Heart Strings

NTUC FAIRPRICE CO-OPERATIVE LTD

Annual Report 2009/2010

Since our birth in 1973, we have changed our name, we have changed our look and we've changed our logo. One thing that has not changed is our commitment to our social mission.

For the past 37 years, we have continued to moderate the cost of living in Singapore. We went through thick and thin with Singapore. In good times, we are a friend. In tough times, we work even harder to be a friend in need. Last year, we rallied on with measures that helped people, especially those in greater need, to tide over the difficult times.

At FairPrice, we strive to be Singapore's leading world-class retailer with a heart - serving our customers from our heart, sharing with the community and caring for the environment. Through our heart strings, we hope to create bonds that last a lifetime, and remain in your hearts as your trusted place to shop.

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CONTENTS

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.

Our Brand Promise

Quality We ensure quality products through regular audits and compliance with regulations and standards.

Value We offer value for money through rebates, LinkPoints, discounts, Everyday Low Price items and FairPrice housebrand products.

Service At FairPrice, customers trust us to provide quality products at best value and service from the heart.

Joint Message
from Chairman and Group Chief Executive Officer

Last year, Singapore faced the worst economic downturn in decades. Many of our customers were affected, and families needed a helping hand to ride the storm. As an NTUC social enterprise, our priority was to protect the interest of our customers, our staff and the community, not the bottom line.

Our business model differs from that of commercial enterprises. We measure our success by the positive impact we make on our customers and the community. To make a bigger impact, we must first do well in our business.

The financial crisis last year pushed us to work harder because we knew that our customers and the community count on FairPrice to meet their daily essential needs. We stepped up our initiatives to help our customers stretch their dollar, and FairPrice donated more to FairPrice Foundation to enable it to do more to help workers, families and charities cope with the difficult times.

Our hard work paid off. Our business recorded strong performance, thanks to the trust and loyalty that our customers have placed on us.

FINANCIAL PERFORMANCE

FairPrice Group achieved strong performance last year, recording S$2.2 billion in sales, an increase of 8.8% over the previous year's. Group profit before contributions was S$130.3 million, more than double last year's S$63.2 million. The stronger performance was in large part attributed to an increase in retail sales and higher investment income. Investment income was S$33.1 million, compared to a net loss of S$0.3 million last year.

Overall net profit for the Group after contributions to the Central Co-operative Fund and the Singapore Labour Foundation was S$98.5 million. This was 2.2 times the previous year's net profit of S$45.7 million.

REWARDING OUR CUSTOMERS

The Board has recommended a first and final dividend of 5% and a special dividend of 1%, amounting to S$10.8 million. To reward our members for their loyal support, a special patronage rebate of 0.5% was recommended in addition to the usual 4%, making the total payout in patronage rebate to be S$40.5 million. FairPrice also paid out S$17.8 million in LinkPoints to members and Link cardholders.

The total payout to members and Link cardholders for this year will be S$69.1 million.

CHEAPER, BETTER, FASTER

We continued to grow our business so that our customers can have easy access to FairPrice stores. We upgraded our infrastructure to support our growth.

One key infrastructure development was the Automated Sortation and Conveyor System, which supports the expansion of our warehousing capability. With the system, our distribution centre will be able to increase its productivity by 50% and double the volume of grocery items handled every day. The resulting cost savings are passed on to our customers.

To be more accessible to customers, we opened nine new stores last year. These include a new FairPrice

As an NTUC social enterprise, our priority was to protect the interest of our customers, our staff and the community, not the bottom line.

Finest store in Century Square Mall, Singapore's first eco-friendly supermarket at City Square Mall, Kang Kar Mall's heartland outlet with extended shopping hours and the first PERGAS-audited supermarket in Joo Chiat Complex. We also converted our store at Marine Parade into a FairPrice Finest store.

STAYING RELEVANT TO CUSTOMERS

As we continue to strengthen our existing products and services, we are also introducing new initiatives to stay relevant to our customers' changing needs and lifestyles.

We recognise that we have a growing number of customers who are younger and lead busy lifestyles. As such, we introduced new products and services to cater to this growing customer segment.

To engage younger customers who embrace the digital age, FairPrice became the first supermarket retailer in Singapore to venture into social media. Today, we reach out to about 26,000 fans on Facebook. Our online business was also revamped to cater to the growing demand for online shopping.

As at the end of the financial year, we have 19 supermarkets and hypermarkets island-wide that offer 24-hour grocery shopping to serve the growing demand for late night shopping. We will continue to provide more 24-hour outlets where there is demand. Our convenience chain of Cheers and FairPrice Xpress stores are constantly looking for new ways to bring convenience to our customers. Last year, we launched new-value added services such as DHL SERVICEPOINT where customers can drop off their overseas-bound packages at selected Cheers and FairPrice Xpress stores. We also started the 24-hour Drive-thru Grocery Mart concept where customers can top up fuel, groceries and fresh produce on the go. This new concept has been very popular with our customers and we are expanding this service to more stores.

Mr Tan Kian Chew
Group Chief Executive Officer

Mr Ng Ser Miang
Chairman

A TRUSTED NAME IN RETAIL

Over the years, FairPrice has grown to become one of the largest retailer with more than 240 outlets islandwide, serving customers from all segments and ages. We were the only retailer voted by consumers for the Most Trusted Brand Platinum Award in the Supermarket Chain category in Reader's Digest survey.

In recognition of our commitment to providing safe and quality food, FairPrice was presented the Agri-Food and Veterinary Authority's Food Safety Partner Award for meeting AVA's stringent food safety requirements and showing consistent food safety practices. For the first time, our Fresh Food Distribution Centre was also awarded AVA's prestigious Food Safety Excellence Award in recognition of its consistent achievement of 'A' grading for our fresh food warehousing facility for the past five years. We will continue to work closely with the regulators and our partners in upholding our food safety standards.

In the year in review, we deepened our commitment to excellent service with a new service motto – "Service from the Heart", which now guides our staff in their daily encounters with customers. We will continue to focus on developing our frontline staff into service professionals and further enhance our service audit programme and customer management system.

LOOKING AHEAD

2010 looks set to be an exciting year as Singapore recovers from the global downturn. As consumers become more affluent and sophisticated, we will continue to customise and expand our products and services to stay relevant to our customers.

