C

3. REGISTERED ADDRESS

535 Kallang Bahru #02-08 GB Point Singapore 339351

4. GENERAL COMMITTEE

Name	**Designation**
Mr. Bernard Tay Ah Kong	President
Mr. Low Beng Tin	Deputy President
Mr. Chia Ho Choon	Secretary
Mr. Tan Chian Khong	Committee Member (resigned as Treasurer on 31 December 2017)
Dr. S Chandra Mohan	Committee Member
Mr. Lee Han Yang	Committee Member
Mr. Chan Chik Weng	Committee Member
Prof. Tay Boon Keng	Committee Member
Mr. Rankin B. Yeo	Committee Member (appointed as Treasurer from 1 January 2018)
Mr. Robert Tan	Committee Member
Mr. Thomas Yeoh	Committee Member
Mr. David Wong	Committee Member

5. AUDIT SUB-COMMITTEE

Mr. Low Beng Tin
Mr. Chia Ho Choon
Mr. Rankin B. Yeo
Mr. Bernard Tay Ah Kong (Ex-Officio)

6. FINANCE AND INVESTMENT SUB-COMMITTEE

Mr. Tan Chian Khong
Mr. Robert Tan
Mr. Thomas Yeoh
Mr. Bernard Tay Ah Kong (Ex-Officio)

7. HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE

Mr. Lee Han Yang
Mr. Low Beng Tin
Mr. Chia Ho Choon
Mr. Bernard Tay Ah Kong (Ex-Officio)

8. NOMINATION SUB-COMMITTEE

Mr. Lee Han Yang
Dr. S Chandra Mohan
Prof. Tay Boon Keng
Mr. Bernard Tay Ah Kong (Ex-Officio)

9. PRINCIPAL BANKERS

DBS Bank Ltd
Standard Chartered Bank Singapore

10. AUDITORS

Lo Hock Ling & Co.
Chartered Accountants Singapore

STATEMENT BY THE **GENERAL COMMITTEE**

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 27 to 64 are drawn up so as to give a true and fair view of the financial position of the Group and the Association as at 31 December 2017 and the financial performance and changes in funds of the Group and the Association and cash flows of the Group for the year ended on that date.

The General Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the General Committee

Bernard Tay Ah Kong	Tan Chian Khong
President	Committee Member

Singapore, 18 April 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 27 to 64, which comprise the statements of financial position (balance sheets) of the Group and of the Association as at 31 December 2017, the statements of comprehensive income and statements of changes in funds of the Group and of the Association, and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Association as at 31 December 2017 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group, and of the financial performance and changes in funds of the Association 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 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.

Other Information

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.

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 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and General Committee 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 FRSs, 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 General Committee's 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 or 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 General Committee 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act, Chapter 311 and the provisions of the Singapore Companies Act, Chapter 50 to be kept by the Association and by the subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept.

During the course of our audit, nothing came to our notice that caused us to believe that, in all material respects,

(i) any profits from the private lotteries were accrued to any individuals; or

(ii) any commission either in money or money's-worth, including by way of free tickets or chances, was paid in respect of the sales of tickets or chances.

LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 18 April 2018

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group 2017 $	Group 2016 $	Association 2017 $	Association 2016 $
INCOME					
Membership subscriptions and entrance fees		**3,195,810**	3,378,636	**3,188,469**	3,365,205
Vehicle recovery and towing services		**9,426,397**	15,565,876	**50,342**	56,458
Fruit machine net takings	3	**2,792,336**	4,027,027	**2,792,336**	4,027,027
Income from other services	4	**5,779,896**	4,550,921	**2,473,764**	2,407,825
Interest income	5	**1,090,520**	1,295,833	**1,065,291**	1,208,347
Rental income (net)	6	**759,427**	961,304	**69,516**	155,400
Other income	7	**857,009**	973,474	**1,860,989**	2,191,558
Total income		**23,901,395**	30,753,071	**11,500,707**	13,411,820
LESS EXPENDITURE					
Depreciation expense	8	**1,978,300**	3,176,776	**830,254**	1,489,949
Loss on building demolition for leasehold property redevelopment	13	**–**	203,046	**–**	–
Impairment loss on investment property	14	**–**	3,568,280	**–**	–
Amortisation of intangible assets	15	**8,041**	12,898	**–**	–
Employee benefits expense	9	**13,247,939**	17,190,592	**3,927,487**	4,400,304
Membership promotion, publicity and meetings		**882,686**	1,046,480	**895,125**	1,046,480
Other expenses	10	**6,340,926**	6,049,888	**5,870,259**	5,606,373
Total expenditure		**22,457,892**	31,247,960	**11,523,125**	12,543,106
Surplus/(deficit) before tax		**1,443,503**	(494,889)	**(22,418)**	868,714
Income tax expense	12	**(478,973)**	(499,951)	**(136,780)**	(113,784)
Surplus/(deficit) for the year		**964,530**	(994,840)	**(159,198)**	754,930
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Reversal upon disposal of available-for-sale financial assets		**299,960**	54,675	**299,960**	54,675
Net changes in fair value of available-for-sale financial assets		**(8,360)**	(6,675)	**(104,240)**	(68,355)
Other comprehensive income/(loss) for the year, net of tax		**291,600**	48,000	**195,720**	(13,680)
Total comprehensive income/(loss) for the year		**1,256,130**	(946,840)	**36,522**	741,250
Surplus/(deficit) attributable to:					
Members of the Association		**752,159**	(1,147,901)	**(159,198)**	754,930
Non-controlling interests		**212,371**	153,061	**–**	–
		964,530	(994,840)	**(159,198)**	754,930
Total comprehensive Income/(loss) attributable to:					
Members of the Association		**1,043,759**	(1,099,901)	**36,522**	741,250
Non-controlling interests		**212,371**	153,061	**–**	–
		1,256,130	(946,840)	**36,522**	741,250

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2017

	Notes	Group 2017 $	Group 2016 $	Association 2017 $	Association 2016 $
ASSETS					
Non-Current Assets					
Property, plant and equipment	13	**16,866,604**	11,216,571	**867,598**	1,473,577
Investment property	14	**39,704,207**	40,000,000	**–**	–
Intangible assets	15	**3,024**	50,532	**–**	–
Available-for-sale financial assets	16	**10,789,575**	10,608,675	**7,659,885**	7,574,865
Investments in subsidiary companies	17	**–**	–	**4,386,502**	4,386,502
Amount due from subsidiary companies	18	**–**	–	**45,000,000**	45,000,000
		67,363,410	61,875,778	**57,913,985**	58,434,944
Current Assets					
Available-for-sale financial assets	16	**–**	2,011,800	**–**	2,011,800
Inventories	19	**80,296**	72,313	**37,520**	72,313
Trade and other receivables	20	**3,622,990**	7,815,117	**2,467,256**	5,338,938
Amount due from subsidiary companies	18	**–**	–	**22,171,469**	16,938,123
Cash and cash equivalents	21	**50,804,085**	50,615,590	**6,050,780**	9,682,905
		54,507,371	60,514,820	**30,727,025**	34,044,079
Total Assets		**121,870,781**	122,390,598	**86,641,010**	92,479,023
TOTAL FUNDS, RESERVES AND LIABILITIES					
FUNDS AND RESERVES					
Accumulated fund		**108,233,741**	107,772,582	**79,261,333**	79,636,531
Fair value reserve	22	**(13,925)**	(305,525)	**(98,615)**	(294,335)
Fruit machine replacement reserve	23	**312,633**	96,633	**312,633**	96,633
Total funds and reserves attributable to members of the Association		**108,532,449**	107,563,690	**79,475,351**	79,438,829
Non-controlling interests		**579,600**	367,229	**–**	–
Total Funds and Reserves		**109,112,049**	107,930,919	**79,475,351**	79,438,829
LIABILITIES					
Non-Current Liabilities					
Subscriptions received in advance	24	**2,292,660**	2,589,827	**2,292,660**	2,589,827
Deferred tax liabilities	25	**368,368**	368,368	**–**	–
Trade and other payables	26	**364,276**	356,300	**356,300**	356,300
		3,025,304	3,314,495	**2,648,960**	2,946,127
Current Liabilities					
Subscriptions received in advance	24	**1,867,912**	1,990,370	**1,866,482**	1,984,459
Trade and other payables	26	**7,376,617**	8,496,544	**3,838,264**	4,121,431
Amount due to subsidiary companies	18	**–**	–	**673,153**	3,833,579
Current tax liabilities		**488,899**	658,270	**138,800**	154,598
		9,733,428	11,145,184	**6,516,699**	10,094,067
Total Liabilities		**12,758,732**	14,459,679	**9,165,659**	13,040,194
Total Funds, Reserves and Liabilities		**121,870,781**	122,390,598	**88,641,010**	92,479,023

The accompanying notes form an integral part of these financial statements.

