IT'S ABOUT MAKING LIFE BETTER

NTUC FairPrice
Annual Report
2007/2008

FairPrice NTUC

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IT'S ABOUT MAKING LIFE BETTER
GENERATION AFTER GENERATION

Walk into any NTUC FairPrice supermarket, and you will see more than quality products at great value. You will enjoy a total shopping experience – more product choices, attractive discounts and more than a few friendly smiles from our staff. Even banking products.

After 35 years of delivering our promise to providing the best quality, value and service to our customers, we continue to make ourselves relevant. More than about moderating the cost of living, we are reaching out with more stores, trailblazing unique retail concepts, spurring exciting ways to delight, and doing more for our community and the environment. In short, FairPrice is a trusted brand – trusted to making life better for our customers and the community – generation after generation.

OUR VISION

To be Singapore's leading world-class retailer with a heart.

OUR MISSION

To provide customers with the best value, quality products and excellent service, be a preferred employer, to moderate the cost of living in Singapore, and serve the needs of our members, the labour movement and the community.

NTUC FAIRPRICE AIMS TO BE –

BEST PLACE TO SHOP

BEST PLACE TO WORK

BEST CORPORATE CITIZEN

IT'S MORE THAN THE

200 STORES

UNDER NTUC FAIRPRICE

IT'S ABOUT DELIGHTING OUR CUSTOMERS FROM ALL WALKS OF LIFE

NTUC FairPrice has expanded its retail formats to cater to different customer needs

IT'S MORE THAN THE

5%

DISCOUNT

ON 500 FAIRPRICE
HOUSEBRAND ITEMS

IT'S ABOUT HELPING FAMILIES **STRETCH** THEIR DOLLAR WITH QUALITY PRODUCTS AT BEST VALUE

NTUC FairPrice is committed to moderating the cost of living in Singapore

IT'S MORE THAN THE

30 MILLION

PLASTIC BAGS

THAT WE SAVE

IT'S ABOUT

A GREENER WORLD

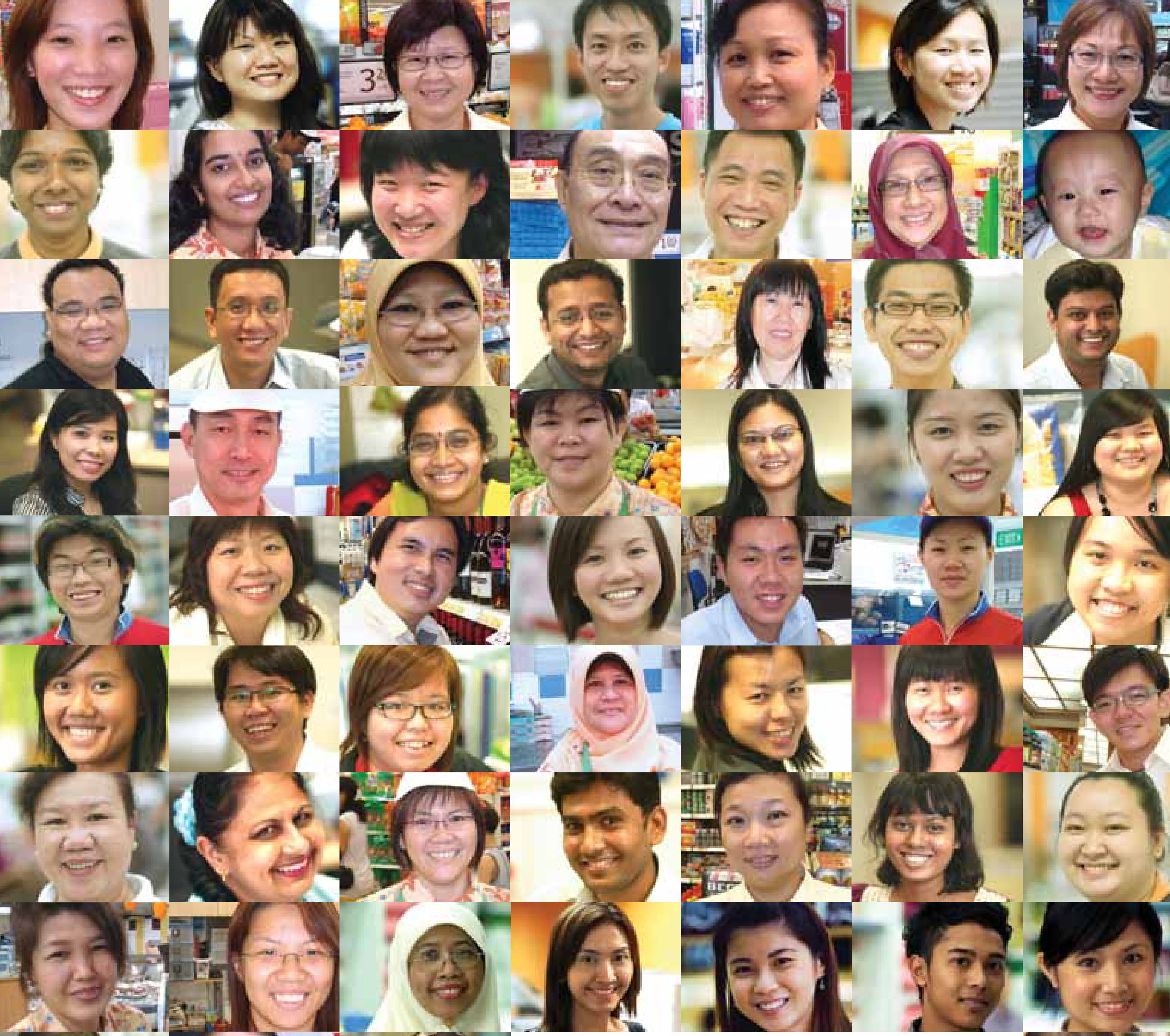
FOR OUR CHILDREN

NTUC FairPrice cares for the environment and the future generations

IT'S MORE THAN GIVING

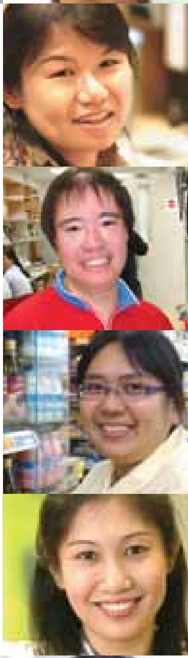
S$10 MILLION

IN DONATIONS



IT'S ABOUT THE MILLION-DOLLAR SMILES WE RECEIVE

NTUC FairPrice strives to be a world-class retailer with a heart



IT'S MORE THAN

35

YEARS

OF TRUST AND
COMMITMENT

IT'S ABOUT
CONTINUING TO

GIVE OUR BEST

FOR YEARS TO COME

NTUC FairPrice is committed to making the good life accessible and affordable to everyone

OUR MILESTONES

NTUC Welcome was launched in 1973 to help stabilise the cost of living and to prevent profiteering.

Today, NTUC FairPrice has a network of more than 200 outlets comprising supermarkets, convenience stores and hypermarkets.

1973

- NTUC Welcome was launched to help stabilise the cost of living and prevent profiteering in 1973, when the global oil crisis triggered rising food prices.

1983

- NTUC Welcome and Singapore Employees Co-operative (SEC) merged to form NTUC FairPrice Co-operative Ltd.

- The Used Textbook Project was launched to help needy families provide for their children's education, promote environmental friendliness and encourage the value of thrift.

1985

- FairPrice housebrand products were introduced to offer better value and savings to customers.

1988

- The "Heartstring Buys" Project was unveiled to raise funds for the Community Chest.

1991

- First retailer in Singapore to implement bar-coding at check-out counters to improve productivity and customer convenience.

1994

- NTUC FairPrice introduced a basket of Everyday Low Price (EDLP) essential items priced equal to or lower than competitors' to ensure affordability.

- NTUC FairPrice absorbed the 3% GST for a year after the tax was introduced.

1998

- NTUC FairPrice took full ownership of its warehouse and distribution company, a joint venture set up in 1993, and renamed it Grocery Logistics of Singapore Pte Ltd (GLS).

- First Cheers convenience store opened in 1998.

1999

- LinkPoints loyalty programme was rolled out to provide greater value and savings to customers.

2002

- FairPrice Online was introduced so that customers can shop from home.

- NTUC FairPrice achieved Super Brand status with the Business Superbrands Council.

First FairPrice Finest store opened at Bukit Timah Plaza in 2007 to bring the fine life closer to the community.

FairPrice housebrand products were introduced in 1985 to offer better value and savings to our customers.

- Million Dollar Food Voucher scheme for needy families was launched.
- 2% discount for Senior Citizens on Tuesdays was implemented at all FairPrice stores.

2003

- NTUC FairPrice became the first retailer in Singapore to build, own and manage a refrigerated Fresh Food Distribution Centre.
- FairPrice Baby Plus Club was introduced to reach out to young families.

2004

- Just Wine Club was launched to cultivate wine appreciation amongst FairPrice customers.

2005

- NTUC FairPrice partnered ExxonMobil to launch FairPrice Xpress and Cheers convenience stores at Esso and Mobil service stations.

2006

- First FairPrice Xtra opened at Ang Mo Kio Hub, introducing a new hypermart retail format designed to offer a complete shopping destination for the entire family.

2007

- First FairPrice Finest opened at Bukit Timah Plaza.
- Jointly developed with OCBC, FairPrice Plus was launched to provide hassle-free banking solutions to customers.
- Second FairPrice Xtra opened at Hougang Point.
- The daily "FairPrice Green Rewards" initiative rewards customers for bringing their own bags with 10 cent rebate for a minimum S$10 purchase.
- The 100th Cheers convenience store opened.
- The "Stretch Your Dollar" programme kicked off with a 5% discount on 500 essential FairPrice housebrand products, and eight tips to help consumers fight inflation.

2008

- NTUC FairPrice partnered the Agri-Food & Veterinary Authority of Singapore (AVA) to encourage consumers to choose frozen meat in order to eat well for less.
- NTUC FairPrice Foundation, a registered charity that is fully funded by NTUC FairPrice, was launched with a pledge of S$50 million over 10 years, with the aim to provide a better life for the community.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Ng Ser Miang (Chairman)
Mr John Lim
Mr Lim Kuang Beng
Mr Teo Yock Ngee
Dr Jennifer Lee
Mr Eric Ang
Ms May Ng
Mr Willie Cheng
Ms Adeline Sum
Mr Hee Theng Fong
Ms Tan Hwee Bin
Mr Poh Leong Sim (Secretary)

AUDIT COMMITTEE
Mr John Lim (Chairman)
Mr Willie Cheng
Mr Teo Yock Ngee
Ms Tan Hwee Bin

BRANDS STEERING COMMITTEE
Dr Jennifer Lee (Chairman)
Mr Willie Cheng
Ms Adeline Sum

ESTABLISHMENT COMMITTEE
Mr Willie Cheng (Chairman)
Mr John Lim
Ms Adeline Sum

INVESTMENT COMMITTEE
Ms May Ng (Chairman)
Mr Eric Ang
Mr Hee Theng Fong

OVERSEAS INVESTMENT COMMITTEE
Mr John Lim (Chairman)
Ms May Ng
Mr Hee Theng Fong

RISK COMMITTEE
Mr Eric Ang (Chairman)
Ms May Ng
Dr Jennifer Lee

REAL ESTATE COMMITTEE
Ms Tan Hwee Bin (Chairman)
Mr Willie Cheng
Ms Adeline Sum

STUDY GRANT COMMITTEE
Mr Teo Yock Ngee (Chairman)
Mr Lim Kuang Beng
Dr Jennifer Lee

ADVOCATES & SOLICITORS
Khattar Wong & Partners
Allen & Gledhill
Bih Li & Lee
Rodyk & Davidson
Sim & Wong LLC

AUDITOR
Deloitte & Touche LLP

BANKERS
DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd

REGISTERED ADDRESS
NTUC FairPrice Co-operative Ltd
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Singapore 787103
Telephone: 6456 0233
Facsimile: 6458 8975
www.fairprice.com.sg

FINANCIAL HIGHLIGHTS
for the year ended March 31, 2008

	The Group		The Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Revenue	1,812,188	1,592,289	1,681,816	1,493,228
Profit before share of associates' and jointly controlled entity's results	99,443	102,164	88,712	94,868
Share of profit/(loss) of:				
- associates	3,440	822	–	–
- jointly controlled entity	(52)	20	–	–
Profit before taxation	102,831	103,006	88,712	94,868
Taxation	(1,832)	(2,931)	–	–
Profit before contributions	100,999	100,075	88,712	94,868
Net profit margin	5.57%	6.28%	5.27%	6.35%
Return on net assets employed (Note 1)	7.96%	10.68%	8.32%	12.97%
Net tangible assets per share (Note 2)	$5.43	$5.36	$4.41	$4.36
Dividend Declared	–	–	5.00%	5.00%
Special Dividend	–	–	–	3.00%
Patronage rebate	–	–	4.00%	4.00%

Note:

1) Return on net assets is computed based on net profit after contribution to Central Co-operative Fund and Singapore Labour Foundation.
2) NTA per share is computed based on share capital including share capital repayable on demand.