To better meet challenges and growing demands, FairPrice will be exploring new avenues to grow the business and become a more competitive and dynamic organisation. Apart from growing our domestic network of stores, we will export our housebrand products overseas and set up a supermarket in the region over the next few years. Through our new wing of growth, FairPrice will acquire greater scale and competitiveness that will let us better deliver our social mission.

To support the national call to increase productivity, we have identified key areas of bottlenecks and have set aside resources to break these bottlenecks. We will intensify our efforts to make the jobs of our 7,000 staff easier, better and faster.

IN APPRECIATION

We would not have been able to ride out the recession last year without the dedication, commitment and resilience of our staff, and the support and understanding of our Union. Guided by our core values, our team of well-trained and talented staff have contributed greatly to our continued success.

We would also like to thank the National Trades Union Congress (NTUC) and our Board of Directors for their guidance, vision and support. To our business partners, we appreciate your cooperation.

And to our customers, we thank you for your steadfast support and for putting your trust in us. We look forward to serving you in the future by providing quality products at best value, and service from the heart.

Mr Ng Ser Miang
Chairman

Mr Tan Kian Chew
Group Chief Executive Officer

Financial Highlights

For the year ended 31st March 2010

	The Group		The Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Revenue	2,203,667	2,025,555	2,081,696	1,906,717
Profit before share of associates' and jointly controlled entity's results	127,593	62,094	122,073	51,225
Share of profit/(loss) of :				
- associates	3,506	1,838	-	-
- jointly controlled entity	-	(62)	-	-
Profit before taxation	131,099	63,870	122,073	51,225
Taxation	(788)	(691)	-	-
Profit Before Contributions	130,311	63,179	122,073	51,225
Net profit margin	5.91%	3.12%	5.86%	2.69%
Return on net assets employed (Note 1)	11.49%	6.99%	13.34%	6.72%
Net tangible assets per share (Note 2)	$5.77	$4.64	$4.76	$3.80
Dividend Declared	-	-	5.00%	5.00%
Special Dividend	-	-	1.00%	-
Patronage rebate	-	-	4.50%	4.00%

Note:

1) Return on net assets is computed based on net profit after contribution to CCF and SLF.
   Net assets used in computation exclude share capital repayable on demand.

2) NTA per share is computed based on share capital including share capital repayable on demand.

Corporate Information

BOARD OF DIRECTORS
Mr Ng Ser Miang (Chairman)
Mr John Lim (Deputy Chairman)
Dr Jennifer Lee
Mr Eric Ang
Ms May Ng
Mr Willie Cheng
Ms Adeline Sum
Mr Hee Theng Fong
Ms Tan Hwee Bin
Mr John De Payva
Mr Willy Shee
Mr Wong Heng Tew
Ms Ng Shin Ein
Dr Chua Sin Bin
Mr Poh Leong Sim (Secretary)

AUDIT COMMITTEE
Mr Willie Cheng (Chairman)
Ms Tan Hwee Bin
Mr Wong Heng Tew

ESTABLISHMENT COMMITTEE
Ms Tan Hwee Bin (Chairman)
Mr Willie Cheng
Ms Adeline Sum
Mr Willy Shee

RISK COMMITTEE
Mr Eric Ang (Chairman)
Dr Jennifer Lee
Mr Hee Theng Fong
Mr John De Payva

FINANCE & REAL ESTATE COMMITTEE
Ms May Ng (Chairman)
Mr Eric Ang
Mr Willie Cheng
Mr Willy Shee

STUDY GRANT COMMITTEE
Dr Jennifer Lee (Chairman)
Mr John De Payva

BUSINESS DEVELOPMENT COMMITTEE
Mr John Lim (Chairman)
Ms May Ng
Mr Wong Heng Tew
Ms Ng Shin Ein

ADVOCATES & SOLICITORS
KhattarWong
Allen & Gledhill
Bih Li & Lee
Sim & Wong LLC

AUDITOR
Deloitte & Touche LLP

BANKERS
Development Bank of Singapore
Oversea-Chinese Banking Corporation

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Singapore 787103
Tel: 6456 0233
Fax: 6458 8975
www.fairprice.com.sg

REGISTERED ADDRESS
680 Upper Thomson Road
Singapore 787103

NO. OF FAIRPRICE STORES
as at 31 March 2010

FairPrice Finest	4
FairPrice Xtra	3
FairPrice Supermarkets	91
FairPrice Xpress	20
Cheers	122
Total	240

Board of Directors

MR NG SER MIANG
Chairman
Mr Ng is the Chairman of NTUC Fairprice Co-operative Ltd, NTUC Choice Homes Co-operative Ltd, TIBS International Pte Ltd and WBL Corporation Ltd. He is the Vice-President of the International Olympic Committee (IOC) and also serves in the IOC Finance Commission, IOC Audit Committee and IOC Co-ordination Commission for London 2012. Mr Ng is also Chairman of the 2010 inaugural Youth Olympic Games and the 1st Asian Youth Games Steering 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.

MR JOHN LIM KOK MIN
Deputy Chairman
Mr Lim joined the Board in 1999. He is currently the Deputy Chairman of NTUC Fairprice Co-operative Ltd, Chairman of Gas Supply Pte Ltd and Executive Deputy Chairman of LMA International NV. Mr Lim is also the Chairman and a fellow of the Singapore Institute of Directors and Vice Chairman of the Singapore Institute of Management. Mr Lim now sits on the Boards, Audit, Remuneration and Nominating Committees of several listed companies and is the Audit Committee Chairman of Boustead Singapore Ltd. He is a member of the Corporate Governance Council, Securities Industry Council, Company's Act Review Steering Committee, Management Committee of Singapore Compact for Corporate Social Responsibility, Senate Member of the Marketing Institute of Singapore, and a former director/Council Member of both the Singapore International Chamber of Commerce and the Singapore Confederation of Industries. He is also the Chairman for the "OECD Asian network on Corporate Governance for State Owned Enterprises".