Group	Note	Accumulated fund $	Fair value reserve $	Fruit machine replacement reserve $	Total funds and reserves attributable to members of the Association $	Non-controlling interests $	Total funds and reserves $
Balance as at 1 January 2016		109,013,516	(353,525)	3,600	108,663,591	214,168	108,877,759
Total comprehensive income/ (loss) for the year		(1,147,901)	48,000	–	(1,099,901)	153,061	(946,840)
Transactions with owners, recognised directly in total funds and reserves							
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(93,033)	–	93,033	–	–	–
		(93,033)	–	93,033	–	–	–
Balance as at 31 December 2016		107,772,582	(305,525)	96,633	107,563,690	367,229	107,930,919
Total comprehensive income for the year		752,159	291,600	–	1,043,759	212,371	1,256,130
Transactions with owners, recognised directly in total funds and reserves							
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(216,000)	–	216,000	–	–	–
Dividends paid to non-controlling shareholder of subsidiary company		(75,000)	–	–	(75,000)	–	(75,000)
		(291,000)	–	216,000	(75,000)	–	(75,000)
Balance as at 31 December 2017		**108,233,741**	**(13,925)**	**312,633**	**108,532,449**	**579,600**	**109,112,049**

Association	Note	Accumulated fund $	Fair value reserve $	Fruit machine replacement reserve $	Total $
Balance as at 1 January 2016		78,974,634	(280,655)	3,600	78,697,579
Total comprehensive income/ (loss) for the year		754,930	(13,680)	–	741,250
Transactions with owners, recognised directly in total funds and reserves					
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(93,033)	–	93,033	–
Balance as at 31 December 2016		79,636,531	(294,335)	96,633	79,438,829
Total comprehensive (loss)/ income for the year		(159,198)	195,720	–	36,522
Transactions with owners, recognised directly in total funds and reserves					
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(216,000)	–	216,000	–
Balance as at 31 December 2017		**79,261,333**	**(98,615)**	**312,633**	**79,475,351**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group 2017 $	Group 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/(deficit) before tax		**1,443,503**	(494,889)
Adjustments for:			
Depreciation expense	8	**1,978,300**	3,176,776
Amortisation on intangible assets	15	**8,041**	12,898
Intangible assets written off		**39,467**	–
Property, plant and equipment written off		**16,109**	224,349
Loss on disposal of available-for-sale financial assets		**381,000**	58,500
Impairment loss on investment property	14	**–**	3,568,280
Loss on building demolition for leasehold property redevelopment	13	**–**	203,046
Interest income	5	**(1,090,520)**	(1,295,833)
Gain on disposal of property, plant and equipment		**(281,295)**	(1,627)
Operating surplus before working capital changes		**2,494,605**	5,451,500
Increase in inventories		**(7,983)**	(34,655)
Decrease/(increase) in receivables		**3,995,584**	(1,020,764)
(Decrease)/increase in payables		**(1,111,951)**	608,028
Decrease in subscriptions received in advance		**(419,625)**	(270,321)
Cash generated from operations		**4,950,630**	4,733,788
Interest received		**16,243**	1,255
Income tax paid		**(648,344)**	(267,606)
Net cash from operating activities		**4,318,529**	4,467,437
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		**(2,367,667)**	(825,460)
Interest received		**1,270,820**	1,156,688
Purchase of available-for-sale financial assets		**(6,258,500)**	–
Purchase of property, plant and equipment	13	**(7,391,253)**	(1,239,021)
Purchase of intangible assets	15	**–**	(1,135)
Proceeds from disposal of available-for-sale financial assets		**8,000,000**	1,500,000
Proceeds from disposal of property, plant and equipment		**323,899**	4,166
Net cash (used in)/from investing activities		**(6,422,701)**	595,238
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		**(75,000)**	–
Net cash used in financing activities		**(75,000)**	–
Net (decrease)/increase in cash and cash equivalents		**(2,179,172)**	5,062,675
Cash and cash equivalents at beginning of the year		**14,947,915**	9,885,240
Cash and cash equivalents at end of the year	21	**12,768,743**	14,947,915

The accompanying notes form an integral part of these financial statements.

The following notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

(a) Automobile Association of Singapore (the "Association") is registered in the Republic of Singapore under the Societies Act Cap.311. Its registered office is located at 535 Kallang Bahru, #02-08 GB Point, Singapore 339351.

(b) The principal activities of the Association are to provide members with information, assistance, recreation and other facilities and advice on matters pertaining to motoring.

(c) The principal activities of the subsidiary companies are detailed in note 17 to the financial statements.

(d) During the financial year, the Association did not conduct any fund-raising appeal as defined in the Societies Regulations issued under the Societies Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are presented in Singapore dollars ("$"), which is also the functional currency of the Association.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Group adopted all the applicable new/revised FRSs which are effective on or before 1 January 2017.

The adoption of these new/revised FRSs did not have any material effect on the Group's financial statements and did not result in substantial changes to the Group's accounting policies.

(b) Significant Accounting Estimates and Judgments

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation/Amortisation of Property, Plant and Equipment, Investment Property and Intangible Assets

The cost of property, plant and equipment, investment property and intangible assets are depreciated/amortised on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment, investment property and intangible assets are disclosed in notes 2(h), 2(i) and 2(j) respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation/amortisation charges could be revised. The carrying amounts of property, plant and equipment, investment property and intangible assets and their respective depreciation/amortisation charge for the year are disclosed in notes 13, 14 and 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant Accounting Estimates and Judgments (Continued)

(A) Key Sources of Estimation Uncertainty (Continued)

(ii) Income Taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the current tax liabilities and deferred tax liabilities of the Group and the Association are disclosed in the statements of financial position.

(iii) Allowance for Bad and Doubtful Debts

The impairment policy for bad and doubtful debts of the Group and the Association is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, the trade receivables, net of allowance, of the Group and the Association amounted to $207,306 (2016: $3,361,583) and $15,589 (2016: $2,789,701) respectively. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required.

(B) Critical Judgments Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements.

(i) Impairment of Financial Assets

The Group follows the guidance of FRS 39 "Financial Instruments: Recognition and Measurement" on determining when a financial asset is other-than-temporarily impaired. This determination requires significant judgment. The Group evaluates, among other factors, the duration and extent to which the fair value of an financial asset is less than its cost; the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(ii) Impairment of Investments in Subsidiary Companies

The Group follows the guidance of FRS 36 "Impairment of Assets" in determining whether its long term investments in subsidiary companies have been impaired. This determination requires significant judgment. The Group evaluates, among other factors, whether the recoverable amount of the investment is less than its carrying amount, the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) FRSs issued but not yet effective

The Group has not applied any new FRS that has been issued but is not yet effective. The General Committee plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

The new FRSs issued but are not yet effective that are relevant to the Group's financial statements are as follows:

New FRSs relevant to the Group's financial statements:	Effective for annual periods beginning on or after
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

The nature of the impending changes in accounting policy on adoption of the above new FRSs are described below.