JOINT STATEMENT FROM CHAIRMAN AND GROUP CEO

MR NG SER MIANG
Chairman

MR TAN KIAN CHEW
Group Chief Executive Officer

The last financial year was a year of successful strategic business partnerships and new business ventures. The rising inflation was a timely reminder of NTUC FairPrice's founding mission to moderate the cost of living in Singapore. Despite challenges in the economic landscape, we stayed true to our founding mission.

“To ease needy Singaporeans into the increase in GST in July 2007, FairPrice once again absorbed the increase in GST for its basket of 400 Everyday Low Price items for six months.”

FINANCIAL PERFORMANCE

As a social enterprise, our aim is to do well in order to do good for the community. For the year ending 31 March 2008, we continued to deliver good financial performance. Overall Group revenue was S$1.81 billion, an increase of 13.8% over the previous year. The Group’s profit before contributions was S$101 million, an increase of 0.9% over the previous year. The increased profit was due to better returns from investment income. Although retail sales had increased, retail profit dropped slightly due to higher operating expenses and lower margins. Margin of our retail sales were lower mainly due to our efforts to moderate the cost of living in view of high inflation.

Overall net profit for the Group after contributions was S$63.3 million. This was 23.8% lower than previous year’s net profit of S$83.1 million due to additional provisions made in regard to contributions to Singapore Labour Foundation for the previous financial years. As a co-operative governed under the Co-operative Societies Act, NTUC FairPrice pays 20% of our surplus every year to the Singapore Labour Foundation and the Central Co-operative Fund.

The Board is recommending a first and final dividend of 5%. The patronage rebate remains at 4%. FairPrice also gave out S$11.67 million in LinkPoints to Link cardholders. Total payout to members and Link cardholders for the year in review will amount to S$48.9 million.

VENTURING INTO NEW FRONTIERS

In April, FairPrice became the first supermarket to offer financial products when we partnered OCBC to launch FairPrice Plus. This innovative partnership delivers simple, transparent and value-for-money financial products to our customers.

We expanded our network of Cheers convenience stores with the successful strategic partnership with ExxonMobil, setting up a FairPrice Xpress or Cheers convenience store in all 71 Esso and Mobil service stations. This achievement means that customers can now enjoy the FairPrice brand of value, quality and service when they are on the go.

To cater to customers who are looking for the finer things in life, we opened a new concept store with FairPrice Finest at Bukit Timah Plaza. This store represents another milestone in our efforts to meet the needs of increasingly diverse and sophisticated consumers.

HELPING FAMILIES STRETCH THEIR DOLLAR

In a year which saw global food prices soaring, we delivered our commitment to moderate the cost of living in Singapore.

To ease needy Singaporeans into the increase in GST in July 2007, FairPrice once again absorbed the increase in GST for its basket of 400 Everyday Low Price items for six months. This cost us S$2.8 million. FairPrice started its GST absorption programme when it was introduced in 1994 and we have since activated the programme whenever there was a GST increase.

On top of the GST absorption, we distributed S$1 million worth of food vouchers to help the poor and needy cope with rising cost of living.

As food prices continued to soar during the year, FairPrice initiated the “Stretch Your Dollar” programme on 19 December 2007 to help consumers cut their grocery bill. The programme offered consumers dollar-saving shopping tips, discounts, promotions and rebates.

A key feature of this programme was the 5% discount on 500 essential housebrand items. Priced at 10% to 15% lower than leading national brands, FairPrice housebrand items proved so popular with our customers that the discount scheme was extended three times till end October 2008.

SPREADING A MILLION SMILES

Sharing our success with the community has always been part of FairPrice’s culture. Through the years, FairPrice has donated generously to various charities to help the poor and needy.

The NTUC FairPrice Foundation launched on 24 March 2008, has given the Group a more focused and sustained manner to help the poor and needy.

The pledge of S$50 million to the Foundation over the next 10 years is our long term commitment to help make life better for those in our community who need a little extra help. To-date, we have contributed S$8 million to the Foundation.

One of the successful and long running charity initiatives has been our Used Textbook Project. This year marks the 25th anniversary of the project which aims to assist needy families in acquiring school books for their children. To-date, the project has benefited 116,000 students with over 1.5 million books collected, accruing savings of more than S$7 million.

Since 1985, we have also given in excess of S$6 million in study grants to help needy members and staff provide for their children’s education.

A GREENER WORLD FOR ALL

Keeping food and necessities affordable is not our only commitment to our customers.

As an industry leader, we are passionate in doing our part to ensure a sustainable environment for our future generations.

Within the organisation, there is a Green Committee and Green Ambassadors who ensure that at all levels and across all functions, FairPrice employees are walking the talk of ‘going green’.

“Sharing our success with the community has always been part of FairPrice’s culture. Through the years, FairPrice has donated generously to various charities to help the poor and needy.”

"We will continue to work smart for alternative supply sources, introduce more housebrand products and find innovative ways of moderating rising costs."

In July, we kicked off the "FairPrice Green Rewards" initiative to encourage shoppers to join our greening efforts. Customers who bring their own shopping bags enjoy 10 cents rebate with a minimum purchase of S$10. Joining hands with industry partners such as Keppel Corporation on another occasion, we gave away 100,000 reusable bags to our shoppers.

We will continue to rally support from our customers and partners in our efforts to conserve the environment.

CONTINUING TO GIVE OUR BEST

While it has been a progressive year, it has not been an easy one.

There were many challenges on a global scale. The price of oil rising to unprecedented levels, global inflation and natural disasters all contributed to uncertainties and instability in the world of business. Nevertheless, we have achieved positive and encouraging results in our business and social goals.

We will continue to work smart for alternative supply sources, introduce more housebrand products and find innovative ways of moderating rising costs. We will continue to stay relevant to customers' needs and expectations to remain ahead.

MANY THANKS

The success of FairPrice in achieving our business and social goals hinges on the enthusiasm and dedication of various groups.

The determination, professionalism and teamwork by our staff gave FairPrice the resilience to take major challenges in its stride and continue to grow our business. They play a key role in our success in achieving our business and social mission. We are also inspired by the support of members, business partners and other stakeholders in upholding our values and tradition.

We must continue to build upon this strong foundation so that we can carry on making the good life accessible and affordable to all levels of the community.

Our heartfelt gratitude to each and every one of our staff for their ready smile and tireless service to delight customers. We would also like to thank our members, our board of directors, business associates, suppliers and business partners who have strengthened us with their trust and readiness to collaborate and cooperate with us. Most importantly, to our customers – thank you for supporting and trusting NTUC FairPrice over the years.

MR NG SER MIANG
Chairman

MR TAN KIAN CHEW
Group Chief Executive Officer

MR NG SER MIANG (Chairman)

Mr Ng was appointed Chairman of NTUC FairPrice on 16 September 2005. He also chairs Choice Homes and TIBS International Pte Ltd. Mr Ng is an Executive Board Member of the International Olympic Committee (IOC) and a member of the IOC 2008 Beijing Olympic Games Coordination Commission and Evaluation Commission for the 2012 Olympic Games. He was also the president of the 117th IOC Session Singapore Organising Committee, 2005. In 2008, Mr Ng was appointed Chairman of the Singapore 2010 Youth Olympic Games Organising Committee. A Singapore Ambassador to the Republic of Hungary and the Kingdom of Norway, Mr Ng has been conferred with numerous awards for his meritorious contribution to the public service, including The Public Service Star, a Singapore National Day Award.

MR JOHN LIM KOK MIN
Mr Lim joined the Board in 1999. Mr Lim is currently the Chairman of Senoko Power Ltd and Executive Deputy Chairman of LMA International NV. He is also the immediate past Chairman of the Building & Construction Authority and serves as a director of several public and private companies. Mr Lim is the President of the Singapore Institute of Directors and Member of the Securities Industry Council.

MR LIM KUANG BENG
Mr Lim was appointed director in 1999. He is the General Secretary of Singapore Industrial and Services Employees' Union and a Member of NTUC Central Committee. Mr Lim is also a Member of the Industrial Arbitration Court Employee Panel. He also serves as a Member of the Public Transport Council.

MR TEO YOCK NGEE
Mr Teo joined the Board in 2000. He is General Secretary of the Amalgamated Union of Public Employees (AUPE) and Chairman of the AUPE Multi-Purpose Co-operative Society. Mr Teo is Secretary for Financial Affairs of NTUC Central Committee. He serves as a Member of the National Wages Council and a Member of Employee Panel of the Industrial Arbitration Court.

DR JENNIFER LEE
Dr Lee was appointed to the Board in 2001. She is Chairman of the Board of Eu Yan Sang International Pte Ltd and of the External Review Panel, Quality Assurance Framework for Universities. She also serves on the boards of the Health Sciences Authority, the Duke NUS Graduate Medical School and is a Member of the Tripartite Committee on Work-Life Strategy.

BOARD OF DIRECTORS

MR ERIC ANG TEIK LIM

Mr Ang joined the Board in 2001. He is the Managing Director and Head of Capital Markets at DBS Bank, responsible for Debt Capital Markets, Equity Capital Markets, Mergers and Acquisitions and Private Equity. He is also a member of DBS Bank's Management Committee.

MS MAY NG

Ms Ng joined the Board in 2001. She is the Executive Director of Pan-United Corporation Ltd. She is also director of several companies. Ms Ng graduated with Bachelor of Arts (Honors) from the University of Western Ontario.

MR WILLIE CHENG
Mr Cheng joined the Board in 2003. He sits on the boards of Singapore Press Holdings, SPH MediaBoxOffice and Spring Singapore. He is also the Chairman of the Catholic Social and Community Council and the Jurong Country Club.

MS ADELINE SUM
Ms Sum was appointed to the Board in 2004. She is currently the Chief Executive Officer of the Singapore Labour Foundation and NTUC Childcare Co-operative Ltd. Ms Sum is also a Competency Director, Group Development of the National Trades Union Congress.

MR HEE THENG FONG
Mr Hee is a practising lawyer with more than 20 years' experience in legal practice. He is currently a Fellow of the Chartered Institute of Arbitrators (UK) and the Singapore Institute of Arbitrators and an Arbitrator of Singapore International Arbitration Centre (SIAC), Beijing Arbitration Commission (BAC) and China International Economic and Trade Arbitration Commission (CIETAC). Mr Hee is also a member of the Standing Committee of the Singapore Chinese Chamber of Commerce & Industry and an independent director of several public listed companies. He is frequently invited to speak on Director's Duties and Corporate Governance.

MS TAN HWEE BIN
Ms Tan joined the Board in 2006. She is the Chief Operating Officer of Wing Tai Holdings group. She is also a council member of Central Singapore Community Development Council (CDC) and a member of the Finance and Establishment Committee of Chinese Development Assistance Council (CDAC).

PRINCIPAL OFFICERS

Left to right:

MR SEAH KIAN PENG
Managing Director
(Singapore)

MR TAN KIAN CHEW
Group Chief Executive Officer

MR WEE LEONG HOW
Managing Director
(Group Corporate Services)

Left to right:

MR POH LEONG SIM
Group Co-operative Secretary
Director
(Legal)

MRS TEO POH YIM
Director
(Marketing & Corporate Communications)

MR GERRY LEE
General Manager
(Supermarket)

Left to right:

MS CHONG NYET CHIN
Director
(Food Safety & Quality)

MR TNG AH YIAM
Director
(Integrated Purchasing)

PRINCIPAL OFFICERS

Left to right:

MR BERNARD CHEW
Chief Information Officer

MRS CYNTHIA LEE
General Manager
(Real Estate Management Business)

MR ALAN STEWART
General Manager
(Hypermarket)

Left to right:

MR DICKSON YEO
Director
(Supply Chain)

MR KOH KOK SIN
General Manager
(Convenience Stores)

Left to right:

MR LIM KOK GUAN
Chief Financial Officer

MS REBECCA TEO
Director
(Human Resource)

MR LEE KIN SENG
Deputy Director
(Strategy & Business Development)

18 APR 07

FIRST BANKING PRODUCT LAUNCHED

Groceries are not all our customers can pick up at our supermarkets. Now they can also open a FairPrice Plus Super Account. Developed with OCBC, FairPrice Plus is the first banking product exclusively available at our supermarkets. It is targeted at individuals who prefer simple banking solutions that offer greater value for their money.

25 APR 07

MOST TRUSTED SUPERMARKET BRAND ACCOLADE

Establishing a trusting relationship with our customers has always been key at FairPrice. This was affirmed by consumers when FairPrice was voted the Most Trusted Brand (Gold) in the Supermarket category in an annual Reader's Digest survey.

21 APR 07

S$2 MILLION PLEDGE FOR ELDERCARE

FairPrice demonstrated its care and share spirit with a S$2 million donation to NTUC Eldercare, of which S$400,000 was dedicated to setting up the fourth Eldercare Centre in Jurong Central.

12 MAY 07

MULTIPLE MAY DAY AWARDS

FairPrice clinched two May Day Model Workers' Awards. On top of that, we received the Company Commendation Award, which recognised our efforts in enhancing staff employability.