DR JENNIFER LEE
Board Member

Dr Lee was appointed to the Board in 2001. She is Chairman of the Agency for Integrated Care and of the External Review Panel, Quality Assurance Framework for Universities. She also serves on the boards of Eu Yan Sang International Pte Ltd, the Health Sciences Authority, the Centre for Enabled Living, and Bumrungrad International.

MR ERIC ANG TEIK LIM
Board Member

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

MS MAY NG
Board Member

Ms Ng joined the Board in 2001. She is the Executive Director of Pan-United Corporation Ltd and Deputy Chairman of NTUC Choice Homes Co-operative Ltd. She is also director of several companies.

MR WILLIE CHENG
Board Member

Mr Cheng joined the Board in 2003. He sits on the boards of Singapore Press Holdings, SingHealth, Integrated Health Information Systems, and several non-profit boards.
He is also the Chairman of Caritas Singapore and the Lien Centre for Social Innovation.

MS ADELINE SUM

Board Member

Ms Sum was appointed to the Board in 2004. She is currently the Chief Executive Officer of the Singapore Labour Foundation. Ms Sum is also a Competency Director (Group Development), National Trades Union Congress.

MR HEE THENG FONG

Board Member

Mr Hee joined the Board in 2006. He is currently a Fellow of the Chartered Institute of Arbitrators (UK), an Arbitrator of Singapore International Arbitration Centre (SIAC), China International Economic and Trade Arbitration Commission (CIETAC) and other arbitral institutions. 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

Board Member

Ms Tan joined the Board in 2006. She is the Executive Director of Wing Tai Holdings group. She is also a director of Agency for Integrated Care Pte Ltd and NTUC Healthcare Co-operative Ltd. She is a member of Singapore-Sichuan Trade and Investment Committee; Middle East Business Group Singapore and the Finance and Establishment Committee of Chinese Development Assistance Council (CDAC).

MR JOHN DE PAYVA

Board Member

Mr De Payva joined the Board in 2008. He is the current President of the Singapore National Trades Union Congress (NTUC) and Secretary-General of the Singapore Manual and Mercantile Workers' Union (SMMWU). Mr De Payva holds several other positions both locally as well as in the Global Union Federation of Union Network International and the International Trade Union Confederation. Mr De Payva served as a Nominated Member of Parliament from 1994 to 1997. He was awarded the national Public Service Medal in 1998 and the Public Service Star medal in 2004 in recognition of his contributions to the workers and Singapore labour movement.

MR WILLY SHEE
Board Member
Mr Shee joined the Board in 2008. He is the Chairman (Asia) of CB Richard Ellis Pte Ltd, the world's largest commercial real estate service provider with over 300 offices in 55 countries. His current directorships in companies include Ascendas Pte Ltd, Bund Center Investment Ltd, Sunway REIT Management Sdn Bhd, Strategic Partners Asia II Pte Ltd, Lafe (Emerald Hill) Development Pte Ltd, SLF AMK Pte Ltd and SLF Properties Pte Ltd.

MR WONG HENG TEW
Board Member
Mr Wong joined the Board in 2008. He is currently the Advisory Director for Temasek Holdings. Mr Wong first joined Temasek Holdings in 1980. His portfolio included stewardship of the Temasek companies, direct investments, investments in private equity funds, mergers and acquisitions, divestments, corporate governance and human resources. Before his retirement in April 2008, Mr Wong held the position of Managing Director (Investments) and concurrently the Chief Representative of Temasek Holdings in Vietnam. Mr Wong's current directorships include Surbana Corporation, Certis Cisco Security Pte Ltd, Olam International Ltd, HOPU Management Co. Ltd and Vietnam Growth Fund Ltd.

MS NG SHIN EIN
Board Member
Ms Ng joined the Board in 2008. She is Senior Advisor to Blue Ocean Associates Pte Ltd, a pan-asian private equity and strategic advisory firm she co-founded . Prior to Blue Ocean, Ms Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market. Additionally, she was part of the Singapore Exchange's IPO Approval Committee. Ms Ng started her career as a corporate lawyer in Messrs Lee & Lee and advised on joint ventures, mergers and acquisitions and fund raising exercises for a number of years. Ms Ng also sits on the board of Yanlord Land Group Ltd and First Resources Ltd, listed companies on the Mainboard of the Singapore Exchange.

DR CHUA SIN BIN
Board Member
Dr Chua was appointed to the Board in 2009. He was the Chief Executive Officer and Director-General of the Agri-Food and Veterinary Authority (AVA) and the Chief Veterinary Officer of Singapore from August 2005 till his retirement in May 2009. Today, he continues to serve as a consultant with AVA and a senior consultant with SingBridge International Singapore Pte Ltd. Dr Chua is also currently the Chairman of the School of Chemical & Life Sciences Advisory Committee of Singapore Polytechnic and an adjunct professor of the Food Science and Technology Program in the National University of Singapore. He also serves on the Expert Committee on Food Safety of Hong Kong's Health, Welfare and Food Bureau and on the Scientific Committee of Abu Dhabi's Food Control Authority. In addition, he is also the Scientific Advisor of the Singapore Food Manufacturers' Association and an advisor of SPRING's Food Standards Committee.

Principal Officers

From left

MR SEAH KIAN PENG
Managing Director (Group Business)

MR TAN KIAN CHEW
Group Chief Executive Officer

MR WEE LEONG HOW
Managing Director (Group Corporate Services)

MR GERRY LEE
Deputy Managing Director (Group Business)

From left

MS CYNTHIA LEE
General Manager (Real Estate Management Business)

MR TNG AH YIAM
Director (Integrated Purchasing)

MR PETER TEO
General Manager (Hypermarket)

MR KOH KOK SIN
General Manager (Convenience Stores)

Front row (from left)

MS CHONG NYET CHIN
Director (Food Safety & Quality)

MS REBECCA TEO
Director (Human Resource)

Back row (from left)

MR BERNARD CHEW
Chief Information Officer

MR POH LEONG SIM
Group Company Secretary & Director (Legal)

From left

MR LIM KOK GUAN
Chief Financial Officer

MR LAURENT LEVAN
Director (Group Business Development & Special Project)

MR LEE KIN SENG
Director (Corporate Planning)

MR DICKSON YEO
Director (Supply Chain)


11
9
8
7
6
5
MAGA

Coming together is our choice; serving together is our calling

"It is a privilege to be part of a team that truly cares for its customers and the community. We love working at FairPrice as we enjoy helping people and we know that we will be cared for as individuals."