(i) FRS 109 Financial Instruments

FRS 109, which replaces *FRS 39 Financial Instruments: Recognition and Measurement* when it becomes effective, introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting.

FRS 109 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss, with the irrevocable option at inception to present changes in fair value in other comprehensive income. Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to accumulated funds within total funds.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in other comprehensive income.

FRS 109 relaxes the rules-based hedge effectiveness testing by removing the 80% to 125% bright line threshold for hedge effectiveness testing. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

The impairment requirements in FRS 109 are based on an expected credit loss model, which replaces the FRS 39 incurred loss model. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, contract assets, loan commitments and certain financial guarantee contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) FRSs issued but not yet effective (Continued)

(i) FRS 109 Financial Instruments (Continued)

Potential impact on the financial statements

The Group will apply FRS 109 retrospectively on its effective date on 1 January 2018.

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into appropriate categories under FRS 109.

Cash and cash equivalents and receivables, currently classified as "loans and receivables" measured on amortised cost basis, will continue to be accounted for using the amortised cost model under FRS 109.

For other financial assets held by the Group, the following adjustments to their classifications are expected as a result of the management's assessment of the Group's business model and contractual cash flow characteristics:

Quoted commercial bonds currently classified as "available-for-sale" (AFS) will be reclassified to FVOCI as the Group's business model on these assets is to collect contractual cash flows consisting solely of payments of principal and interest and to sell these assets.

Impairment of financial assets

The following financial assets will be subject to impairment assessment under the expected credit loss impairment model under FRS 109:

- trade receivables and contract assets;
- debt instruments carried at FVOCI and amortised cost; and
- loans to related parties and other receivables at amortised cost.

Based on the management's assessment, the Group does not expect a significant increase in loss allowance for expected credit losses on its receivables when FRS 109 expected credit loss impairment model is adopted.

(ii) FRS 115 Revenue from Contracts with Customers

FRS 115, which replaces FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations when it becomes effective, establishes a five-step model that will apply to revenue arising from contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) FRSs issued but not yet effective (Continued)

(ii) FRS 115 Revenue from Contracts with Customers (Continued)

The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised in accordance with that core principle by applying the following steps:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when (or as) a performance obligation is satisfied by the transfer of control of the promised good or service to the customer. Control refers to the ability to direct the use of, and obtain substantially all the remaining benefits from, the good or service.

FRS 115 also includes a cohesive set of disclosure requirements that will provide sufficient information in the financial statements to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Potential impact on financial statements

The Group will adopt FRS 115 retrospectively in accordance with the requirements of the Standard on its effective date on 1 January 2018.

Based on the management's assessment, the Group does not expect significant changes to the recognition criteria for most of its existing revenue arrangements.

(iii) FRS 116 Leases

FRS 116, which replaces *FRS 17 Leases* and the related Interpretations when it becomes effective, requires lessees to recognise most leases on the balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – short-term leases and leases of 'low value' assets.

Lessor accounting requirements under FRS 116 are substantially the same as the current FRS 17. A lessor continues to classify its leases as either operating leases or finance leases, and to account for those two types of leases differently.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) FRSs issued but not yet effective (Continued)

(iii) FRS 116 Leases (Continued)

Potential impact on financial statements

FRS 116 requires a lessee to apply this Standard retrospectively in accordance with the requirements of the Standard on its effective date on 1 January 2019.

Based on preliminary assessment of the Group's existing operating lease arrangements as a lessee, the management expects most of the operating leases to be recognised as right-of-use (ROU) assets with corresponding lease liabilities under the new standard.

(d) Revenue Recognition

(i) Subscriptions and Fees Income

Membership subscriptions (other than those paid in advance) and entrance fees are recognised as income when they are due and upon receipt from members.

Subscriptions received in advance

– Life membership subscriptions received in advance are recognised as income on a straight line basis over a period of 30 years.

– Ordinary, Family and Corporate membership subscriptions received in advance are recognised as income in the year in which the subscriptions fall due.

(ii) Fruit Machine Takings

Fruit machine takings are recognised as revenue upon receipt.

(iii) Service Income

Service income is recognised in profit or loss when services are rendered and invoiced.

(iv) Interest Income

Interest on fixed deposits and bonds are recognised in profit or loss on a time proportion basis, using the effective interest method.

(v) Rental Income

Rental income from operating lease is recognised on a straight line basis over the lease period.

(e) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions attached to the grant will be complied with. Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee Benefits

(i) Defined Contribution Plans

The Group makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(ii) Short Term Compensated Absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the balance sheet date.

(g) Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss (either in other comprehensive income or directly to accumulated fund), in which case, it is recognised in other comprehensive income or directly to accumulated fund accordingly.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on all taxable temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to other comprehensive income or directly in accumulated fund if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income or directly to accumulated fund.

(h) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, Plant and Equipment (Continued)

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The estimated useful lives are as follows:

Motor vehicles and equipment	5 – 10 years
Tow trucks	10 years
Furniture, fittings and office equipment	5 years
Fruit machine	4 years
Renovations	3 – 10 years
Technical equipment	10 years

Leasehold property is depreciated on the straight-line basis over the remaining lease period which expires in 2054. Leasehold property under construction is not depreciated as the asset is not available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be included in profit or loss when the item is derecognised.

(i) Investment Property

Investment property, which is held on a long term basis for investment potential and rental income, is stated at cost less accumulated depreciation and impairment loss, recognised in accordance with note 2(p) to the financial statements.

Freehold land is not depreciated. The cost of the building erected on the freehold land is depreciated on the straight line basis so as to write off the cost of the asset over its estimated useful life, as follows:

Freehold property	25 years

The residual value and useful life of investment property are reviewed and adjusted as appropriate, at each balance sheet date.

The costs of major renovations and improvements are capitalised as additions and the carrying amount of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

Upon the disposal of the investment property, the difference between the estimated net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible Assets

Intangible assets are measured initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over their estimated useful lives when the assets are available for use. In addition, they are subject to annual impairment testing. Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Computer software	5 years

(k) Financial Assets

A. *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation of every reporting date.

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those maturing more than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Receivables with a short duration are not discounted.

(ii) *Available-For-Sale Financial Assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category at initial recognition or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Available-for-sale financial assets are recognised initially at fair value plus transactions costs, and subsequently carried at fair value. Unrealised gains and losses arising from changes in fair value of these financial assets are recognised directly in other comprehensive income and accumulated in a separate component of total funds as fair value reserve.

When available-for-sale financial assets are sold or impaired, the cumulative fair value adjustments in the fair value reserve is reclassified from total funds to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Assets (Continued)

B. *Recognition and Derecognition*

Financial assets are recognised on the balance sheet when the Group becomes a contractual party to the contractual provisions of the financial instrument. Purchases and sales of investments are recognised on trade-date, that is, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

C. *Determination of Fair Value*

The fair values of quoted financial assets are based on bid price as at balance sheet date. For quoted financial assets without an active market and for unquoted financial assets, the Group establishes fair value by using valuation techniques.

D. *Impairment of Financial Assets*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) *Impairment of Loans and Receivables*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

(ii) *Impairment of Available-For-Sale Financial Assets*

A significant or prolonged decline in the fair value of an available-for-sale equity investment is considered in determining whether the investment is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from total funds to profit or loss. Impairment losses recognised in profit or loss for equity investments are not reversed through profit or loss.