06 JUN 07

GIVING A 'GREEN' BOOST WITH FAIRPRICE REUSABLE BAGS

FairPrice shoppers got a 'green' boost when 100,000 reusable bags were given to them free on our third monthly "Bring Your Own Bag Day". This initiative was made possible in partnership with Keppel Corporation as part of the "Colour Your Future Green" initiative.

11 JUL 07

DOUBLE NOD FROM AVA FOR FOOD SAFETY

FairPrice was honoured at the Food Safety Awards, organised by the Agri-Food & Veterinary Authority of Singapore (AVA). In addition to being recognised as AVA's Food Safety Partner for our commitment to food safety assurance and education, we received a Certificate of Commendation for our high standards in food safety.

22 JUL 07

FAIRPRICE FOOD VOUCHER SCHEME TAKES OFF

FairPrice contributed S$1 million in food vouchers to help needy families cope with the increase in GST. This initiative kicked off the FairPrice Food Voucher scheme aimed at lending a helping hand to the community.

25 JUL 07

FAIRPRICE REWARDS CUSTOMERS FOR GOING GREEN

Taking the National Environment Agency's (NEA) "Bring Your Own Bag Day" a step further, FairPrice launched its own "FairPrice Green Rewards" initiative to promote a greener community. Customers who bring their own bag on any day, enjoy a 10 cent rebate with a minimum S$10 purchase.

01 AUG 07
FAIRPRICE-EXXONMOBIL, A COMPLETE SUCCESS

All ExxonMobil service stations in Singapore are now operated by FairPrice, with FairPrice Xpress and Cheers convenience stores to deliver greater value and convenience to customers. This date marks the celebration of this momentous achievement in the FairPrice-ExxonMobil alliance.

10 AUG 07
NATIONAL DAY AT THE OFFICE

The colours of red and white adorned the corporate office at FairPrice as staff of all levels gathered to commemorate Singapore's 42nd National Day.

31 AUG 07
FAIRPRICE FINEST – A NEW RETAIL CONCEPT IS BORN

FairPrice Finest – a new retail concept aimed at bringing the finer things in life to our customers, was unveiled at Bukit Timah Plaza.

31 OCT 07
BIG WINS AT NATIONAL EXCELLENT SERVICE AWARDS

When it comes to service excellence, FairPrice is a big winner. At the annual national Excellent Service Awards, FairPrice walked away with the most awards under the retail category – 11 Star, 28 Gold and 86 Silver.

17 NOV 07
CASH FOR GREENING

More fuel for the green movement. FairPrice donated S$15,000 to the Corporate Environmental Outreach run, in aid of six environmental Non-Government Organisations.

29 NOV 07
SAFETY FIRST FOR OUR CUSTOMERS

FairPrice bagged the most number of awards at the Fire Safety Award 2007, organised by the National Fire and Civil Emergency Preparedness Council (NFEC). In total, 33 FairPrice stores received the award including 10 which achieved the prestigious Fire Safety Excellence Award for exemplary fire safety standards.

28 NOV 07
'HEARTY' PARTNERSHIP FOR THE COMMUNITY

Joining hands with our business partners, FairPrice raised half a million dollars for the Community Chest through two major charity initiatives – "Heartstrings Buys" and the "FairPrice Big Heart Challenge".

30 NOV 07
MAKING WISHES COME TRUE

As Presenting Sponsor of the Boys' Brigade Sharity Gift Box (BBSGB), FairPrice hosted the first Sharity Wish Tree at FairPrice Xtra AMK Hub, to fulfill 500 wishes of the less privileged.

01 – 03 DEC 07
USED TEXTBOOK PROJECT TURNS 25

FairPrice has been helping poor and needy students with free second-hand textbooks for 25 years. Our Used Textbook Project marked its anniversary by delivering more than 100,000 books to some 8,000 recipients at Downtown East and Yio Chu Kang Community Club.

19 DEC 07
STRETCH YOUR DOLLAR REACHES OUT

As part of the "Stretch Your Dollar Learning Journey" for union leaders, FairPrice announced a 5% discount on 500 essential FairPrice housebrand products and offered eight tips to help consumers get more value from their grocery dollar.

02 FEB 08
CHEERS FOR YOUTH OLYMPIC GAMES

Cheers convenience stores took the lead by rallying support from the community for Singapore's bid to host the 2010 Youth Olympic Games.

02 FEB 08
BREAKFAST WITH A HEART

FairPrice donated S$100,000 to the Pupil Breakfast scheme, part of the School Partnership Programme organised by Loving Heart Multi-Service Centre (Jurong Central) in Jurong GRC.

21 FEB 08
YOUTH OLYMPIC GAMES

FairPrice and Cheers celebrated with the nation when Singapore was named host nation for the inaugural 2010 Youth Olympic Games. FairPrice management witnessed the momentous occasion.

23 FEB 08
STRETCH YOUR DOLLAR WITH FROZEN MEAT

FairPrice supported AVA's "Eat Well For Less, Choose Frozen Meat" campaign with discounts on frozen meat products, in-store food sampling and public education on benefits of choosing frozen meat.

22 MAR 08
AMK HYPERMART TURNS ONE

FairPrice celebrated the first anniversary of its Hypermart at Ang Mo Kio Hub with the unveiling of Asia's first LEGO Ferrari. In conjunction with the celebration, S$10,000 was raised for the Children's Cancer Foundation.

24 MAR 08
FAIRPRICE PLEDGES S$50 MILLION AT FOUNDATION LAUNCH

FairPrice pledged S$50 million in donation at the launch of its charity arm, NTUC FairPrice Foundation. Four beneficiaries were presented with a total of S$1 million at the launch.


FIONA GAN

At NTUC FairPrice, we strive every day to be the best at what we do. This year has been no different as we worked towards our vision to be Singapore's leading world-class retailer with a heart.

GREATER GROWTH, GREATER SOCIAL IMPACT

We have turned in another year of good business performance despite economic challenges of high oil and food prices.

The overall Group revenue rose by 13.8% to S$1.81 billion. The Group's profit before contributions was S$101 million, an increase of 0.9% over the previous year due to better returns from investment income.

Overall net profit for the Group, after deducting rebates, dividends, contributions to Central Cooperative Fund and Singapore Labour Foundation, amounted to S$63.3 million, 23.8% lower than the previous year due to additional provisions made in regard to contributions to the Singapore Labour Foundation for the previous financial years.

Our business success over the past financial year allowed FairPrice to continue to fulfill our social role of moderating the cost of living in Singapore and to lend a helping hand to the community.

EXPANDING OUR REACH

Last year, FairPrice broke new grounds in reaching out and making ourselves more relevant to our customers. From delivering quality products at best value to finding innovative new ways to engage our customers.

MORE STORES AND MORE VARIETY

Steadfast in our pursuit of making the good life more affordable to all, we opened our first FairPrice Finest outlet at Bukit Timah Plaza in August 2007. FairPrice Finest boosts a cosmopolitan range of premium imported food products at affordable prices, of which 20% to 30% are not available at other FairPrice stores. FairPrice Finest also features our very first team of Customer Service Ambassadors, who are trained to deliver the finest customer service standards. Since its opening, the store has been well-received by customers and has seen an increase in sales of more than 50%.

FAIRPRICE AND CHEERS AT ALL EXXONMOBIL SERVICE STATIONS

In August 2007, we completed our alliance with ExxonMobil with the conversion of all 71 Esso and Mobil service stations in Singapore into either a FairPrice Xpress or Cheers convenience store. Based on the 'Big Box' convenience store concept, the stores are twice the size of conventional petrol marts, translating to more retail space and up to 50% more product assortment for our customers.

FAIRPRICE PLUS HITS STORES

In April 2007, we partnered OCBC to launch our first FairPrice Plus banking product. This milestone initiative means that customers can now do more than buy groceries when they visit a FairPrice outlet. They can open a FairPrice Plus Super Account, a key offering that gives customers an attractive savings rate of one per cent per annum with no minimum deposit. The account also comes with a debit or credit card facility so that customers can enjoy the convenience of card payment. The card can also be used to earn LinkPoints and access more than 700 OCBC ATMs islandwide.

MODERATING THE COST OF LIVING

Against the backdrop of high oil and food prices, FairPrice took the lead to moderate the cost of living in Singapore.

STRETCHING THE FAMILY DOLLAR

FairPrice launched the "Stretch Your Dollar" programme on 19 December 2007 to help customers cope with inflation by offering eight useful tips to cut their grocery bill. A key feature

All 71 Esso and Mobil service stations were converted into either FairPrice Xpress or Cheers convenience stores.

FairPrice partnered OCBC to launch our first in-store banking service – FairPrice Plus.

Steadfast in our pursuit of making the good life more affordable to all, we opened our first FairPrice Finest outlet at Bukit Timah Plaza in August 2007.

of the programme was the 5% discount on 500 essential housebrand items. So well-received was the discount scheme that it was extended twice till end July 2008 to help customers tide over the difficult times.

FAIRPRICE HOUSEBRAND GAINS FOOTHOLD

FairPrice housebrand products, which are on average priced about 10% to 15% lower than national brands, have increasingly gained foothold in the competitive market. With the "Stretch Your Dollar" 5% discount, consumers enjoy savings of up to 20% over leading national brands.

FairPrice housebrand products are sourced from reputable suppliers all over the world in order to give our customers the best prices. By diversifying our sources, FairPrice is able to ensure a steady supply of products at stable prices. FairPrice also imports products directly from other countries to cut down on middleman handling and pass the cost savings to consumers. As Singapore's largest supermarket retailer, FairPrice also enjoys economies of scale through bulk purchase. These have helped FairPrice to achieve lower prices for housebrand products, without compromising quality.

S$1 million in food vouchers was donated to needy Singaporeans to help them cope with the impact of the 2% GST increase.

Currently, there are 2,000 varieties of FairPrice housebrand products, with different brand labels to meet different customer needs. To meet increasing consumer demand, FairPrice aims to increase its housebrand products to 3,000 in the next five years.

FAIRPRICE FOOD VOUCHER SCHEME

In July, we kicked off the FairPrice Food Voucher scheme where S$1 million in food vouchers was donated to needy Singaporeans to help them cope with the impact of the 2% GST increase.

FROZEN MEAT: JUST AS FRESH, FOR LESS

Partnering the Agri-food and Veterinary Authority of Singapore (AVA) in the "Eat Well For Less, Choose Frozen Meat" campaign, FairPrice joined the cause to promote frozen meat as a more affordable alternative to chilled meat. Customers can enjoy savings of up to 55% over chilled meat when they buy frozen meat at FairPrice stores.

CARING FOR OUR STAFF

To-date, the FairPrice family is 6,000 strong. Our staff force stands firm in our belief in teamwork, professionalism and customer focus. Through the years, we have held our human resource close to our heart, investing and developing our people, giving them opportunities to acquire skills beyond their jobs so that they can advance in their career.

CONSTANT TRAINING AND UPGRADE

During the year, FairPrice equipped staff for their career in the retail industry under the national Workforce Development Agency's Workforce Skills Qualification (WSQ) education and training scheme. 35 FairPrice and three Cheers operations staff received their Certificates in Retail Operations, while another 21 FairPrice staff received their Diploma in Retail Management from University of Stirling. Another 150 frontline staff completed the WSQ – Employability Skills Scheme on Workplace Information Communication Technology module.

RECOGNITION AND REWARD FOR MODEL WORKERS

Two of our staff won May Day Model Worker's Awards. The awards recognise workers across diverse industries in several categories. FairPrice also won the Company Commendation Award, which recognised our efforts in enhancing staff employability.

IMPROVING STAFF BENEFITS

FairPrice revised and enhanced medical benefits for staff. The revision was designed to encourage staff to take greater responsibility for their own well-being and provide portable coverage for inpatient services.

SHARING OUR SUCCESS WITH THE COMMUNITY

On top of providing a great shopping experience, FairPrice thrives in achieving our vision to become a world-class retailer with a heart. The past year saw us pushing boundaries to take active and passionate responsibility for the continued growth and vibrancy of the community in which we live.

IMPROVING LIFE FOR THE ELDERLY

FairPrice contributed S$2 million to the NTUC Eldercare programme in April 2007. Of this, S$400,000 went to building the Silver Circle social day-care centre for the elderly at Jurong Central. FairPrice also stocked up the centre's pantry with

Our staff force stands firm in our belief in teamwork, professionalism and customer focus.

household products and provided a consultant nutritionist to plan nutritious meals for the elderly. Residents at the Jurong GRC can now look forward to social activities, elderly-friendly facilities and more wholesome meals.

FEEDING YOUNG HEARTS AND MINDS

In November 2007, FairPrice partnered with the Boys' Brigade Sharity Gift Box (BBSGB) to host the first Sharity Wish Tree to fulfill 500 wishes of the less priviledged.

The Used Textbook Project, a hallmark of NTUC FairPrice, celebrated its 25th Anniversary in December 2007. At Downtown East and Yio Chu Kang Community Club, some 8,000 needy students benefited from 100,000 used textbooks collected by FairPrice.

We worked with the Loving Heart Multi-Service Centre in Jurong GRC on the School Partnership Programme. In February this year, FairPrice made a S$100,000 contribution to the Pupil Breakfast Scheme to ensure that more needy students are able to start their school day right.