– Ms Surijia Rejunathan, Ms Chua Siew Goh and Ms Zainab Bte Rabi, frontline staff of FairPrice

While pursuing its social purpose, FairPrice invests in developing its people, giving them opportunities to acquire skills beyond their jobs so that they can advance their careers. FairPrice also looks after the well-being and health of its people by creating a wholesome environment for them to work in.

Our second home

"'Let's go to our favourite place!' – This has been Thomas' favourite line since 2001. Indeed, FairPrice is a name close to our hearts. The convenience of one-stop shopping at FairPrice really works for us. Nine years on, Thomas and I say 'I Do'. Now, shopping with Thomas in FairPrice as his wife takes on a whole new meaning to 'our good old favourite place.'"

– Mr and Mrs Thomas Teo, newlyweds
and customers of FairPrice Xtra at Jurong Point

Founded in 1973 by the National Trades Union Congress to combat profiteering,
FairPrice has since created a rich heritage of quality, value and service
for customers from all walks of life.


FairPrice Xtra
FairPrice Xtra
FairPrice Xtra
FairPrice Xtra
1.90
1.30
1.10

Reaching out to more hearts

"FairPrice has once again exceeded my expectation by being the first supermarket retailer to venture into social media. 'That's My FairPrice' public profile on Facebook keeps customers like myself abreast of the latest updates and promotional activities at FairPrice."

– Mr Jay Tan, real-time financial market data specialist and all-time social commentator

Over the years, FairPrice stays dynamic and relevant to its customers by reaching out to them through various means. Its debut into social media is yet another channel for FairPrice to enhance its relationship with customers, so as to understand and better serve their evolving needs and changing lifestyles.

A helping hand that warms hearts in golden years

"Thank you, FairPrice, for knowing what works best for us in good and bad times. You are a friend indeed."

– Mr and Mrs Tan Teow Chye, grandparents who shop at FairPrice supermarket at Eastpoint Mall on Tuesdays to enjoy the 2% discount for senior citizens

Since 2002, FairPrice has been extending a 2% discount to senior shoppers aged 60 years and above when they shop at FairPrice on Tuesdays. On average, about 40,000 senior citizens enjoy the 2% discount every Tuesday at FairPrice stores.


Value


Turn the pages of your imagination.
READ!

Sharing from the heart

"Joining FairPrice in doing good for the community through the Used Textbooks Project is a profound learning experience. We feel great giving back to the society."

– Ms Hoon Siew Hui and Mr Ganesh s/o Murthi, teacher and student of Yio Chu Kang Secondary School, Community Partner of FairPrice Used Textbooks Project 2008 and 2009

The FairPrice Used Textbooks Project is an annual community project which aims to help needy students, protect the environment and encourage thrift. Launched in 1983, the project has since helped more than 130,000 needy students save over S$9 million in textbook expenses.

Green is the new gold

"We are very grateful to FairPrice for its support during WWF's Earth Hour 2010. Building on this initial cooperation, we hope that we will soon be able to engage with FairPrice on a more strategic level, supporting the organisation to drive positive change for the benefit of the planet and the community."

– Ms Carine Seror, Director of Corporate Responsibility with WWF Singapore

Corporate social responsibility is part of the FairPrice DNA. Since 2007, FairPrice has supported the National Environmental Agency's (NEA) "Bring Your Own Bag Day" (BYOBD), and has introduced its own "FairPrice Green Rewards" initiative. In 2009, the "Green Lifestyle Campaign" was launched to commemorate World Environment Day and promote greater social responsibility towards environmental protection. Most recently, FairPrice supported WWF by participating in Earth Hour 2010.

Highlights of the Year

6 April 2009

FairPrice Foundation Gave S$300,000 To Provide Support And Aid To Migrant Workers

FairPrice Foundation donated S$300,000 to the Archdiocesan Commission for the Pastoral Care of Migrants & Itinerant People (ACMI) to provide support and aid to migrant workers. The donation was disbursed to ACMI through the Caritas Singapore Community Council (CSCC) and went towards funding various activities including the provision of food and shelter, befriending, training and legal aid.

25 April 2009

FairPrice Xpress Unveiled 24-Hour Grocery Mart Concept

FairPrice unveiled the new logo for its grocery mart chain, FairPrice Xpress, at its renovated store located at the Esso petrol station along Lorong Chuan. The revamped 24-hour FairPrice grocery mart offered a wider assortment of products including 100 more varieties of fresh produce, groceries and car care products and accessories. With this enhancement, FairPrice would be able to better meet the needs of its customers, by offering them a one-stop place where they can top-up fuel, basic groceries and fresh produce on the go.

28 April 2009

FairPrice Bagged Three Trusted Brand Awards

At the Readers' Digest Asia Trusted Brand Awards 2009, FairPrice won the Platinum Trusted Brand Award for supermarket chains in Singapore. Its housebrand range of cooking oils and rice also won the Gold Trusted Brand Award for cooking oil and rice respectively. This is the third year that FairPrice has been awarded the Platinum Award for the supermarket chains in Singapore category (2006, 2008, 2009). FairPrice also clinched the Gold Award for the supermarket chain category in 2007.

24 April 2009

FairPrice Foundation Launched "Lend A Hand, Give A Heart" To Help Needy Workers

"Lend a Hand, Give a Heart" was launched by Mr Lim Swee Say, Minister for Prime Minister's Office and Secretary-General for National Trades Union Congress (NTUC), to provide relief to needy workers during the difficult times. The public was encouraged to pledge a "helping hand" at three participating FairPrice stores and via FairPrice Online. FairPrice Foundation donated S$100 to the NTUC U Care Fund for every pledge. A total of S$3.182 million was raised through the project. In addition to an earlier donation, FairPrice Foundation's total donation to the U Care Fund amounted to S$5.25 million.

21 May 2009

FairPrice Introduced "Please Return Trolley Campaign"

To address the industry wide problem of trolley theft and to encourage responsible shopping behaviour, FairPrice introduced a "Please Return Trolley Campaign" aimed at reminding shoppers to be considerate and return their trolleys to the designated trolley return points after using them. A joint appeal by FairPrice and the Singapore Kindness Movement to cultivate responsible and considerate shopping behaviour in trolley-users was launched in February 2010.