If impairment loss has been recognised on debt instruments classified as available-for-sale, and subsequent to the impairment recognition the fair value increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments in Subsidiaries

(i) Subsidiary and Basis of Consolidation

Investments in subsidiary companies are held on a long term basis and stated in the Association's balance sheet at cost less impairment loss, if any.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

The consolidated financial statements comprise the financial statements of the Association and its subsidiary companies made up to the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Association. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests are that part of the net results of operations and net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Association. They are shown separately in the consolidated statement of comprehensive income, statement of changes in funds and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Any excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in profit or loss on the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments in Subsidiaries (Continued)

(iii) Disposals

When a change in the Group's ownership interests in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary, including any goodwill, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(iv) Transactions with Non-Controlling Interests

Changes in the Association's ownership interests in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with fund owners of the Association. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received are recognised within total funds attributable to members of the Association.

(m) Inventories

Inventories comprising of car products and accessories, travel guide books and maps are stated at the lower of cost and net realisable value after adequate allowance has been made for deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits which are subject to insignificant risks of changes in value. For the purpose of the statement of cash flows, fixed deposits pledged with banks and/or deposits with maturities more than 3 months are excluded from cash and cash equivalents.

(o) Financial Liabilities

Financial liabilities include trade and other payables and payables to related parties. Financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial Liabilities (Continued)

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(p) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. An impairment loss (except for impairment loss on goodwill) is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(q) Leases

Operating Leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the Group is the lessor, assets leased out under operating leases are included in investment property/property, plant and equipment. Income arising from such operating lease is recognised on a straight line basis over the lease term.

When the Group is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(s) Related Parties

A related party is defined as follows:

(A) A person or a close member of that person's family is related to the Association if that person:

- (i) Has control or joint control over the Association;
- (ii) Has significant influence over the Association; or
- (iii) Is a member of the key management personnel of the Association or of a parent of the Association.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related Parties (Continued)

(B) An entity is related to the Association if any of the following conditions applies:

(i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

3. FRUIT MACHINE NET TAKINGS

	Group and Association	
	2017	**2016**
	$	**$**
Income		
Fruit machine gross collections and related income	**26,442,527**	31,337,921
Operating lease income	**62,383**	–
	26,504,910	31,337,921
Less: Expenditure		
Fruit machine operating expenses	**23,354,069**	26,994,608
Allowance for doubtful debts – non-trade	**25,407**	–
Operating lease expense	**333,098**	316,286
	23,712,574	27,310,894
	2,792,336	4,027,027

4. INCOME FROM OTHER SERVICES

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Insurance commission	**397,027**	398,329	**–**	–
Consignment sales commission	**555,417**	655,677	**555,417**	655,677
Service income from:				
– training	**19,031**	12,000	**–**	–
– provision of driving testers and instructors	**2,597,280**	1,587,600	**–**	–
International driving permit fees	**1,566,090**	1,282,640	**1,566,090**	1,282,640
Event income	**140,905**	184,202	**140,905**	184,202
Income from sales of accessories	**80,431**	79,084	**80,431**	79,868
Agency fees	**2,344**	7,249	**2,344**	7,249
Income from detailing services	**23,295**	–	**–**	–
Sales of system codes and licence fees	**71,500**	–	**–**	–
Vehicle evaluation fees	**20,175**	21,615	**20,175**	21,615
Miscellaneous income	**306,401**	322,525	**108,402**	176,574
	5,779,896	4,550,921	**2,473,764**	2,407,825

5. INTEREST INCOME

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Interest income from:				
– bank accounts	**16,243**	1,255	**14,752**	1,218
– fixed deposits	**611,367**	798,278	**256,129**	260,829
– bonds	**462,910**	496,300	**344,410**	496,300
– loan to subsidiary company	**–**	–	**450,000**	450,000
	1,090,520	1,295,833	**1,065,291**	1,208,347

6. RENTAL INCOME

	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Gross rental from				
– investment property	**1,086,903**	959,515	**–**	–
– leasehold property	**–**	497,919	**69,516**	155,400
	1,086,903	1,457,434	**69,516**	155,400
Less: Property related expenses				
– investment property	**327,476**	259,568	**–**	–
– leasehold property	**–**	236,562	**–**	–
	327,476	496,130	**–**	–
	759,427	961,304	**69,516**	155,400

7. OTHER INCOME

	Group		Association	
	2017 $	2016 $	**2017 $**	2016 $
Administrative and service income	**–**	–	**1,719,803**	1,981,787
Compensation received from insurance company	**32,524**	110,720	**–**	–
Gain on disposal of property, plant and equipment	**281,295**	1,627	**8,475**	1,627
Government grants	**467,673**	813,023	**132,711**	208,144
Other income received from insurance company	**2,689**	7,870	**–**	–
Sundry income	**72,828**	40,234	**–**	–
	857,009	973,474	**1,860,989**	2,191,558

8. DEPRECIATION EXPENSE

	Group		Association	
	2017 $	2016 $	**2017 $**	2016 $
Depreciation on property, plant and equipment	**1,682,507**	2,828,776	**830,254**	1,489,949
Depreciation on investment property	**295,793**	348,000	**–**	–
	1,978,300	3,176,776	**830,254**	1,489,949

9. EMPLOYEE BENEFITS EXPENSE

	Group		Association	
	2017 $	2016 $	**2017 $**	2016 $
Salaries and other related costs	**12,055,293**	15,390,432	**3,479,424**	3,920,591
Employer's contributions to Central Provident Fund	**1,095,686**	1,680,649	**418,401**	450,770
Other benefits	**96,960**	119,511	**29,662**	28,943
	13,247,939	17,190,592	**3,927,487**	4,400,304

10. OTHER EXPENSES

	Group 2017 $	Group 2016 $	Association 2017 $	Association 2016 $
110th anniversary celebration expenses, net of recoveries (note 11)	**233,527**	–	**233,527**	–
Audit fees	**62,200**	62,200	**28,500**	28,500
Bad debts written off	**64,741**	–	**–**	–
Donation and sponsorships	**110,550**	76,385	**110,550**	76,385
Highway magazine	**563,824**	550,042	**563,824**	550,042
Intangible assets written off	**39,467**	–	**–**	–
Maintenance of property, plant and equipment	**1,463,364**	1,898,031	**239,403**	283,496
Office rental	**549,664**	453,234	**549,664**	453,234
Operating lease expense	**623,704**	327,790	**169,859**	164,827
Other administrative and operating expenses	**2,046,375**	2,191,450	**882,890**	979,860
Property, plant and equipment written off	**16,109**	224,349	**6,527**	274
Loss on disposal of available-for-sale financial assets	**381,000**	58,500	**381,000**	58,500
Towing and vehicle recovery expenses	**186,401**	207,907	**2,704,515**	3,011,255
	6,340,926	6,049,888	**5,870,259**	5,606,373

11. 110TH ANNIVERSARY CELEBRATION EXPENSES, NET OF RECOVERIES

	Group and Association 2017 $	Group and Association 2016 $
Expenditure		
AA 110th Anniversary Dinner	**34,636**	–
AA 110th Anniversary Drive	**139,311**	–
Sale Driving and Mobility Conference	**186,815**	–
	360,762	–
Less: Amount recovered		
Income from Safe Driving and Mobility Conference	**51,401**	–
Income from AA 110th Anniversary Drive	**75,834**	–
	127,235	–
110th anniversary celebration expenses, net of recoveries (note 10)	**233,527**	–

The above relates to the Association's 110th anniversary celebration events in 2017.