YOUTH OLYMPIC-SIZE CHEERS

In early February this year, Cheers took the lead in rallying community support for the nation's bid to host the 2010 Youth Olympic Games. FairPrice and Cheers went all out to celebrate with the nation when we eventually won the bid on 21 February 2008.

A FOUNDATION FOR THE FUTURE

NTUC FairPrice is a social enterprise originally established to help moderate the cost of living in Singapore. The highpoint of our commitment in this regard has been the creation of the NTUC FairPrice Foundation, a registered charity that is fully funded by NTUC FairPrice with the mission to provide "A Better Life for the Community".

Launched on 24 March 2008, the Foundation galvanises FairPrice's commitment to help the poor and needy, promote nation building and community bonding as well as advance the welfare of workers in Singapore.

FairPrice has pledged S$50 million in donation over 10 years to NTUC FairPrice Foundation to provide a better life for the community.

More than 8,000 needy students benefitted from last year's Used Textbook Project.

Cheers rallied in support of Singapore's bid to host the 2010 Youth Olympic Games.

FairPrice has pledged S$50 million in donation over 10 years to NTUC FairPrice Foundation to provide a better life for the community.

At the launch, the Foundation presented a total of S$1 million to four beneficiaries including S$400,000 to the NTUC ElderCare Trust, S$300,000 to the Community Chest, S$200,000 to Food From The Heart, and S$100,000 to the NTUC Childcare Bright Horizons Fund.

GREENING FOR THE FUTURE

At FairPrice, we understand that we are part of the environment in which we live. Over the years, we have embarked on a number of greening programmes that help us to conserve energy and resources, reduce wastage and encourage recycling.

GREENING BEGINS AT HOME

A dedicated inter-departmental Green Committee was created in April 2007. The team is tasked to promote practices within FairPrice that will minimise negative impact on the environment. Meeting regularly, designated Green Ambassadors ensure that the committee's green policies are communicated across all levels of staff. Some green practices include encouraging staff to use less paper by printing on both sides, setting up recycle bins in the office and providing reusable bags instead of plastic bags for staff use.

CUSTOMERS JOIN IN

In April 2007, FairPrice supported the National Environment Agency (NEA) initiative of "Bring Your Own Bag Day" (BYOBD). Customers were encouraged to donate 10 cents to the Singapore Environment Council for each plastic bag used every first Wednesday of the month. Three months later, we took it one step further by introducing the daily "FairPrice Green Rewards" initiative to encourage shoppers to play a part in our greening efforts. Customers who brought their own bags were rewarded with a 10 cents rebate with a minimum purchase of S$10. Since the launch of the initiative, shoppers have benefitted more than S$10,000 per month in Green Rewards rebates.

PARTNERSHIPS FOR A BETTER WORLD

FairPrice believes that collective conservation efforts can make a big difference. As a boost to our greening efforts, we teamed up with Keppel

Corporation in a "Colour Your Future Green" initiative on 6 June 2007 to distribute some 100,000 reusable bags to FairPrice shoppers.

At the inaugural Corporate Environmental Outreach (CEO) run organised by the National Environment Agency on 17 November 2007, FairPrice registered our support as a Platinum Donor with a S$15,000 donation in aid of six environmental Non-Government Organisations (NGOs).

SHARING WITH OUR MEMBERS

As a Co-operative, FairPrice is owned by half a million members. We are happy to share our success with our members who have contributed to our continued growth.

THANKING OUR MEMBERS

This year, in view of the Co-operative's good performance, the Board of Directors has proposed a first and final dividend of 5% to all our members. The Board will also declare a patronage rebate of 4% at the Annual General Meeting to reward loyal shoppers at our stores. In addition, FairPrice has also given out S$11.67 million worth of Linkpoints to Link cardholders. In all, the total payout to members and Link cardholders for the year in review amounted to S$48.9 million.

In keeping with our principle of supporting our members, we continued to offer study grants to children of needy members. Last year, 325 students received study grants from FairPrice totaling S$259,400.

IMPROVING QUALITY OF LIFE FOR UNION MEMBERS

FairPrice continued to lend our support to many of our Founder and Institutional Members' activities aimed at improving the lives of union workers. For the year in review, we contributed 20% of our annual surplus to the Singapore Labour Foundation and the Central Co-operative Fund.

FOUNDER AND INSTITUTIONAL MEMBERS

	Number of shares of $1 each
FOUNDER MEMBER	
National Trades Union Congress	8,578,149
INSTITUTIONAL MEMBERS	
Air-Transport Executive Staff Union	72,702
Amalgamated Union of Public Employees	202,301
Amalgamated Union of Statutory Board Employees	22,853
Building Construction & Timber Industries Employees' Union	1,946,593
Ceylon-Tamils' Multi-Purpose Co-operative Limited	16,570
Changi International Airport Services Employees' Union	328,416
Chemical Industries Employees' Union	1,635,426
Citiport Credit Co-operative Limited	55,236
Customs Credit Co-operative Society (S) Limited	127,591
Development Bank of Singapore Staff Union	129,772
ExxonMobil Singapore Employees' Union	162,740
Food, Drinks & Allied Workers Union	1,417,706
Healthcare Services Employees Union	59,895
Housing & Development Board Staff Union	170,244
Keppel Employees Union	27,617
Keppel FELS Employees' Union	622,836
Keppel Services Staff Union	252,783
Metal Industries Workers Union	2,457,627
National Transport Workers Union	6,814,716
National University of Singapore Multi-Purpose Co-operative Society Ltd	25,100
NatSteel Employees' Union	570,991
NTUC Childcare Co-operative Ltd	1,252,456
NTUC Healthcare Co-operative Limited	219,615
NTUC INCOME Insurance Co-operative Ltd	1,762,695
NTUC Media Co-operative Limited	159,720
Port Officers Union	17,980
Public Utilities Board Employees' Union	236,163
Race Course General Employees' Union	5,523
SATU Multi-Purpose Co-operative Society Ltd	226,270
Sembawang Shipyard Employees' Union	13,808
Shipbuilding & Marine Engineering Employees' Union	5,054,504
Singapore Air Transport-Workers Union	59,924
Singapore Airlines Staff Union	180,350
Singapore Airport Terminal Services Workers Union	256,217
Singapore Association of the Visually Handicapped	5,523
Singapore Bank Officers' Association	129,258
Singapore Government Shorthand Writers Association	7,320

	Number of shares of $1 each
INSTITUTIONAL MEMBERS	
Singapore Industrial & Services Employees' Union	2,539,210
Singapore Insurance Employees' Union	5,523
Singapore Interpreters and Translators Union	17,303
Singapore Labour Foundation	10,648,000
Singapore Malay Teachers Union	12,456
Singapore Maritime Officers' Union	2,435,468
Singapore National Union of Journalists	11,047
Singapore Organisation of Seamen	5,523
Singapore Polytechnic Co-operative Ltd	108,010
Singapore Port Workers Union	374,410
Singapore Press Holdings Employees' Union	65,784
Singapore Shell Employees' Union	278,620
Singapore Shell Employees' Union Co-operative Ltd	304,766
Singapore Statutory Boards Employees' Co-operative Thrift & Loan Society Ltd	55,236
Singapore Stevedores Union	55,236
Singapore Teachers Union	27,617
Singapore Union of Broadcasting Employees	95,166
Singapore Urban Redevelopment Authority Workers' Union	117,550
SSE Multi-Purpose Co-operative Society Ltd	22,199
Staff Union of NTUC-ARU	24,915
Tailors Association (Singapore)	31,944
Telecoms Credit Co-operative Limited	88,511
The Singapore Bank Employees' Union	217,165
The Singapore Co-operative Housing & Agencies Society Ltd	20,262
The Singapore Government Staff Credit Co-operative Society Ltd	74,242
The Singapore Manual & Mercantile Workers' Union	188,442
The Singapore Mercantile Co-operative Thrift & Loan Society Ltd	199,543
The Singapore Teachers Co-operative Society Ltd	55,236
Union of ITE Training Staff	79,964
Union of Power and Gas Employees' Union	270,428
Union of Security Employees' Union	31,944
Union of Telecoms Employees of Singapore	284,834
United Workers of Electronic & Electrical Industries	6,816,401
United Workers of Petroleum Industry	410,886
GRAND TOTAL	**61,259.031**

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Group and of the Co-operative for the financial year ended March 31, 2008.

1 DIRECTORS

The directors of the Co-operative in office at the date of this report are:

Ng Ser Miang (Chairman)
John Lim Kok Min
Lim Kuang Beng
Teo Yock Ngee
Jennifer Lee (Dr)
Eric Ang Teik Lim
May Ng
Willie Cheng Jue Hiang
Adeline Sum
Hee Theng Fong
Tan Hwee Bin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares or debentures in the Co-operative or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the Co-operative and related corporations as recorded in the Register of Directors' Shareholdings kept by the Co-operative except as follows:

Name of directors and Co-operative/ companies in which interests are held	Shareholdings registered in the name of directors	
	At beginning of year	At end of year
NTUC FairPrice Co-operative Limited		
Ng Ser Miang	20	20
John Lim Kok Min	5,000	5,000
Lim Kuang Beng	2,018	2,018
Teo Yock Ngee	2,262	2,262
Eric Ang Teik Lim	26	26
Willie Cheng Jue Hiang	1,000	1,000
Adeline Sum	24	24

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Co-operative or a related corporation with the director or with a firm of which he is a member, or with a Co-operative in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Co-operative or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Co-operative or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Co-operative or any corporation in the Group under option.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Ng Ser Miang **John Lim Kok Min**

July 21, 2008

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NTUC FAIRPRICE CO-OPERATIVE LIMITED

We have audited the accompanying financial statements of NTUC FairPrice Co-operative Limited (the "Co-operative") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Co-operative as at March 31, 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the profit and loss statement and the statement of changes in equity of the Co-operative for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 92.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Co-operative Societies Act, Cap. 62 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

BASIS FOR QUALIFIED OPINION

The Group and the Co-operative's expenses analysed by nature and cost of inventories sold have not been disclosed in the financial statements as required by the Singapore Financial Reporting Standards No. 1 "Presentation of Financial Statements" and No. 2 "Inventories". The Group and the Co-operative consider these disclosures to be competitively disadvantageous to the Group's interests.

QUALIFIED OPINION

In our opinion, except for the non-disclosure of nature of expenses and cost of inventories sold noted in the basis for qualified opinion paragraph, the consolidated financial statements of the Group and the balance sheet, statement of changes in equity and the profit and loss statement of the Co-operative are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Co-operative as at March 31, 2008 and of the results, changes in equity and cash flows of the Group and results and changes in equity of the Co-operative for the year ended on that date.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NTUC FAIRPRICE CO-OPERATIVE LIMITED

OPINION ON ACCOUNTING AND OTHER RECORDS

(a) the accounting and other records required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Act; and

(b) nothing came to our attention to cause us to believe that the receipt, expenditure and investments of monies and the acquisition and disposal of assets made by the Co-operative during the financial year ended March 31, 2008 have not been made in accordance with the By-laws of the Co-operative and the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants

Singapore

July 21, 2008

BALANCE SHEETS
March 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000	Co-operative 2008 $'000	Co-operative 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	290,311	224,244	270,417	213,663
Trade receivables	7	9,142	10,378	27,118	9,267
Inventories	8	103,085	86,767	97,798	81,607
Other receivables	9	28,512	16,790	27,138	10,839
Investments	13	128,898	126,367	128,898	126,367
Total current assets		559,948	464,546	551,369	441,743
Non-current assets					
Trade receivables	7	570	–	–	–
Subsidiaries	10	–	–	34,835	40,680
Associates	11	22,753	72,779	3,400	6,283
Jointly controlled entity	12	62	114	–	–
Investments	13	441,153	460,089	353,763	364,848
Property, plant and equipment	14	427,063	422,915	351,614	346,777
Total non-current assets		891,601	955,897	743,612	758,588
Total assets		1,451,549	1,420,443	1,294,981	1,200,331
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	307,188	273,378	289,330	258,558
Other payables	16	152,457	172,795	201,891	150,916
Share capital repayable on demand	17	179,266	178,350	179,266	178,350
Income tax payable		3,452	4,003	–	–
Total current liabilities		642,363	628,526	670,487	587,824
Non-current liabilities					
Provisions	18	12,794	12,451	12,107	12,146
Deferred tax liabilities	19	2,252	1,786	–	–
Total non-current liabilities		15,046	14,237	12,107	12,146
Capital and reserves					
Share capital	17	100	100	100	100
Accumulated profits		442,921	388,945	321,522	279,833
Other reserves	20	351,119	388,635	290,765	320,428
Total equity		794,140	777,680	612,387	600,361
Total liabilities and equity		1,451,549	1,420,443	1,294,981	1,200,331

See accompanying notes to financial statements.