28 May 2009

S$41 Million Automated Sortation and Conveyor System Unveiled To Support Business Expansion

FairPrice unveiled a S$41 million Automated Sortation and Conveyor System, integrating pick-to-light technology, to support the expansion of its warehousing capability. The first of its kind for the retail industry in ASEAN , the system enables the distribution centre to increase its productivity by over 50% and double the volume of grocery items handled per day.

3 June 2009

FairPrice Launched “Green Lifestyle Campaign“

FairPrice launched the “Green Lifestyle Campaign“, to commemorate World Environment Day on 5 June 2009 and to promote social responsibility towards environmental protection. Supported by the Singapore Environment Council (SEC) and Philips Electronics Singapore Pte Ltd (Philips), the year-long campaign aimed to heighten awareness of green issues and engage FairPrice’s stakeholders, including its customers, employees and the community, to collectively create a bigger impact towards environmental sustainability. The campaign was officially launched by Guest-of-Honour Dr. Yaacob Ibrahim, Minister for the Environment and Water Resources at Ang Mo Kio Hub.

21 July 2009

FairPrice Foundation Donated S$200,000 To Food From The Heart

In line with its mission to provide a better life for the community, FairPrice Foundation donated S$200,000 to Food From The Heart (FFTH) to fund its operations and community programmes. The donation was expected to help 1,700 families who are beneficiaries of FFTH. During the National Day period, FairPrice Foundation also rallied staff volunteers to participate in FFTH’s Food Goodie Bag Programme by helping to pack and distribute essential items to needy pupils. Goodie bags containing essential items such as oil, rice and canned food were given away to 50 needy students from Evergreen Primary School and their families.

31 July 2009

FairPrice Received The Prestigious AVA Food Safety Excellence Award 2009

FairPrice’s state-of-the art Fresh Food Distribution Centre (FFDC) was awarded the Agri-Food and Veterinary Authority’s (AVA) prestigious Food Safety Excellence (Bronze) Award. The award was given in recognition of FairPrice’s consistent achievement of ‘A’ grading for its fresh food warehousing facility for the past five years. It was the first time FairPrice received this award since the facility was completed in 2002. At the same award ceremony, FairPrice also received the Food Safety Partner Award for meeting AVA’s stringent food safety requirements.

1 August 2009

84 Grassroots Organisations Received Help From FairPrice Foundation With S$1.5 Million Worth Of FairPrice Vouchers

At the first National Day grassroots gathering of the season, FairPrice Foundation reached out to the community with a presentation of S$1.5 million worth of FairPrice vouchers. Senior Minister Mr Goh Chok Tong received the vouchers on behalf of the grassroots organisations (GROs). The presentation was part of the FairPrice Million Dollar Food Voucher Scheme 2009, aimed at helping needy families all across Singapore cope with the current economic downturn. The FairPrice vouchers were distributed to needy residents mainly through the advisors of the grassroots organisations, with some vouchers set aside for selected welfare organisations.

3 August 2009

FairPrice Supported Local Farming, Through Partnership With Local Fish Farmer's Cooperative

In support of AVA's call for the industry to support local farming, FairPrice partnered the local Fish Farmer's Cooperative to promote local farmed fish. A Local Farmed Fish and Seafood Fair was launched on 6 August where six varieties of local farmed fish was introduced. These local farmed fish were available at 45 FairPrice supermarkets across the island.

6 August 2009

FairPrice Debuted On Facebook With 1,000 Fans In The First Three Hours Of Launch

FairPrice's first online campaign on Facebook 'That's My FairPrice' public profile (http://www.facebook.com/thatsmyfairprice), acquired a 1,000 strong fan base just three hours after its launch. This is part of FairPrice's effort to stay relevant to its customers and also to engage younger customers. To date, FairPrice has over 26,000 fans on its Facebook profile.

13 August 2009

FairPrice Launched Tasty Singapore Fair With Singapore Manufacturers' Federation

To showcase the diversity, innovation, dynamism, quality and safety of homegrown food brands, FairPrice partnered the Singapore Manufacturers' Federation (SMa) to launch Tasty Singapore Fair. Supported by International Enterprise (IE) Singapore, Tasty Singapore is a promotional label for food products produced by local brands. Over 30 products, including a wide range of authentic Singapore ready-to-cook sauces and pre-mixes, were offered at the Tasty Singapore Fair.

Highlights of the Year

20 August 2009

FairPrice Opened Singapore's First PERGAS-audited Supermarket

Speaker of Parliament, Mr Abdullah Tarmugi officially opened the FairPrice supermarket at Joo Chiat Complex. This new outlet also marked Singapore's first PERGAS-audited supermarket, aimed at addressing the needs of Muslim customers. Pergas Halbiz was appointed to assist FairPrice in developing Halal work instructions, imparting Halal knowledge, conducting audits at various stores to ensure compliance with MUIS Halal certification and attaining Halal certification from MUIS for its supermarkets.

29 August 2009

FairPrice Encouraged Needy Families To Go Green

As part of the "Green Lifestyle Campaign", FairPrice joined hands with Philips Lighting Singapore and South East CDC to reach out to families in Kaki Bukit Division in the "Change a Bulb" programme for needy families. Over 70 volunteers helped some 400 needy households residing at Chai Chee Avenue install energy saving light bulbs at their homes.

9 September 2009

FairPrice Walk For Rice @ South East Raised Half A Million Bowls Of Rice For 5,000 Needy Families

FairPrice and South East CDC launched the FairPrice Walk for Rice @ South East charity campaign, aimed at rallying the community to reach out to help needy families residing in the South East District. Members of the public were encouraged to either participate through walking activities at selected FairPrice stores or at various walking activities organised by South East CDC or purchase participating products at all FairPrice supermarkets during the campaign. At the end of the campaign, more than 30,000 people participated and raised half a million bowls of rice for 5,000 needy families.

27 September 2009

FairPrice Volunteers Accompanied Needy Elderly On A Shopping Spree Through CDAC's "Project C.A.R.E."