12. INCOME TAX EXPENSE

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Provision for current taxation	**488,899**	651,667	**138,800**	154,598
Deferred taxation written back (note 25)	**–**	(100,412)	**–**	–
Over-provision of taxation in prior year	**(9,926)**	(51,304)	**(2,020)**	(40,814)
	478,973	499,951	**136,780**	113,784
Reconciliation of income tax expense:				
Surplus/(deficit) before tax	**1,443,503**	(494,889)	**(22,418)**	868,714
Tax at statutory rate of 17%	**245,396**	(84,131)	**(3,811)**	147,681
Tax effects of:–				
Non-taxable income	**(1,840,851)**	(2,083,774)	**(1,756,081)**	(2,070,360)
Non-deductible expenses	**2,087,888**	2,884,340	**1,958,931**	2,132,328
Statutory stepped income exemption	**(93,896)**	(89,869)	**(25,925)**	(25,925)
Corporate tax rebate	**(71,011)**	(73,141)	**(34,319)**	(27,944)
Enhanced capital allowance	**(8,246)**	(49,959)	**–**	–
Deferred tax assets not recognised	**169,878**	26,533	**–**	–
Deferred tax liabilities previously not recognised	**9,614**	22,242	**–**	–
Tax incentive	**(8,211)**	–	**–**	–
Over-provision of taxation in prior year	**(9,926)**	(51,304)	**(2,020)**	(40,814)
Others	**(1,662)**	(986)	**5**	(1,182)
	478,973	499,951	**136,780**	113,784

As at the balance sheet date, the Group has unutilised tax losses amounting to approximately $272,000 (2016: $272,000) available for set-off against future taxable income, subject to compliance with the Income Tax Act and the approval of the Comptroller of Income Tax.

Deferred tax assets amounting to approximately $46,000 (2016: $46,000) arising from the above tax losses are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax losses can be utilised.

13. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold property under construction $	Leasehold property $	Motor vehicles and equipment $	Tow trucks $	Furniture, fittings and office equipment $	Fruit machine $	Renovations $	Technical equipment $	Total $
Cost									
At 1 January 2016	–	9,577,853	706,361	7,330,132	3,133,863	2,092,528	3,272,627	–	26,113,364
Transfer to leasehold property under construction	6,796,151	(6,796,151)	–	–	–	–	–	–	–
Elimination of accumulated depreciation on redevelopment	–	(2,503,848)	–	–	–	–	–	–	(2,503,848)
Additions	497,577	–	47,811	154,457	267,524	146,967	124,685	–	1,239,021
Disposals/written off	–	(277,854)	(61,990)	(1,046,650)	(171,087)	(86,000)	(792,557)	–	(2,436,138)
At 31 December 2016 and 1 January 2017	**7,293,728**	**-**	**692,182**	**6,437,939**	**3,230,300**	**2,153,495**	**2,604,755**	**-**	**22,412,399**
Additions	**6,990,381**	**-**	**-**	**53,271**	**215,185**	**24,000**	**101,981**	**6,435**	**7,391,253**
Disposals/written off	**-**	**-**	**(41,781)**	**(2,201,963)**	**(313,796)**	**-**	**(17,770)**	**-**	**(2,575,310)**
At 31 December 2017	**14,284,109**	**-**	**650,401**	**4,289,247**	**3,131,689**	**2,177,495**	**2,688,966**	**6,435**	**27,228,342**
Accumulated depreciation									
At 1 January 2016	–	2,394,466	401,812	4,318,187	2,343,027	1,304,638	2,114,974	–	12,877,104
Charge for the year	–	184,190	58,048	1,047,517	379,561	372,052	787,408	–	2,828,776
Elimination of accumulated depreciation on redevelopment	–	(2,503,848)	–	–	–	–	–	–	(2,503,848)
Disposals/written off	–	(74,808)	(61,990)	(1,046,650)	(163,556)	(84,906)	(574,294)	–	(2,006,204)
At 31 December 2016 and 1 January 2017	**-**	**-**	**397,870**	**4,319,054**	**2,559,032**	**1,591,784**	**2,328,088**	**-**	**11,195,828**
Charge for the year	**-**	**-**	**63,626**	**713,824**	**349,333**	**341,728**	**213,442**	**554**	**1,682,507**
Disposals/written off	**-**	**-**	**(41,781)**	**(2,160,582)**	**(299,615)**	**-**	**(14,619)**	**-**	**(2,516,597)**
At 31 December 2017	**-**	**-**	**419,715**	**2,872,296**	**2,608,750**	**1,933,512**	**2,526,911**	**554**	**10,361,738**
Carrying amount									
At 31 December 2017	**14,284,109**	**-**	**230,686**	**1,416,951**	**522,939**	**243,983**	**162,055**	**5,881**	**16,866,604**
At 31 December 2016	7,293,728	–	294,312	2,118,885	671,268	561,711	* 276,667	–	11,216,571

* Included in the carrying amount of renovations as at 31 December 2016 is a provision for reinstatement costs amounting to $13,439. This has been fully depreciated in the current year.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (Continued)

Leasehold Property under Construction

In 2016, the Group demolished the building on leasehold land and commenced redevelopment of a new seven-storey building which is expected to be completed in 2018. As a result, the Group recognised the loss on building demolition amounting to $203,046 and transferred leasehold land with carrying amount of $6,796,151 to leasehold property under construction in the last financial year.

The leasehold land, with carrying amount of $6,796,151, had a market value of $19,400,000 based on a valuation by independent professional valuers, Jones Lang LaSalle, as at 31 December 2016. The valuation was performed on the market value basis and cross-checked with comparable land sales in the vicinity.

(b) Association

	Motor vehicles and equipment $	Furniture, fittings and office equipment $	Fruit machine $	Renovations $	Total $
Cost					
At 1 January 2016	241,825	2,364,064	2,092,528	2,462,300	7,160,717
Additions	47,811	129,767	146,967	–	324,545
Disposals/written off	–	(27,267)	(86,000)	–	(113,267)
At 31 December 2016 and 1 January 2017	**289,636**	**2,466,564**	**2,153,495**	**2,462,300**	**7,371,995**
Additions	**–**	**189,598**	**24,000**	**18,241**	**231,839**
Disposals/written off	**(41,781)**	**(93,002)**	**–**	**–**	**(134,783)**
At 31 December 2017	**247,855**	**2,563,160**	**2,177,495**	**2,480,541**	**7,469,051**
Accumulated depreciation					
At 1 January 2016	60,280	1,600,100	1,304,638	1,553,281	4,518,299
Charge for the year	43,594	319,720	372,052	754,583	1,489,949
Disposals/written off	–	(24,924)	(84,906)	–	(109,830)
At 31 December 2016 and 1 January 2017	**103,874**	**1,894,896**	**1,591,784**	**2,307,864**	**5,898,418**
Charge for the year	**49,172**	**281,075**	**341,728**	**158,279**	**830,254**
Disposals/written off	**(41,781)**	**(85,438)**	**–**	**–**	**(127,219)**
At 31 December 2017	**111,265**	**2,090,533**	**1,933,512**	**2,466,143**	**6,601,453**
Carrying amount					
At 31 December 2017	**136,590**	**472,627**	**243,983**	**14,398**	**867,598**
At 31 December 2016	185,762	571,668	561,711	* 154,436	1,473,577

* Included in the carrying amount of renovations as at 31 December 2016 is a provision for reinstatement costs amounting to $13,439. This has been fully depreciated in the current financial year.

14. INVESTMENT PROPERTY

	Group Freehold Property	
	2017	**2016**
	$	**$**
Cost		
At 1 January and 31 December	**44,409,280**	44,409,280
Accumulated depreciation and impairment loss		
At 1 January	**4,409,280**	493,000
Depreciation charge for the year	**295,793**	348,000
Impairment loss charge for the year	**–**	3,568,280
At 31 December	**4,705,073**	4,409,280
Carrying amount		
At 31 December	**39,704,207**	40,000,000

(a) The fair value of the above investment property of the Group amounted to approximately $43 million (2016: $40 million) as at 31 December 2017. This is based on a valuation performed on 16 January 2018 (2016: 11 January 2017) by an independent appraiser, Jones Lang LaSalle, who holds a recognised and relevant professional qualification. The valuation is based on the investment method of valuation and cross-checked by direct comparisons with transactions of comparable properties within the vicinity and elsewhere.