PROFIT AND LOSS STATEMENTS
Year ended March 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000	Co-operative 2008 $'000	Co-operative 2007 $'000
Revenue	21	1,812,188	1,592,289	1,681,816	1,493,228
Profit from operations	22	135,198	132,277	124,467	124,980
Finance costs	23	(13,964)	(10,877)	(13,964)	(10,876)
Patronage rebates/discounts		(25,777)	(24,588)	(25,777)	(24,588)
Writeback of rebates/discounts		3,986	5,352	3,986	5,352
Share of profits/(losses) of:					
– associates	11	3,440	822	–	–
– jointly controlled entity	12	(52)	20	–	–
Profit before income tax		102,831	103,006	88,712	94,868
Income tax expense	24	(1,832)	(2,931)	–	–
Profit before contributions		100,999	100,075	88,712	94,868
Contributions to:					
Central Co-operative Fund	16	(25)	(25)	(25)	(25)
Singapore Labour Foundation	16	(37,712)	(16,981)	(37,712)	(16,981)
Net profit after contributions		63,262	83,069	50,975	77,862

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended March 31, 2008

	Share capital $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Statutory reserve fund $'000	Accumulated profits $'000	Total $'000
Group						
Balance at April 1, 2006	100	(276)	164,758	50,710	310,624	525,916
Changes in fair value of available-for-sale investments	–	–	168,700	–	–	168,700
Net gains recognised directly in equity	–	–	168,700	–	–	168,700
Net profit after contributions	–	–	–	–	83,069	83,069
Total recognised income and expense for the year	–	–	168,700	–	83,069	251,769
Transfer	–	–	–	4,743	(4,743)	–
Payments relating to appropriations/ distributions approved by members of the Co-operative – dividends	–	–	–	–	(5)	(5)
Balance at March 31, 2007	100	(276)	333,458	55,453	388,945	777,680
Changes in fair value of available-for-sale investments	–	–	(46,802)	–	–	(46,802)
Net losses recognised directly in equity	–	–	(46,802)	–	–	(46,802)
Net profit after contributions	–	–	–	–	63,262	63,262
Total recognised income and expense for the year	–	–	(46,802)	–	63,262	16,460
Transfer	–	–	–	9,286	(9,286)	–
Balance at March 31, 2008	100	(276)	286,656	64,739	442,921	794,140

STATEMENTS OF CHANGES IN EQUITY
Year ended March 31, 2008

	Share capital $'000	Fair value reserve $'000	Statutory reserve fund $'000	Accumulated profits $'000	Total $'000
Co-operative					
Balance at April 1, 2006	100	131,737	50,710	206,719	389,266
Changes in fair value of available-for-sale investments	–	133,238	–	–	133,238
Net gains recognised directly in equity	–	133,238	–	–	133,238
Profit for the year	–	–	–	77,862	77,862
Total recognised income and expense for the year	–	133,238	–	77,862	211,100
Transfer	–	–	4,743	(4,743)	–
Payments relating to appropriations/ distributions approved by members of the Co-operative – dividends	–	–	–	(5)	(5)
Balance at March 31, 2007	100	264,975	55,453	279,833	600,361
Changes in fair value of available-for-sale-investments	–	(38,949)	–	–	(38,949)
Net losses recognised directly in equity	–	(38,949)	–	–	(38,949)
Profit for the year	–	–	–	50,975	50,975
Total recognised income and expense for the year	–	(38,949)	–	50,975	12,026
Transfer	–	–	9,286	(9,286)	–
Balance at March 31, 2008	100	226,026	64,739	321,522	612,387

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended March 31, 2008

	Group 2008 $'000	Group 2007 $'000
Profit before income tax	102,831	103,006
Adjustments for:		
Provision for reinstatement costs	183	(66)
Depreciation of property, plant and equipment	33,917	29,535
Loss on sale of property, plant and equipment (net)	635	485
Property, plant and equipment written off	1,364	95
Profit on sale of investments (net)	(22,846)	(9,255)
Impairment losses (reversed) made in respect of:		
– property, plant and equipment (net)	1,333	(3,523)
– investment in unquoted equity (net)	43	–
– investment in quoted unit trusts/bonds/equities (net)	(53)	(121)
Share of profit of associates	(3,440)	(822)
Share of loss (profit) of jointly controlled entity	52	(20)
Dividend income	(19,411)	(19,633)
Dividends to ordinary shares repayable on demand	13,964	10,876
Patronage rebates	25,777	24,588
Write-back of patronage rebates	(3,986)	(5,352)
Write-back of expired gift vouchers	–	(1,100)
Interest income	(4,757)	(4,969)
Interest expense	–	1
Operating cash flow before working capital changes	125,606	123,725
Inventories	(16,318)	(9,812)
Trade and other receivables	(10,832)	(9,869)
Trade and other payables	50,028	69,545
Changes in working capital	148,484	173,589
Contribution to Central Co-operative Fund paid	(25)	(25)
Contribution to Singapore Labour Foundation paid	(16,981)	(7,238)
Directors' honoraria paid	(152)	(144)
Dividends paid	–	(5)
Income tax paid	(2,095)	(1,503)
Net cash from operating activities	129,231	164,674

CONSOLIDATED CASH FLOW STATEMENT
Year ended March 31, 2008

	Group	
	2008 $'000	2007 $'000
Investing activities		
Purchase of property, plant and equipment	(41,486)	(53,834)
Proceeds from sale of property, plant and equipment	89	2,134
Dividend received (Note A)	20,011	19,633
Interest received	4,757	4,969
Repayments of loans and advances by associates/co-operatives	–	(1,472)
Purchases of quoted/unquoted investments	(69,355)	(88,538)
Proceeds from sale of quoted/unquoted investments	61,814	72,506
Disposal of investment in associates	1,470	450
Net cash used in investing activities	(22,700)	(44,152)
Financing activities		
Repayments of finance lease liability	–	(8)
Proceeds from issue of shares	1,662	1,264
Payment made for withdrawal of share capital	(746)	(8,474)
Patronage rebates paid to ordinary shares repayable on demand	(27,416)	(22,903)
Dividends paid to ordinary shares repayable on demand	(13,964)	(10,876)
Fixed deposits pledged to bank	–	11,985
Interest paid	–	(1)
Net cash used in financing activities	(40,464)	(29,013)
Net increase in cash and cash equivalents	66,067	91,509
Cash and cash equivalents at beginning of year	224,244	132,735
Cash and cash equivalents at end of year (Note 6)	290,311	224,244

Note A:
During the year, the dividend received from an associate amounting to $50,250,000 (2007 : Nil) has been offset against amount due to associate amounting to $49,650,000. The remaining amount of $600,000 was settled in cash by the said associate.

See accompanying notes to financial statements.

1 GENERAL

The Co-operative is incorporated in the Republic of Singapore with its principal place of business and registered office at 680, Upper Thomson Road, Singapore 787103. The financial statements are expressed in Singapore dollars.

The principal activities of the Co-operative are those relating to supermarket, department store and convenience store retailing and investment holding.

The principal activities of the subsidiaries are stated in Note 10 to the financial statements.

The consolidated financial statements of the Group and balance sheet, profit and loss statement and statement of changes in equity of the Co-operative for the year ended March 31, 2008 were authorised for issue by the Board of Directors on July 21, 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Co-operative Societies Act Cap 62, and Singapore Financial Reporting Standards (“FRS”), except as disclosed in the following paragraph.

The analysis of expenses using a classification based on nature or function of expense, as required by Paragraph 88 of FRS 1, Presentation of Financial Statements, and cost of inventories sold as required by FRS 2, Inventories, have not been disclosed, as the Co-operative considers these disclosures to be competitively disadvantageous to the Group’s interests.

Accordingly, no disclosure has been made by the Group and Co-operative on the analysis of expenses by nature and cost of inventories sold as required by FRS 1, Presentation of Financial Statements and FRS 2, Inventories respectively.

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Co-operative and the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after April 1, 2007. The adoption of these new/revised FRSs and INT FRSs has no material effect on the amounts reported for the current and prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS which are relevant to the Co-operative and the Group, were issued but not effective:

FRS 23 – Borrowing Costs (Revised)
FRS 107 – Financial Instruments: Disclosures

Amendments to FRS 1 Presentation of Financial Statements relating to capital disclosure

Consequential amendments were also made to various standards as a result of these new/revised standards.

The directors anticipate that the adoption of above FRS and amendments to FRS in future periods will not have a material impact on the financial statements of the Co-operative and of the Group in their initial adoption except for the application of FRS 107 Financial Instruments: Disclosures and the amendments to FRS 1 (revised): Presentation of Financial Statements on Capital Disclosures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendments to FRS 1 (revised) requires the Co-operative and the Group to make new disclosures to enable users of the financial statements to evaluate the Co-operative and Group's objectives, policies and processes for managing capital.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Co-operative and entities controlled by the Co-operative (its subsidiaries). Control is achieved when the Co-operative has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Co-operative's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit or loss statement.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Co-operative's and Group's balance sheets when the Co-operative and the Group become a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENTS (Cont'd)

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: "available-for-sale" financial assets, financial assets "at fair value through profit or loss" and "trade and other receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Available-for-sale unquoted equity investments are initially recognised at fair value plus directly attributable acquisition costs. They are subsequently measured at cost less impairment loss as fair values cannot be reliably measured.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENTS (Cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "trade and other receivables". Trade and other receivables are initially measured at fair value and subsequently amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENTS (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group accounts for its interests in associates using either the most recently available audited financial statements or the unaudited financial statements of the associates. Any difference between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted in the following financial year.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Co-operative, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INTERESTS IN JOINT VENTURES – A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. Joint venture arrangements that does not involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled assets. The Group reports its interests in jointly controlled assets using proportionate consolidation, The Group's share of the assets, liabilities, income and expenses of jointly controlled assets are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

The Group accounts for its interests in the jointly controlled entity using the most recently available audited financial statements or the unaudited financial statements of the jointly controlled entity. Any difference between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted in the following financial year.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

GOODWILL – Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in the "Associates" note.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership to the lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT – Freehold land and capital work-in-progress are stated at cost less impairment losses. Other items of property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	–	20 to 42 years
Leasehold land and buildings	–	16 to 50 years
Furniture, fittings and renovations	–	5 to 15 years
Plant and machinery	–	3 to 10 years
Equipment and motor vehicles	–	2 to 7 years
Computers	–	1 to 5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL – At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental Income

Rental income is recognised on a straight-line basis over the term of the relevant lease as set out in the paragraph "Leases".

PATRONAGE REBATES AND DISCOUNTS – Patronage rebates and discounts distributed to the members of the Co-operative/NTUC Union cardholders ("members") are recognised as a liability in the Co-operative's and the Group's financial statements in the period in which the patronage rebates and discounts are approved by the members at the annual general meeting. Patronage rebates and discounts which are not claimed within 3 years from the date of payment by members are written back in accordance with By-Law 13.4.2 and the rules of NTUC Union Card Scheme.

BORROWING COSTS – All borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Co-operative are presented in Singapore dollars, which is the functional currency of the Co-operative, and the presentation currency for the financial statements of the Group and the Co-operative.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash in hand and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Critical judgements in applying the Co-operative's accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Finance and operating leases

The inception of the warehouse and factory leases of the Group took place many years ago. They are combined leases of land and buildings. It is not possible to obtain a reliable estimate of the split of the fair values of the lease interest between land and buildings at inception. Therefore, in determining lease classification, the Group and Co-operative evaluated whether both parts are clearly operating leases or finance leases. The rent paid to the landlord for the buildings is increased to market rent at regular intervals, and the Group and Co-operative do not participate in the residual value of the building, it is judged that substantially all the risks of rewards of the building are with the landlord. Based on this qualitative factor, it is concluded that the leases are operating leases. Please refer to Note 25(b) for lease commitments.

Key sources of estimation of 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:

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, the management determined that the useful lives of property, plant and equipment are appropriate and no revision is required.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with their accounting policy. Where there is indication of impairment, the recoverable amounts of property, plant and equipment would be determined based on the higher of fair value less costs to sell and value-in-use calculations. These value-in-use calculations require the use of judgements and estimates.

Please refer to Note 14 for the carrying amount of the Group's and the Co-operative's property, plant and equipment at the balance sheet date.

Allowances for doubtful trade and other receivables

The policy for allowances for doubtful trade and other receivables of the Group is based on the evaluation of collectibility and on management's judgement. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. If the identification is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. Please refer to Notes 7 and 9 for carrying amounts of Trade and Other receivables respectively.

Provision for reinstatement cost

The Group is required to estimate and recognise the cost to be incurred in returning the leased premises to their original condition upon vacating the premises on expiry of the lease. Management has provided for such cost based on the likely amount to be incurred and the period over which it should be amortised. The carrying value of reinstatement cost is set out in Note 18 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation of uncertainty (Cont'd)

Impairment of investment in, loan to and receivable from subsidiaries in the Co-operative's financial statements

Investments in subsidiaries, loan to and receivable from subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the investment. Estimates of growth rates are based on economic growth forecasts for the countries in which the subsidiaries operate. Changes in cash flow take into consideration the business plan and expectations of future changes in the market.

The carrying amounts of investment in and receivables from subsidiaries are disclosed in Note 10 to the Co-operative's financial statements.

Allowance for inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies inventories that are slow moving or obsolete, considers their physical conditions, market conditions and market price for similar items.

4 FINANCIAL RISKS AND MANAGEMENT

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

i) Foreign exchange risk

The Group transacts business mainly in Singapore dollars. Accordingly, the Group's exposure to foreign exchange risks is not expected to be material.

ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's investment portfolio and debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. The portfolio includes debt securities with active secondary or resale markets to ensure portfolio liquidity, and long term quoted and unquoted securities for strategic business alliances. The related interest rates for fixed deposits and quoted bonds are as disclosed in Notes 6 and 13 respectively.

iii) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Collateral may be required for certain groups of credit customers. There is no significant concentration of credit risk.

4 FINANCIAL RISKS AND MANAGEMENT (Cont'd)

iv) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and marketable securities to finance their activities.

v) Fair values of financial assets and financial liabilities

The fair value of quoted investments is their quoted bid price at the balance sheet date. For other financial instruments, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

The fair values of other financial assets and liabilities approximate their carrying amounts at the balance sheet date.

At the end of the financial year, except as disclosed in Note 25(d) the Group and Co-operative have no significant exposure to unrecognised financial instruments. The fair value of the outstanding forward foreign exchange market rates at the balance sheet date, is insignificant.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in arm's length transaction.

The carrying amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash at bank and in hand, balances with related corporations and related parties, and trade and other payables approximate their fair values.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Co-operative's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following transactions with related parties:

	Group	
	2008 $'000	2007 $'000
Donations to NTUC FairPrice Foundation Ltd	8,000	3,500
Sales of goods to associates	–	(240)
Concession income from associates	(112)	(207)
Rental income from associates	(1,535)	(1,606)
Rental income from jointly controlled entity	(154)	(217)

5 RELATED PARTY TRANSACTIONS (Cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group and Co-operative	
	2008 $'000	2007 $'000
Salaries, short-term benefits and post employment benefits		
– directors	192	184
– officers	5,350	3,923

The total number of employees of the Group and the Co-operative as of March 31, 2008 were 6,474 (2007 : 5,895) and 5,945 (2007 : 5,518) respectively.

6 CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash on hand	2,816	2,461	2,809	2,455
Cash at bank	90,881	48,569	70,994	37,994
Fixed deposits	196,614	173,214	196,614	173,214
Total	290,311	224,244	270,417	213,663

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 1.96% to 4.16% (2007 : 3.14% to 4.67%) per annum. The fixed deposits are for a tenure of approximately 7 days (2007 : 7 days).

The Group's and the Co-operative's cash and cash equivalents which are not denominated in its functional currency are as follows:

	Group and Co-operative	
	2008 $'000	2007 $'000
Denominated in:		
United States dollars	2,824	3,917
Malaysian ringgit	188	149
Australian dollars	29	27

7 TRADE RECEIVABLES

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current portion:				
Outside parties	9,656	10,356	8,247	7,114
Less: Allowance for doubtful receivables	(770)	(189)	(291)	(186)
	8,886	10,167	7,956	6,928
Subsidiaries	–	–	18,906	2,128
Jointly controlled entity	40	–	40	–
Associates	216	211	216	211
Total current portion	9,142	10,378	27,118	9,267
Non-current portion:				
Outside parties	570	–	–	–
Total	9,712	10,378	27,118	9,267

Except for the non current portion of the trade receivables balances which the Group has separate repayment arrangement with the customers, the average credit period on sale of goods is 30 days (2007 : 30 days).

An allowance has been made for the estimated irrecoverable amounts from the sale of goods to third parties of $770,000 (2007 : $189,000). This allowance has been determined by reference to past default experience.

The following is an analysis of allowance for doubtful receivables:

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At beginning of the year	189	221	186	221
Allowance made during the year	709	121	233	118
Amount written off during the year	(17)	(51)	(17)	(51)
Allowance written back during the year	(111)	(102)	(111)	(102)
At the end of the year	770	189	291	186

8 INVENTORIES

Inventories consist principally of goods for resale which are stated at cost.

9 OTHER RECEIVABLES

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deposits	21,218	11,430	19,542	5,703
Prepayments	2,118	1,663	1,948	1,467
Staff loans (a)	6	24	6	24
Income tax recoverable	162	469	745	1,052
Receivables from members (c)	1,500	1,700	1,500	1,700
Other receivables	2,496	1,492	2,397	893
	27,500	16,778	26,138	10,839
Amount due from NTUC Fairprice Foundation Ltd (Note 10) and (b)	1,000	–	1,000	–
Loan to associates (Note 11) and (c)	7,382	7,382	–	–
Less: Allowance for doubtful receivables	(7,370)	(7,370)	–	–
	12	12	–	–
Total	28,512	16,790	27,138	10,839

(a) Staff loans are repayable in equal monthly instalments over a period of up to 8 years. Interest is charged at a rate of 5% (2007 : 5%) per annum, calculated on a monthly rest basis. The effective interest rate on staff loans is approximately 5% (2007 : 5%) per annum.

(b) The amounts due from NTUC FairPrice Foundation Ltd are unsecured, non-interest bearing and repayable on demand.

(c) The loans to associates and receivables from members are unsecured, interest-free and repayable on demand.

10 SUBSIDIARIES

	Co-operative	
	2008	2007
	$'000	$'000
Unquoted equity shares, at cost	30,171	31,171
Less: Impairment loss	(14,536)	(15,536)
	15,635	15,635
Loan to subsidiary	19,200	19,200
Receivables from subsidiaries	44,828	48,660
Less: Allowance for doubtful receivables	(44,828)	(42,815)
	–	5,845
Total	34,835	40,680

Loan to subsidiary is unsecured, interest-bearing and is due to be repaid by March 31, 2012. The weighted average effective interest rate of the loan is approximately 4% (2007 : 4%) per annum.

The amount receivable from subsidiaries are unsecured and interest bearing, with no specific repayment date. The weighted average effective interest rate of the loans is approximately 3% (2007 : 3%) per annum.

The following is an analysis of allowance for impairment loss:

	Co-operative	
	2008	2007
	$'000	$'000
At beginning of the year	15,536	15,536
Allowance written off	(1,000)	–
At end of the year	14,536	15,536

The following is an analysis of allowance for doubtful receivables:

	Co-operative	
	2008	2007
	$'000	$'000
At beginning of the year	42,815	42,102
Allowance made during the year	2,013	713
At end of the year	44,828	42,815

10 SUBSIDIARIES (Cont'd)

Details of the Co-operative's subsidiaries as at March 31, 2008 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activities
Grocery Logistics of Singapore Pte Ltd (1)	Singapore	100	100	Warehousing and distribution
Interstates Market Pte Ltd (1)	Singapore	100	100	Trading and investment holding
AlphaPlus Investments Pte Ltd (1)	Singapore	100	100	Investment holding
NewFront Investments Pte Ltd (1)	Singapore	100	100	Investment holding
Cheers Holdings (2004) Pte Ltd (1)	Singapore	100	100	Convenience store operator
Fairprice Training Services Pte Ltd (1)	Singapore	100	100	Dormant
Fairprice Management Services Pte Ltd (1)	Singapore	100	100	Dormant
Office 1 Pte Ltd (2)	Singapore	100	100	Dormant
Interstates Market (2007) Pte Ltd (3)	Singapore	100	–	Dormant
Subsidiary of AlphaPlus Investments Pte Ltd				
Thomson Plaza Investments Pte Ltd (1)	Singapore	100	100	Property owner
NTUC FairPrice Foundation Ltd (1)	Singapore	*	–	Charitable organisation

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Company is under members' voluntary liquidation.

(3) Company was incorporated in August 3, 2007.

* The result and net assets of NTUC FairPrice Foundation Ltd ("Foundation") have not been consolidated as the Memorandum of Association of the Foundation provides that it cannot pay, or transfer directly or indirectly from its income and property to the member in the form of dividend, bonus, or by way of profit, provided that such payments are in good faith for the return of goods and services. Furthermore, the Memorandum provides that in the event of winding up of the Foundation, the remains after the satisfaction of all its debts and liabilities shall not be paid to or distributed to the member of the Foundation. Approval from the Commissioner of Charities is required if the member were to amend the clauses in the Memorandum of Association. Consequently, the Group does not have control over the assets and reserve of the Foundation.

11 ASSOCIATES

	Group 2008 $'000	Group 2007 $'000	Co-operative 2008 $'000	Co-operative 2007 $'000
Unquoted equity shares at cost	41,757	43,227	5,029	6,499
Share of post-acquisition accumulated (losses) profits, net of dividend received	(19,004)	29,552	–	–
Less: Impairment losses	–	–	(1,629)	(216)
	22,753	72,779	3,400	6,283

Details of the associates as at March 31, 2008 are as follows:

Name of Company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activities
NTUC Link Pte Ltd [1]	Singapore	30	30	Operator of loyalty program
NTUC Media Co-operative Ltd [3]	Singapore	26	26	Radio station operator
Edo Sushi Pte Ltd [2]	Singapore	28.7	28.7	Food retailing
One Marina Property Services Pte Ltd [2]	Singapore	20	20	Provision of facility management, project management, marketing and leasing services
NTUC Foodfare Co-operative Ltd [2]	Singapore	50	50	Managing of food outlets
Subsidiary of NTUC Foodfare Co-operative Ltd				
Foodfare Catering Pte Ltd [2]	Singapore	35	35	Provision of cooked food to army camp
Associate of AlphaPlus Investments Pte Ltd				
TMall Limited [4]	Singapore	25	25	Property investment and development

11 ASSOCIATES (Cont'd)

Name of Company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activities
Associates of NewFront Investments Pte Ltd				
NTUC Co-operatives Suzhou Investments Pte Ltd [(2)]	Singapore	26.6	26.6	Investment holding
Nextmall (Cayman Islands) Holdings Corporation [(4)]	Singapore	33.7	33.7	Hypermarket retailing
Quayline FairPrice Sdn Bhd [(4)]	Malaysia	40.0	40.0	Supermarket retailing
Myanmar FairPrice Pte Ltd [(4)]	Singapore	50.0	50.0	Supermarket retailing

(1) Audited by BDO Raffles.

(2) Audited by KPMG Singapore.

(3) Audited by Pricewaterhousecoopers Singapore.

(4) Company is under members' voluntary liquidation.

Summarised financial information in respect of the Group's associates are as follows:

	2008 $'000	2007 $'000
Total assets	132,053	309,746
Total liabilities	(50,403)	(35,552)
Net assets	81,650	274,194
Group's share of associates' net assets	22,753	72,779
Revenue	47,448	25,327
Profits for the year	9,402	1,482
Group's share of associates' profits for the year	3,440	822

The Group's share of results of certain associates has been recognised to the extent of the carrying amount of the investments as there is no obligation to contribute to any losses in excess of the amount of investment. The accumulated unrecognised share of losses amounted to approximately $5,391,000 (2007 : $5,724,000).

12 JOINTLY CONTROLLED ENTITY

(a) Jointly controlled entity

	Group 2008 $'000	Group 2007 $'000
Unquoted equity shares at cost	600	600
Share of post-acquisition accumulated losses	(538)	(486)
	62	114

Details of the jointly controlled entity as at March 31, 2008 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activities
Jointly controlled entity of NewFront Investments Pte Ltd				
FairVision Pte Ltd [1]	Singapore	30	30	Media advertising

[1] Audited by Pricewaterhousecoopers Singapore.

Summarised financial information in respect of the Group's jointly controlled entity is as follows:

	2008 $'000	2007 $'000
Total assets	572	649
Total liabilities	(366)	(269)
Net assets	206	380
Group's share of jointly controlled entity's net assets	62	114
Revenue	1,649	215
(Loss)/Profit for the year	(174)	67
Group's share of jointly controlled entities' (loss)/profit for the year	(52)	20

(b) Jointly controlled asset

The Group and the Co-operative has a 30% interest in a jointly controlled asset, AMK Hub, which is constituted by a joint venture agreement dated August 24, 2004 between NTUC Income Insurance Co-operative Limited (NTUC Income), the Co-operative and SLF AMK Pte Ltd (SLF AMK). AMK Hub is not a separately incorporated legal entity.

Under the above joint venture agreement, NTUC Income, the Co-operative and SLF AMK acquired a leasehold interest of 99 years less one day (the Leasehold interest) on August 24, 2004 in a site in Ang Mo Kio and hold as tenants in common with 35%, 30% and 35% share in the Leasehold Interest respectively.

12 JOINTLY CONTROLLED ENTITY (Cont'd)

Summarised financial information in respect of the Group's jointly controlled asset which has been accounted for using proportionate consolidation is as follows:

	2008 $'000	2007 $'000
Total assets	318,270	307,039
Total liabilities	(21,439)	(13,905)
Net assets	296,831	293,134
Group's share of jointly controlled asset's net assets	89,049	87,940
Revenue	44,372	4,895
Profit for the year	18,394	3,288
Group's share of jointly controlled asset's profit for the year	5,518	986

13 INVESTMENTS

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current portion:				
Quoted unit trust available for sale	5,051	2,338	5,051	2,338
Quoted equity available for sale	68,645	72,295	68,645	72,295
Quoted bonds available for sale	34,432	47,104	34,432	47,104
Quoted hedge funds available for sale	12,867	–	12,867	–
Quoted equity held for trading	–	4,630	–	4,630
Other available for sale investments	7,903	–	7,903	–
Total current portion	128,898	126,367	128,898	126,367
Non-current portion:				
Quoted unit trust available for sale	365,355	400,064	277,966	304,823
Unquoted equity available for sale	75,798	60,025	75,797	60,025
Total non-current portion	441,153	460,089	353,763	364,848
Total investments	570,051	586,456	482,661	491,215

The quoted investments are stated at fair value based on available market price. The unquoted equity available for sales are measured at cost less impairment loss as fair value cannot be reliably measured.