FairPrice staff participated in "Project C.A.R.E (Caring And Reaching out to the Elderly)" organised by the Chinese Development Assistance Council (CDAC) where they assisted some 250 needy elderly purchase daily necessities at FairPrice Xtra Jurong Point. Each needy elderly was also given a S$30 shopping voucher sponsored by FairPrice Foundation.

1 October 2009

Launch of DHL SERVICEPOINT At FairPrice Xpress And Cheers

FairPrice's convenience store arm, FairPrice Xpress and Cheers announced a new collaboration with DHL Express Singapore, to provide greater convenience to customers at selected outlets island-wide. For the first time in Singapore, this new network of DHL SERVICEPOINT offered easy drop-off locations for customers to deposit outbound international express documents and parcels from Singapore – for both DHL account customers and walk-in customers.

9 October 2009

FairPrice Partnered Singapore Red Cross To Rebuild Lives For Disaster Victims In The Philippines And Indonesia

FairPrice mobilised the community to reach out and help victims of disaster-struck cities in The Philippines and Padang, Sumatra by partnering Singapore Red Cross to raise funds for the Philippines Tropical Storm Appeal and the Padang (Sumatra) Earthquake Appeal. Members of the public contributed their donations at over 230 FairPrice outlets islandwide, including Cheers and FairPrice Xpress. All donations made were earmarked specifically for the relief, rehabilitation and reconstruction efforts for survivors of the disasters. To kick-start the donation drive, FairPrice donated S$20,000 towards this cause.

21 October 2009

Biggest Winner At The National Excellence Service Awards (EXSA) 2009

FairPrice bagged the most number of awards at the National Excellent Service Awards (EXSA) 2009 ceremony with 245 of its staff receiving the Excellent Service Awards from various categories under EXSA. EXSA is a national award that recognizes individuals who have delivered outstanding service; and seeks to develop service models for staff to emulate, create service champions and professionalise service. In all, there were 1,988 EXSA award recipients this year from the retail sector. Twenty FairPrice staff received the Star Award and over 200 received Gold and Silver awards for the retail industry.

31 October 2009

FairPrice Foundation Launched Sports Scholarship For Athletes – Asian Youth Games 2009

FairPrice Foundation supported local sporting talents by launching the NTUC FairPrice Foundation Sports Scholarship for Athletes – Asian Youth Games 2009. The scholarship was awarded to athletes who excelled at the Asian Youth Games 2009. A total of S$108,250 worth of scholarship awards was given to athletes who won a total of nine Gold, six Silver, and 14 Bronze medals at the Asian Youth Games 2009.

28 November 2009

FairPrice Collected Over S$900,000 Worth Of Donated Items For 28,982 Beneficiaries Of The Boys' Brigade Sharity Gift Box

A total of 28,982 beneficiaries received festive cheer as the Boys' Brigade Sharity Gift Box (BBSGB) – one of the largest and longest-running charity project in Singapore during the year-end season – returned once again in bringing Singaporeans together to spread Christmas joy to the less privileged. FairPrice supported the project for the ninth year by lending its platform of 13 collection points at its selected stores and FairPrice Online for public to make donations towards the project. Sharity wish trees were also put up at FairPrice hypermarkets at Ang Mo Kio Hub and Jurong Point for the public to fulfill specific wishes for the needy. FairPrice Foundation also contributed S$50,000 to support this project. By the end of the month-long project, over S$900,000 worth of donated items were collected through FairPrice.

31 October 2009

FairPrice Fostered Greater Community Bonding With The Official Opening Of Kang Kar Mall

FairPrice joined the community to celebrate the official launch of Kang Kar Mall, by Guest-of-Honour, Mr George Yeo, Minister for Foreign Affairs and Member of Parliament for Aljunied GRC. The launch of Kang Kar Mall also marked the opening of FairPrice's new supermarket, as part of its on-going effort to serve the local communities better. In order to meet residents' needs in the vicinity, the new supermarket was specially designed to feature a larger fresh food section, carrying a greater variety of fresh produce, catering to customers' needs.

9 December 2009

FairPrice Used Textbooks Project Saved 200,000 Books And Helped Over 17,000 Students

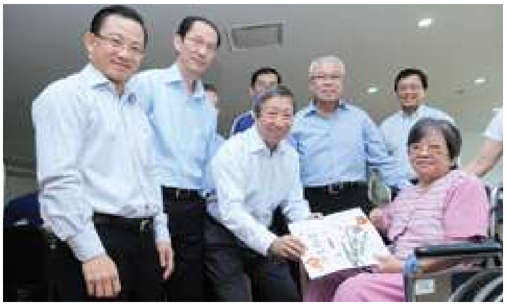
It was a record year for the 27th run of the FairPrice Used Textbooks Project, with 200,000 used textbooks collected and over 17,000 attendees who came to collect the textbooks. Six schools participated as Community Partners for the project. They served as collection venues and their students helped out with the sorting and distribution. Separately, FairPrice also gave out S$575,000 worth of study grants to more than 800 needy children of staff and members.

10 December 2009

FairPrice Opened Singapore's First Eco-Friendly Supermarket At City Square Mall

FairPrice stepped up its commitment to be environmentally friendly by launching Singapore's first eco-friendly supermarket at City Square Mall. Designed with the basic principle of reduce, reuse and recycle in mind, this pilot eco-friendly FairPrice supermarket, measuring about 2,244 square metres, showcased some of the latest eco-friendly solutions in grocery retailing. These included usage of recycled and biodegradable materials for store fixtures, energy-saving equipment and lighting, green products and services, as well as cutting edge "Green Technology".

Highlights of the Year



14 January 2010

FairPrice Foundation Took the Lead And Donated S$500,000 To The Ren Ci Charity Drive

FairPrice took the lead in donating S$500,000 to the Ren Ci charity drive. In addition, donation boxes were placed at over 90 FairPrice supermarkets across the island till 31 March 2010 for members of the public to make donations towards Ren Ci to help the needy sick receive medical care.