(b) The investment property is leased to non-related parties under non-cancellable operating leases.

(c) Direct operating expenses arising from the above income generating investment property amounted to $327,476 (2016: $259,568).

15. INTANGIBLE ASSETS

	Group Computer Software	
	2017	**2016**
	$	**$**
Cost		
At 1 January	**64,870**	63,735
Addition	**–**	1,135
Written off	**(59,200)**	–
	5,670	64,870
Accumulated depreciation and impairment loss		
At 1 January	**14,338**	1,440
Amortisation for the year	**8,041**	12,898
Written off	**(19,733)**	–
At 31 December	**2,646**	14,338
Carrying amount		
At 31 December	**3,024**	50,532

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are analysed as follows:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Quoted non-equity investments				
– Redeemable in 2017	**–**	2,011,800	**–**	2,011,800
– Redeemable in 2021	**3,129,690**	3,033,810	**–**	–
– Redeemable in 2022	**2,535,605**	1,505,625	**2,535,605**	1,505,625
– Redeemable in 2025	**2,003,700**	–	**2,003,700**	–
– Redeemable in 2026	**2,083,480**	–	**2,083,480**	–
– Redeemable in 2027	**1,037,100**	–	**1,037,100**	–
– Redeemable in 2049	**–**	6,069,240	**–**	6,069,240
	10,789,575	12,620,475	**7,659,885**	9,586,665
Available-for-sale financial assets held as:				
Non-current assets	**10,789,575**	10,608,675	**7,659,885**	7,574,865
Current assets	**–**	2,011,800	**–**	2,011,800
	10,789,575	12,620,475	**7,659,885**	9,586,665

The above investments, consisting of quoted commercial bonds with interest yield ranging from 2.85% to 3.95% (2016: 2.95% to 5.38%) per annum, are measured at fair value based on quoted market prices as at the balance sheet date.

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2017	**2016**
	$	**$**
(a) Unquoted shares, at cost	**6,450,002**	6,450,002
Less: Impairment loss	**2,063,500**	2,063,500
	4,386,502	4,386,502

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

(b) The subsidiary companies of the Association are as follows:

Name of subsidiary companies	Principal activities	Country of incorporation/ Principal place of business	Percentage of ownership interest		Cost of investments	
			2017 %	**2016 %**	**2017 $**	**2016 $**
Autoswift Recovery Pte Ltd	Provision of vehicle recovery and towing services	Singapore	**100**	100	**4,500,000**	4,500,000
AAS Insurance Agency Pte. Ltd.	General insurance agents	Singapore	**100**	100	**500,000**	500,000
AA Vehicle Inspection Centre Pte Ltd	Investment holding	Singapore	**100**	100	**1,000,000**	1,000,000
A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	**100**	100	**450,000**	450,000
AAS @ 217 East Coast Road Pte. Ltd.	Holding of investments to derive investment income	Singapore	**100**	100	**2**	2
					6,450,002	6,450,002
Held by AA Vehicle Inspection Centre Pte Ltd						
AAS Academy Pte. Ltd.	Provision of training establishment for drivers	Singapore	**100**	100	**100,000**	100,000
AA-SPCS Services Pte. Ltd.	Provision of driving testers and instructors	Singapore	**70**	70	**350,000**	350,000

The financial statements of all the subsidiary companies of the Association were audited by Lo Hock Ling & Co.

17. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Subsidiary with non-controlling interests (NCI)

Summarised financial information in respect of the Group's subsidiary that has non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	AA-SPCS Services Pte. Ltd.	
	2017 **$**	**2016** **$**
Summarised statement of comprehensive income		
Revenue	**2,597,280**	1,587,600
Profit for the year	**957,904**	510,203
Total comprehensive income	**957,904**	510,203
Attributable to NCI:		
Profit for the year	**287,371**	153,061
Total comprehensive income	**287,371**	153,061
Summarised statement of financial position		
Non-current assets	**5,096**	7,059
Current assets	**2,444,610**	1,532,638
Current liabilities	**517,705**	315,600
Net assets	**1,932,001**	1,224,097
Net assets attributable to NCI	**579,600**	367,229
Other summarised information		
Net cash inflow/(outflow) from:		
– operating activities	**1,056,776**	869,591
– investing activities	**133,436**	(849,567)
– financing activities	**(243,901)**	(2,325)
Net increase in cash and cash equivalents	**946,311**	17,699

18. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

	Association	
	2017 **$**	**2016** **$**
(a) Amount due from subsidiary companies – non-trade		
– Due after 12 months (i)	**45,000,000**	45,000,000
– Due within 12 months (ii)	**22,171,469**	16,938,123
	67,171,469	61,938,123
(b) Amount due to subsidiary company		
– Due within 12 months		
– trade	**673,153**	2,774,889
– non-trade (iii)	**–**	1,058,690
	673,153	3,833,579

(i) This amount of $45 million due from a subsidiary company is an unsecured loan which bears interest at 1.00% (2016: 1.00%) per annum and is not expected to be repaid within the next twelve months.

(ii) Included in these amounts due from subsidiary companies is a sum of $18,372,428 (2016: $12,549,858) representing designated funds which the subsidiary companies have placed in fixed deposits on behalf of the Association as at the balance sheet date. These designated fixed deposits, with maturities within 12 months, yield interest at rates ranging from 1.13% to 1.50% (2016: 1.30% to 1.90%) per annum which are due and payable to the Association upon maturity.

18. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES (CONTINUED)

(iii) Included in this non-trade amount due to a subsidiary company is a sum of $1,042,272 representing designated funds which the Association placed in fixed deposits on behalf of a subsidiary as at 31 December 2016. These designated fixed deposits, with maturity within 12 months, yield interest at 1.40% per annum which has been paid back to the subsidiary company upon maturity (note 21).

Other than as mentioned above, the amounts due to/from subsidiary companies are unsecured, interest-free and repayable on demand.

19. INVENTORIES

Group and Association

Inventories consist of car products and accessories, travel guide books and maps.

20. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Trade receivables	**207,306**	3,229,283	**15,589**	2,789,701
Accrued receivables	**1,015,286**	2,153,442	**655,530**	713,876
Goods and services tax receivable	**152,564**	–	**–**	–
Non-trade receivables	**155,072**	42,292	**132,019**	8,967
Allowance for doubtful debts				
Balance at beginning of the year	**–**	–	**–**	–
Current year allowance	**(25,407)**	–	**(25,407)**	–
	(25,407)	–	**(25,407)**	–
	129,665	42,292	**106,612**	8,967
Deposits	**403,944**	437,869	**296,565**	326,388
Interest receivable	**294,759**	469,367	**40,004**	145,530
Prepayments	**219,466**	282,864	**152,956**	154,476
* Retention sum receivable	**1,200,000**	1,200,000	**1,200,000**	1,200,000
	3,622,990	7,815,117	**2,467,256**	5,338,938

Trade receivables are non-interest bearing and are generally on 30 days' (2016: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

* This retention sum receivable represents part of the total sales proceeds of $61.8 million in respect of the Association's disposal of its two strata lots of the freehold property in 2013. Although the sales transaction was completed on 18 December 2013, the Association has agreed for the purchaser to retain the sum of $1,200,000 to be held by the purchaser's solicitors as stakeholders pending the resolution of certain items disputed with the Management Corporation Strata Title Plan No. 918 (MCST 918). In connection with this dispute, the Association has recorded a provision for rectification works and related costs of $1,200,000 to cover the estimated costs (note 27) since 2013. The Association is currently in negotiation with the purchaser to resolve the outstanding issues in the coming year.