Investments in quoted bonds have effective interest rates at approximately 3.91% (2007 : 4.45%) per annum and have maturity dates ranging from April 2008 to May 2011 (2007 : April 2007 to May 2011).

The Group's and the Co-operative's investments that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Denominated in:				
Hong Kong dollars	907	1,138	907	1,138

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Furniture, fittings and renovation $'000	Plant and machinery $'000	Equipment and motor vehicles $'000	Computers $'000	Capital work-in progress $'000	Total $'000
Group									
Cost:									
At April 1, 2006	4,625	25,332	311,063	99,920	25,710	34,981	30,368	82,087	614,086
Additions	–	–	741	14,066	2,109	3,777	2,242	30,899	53,834
Disposals	–	–	(116)	(12,419)	(2,051)	(1,732)	(1,165)	–	(17,483)
Written off	–	–	–	–	–	–	–	(95)	(95)
Transfers	–	–	95,777	250	13,588	–	1,540	(111,155)	–
At March 31, 2007	4,625	25,332	407,465	101,817	39,356	37,026	32,985	1,736	650,342
Additions	–	–	6,859	18,164	3,406	8,983	4,063	11	41,486
Disposals	–	–	–	(10,214)	(1,703)	(4,998)	(1,511)	(703)	(19,129)
Transfers	–	–	707	(7)	200	(1)	134	(1,033)	–
At March 31, 2008	4,625	25,332	415,031	109,760	41,259	41,010	35,671	11	672,699
Accumulated depreciation:									
At April 1, 2006	–	8,567	71,549	62,962	16,993	24,305	26,324	–	210,700
Depreciation expense	–	695	6,704	12,035	3,668	4,166	2,267	–	29,535
Disposals	–	–	(61)	(10,367)	(1,857)	(1,459)	(1,120)	–	(14,864)
At March 31, 2007	–	9,262	78,192	64,630	18,804	27,012	27,471	–	225,371
Depreciation expense	–	695	8,968	12,576	4,388	4,615	2,675	–	33,917
Disposals	–	–	–	(9,854)	(1,678)	(4,928)	(581)	–	(17,041)
Transfers	–	–	–	(2)	–	(1)	3	–	–
At March 31, 2008	–	9,957	87,160	67,350	21,514	26,698	29,568	–	242,247
Impairment:									
At April 1, 2006	–	–	–	3,360	642	1,231	348	–	5,581
Impairment loss	–	–	836	–	–	–	–	–	836
Reversal of impairment loss	–	–	–	(2,586)	(539)	(1,039)	(197)	–	(4,361)
At March 31, 2007	–	–	836	774	103	192	151	–	2,056
Impairment loss	–	–	1,035	–	14	521	–	–	1,570
Reversal of impairment loss	–	–	–	(148)	–	–	(89)	–	(237)
At March 31, 2008	–	–	1,871	626	117	713	62	–	3,389
Carrying amount:									
At March 31, 2008	4,625	15,375	326,000	41,784	19,628	13,599	6,041	11	427,063
At March 31, 2007	4,625	16,070	328,437	36,413	20,449	9,822	5,363	1,736	422,915

14 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Furniture, fittings and renovation $'000	Plant and machinery $'000	Equipment and motor vehicles $'000	Computers $'000	Capital work-in progress $'000	Total $'000
Co-operative									
Cost:									
At April 1, 2006	4,625	25,332	251,664	95,356	16,535	33,409	26,502	65,194	518,617
Additions	–	–	–	11,795	1,212	3,327	1,586	21,760	39,680
Disposals	–	–	(55)	(11,699)	(1,166)	(1,497)	(780)	–	(15,197)
Transfers	–	–	86,954	–	–	–	–	(86,954)	–
At March 31, 2007	4,625	25,332	338,563	95,452	16,581	35,239	27,308	–	543,100
Additions	–	–	4,450	16,577	2,263	8,696	2,970	–	34,956
Disposals	–	–	–	(9,798)	(1,090)	(4,735)	(1,412)	–	(17,035)
Transfers	–	–	–	(7)	–	(1)	8	–	–
At March 31, 2008	4,625	25,332	343,013	102,224	17,754	39,199	28,874	–	561,021
Accumulated depreciation:									
At April 1, 2006	–	8,567	56,175	60,874	10,790	23,407	23,039	–	182,852
Depreciation expense	–	695	5,563	11,084	2,103	3,895	1,661	–	25,001
Disposals	–	–	–	(9,834)	(989)	(1,291)	(765)	–	(12,879)
At March 31, 2007	–	9,262	61,738	62,124	11,904	26,011	23,935	–	194,974
Depreciation expense	–	695	7,582	11,289	1,850	4,341	1,708	–	27,465
Disposals	–	–	–	(9,593)	(1,084)	(4,715)	(490)	–	(15,882)
At March 31, 2008	–	9,957	69,320	63,820	12,670	25,637	25,153	–	206,557
Impairment:									
At April 1, 2006	–	–	–	2,800	517	1,068	192	–	4,577
Impairment loss	–	–	836	–	–	–	–	–	836
Reversal of impairment loss	–	–	–	(2,484)	(479)	(924)	(177)	–	(4,064)
At March 31, 2007	–	–	836	316	38	144	15	–	1,349
Impairment loss	–	–	1,035	281	–	196	–	–	1,512
Reversal of impairment loss	–	–	–	–	(6)	–	(5)	–	(11)
At March 31, 2008	–	–	1,871	597	32	340	10	–	2,850
Carrying amount:									
At March 31, 2008	4,625	15,375	271,822	37,807	5,052	13,222	3,711	–	351,614
At March 31, 2007	4,625	16,070	275,989	33,012	4,639	9,084	3,358	–	346,777

As disclosed in Note 3, the Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with their accounting policy. Where there is indication of impairment, the recoverable amounts of property, plant and equipment would be determined based on the higher of fair value less costs to sell and value-in-use calculations. The estimates of recoverable amount were based on value-in-use and determined using a discount rate of 5%.

15 TRADE PAYABLES

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Outside parties	307,188	273,378	287,758	257,066
Subsidiaries (Note 10)	–	–	1,572	1,492
	307,188	273,378	289,330	258,558

The average credit period on purchase of goods is 45 days (2007 : 45 days). Trade payable principally comprise amounts outstanding for trade purchases and ongoing costs.

16 OTHER PAYABLES

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accrued operating expenses (a)	56,204	46,769	54,011	43,260
Deposits received	7,795	7,258	7,795	4,463
Subsidiaries (Note 10) and (b)	–	–	62,338	43,623
Associates (Note 11) and (c)	10,762	60,412	–	–
Patronage rebates/discounts and dividends payable	387	4,375	387	4,375
Other payables including unutilised gift voucher	39,572	36,975	39,623	38,189
Contributions to:				
– Central Co-operative Fund (d)	25	25	25	25
– Singapore Labour Foundation (e)	37,712	16,981	37,712	16,981
	152,457	172,795	201,891	150,916

(a) Included in the accrued operating expenses of the Group and the Co-operative is an amount of $8,000,000 (2007 : $3,500,000) which relates to the Co-operative's accrual for the amount to be donated to NTUC FairPrice Foundation Limited as part of the pledge made by the Co-operative to donate $50 million as disclosed in Note 25(e).

(b) The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(c) The amounts due to associates are unsecured, interest-free and repayable on demand.

(d) In accordance with Section 71(2)(a) of the Co-operative Societies Act, Chapter 62, the Co-operative contributes 5% of the first $500,000 of its surplus resulting from the operations of the Co-operative to the Central Co-operative Fund and this amount is due to be paid out in next financial year.

(e) In accordance with Section 71(2)(b) of the Co-operative Societies Act, Chapter 62, the Co-operative has opted to contribute 20% of the surplus in excess of $500,000 from the operations of the co-operative to the Singapore Labour Foundation ("SLF") and this amount is due to be paid out in next financial year.

Included in the balances above are the following:

	Group and Co-operative	
	2008	2007
	$'000	$'000
Contributions to Singapore Labour Foundation:		
– Current year	24,793	16,981
– Prior years	12,919	–
	37,712	16,981

16 OTHER PAYABLES (Cont'd)

The Co-operative has been informed by Registrar of Co-operative Societies that the contribution to SLF should be computed based on the surplus resulting from the operations before the distribution of dividends and rebates to members. Additional provisions are therefore made during the year in regard to contributions to SLF for the prior financial years. The Co-operative will seek further clarification on the Registrar's interpretation on the above computations of the surplus for contribution to SLF.

17 SHARE CAPITAL

	Group and Co-operative			
	2008	2007	2008	2007
	Number of ordinary shares		$'000	$'000
Authorised:				
Ordinary shares	220,000,000	220,000,000	220,000	220,000
Issued and paid up:				
At the beginning of the year	178,449,729	185,659,511	178,450	185,660
Issue of shares at par for cash	1,662,941	1,264,404	1,662	1,264
Withdrawal of shares	(746,314)	(8,474,186)	(746)	(8,474)
At the end of the year	179,366,356	178,449,729	179,366	178,450
The share capital is represented by:				
Share capital repayable on demand as liabilities (a)	179,266,356	178,349,729	179,266	178,350
Share capital classified as equity (b)	100,000	100,000	100	100
	179,366,356	178,449,729	179,366	178,450

(a) This relates to the shares held by members where the Co-operative does not have the right of refusal to redeem the members' shares. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-Law of the Co-operative.

(b) This comprised only the portion that relates to founder member National Trade Union Congress.

(c) In accordance with By-laws 4.4.2, every member shall, unless otherwise disqualified under the Co-operative Societies Act, Chapter 62 or the By-laws, have the right to:

(i) avail himself of all services of the Society;

(ii) stand for election to office, subject to the provisions of the Act and the By-laws, where applicable;

(iii) be co-opted to hold office in the Society, where applicable;

(iv) participate and vote at general meetings; and

(v) enjoy all other rights, privileges or benefits provided under the By-laws.

(d) The Co-operative has 2 classes of ordinary shares which carry no right to fixed income.

18 PROVISIONS

This relates to the provision for reinstatement cost for the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

Movements in the provision are as follows:

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At April 1	12,451	11,084	12,146	10,745
Utilisation of provision	(342)	(34)	(283)	–
Provisions made during the year	685	1,401	244	1,401
At March 31	12,794	12,451	12,107	12,146

19 DEFERRED TAX LIABILITIES

Group

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation $'000	Provisions $'000	Total $'000
At April 1, 2006	422	(39)	383
Charge to profit or loss for the year	1,550	(147)	1,403
At March 31, 2007	1,972	(186)	1,786
Charge to profit or loss for the year (Note 24)	464	2	466
At March 31, 2008	2,436	(184)	2,252

Subject to the agreement by the tax authorities, at the balance sheet date, the Group has unutilised tax losses and capital allowances of $1,570,000 and $Nil respectively (2007 : $2,731,000 and $440,000) respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The carryforward of the unutilised tax losses and capital allowances is available for carryforward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

20 OTHER RESERVES

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fair value reserve	286,656	333,458	226,026	264,975
Foreign currency translation reserve (a)	(276)	(276)	–	–
Statutory reserve fund (b)	64,739	55,453	64,739	55,453
	351,119	388,635	290,765	320,428

(a) Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statement of foreign associates.

(b) Pursuant to Section 70(3) of the Co-operative Societies Act, Chapter 62, every Co-operative shall pay into the Statutory Reserve Fund at least 20% of the profit before contributions and distributions arising from the operations of the Co-operative during the financial year, provided that when the Statutory Reserve Fund has reached an amount that is equal to 10% of its paid-up capital, such Co-operative shall transfer 5% of its profit before contributions and distributions to the Statutory Reserve Fund. As the balance in the Statutory Reserve Fund has exceeded 10% of the paid-up capital, the Co-operative has transferred 5% of its profit for the year before contributions and distributions to the Statutory Reserve Fund.

Pursuant to Section 70(4) of the Co-operative Societies Act, Chapter 62, the Statutory Reserve Fund is indivisible to all members.

21 REVENUE AND ANALYSIS OF EXPENSES

Revenue of the Group and the Co-operative represents invoiced value of goods sold, commission income and rental income. Transactions within the Group have been excluded in arriving at the revenue of the Group.

The analysis of expenses using a classification based on the nature or function of the expenses, as required by Paragraph 88 of FRS 1, Presentation of Financial Statements and cost of inventories sold by FRS 2, Inventories, have not been disclosed, as the Co-operative consider these disclosures to be competitively disadvantageous to the Group's interest.

Accordingly, no disclosure has been made by the Group and Co-operative on the analysis of expenses by nature and cost of inventories sold as required by FRS 1, Presentation of Financial Statements and FRS 2, Inventories respectively.