18 March 2010

Lights Off For Earth Hour

To spread the message of energy conservation, FairPrice rallied the community to pledge their support for Earth Hour 2010 by switching off their lights through an online campaign. A microsite was created for the public to make online pledges in support of Earth Hour. FairPrice donated S$1 for each pledge it received through the microsite. At the end of the week-long campaign, FairPrice donated S$10,000 to WWF Singapore to support its programmes. This was in addition to switching off of non-essential lighting at all FairPrice stores, corporate offices and warehousing facilities on 27 March from 8.30pm till the close of business for that day.

19 March 2010

10 Community Chest-Funded Family Service Centres Received S$1 Million In Donations

FairPrice Foundation donated S$1 million to help 10 Community Chest-funded Family Service Centres (FSCs) continue their work in supporting families and strengthening family and community bonding. Together, these 10 FSCs had served more than 37,000 beneficiaries in 2009. Apart from counselling, case management and referral services, the FSCs also run programmes that help individuals pick up skills and manage their finances.

15 January 2010

FairPrice Opened Fourth Finest Store In Marine Parade

Making the finer things in life more accessible to the community, while continuing to moderate the cost of living – that's the promise of Singapore's leading supermarket retailer NTUC FairPrice, with the opening of its newest FairPrice Finest store at Marine Parade Central. The launch was graced by Guest-of-Honour, Senior Minister Mr Goh Chok Tong.

FairPrice Finest offers the best of both worlds, with 30% of the products dedicated to a cosmopolitan selection of fine foods not found at other FairPrice stores. The remaining 70% are staples found at all FairPrice stores sold at the same prices, as FairPrice has a policy of uniform pricing for the same product across its supermarkets and hypermarkets.

22 March 2010

FairPrice Launched New Service Motto

In line with its mission to be the best place to shop, FairPrice launched its service motto to re-affirm its commitment towards providing excellent service to its customers. The service motto – "Service from the Heart", was developed to cultivate a service-oriented culture in FairPrice. Mr Lim Swee Say, Minister for Prime Minister's Office and Secretary-General for the National Trades Union Congress (NTUC), was the Guest-of-Honour at the launch. Internationally renowned speaker, author and organisational consultant, Dr Joseph A. Michelli, was also invited to deliver a talk about service excellence in today's consumer-centric business climate.

Our Accolades

Voted by consumers in Reader's Digest survey as Trusted Brand (Platinum) for Supermarket Chain category in Singapore
Voted by consumers in Reader's Digest survey as Trusted Brand (Gold) for the Cooking Oil category and Rice category in Singapore
Received the "Friend of CASE" award by the Consumer Association of Singapore (CASE) for significant contributions to the consumer movement in Singapore
Topped the Supermarket category in the National Customer Satisfaction Index of Singapore
Received Silver award for Top Retailer 2009 Asia Pacific Singapore and Asia Pacific – Best of the Best award from Retail Asia Pacific Top 500
Received Meritorious Defence Partner award from MINDEF for commendable contribution towards national defence
Received the Distinguished Home Team Partner award from the Ministry of Home Affairs for commendable contribution towards national service
Conferred the CSR Recognition Award 2009 by Singapore Compact in recognition of FairPrice's commitment towards corporate social responsibility
FairPrice received the Food Safety Partner Award from the Agri-Food and Veterinary Authority (AVA)
FairPrice's Fresh Food Distribution Centre (FFDC) received the Food Safety Excellence Award – Bronze from the Agri-Food and Veterinary Authority (AVA)
FairPrice received the most number of awards at the National Excellent Service Awards (EXSA) 2009 with 245 staff receiving awards under the retail category

Our Service Motto

Our Service Pledge:

"We are **proud to be FairPrice**.
We are Helpful, Empathetic,
Attentive to details and Reliable.
Together, we earn customers' Trust
by providing service from the HEART."

SERVICE from the HEART

As a customer-centric retailer, we pledge to serve from our heart. We are always there with a helping hand like old friends you can trust. Here are some examples of how our staff delivers our service motto.

"My aged mother decided to accompany me on my weekly grocery trip to FairPrice Finest Thomson Plaza. She wanted to go to the store first while waiting for me to put a letter into the post box outside. I identified my mother to Charlotte Tay, who assured me that she would keep an eye on her. That was no empty promise. When I returned, I found my mother sitting on a stool that Charlotte had got her. My mother suffers from severe arthritis and quickly gets tired. That's what I call the finest service from the heart."

Ms Ratnamalar Selvaratnam
Customer of FairPrice Finest, Thomson Plaza

"I wish to commend Caroline, customer service officer at FairPrice Xtra at Ang Mo Kio Hub. Instead of the LCD TV I ordered, I received a plasma TV on 25 Nov 2009. Caroline took great pains to arrange for the correct order to be delivered on the same day, and even organised a team from the showroom to help mount the new TV. It took another week for the contractor to come in again to check the installation, but Caroline kept me informed throughout, even on her day off! FairPrice should be proud to have an employee like her!"

Dr George Khoo Teng Hoo
Customer of FairPrice Xtra, Ang Mo Kio Hub

"I would like to express my greatest gratitude to the staff at FairPrice Eastpoint, especially Mr Leong. On 16 Feb 2010, while shopping at the store, my mother misplaced her handbag. She was all panicky when she called me. When I arrived 10 minutes later, I found her sitting down, much calmer and smiling, being comforted by some staff. Mr Leong found the handbag and returned it intact. I was impressed by the excellent service and the level of engagement the staff showed."

Ms Siti Nazhatul' Nadia Sumawi
Customer of FairPrice Supermarket, Eastpoint Mall

"I was pleasantly surprised by FairPrice Finest Bukit Timah. Its selections, especially at the wine, cheese and fresh food sections, were fantastic. I was looking at the wines, thinking how attractive their prices were, when I was approached by a gentleman. He turned out to be the branch manager, Mr Cheok, who really impressed with his excellent service and product knowledge. My impression of FairPrice has changed after this first visit."

Dr Tham Soon Hock
Customer of FairPrice Finest, Bukit Timah Plaza

"Few companies match FairPrice's commitment to building a service culture. I am honored to have been a part of the launch of FairPrice's service motto."

Dr Joseph Michelli
Renown business consultant and author

On 25 Jan 2010, Lunar New Year's Eve, I went to FairPrice Bedok North to get some mushrooms. Those on display didn't look very good, but I had no choice but to purchase two packs. I reflected this to the staff Carol, Jessica and Mr Tan. A few days later, I received a call from Carol (pictured right), informing me that a new batch of mushrooms has arrived and she even offered to reserve some for me.