Other receivables are unsecured, interest-free and expected to be repayable on demand.

21. CASH AND CASH EQUIVALENTS

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Fixed deposits	**45,417,439**	41,387,000	**3,459,745**	5,459,088
Cash and bank balances	**5,386,646**	9,228,590	**2,591,035**	4,223,817
Cash and cash equivalents (Statements of Financial Position)	**50,804,085**	50,615,590	**6,050,780**	9,682,905
Less:				
Fixed deposits with maturities over 3 months				
– Deposits pledged with banks*	**258,821**	1,357,045	**258,821**	1,357,045
– Unpledged deposits	**37,776,521**	34,310,630	**3,200,924**	4,102,043
	38,035,342	35,667,675	**3,459,745**	5,459,088
Cash and cash equivalents (Statement of Cash Flows)	**12,768,743**	14,947,915	**2,591,035**	4,223,817
Fixed deposits with maturities				
not more than 3 months	**7,382,097**	7,076,370	**–**	1,357,045
between 3 and 12 months	**38,035,342**	34,310,630	**3,459,745**	4,102,043
	45,417,439	41,387,000	**3,459,745**	5,459,088

The fixed deposits of the Group bear interest at rates ranging from 0.25% to 1.50% (2016: 0.35% to 1.41%) per annum.

* Fixed deposits of $258,821 (2016: $1,357,045) are pledged with certain banks to secure performance bonds issued in favour of Land Transport Authority in respect of certain service contracts undertaken by the Association and/or its wholly-owned subsidiary.

In 2016, fixed deposits amounting to $1,042,272 were placed with financial institutions for maturity terms of not more than 12 months on behalf of a subsidiary company. Interest income in respect of these fixed deposits has been paid back to the subsidiary company upon maturity [note 18(b)(iii)].

22. FAIR VALUE RESERVE

Group and Association

The fair value reserve comprises the cumulative net changes in the fair value of available-for-sale financial assets until such assets are derecognised.

23. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2017	**2016**
	$	**$**
Balance at beginning of the year	**96,633**	3,600
Transfer from accumulated funds	**240,000**	240,000
Purchase of fruit machine	**(24,000)**	(146,967)
	216,000	93,033
Balance at end of the year	**312,633**	96,633

24. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Due after 12 months				
Life membership subscriptions	**253,186**	279,766	**253,186**	279,766
Ordinary and other membership subscriptions	**2,039,474**	2,310,061	**2,039,474**	2,310,061
	2,292,660	2,589,827	**2,292,660**	2,589,827
Due within 12 months				
Life membership subscriptions	**26,580**	27,012	**26,580**	27,012
Ordinary and other membership subscriptions	**1,841,332**	1,963,358	**1,839,902**	1,957,447
	1,867,912	1,990,370	**1,866,482**	1,984,459
Total subscriptions received in advance	**4,160,572**	4,580,197	**4,159,142**	4,574,286

25. DEFERRED TAX LIABILITIES

On excess of carrying amount over tax written down value of property, plant and equipment:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Balance at beginning of the year	**368,368**	468,780	**–**	–
Deferred taxation written back (note 12)	**–**	(100,412)	**–**	–
Balance at end of the year	**368,368**	368,368	**–**	–

26. TRADE AND OTHER PAYABLES

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Due after 12 months				
Provision (note 27)	**356,300**	356,300	**356,300**	356,300
Deferred operating lease	**7,976**	–	**–**	–
	364,276	356,300	**356,300**	356,300
Due within 12 months				
Trade payables	**117,793**	224,570	**–**	–
Accrued operating expenses	**4,483,193**	5,666,462	**1,500,651**	2,151,221
Deposits	**306,928**	267,019	**9,448**	37,817
Deferred income	**34,252**	21,720	**34,252**	21,720
Goods and services tax payable	**191,420**	588,485	**124,280**	195,831
Non-trade payables	**908,149**	381,399	**843,994**	367,953
Provisions (note 27)	**1,325,639**	1,338,439	**1,325,639**	1,338,439
Deferred operating lease	**9,243**	8,450	**–**	8,450
	7,376,617	8,496,544	**3,838,264**	4,121,431
Total trade and other payables	**7,740,893**	8,852,844	**4,194,564**	4,477,731

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2016: 30 to 90 days) or on demand.

27. PROVISIONS

	Group and Association	
	2017	**2016**
	$	**$**
Provision for:		
Rectification works (note 20)	**1,200,000**	1,200,000
Reinstatement costs (a)	**356,300**	356,300
Capital expenditure (b)	**125,639**	138,439
	1,681,939	1,694,739
The provisions represent obligations expected to be due:		
after 12 months (note 26)	**356,300**	356,300
within 12 months (note 26)	**1,325,639**	1,338,439
	1,681,939	1,694,739

(a) The provision for reinstatement costs represents the estimated costs of dismantling, removing and restoring the related premises at the expiration of the lease periods. The estimation was based on quotation received from an independent contractor.

(b) The provision for capital expenditure represents the estimated costs of repairs and improvement works on common areas in the disposed freehold property (note 20) expected to be borne by the Association.

28. RELATED PARTY DISCLOSURES

The Association is governed by the General Committee which is the final authority and has overall responsibility for policy making and determination of all activities. Members of the General Committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

The Association has in place a conflict of interests policy in its code of conduct. All members of the General Committee are required to declare their interests yearly.

Significant transactions between the Association and its related parties, not otherwise disclosed in the financial statements, are as follows:

	Association	
	2017	**2016**
	$	**$**
(a) With subsidiary companies		
Administrative and service income	**1,719,803**	1,981,787
Rental and facilities income	**69,516**	69,516
Interest income	**450,000**	450,000
Proceeds from disposal of property, plant and equipment	**1,037**	891
Sales of inventories	**–**	784
Towing and vehicle recovery service charges	**2,704,435**	3,010,200
Services, supplies and call centre expenses	**123,590**	139,012
Promotion expenses	**12,439**	16,260

(b) With entities in which certain General Committee members have substantial interests

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Donations and sponsorship expenses	**89,800**	48,600	**89,800**	48,600
General expenses	**–**	130	**–**	130
Legal and professional fees	**–**	105,720	**–**	10,720
Purchase of services	**6,960**	6,960	**4,800**	5,400
Non-trade payables	**407**	–	**214**	–

Related party transactions are based on terms agreed between the parties concerned.

29. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation are as follows:–

	Group and Association	
	2017	**2016**
	$	**$**
Salaries and other related costs	**1,095,511**	1,096,266
Employer's contributions to Central Provident Fund	**102,539**	98,709
Short-term employee benefits	**1,198,050**	1,194,975

30. OPERATING LEASE COMMITMENTS

(i) Where the Group and the Association are the lessees

The Group and the Association lease retail space and office from non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. As at the balance sheet date, the Group and the Association have the following commitments under non-cancellable operating leases where the Group and the Association are the lessees:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Lease expense payable				
– within 1 year	**1,450,770**	1,252,548	**1,061,526**	814,304
– after 1 year but not later than 5 years	**1,015,602**	1,802,672	**713,259**	1,170,035
	2,466,372	3,055,220	**1,774,785**	1,984,339

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

(ii) Where the Group and the Association are the lessors

The Group and the Association lease out the investment property and members' lounge and cafeteria to non-related parties under non-cancellable operating leases. As at the balance sheet date, lease commitments under non-cancellable operating leases where the Group and the Association are the lessors, are as follows:

	Group		Association	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Lease income receivable				
– within 1 year	**1,134,460**	808,222	**28,800**	62,383
– after 1 year but not later than 5 years	**1,132,985**	463,576	**24,000**	52,800
	2,267,445	1,271,798	**52,800**	115,183

The above operating leases do not provide for contingent rents.