22 PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Dividend income:				
– co-operative/investee companies/associates	(867)	(1,686)	(867)	(4,599)
– equities/unit trusts/others	(18,544)	(17,947)	(15,165)	(13,147)
Foreign exchange gain	(380)	(120)	(380)	(121)
Interest income:				
– financial institutions	(3,389)	(3,250)	(3,389)	(3,233)
– subsidiaries	–	–	(707)	(736)
– bonds	(1,368)	(1,719)	(1,368)	(1,719)
Impairment losses made/ (reversed) in respect of investments in:				
– property, plant and equipment	1,333	(3,525)	1,501	(3,228)
– associates	–	–	1,413	216
– unquoted equity	43	–	43	–
– quoted unit trusts/bonds/equities	(53)	(121)	(53)	(121)
Intercompany balances written off	–	2,256	–	–
Allowance for doubtful receivables from:				
– subsidiaries	–	–	2,013	713
– trade receivables	598	19	122	16
Loss/(Profit) on sale of:				
– property, plant and equipment	635	485	(18)	439
– investments	(22,846)	(9,255)	(22,846)	(9,255)
Depreciation of property, plant and equipment	33,917	29,535	27,465	25,001
Operating lease expense	70,429	61,545	58,428	55,105
Provision for reinstatement cost	183	(66)	170	(105)
Property, plant and equipment written off	1,364	95	1,153	–

23 FINANCE COSTS

	Group		Co-operative	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest expense on finance leases	–	1	–	–
Distributions to members of the Co-operative				
– first and final dividend	13,964	10,876	13,964	10,876
	13,964	10,877	13,964	10,876

24 INCOME TAX EXPENSE

	Group 2008 $'000	Group 2007 $'000
Current income tax:		
– Current year	1,388	1,528
– Over provision in prior year	(22)	–
Deferred taxation (Note 19)		
– Current year	466	507
– Under provision in prior year	–	896
	1,832	2,931

Domestic income tax calculated at 18% (2007 : 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2008 $'000	Group 2007 $'000
Profit before income tax	102,831	103,006
Tax at the domestic income tax rate of 18% (2007 : 18%)	18,509	18,541
Utilisation of deferred tax benefits previously not recognised	(288)	(590)
(Over)/Under provision in prior years	(22)	896
Share of tax from associates	178	53
Tax effect of:		
– Non-deductible expenses	185	875
– Exempt income [1]	(17,145)	(17,169)
– Others	65	79
– Current year tax losses not eligible to be carried forward	350	246
	1,832	2,931

(1) Exempt income mainly pertains to the Co-operative's income. The income of any Co-operative Society registered under the Co-operative Societies Act, Cap 62 is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

25 COMMITMENTS

As at the end of the financial year, the Group and the Co-operative had the following outstanding commitments which have not been provided in the financial statements:

	Group		Co-operative	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
– contracted	8,000	–	8,000	–
– not contracted	55,658	45,681	53,623	45,681
	63,658	45,681	61,623	45,681

As at March 31, 2007, the Group and the Co-operative have outstanding commitments of $6,788,000 in relation to a development of jointly controlled asset. There is no outstanding commitment for as at March 31, 2008.

Share of capital commitments of jointly controlled asset:

	Group and Co-operative	
	2008	**2007**
	$'000	**$'000**
Contracted for construction of the retail mall	1,950	4,483

(b) **Commitments under non-cancellable operating lease payables are as follows:**

	Group		Co-operative	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	56,252	52,601	49,224	48,403
After 1 year but within 5 years	91,549	95,798	82,833	90,280
After 5 years	18,913	19,674	–	102
	166,714	168,073	132,057	138,785

Operating lease payments represent rental payable by the Group and Co-operative for certain office and outlets premises. Leases are negotiated for an average term of 3 years and fixed for an average of 3 years.

Share of commitments under non-cancellable operating lease payables of a jointly controlled assets are as follows:

	Group and Co-operative	
	2008	**2007**
	$'000	**$'000**
Within 1 year	12,694	10,955
After 1 year but within 5 years	14,673	22,586
	27,367	33,541

25 COMMITMENTS (Cont'd)

(c) The Group rents out its leasehold properties in Singapore under operating leases. Property rental income earned during the year was $28,350,000 (2007 : $26,495,000). As at the balance sheet date, the Group and Co-operative have contracted with certain tenants under non-cancellable operating lease receivables as follows:

	Group		Co-operative	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Within 1 year	27,396	21,998	26,409	21,185
After 1 year but within 5 years	31,139	56,163	29,217	18,815
	58,535	78,161	55,626	40,000

(d) The notional value of outstanding forward foreign exchange contracts of the Group and the Co-operative amounted to $3,383,965 (2007 : $3,255,896).

(e) The Co-operative has pledged to donate $50 million to the Foundation in the next 10 years as published in the local newspaper in March 2008. An amount of $3.5 million was contributed to the Foundation in 2007 and another amount of $8 million, has been accrued by the Co-operative in the current financial year for contribution to the Foundation (Note 16(a).

26 PATRONAGE REBATES/DISCOUNTS, DIRECTORS' HONORARIA AND DIVIDENDS

Subsequent to the balance sheet date, the directors proposed the following patronage rebates/discounts, directors' honoraria and dividends. The patronage rebates/discounts, directors' honoraria and dividends have not been provided for, subject to approval in the Annual General Meeting.

	Group	
	2008	2007
	$'000	$'000
Patronage rebates/discounts	28,324	27,118
Directors' honoraria	311	192
First and final dividend of 5% (2007 : 8%)	8,950	14,309
	37,585	41,619

The proposed patronage rebates/discounts represent 4% (2007 : 4%) of the eligible purchases.

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements of the Group and of the Co-operative set out on pages 54 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Co-operative as at March 31, 2008 and of the results, changes in equity and cash flows of the Group and results and changes in equity of the Co-operative for the year then ended and at the date of this statement there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Ng Ser Miang **John Lim Kok Min**

July 21, 2008

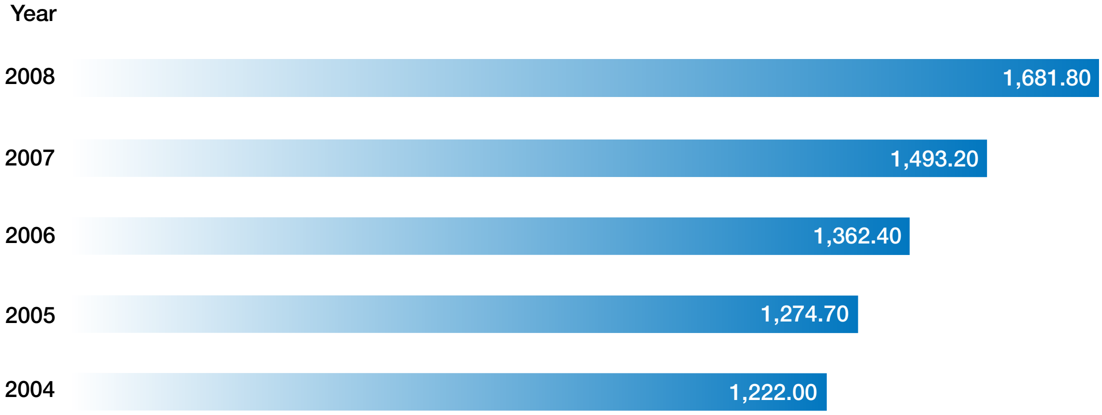
FIVE YEAR FINANCIAL PROFILE AND CHARTS

	The Co-operative				
	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000
Revenue	1,221,992	1,274,700	1,362,383	1,493,228	1,681,816
Profit before contributions	49,985	36,811	44,348	94,868	88,712
Share capital and reserves	196,913	220,464	389,266	600,361	612,387
Property, plant and equipment	274,101	328,722	331,188	346,777	351,614
Non Current Assets (excluding property, plant and equipment)	119,922	145,992	257,981	411,811	391,998
Other (liabilities)	(7,021)	(6,398)	(10,726)	(12,146)	(12,107)
Net current (liabilities)	(190,089)	(247,852)	(189,177)	(146,081)	(119,118)
Net profit margin	4.09%	2.89%	3.26%	6.35%	5.27%
Return on net assets employed (Note 1)	18.97%	11.05%	9.53%	12.97%	8.32%
Net tangible assets per share	$1,969.13	$2,204.64	$3,892.66	$6,003.61	$6,123.80
Net Tangible Assets (excluding share capital repayable on demand) per share	2.05	2.18	3.10	4.36	4.41
Dividend declared	5%	5%	5%	5%	5%
Special Dividend	–	–	1%	3%	–
Patronage rebate	4%	4%	4%	4%	4%

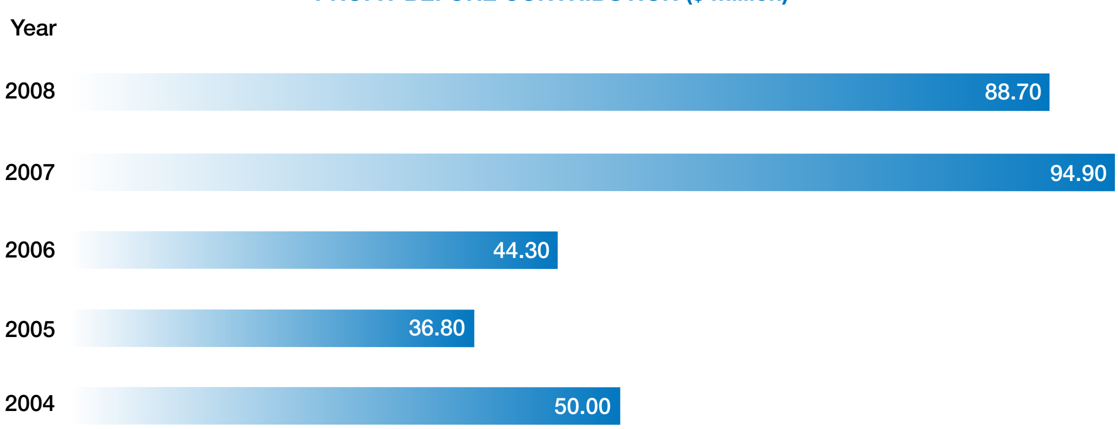
Note:
1. Return on net assets is computed based on net profit after contribution to Central Co-operative Fund and Singapore Labour Foundation.

FIVE YEAR FINANCIAL PROFILE AND CHARTS (Cont'd)

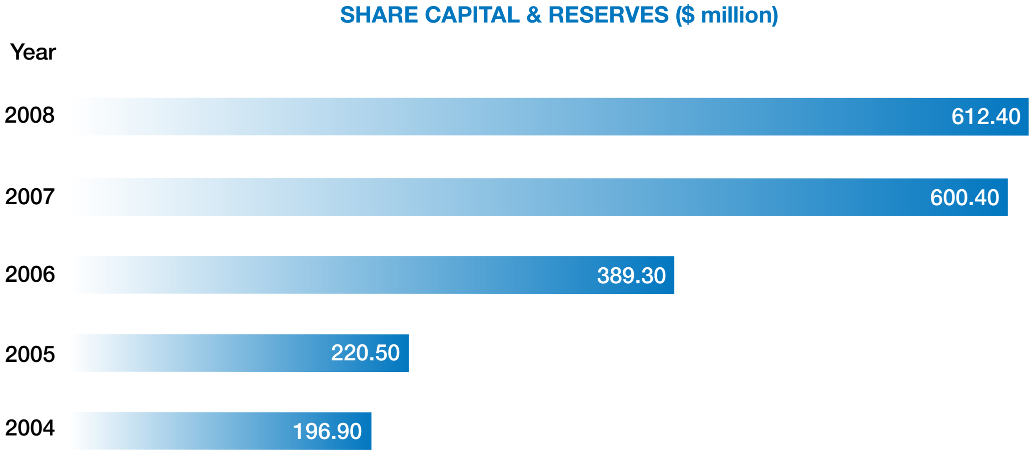
REVENUE ($ million)



PROFIT BEFORE CONTRIBUTION ($ million)



SHARE CAPITAL & RESERVES ($ million)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Sixth (26th) Annual General Meeting of NTUC FAIRPRICE CO-OPERATIVE LIMITED will be held at the Ballroom Foyer, Social Clubhouse Level 3, Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Thursday, 4 September 2008 at 4.30 p.m. for the following purposes:

1. To confirm the Minutes of the Twenty Fifth (25th) Annual General Meeting held on Thursday, 30 August 2007.

2. To consider and, if approved, to adopt the Directors' Report and the Audited Accounts for the year ended 31 March 2008.

3. To declare a dividend and patronage rebate.

4. Election of Director(s).

5. To consider and determine the maximum amount the Society may borrow subject to the provisions of By-law 13.7.

6. To approve the payment of honoraria to Directors for the year ended 31 March 2008.

7. To transact any other ordinary business of the Society of which at least ten days' notice in writing shall have been given to the Secretary.

By Order of the Board of Directors

Poh Leong Sim
Secretary
14 August 2008

Note:

1. Registration of attendance at the meeting will be from 3.30 p.m. to 4.15 p.m. <u>Members are advised to be early</u>.

2. Copies of the Annual Report 2008 are available for inspection and/or collection by members at NTUC FairPrice supermarkets or Head Office.

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On the horizon, NTUC FairPrice will be unveiling a new retail logo. The refreshed identity will reinforce our generations of commitment to our customers, our stakeholders and U.

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