31. CAPITAL COMMITMENTS

As at the balance sheet date, the Group and the Association have capital commitments amounting to $12,371,052 (2016: $1,666,023) and nil (2016: $31,350) respectively in respect of contracted expenditure for the redevelopment of leasehold property and purchase of property, plant and equipment, which have not been recognised in the financial statements.

32. FINANCIAL RISK MANAGEMENT

The Group and the Association are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk, interest rate risk and market price risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

(i) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Group as and when they fall due.

The Group's exposure to credit risk arises primarily from trade and other receivables. Cash and bank deposits are placed with financial institutions which are regulated.

The management has credit policies in place to minimise exposure to credit risk.

Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Group at the commencement at each tenant term.

The management believes that concentration of credit risks is limited due to ongoing credit evaluations on all customers and, where necessary, maintaining an allowance for doubtful receivables which will adequately provide for potential credit risks.

The Group determines concentrations of credit risks by monitoring the business segment profile of its trade receivables on an on-going basis. The credit risks concentration profile of the Group's trade receivables by business segments as at the balance sheet date is as follows:

	Group		Association	
	2017 $	**2016 $**	**2017 $**	**2016 $**
By business segments				
Insurance	**7,103**	80,624	**–**	–
Towing	**137,475**	201,197	**–**	16,548
Other services	**62,728**	2,947,462	**15,589**	2,773,153
	207,306	3,229,283	**15,589**	2,789,701

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and the Association.

Financial assets that are past due but not impaired

The Group and the Association have trade receivables that are past due but not impaired and the analysis of their ageing are as follows:

	Group		Association	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Trade receivables past due:				
0 to 3 months	**101,900**	242,499	**–**	13,972
4 to 6 months	**19,778**	30,661	**–**	–
	121,678	273,160	**–**	13,972

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Financial assets that are impaired

The carrying amount of non-trade receivables individually determined to be impaired as at the balance sheet date is $25,407 (2016: nil). The movements in the related allowance for impairment are disclosed in note 20 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Group and the Association are repayable on demand or will mature within one year.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates primarily to interest-bearing bank deposits. The Group monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

Information relating to the Group's interest rate and terms of maturity of the Group's financial instruments are disclosed in the notes to the financial statements. The Group does not enter into derivatives to hedge its interest rate risk.

The effect of interest rate changes on total funds and surplus is not significant as the Group's and the Association's financial instruments are either at fixed interest rate or non-interest bearing as at the balance sheet date.

(iv) Market price risk

At the balance sheet date, the Group and the Association held quoted available-for-sale financial assets.

Sensitivity analysis

A 5% (decrease)/increase in the quoted market prices at the balance sheet date would (decrease)/increase fair value reserve and surplus by the following amounts:

	Group		Association	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Fair value reserve	**539,479**	631,024	**382,994**	479,333
Surplus	**–**	–	**–**	–

This analysis assumes that all other variables remain constant.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair Value Hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(b) Fair Value of Non-Financial Assets

The Group does not apply fair value accounting in the measurement of its non-financial assets. The only non-financial asset of the Group for which fair value is required to be disclosed is the investment property. The basis of valuation of the investment property, as described in note 14(a), represents recurring fair value measurements under Level 3 of the fair value hierarchy.

(c) Fair Value of Financial Instruments

(i) Financial instruments Carried at Fair Value

The only financial assets of the Group measured at fair value are quoted commercial bonds classified as available-for-sale financial assets, as disclosed in note 16. These fair values, based on quoted market prices as at the balance sheet date, are recurring fair value measurements under Level 1 of the fair value hierarchy.

(ii) Financial Instruments Not Carried at Fair Value

The carrying amounts of cash and cash equivalents, receivables and payables classified as current assets and liabilities, which are measured on amortised cost basis, approximate their fair values due to their short term nature.

The fair value of the non-current receivable due from a subsidiary company amounting to $45 million (2016: $45 million), disclosed in note 18, could not be determined as the amount is not repayable within the short term and does not have agreed specified period of repayment. Accordingly, this amount is carried at cost.

(d) Transfers Between Levels of Fair Value Hierarchy

During the financial year, there were no assets or liabilities transferred between Level 1 and Level 2 or transfers into or out of Level 3. The Group's policy is to recognise transfers (if any) between levels of fair value hierarchy at the end of the reporting period during which they occur.

(e) Valuation Policies and Procedures

The General Committee oversees the Group's financial reporting and valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments classified as available-for-sale financial assets, loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Association	
	2017 $	**2016 $**	**2017 $**	**2016 $**
Available-for-sale financial assets	**10,789,575**	12,620,475	**7,659,885**	9,586,665
Loans and receivables	**54,055,045**	58,147,843	**75,536,549**	76,805,490
Financial liabilities at amortised cost	**5,816,063**	6,539,450	**3,027,246**	6,390,570

35. CAPITAL MANAGEMENT

The Group's reserves management objective is to ensure that it maintains strong and healthy capital ratios in order to support its operations and future growth.

The management regularly reviews and manages the Group's reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

With the exception of AAS Insurance Agency Pte. Ltd., the other entities in the Group are not subject to externally imposed capital requirements.

Under the General Insurance Agents' Registration Regulations, AAS Insurance Agency Pte. Ltd. is required, at all times, to maintain a minimum paid up share capital of $25,000.

AAS Insurance Agency Pte. Ltd. had complied with the above-mentioned regulatory capital requirement during the financial year.

There were no changes to the Group's approach to capital management since the previous financial year.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2017 were authorised for issue by the General Committee on 18 April 2018.

NOTICE OF THE **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Members of the Automobile Association of Singapore will be held on:

Date:	Wednesday, 23 May 2018
Time:	6.30pm
Venue:	Fort Canning Lodge (YWCA) 6 Fort Canning Road Level 2, Sophia Cooke Ballroom Singapore 179494

AGENDA

1. President's Address
2. To confirm the Minutes of the Annual General Meeting held on 30 May 2017
3. To receive and, if approved, adopt the Annual Report and Audited Financial Statements for the year ended 31 December 2017
4. To elect six members to the Committee for the ensuing term
5. To appoint auditors for the ensuing year
6. To transact any other business of which notice in writing has been received by the Chief Executive Officer by 5pm on Wednesday, 16 May 2018

BY ORDER OF THE GENERAL COMMITTEE

CHIA HO CHOON
SECRETARY

2 May 2018

NOTE

a. Members attending the Annual General Meeting must produce their valid membership card.

b. To facilitate discussion, members are requested to notify AA Singapore in writing by 5pm on Wednesday, 16 May 2018, of any other business they wish to transact at the Meeting.

c. Members are reminded of Clause 11(g) of the Association's Constitution: "All members of less than three years' standing shall not be eligible to vote at an AGM or EGM."

d. Nominations for election to the posts in the Committee must be received by the Chief Executive Officer no later than 5pm on Friday, 11 May 2018. All envelopes must be clearly marked "**AA NOMINATIONS**". Nomination Forms may be collected upon verification of a valid AA membership card at 535 Kallang Bahru #02-08 GB Point Singapore 339351 between 8.30am to 6.00pm from Mondays to Fridays or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 between 10am to 11pm from Mondays to Sundays.

e. Members may collect the 2017 Annual Report at 535 Kallang Bahru, #02-08 GB Point Singapore 339351 or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 prior to the AGM or collect a copy at the AGM. A soft copy will also be available at www.aas.com.sg.

AUTOMOBILE ASSOCIATION
OF SINGAPORE

AUTOMOBILE ASSOCIATION OF SINGAPORE

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