I am delighted that FairPrice has gone the extra mile for me.

Ms Tang Kuan Yul
Customer of FairPrice Supermarket, Bedok North A

Carol Chin, Model Retail Assistant 2010

I am a childcare centre principal. On 24 Feb 2010, I bought a trolley of groceries, including heavy packets of rice and other bulky items. I was the last person in Mary Ang's queue and after serving me, she closed her cashier counter. But when she saw that I was struggling with my purchases, she volunteered to help push my trolley to the car park. She also helped me load the items into the boot. This was the first time I had seen a staff render her support and help to such an extent. I simply have to commend Ms Ang's kind acts.

Ms N. Arunselvi
Customer of FairPrice Supermarket, Rivervale Mall

On 23 March 2010, my maid and I were at FairPrice Rochor to get our week's groceries. Our purchases ended up too heavy for us to carry to the taxi stand. I am 83 years old and my maid is 71. I approached a staff member (whom I also wish to commend), and she immediately got Mr E. Yip to help. Mr Yip carried our packages all the way to the roadside and hailed us a taxi. To me, he epitomised the FairPrice motto of Service from the HEART. He was most courteous, professional and helpful.

Dr Y.M. Salmon
Customer of FairPrice Supermarket, Rochor

Founder & Institutional Members

As at 31 March 2010

	No. 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
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 First Campus Co-operative Limited	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
SATU Multi-Purpose Co-operative Society Ltd	226,270
Sembawang Shipyard Employees' Union	13,808
Shipbuilding & Marine Engineering Employees' Union	5,054,504
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

	No. of Shares of $ 1 each
INSTITUTIONAL MEMBERS	
Singapore Industrial & Services Employees' Union	2,791,993
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 Mercantile Co-operative Society Ltd	199,543
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	19,586
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	248,366
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	400,000
Grand Total	**61,206,972**

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, 2010.

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	(Deputy Chairman)
Jennifer Lee (Dr)	
Eric Ang Teik Lim	
May Ng	
Willie Cheng Jue Hiang	
Adeline Sum	
Hee Theng Fong	
Tan Hwee Bin	
Wong Heng Tew	
Willy Shee Ping Yah	
Ng Shin Ein	
John De Payva	
Chua Sin Bin (Dr)	(Appointed on September 24, 2009)

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 of the Co-operative 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 or date of appointment, if later	At end of year
NTUC Fairprice Co-operative Limited		
Ng Ser Miang	20	20
John Lim Kok Min	5,000	5,000
Eric Ang Teik Lim	26	26
Willie Cheng Jue Hiang	1,000	1,000
Adeline Sum	24	24
John De Payva	62	62
Willy Shee Ping Yah	1,259	1,259
Wong Heng Tew	26	26
Chua Sin Bin	39	39

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 19, 2010

Statement of Directors

In the opinion of the directors:

(a) the financial statements of the Group and of the Co-operative set out on pages 46 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, 2010 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 when they fall due; and

(b) the receipt, expenditure, investment of monies, acquisition and disposal of assets by the Co-operative during the financial year have been made in accordance with the provisions of the Co-operative Societies Act, Cap. 62 and the By-Laws of the Co-operative.

ON BEHALF OF THE DIRECTORS

Ng Ser Miang **John Lim Kok Min**

July 19, 2010

Independent Auditors' Report

To the Members of NTUC Fairprice Co-operative Limited

REPORT FOR THE FINANCIAL STATEMENTS

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, 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and income statement, statement of comprehensive income and 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 46 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 accounts and balance sheets 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.

OPINION

In our opinion,

a) the consolidated financial statements of the Group, and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity 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, 2010 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; and

b) 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of our audit, nothing has come to our attention to cause us to believe that the receipts, expenditure and investments of monies and acquisition and disposal of assets made by the Co-operative during the financial year ended March 31, 2010 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 19, 2010

Balance Sheets

March 31, 2010

	Note	Group 2010 $'000	Group 2009 $'000	Co-operative 2010 $'000	Co-operative 2009 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	308,593	248,382	291,410	233,322
Trade receivables	7	10,533	6,727	10,046	6,472
Inventories	8	134,002	127,559	127,948	122,277
Other receivables	9	34,322	39,620	31,432	37,126
Investments	13	197,916	119,394	197,916	119,394
Total current assets		685,366	541,682	658,752	518,591
Non-current assets					
Subsidiaries	10	-	-	37,700	32,893
Associates	11	51,746	24,592	38,792	3,400
Jointly controlled entity	12	-	-	-	-
Investments	13	395,235	338,731	310,050	275,204
Property, plant and equipment	14	436,570	442,879	368,490	371,141
Other receivables from an associate	15	27,286	-	27,286	-
Total non-current assets		910,837	806,202	782,318	682,638
Total assets		1,596,203	1,347,884	1,441,070	1,201,229
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	365,632	326,291	349,850	310,953
Other payables	17	169,688	167,194	217,420	192,636
Share capital repayable on demand	18	179,698	179,395	179,698	179,395
Income tax payable		2,427	2,446	-	-
Total current liabilities		717,445	675,326	746,968	682,984
Non-current liabilities					
Provisions	19	18,330	16,787	17,524	16,080
Deferred tax liabilities	20	2,801	2,452	-	-
Total non-current liabilities		21,131	19,239	17,524	16,080
Capital and reserves					
Share capital	18	100	100	100	100
Accumulated profits		587,118	488,616	445,527	355,263
Other reserves	21	270,409	164,603	230,951	146,802
Total equity		857,627	653,319	676,578	502,165
Total liabilities and equity		1,596,203	1,347,884	1,441,070	1,201,229

See accompanying notes to financial statements.

Income Statements
Year ended March 31, 2010

	Note	Group 2010 $'000	Group 2009 $'000	Co-operative 2010 $'000	Co-operative 2009 $'000
Revenue	22	2,203,667	2,025,555	2,081,696	1,906,717
Inventories consumed		(1,743,239)	(1,615,288)	(1,680,646)	(1,549,727)
Other income	23	179,912	149,527	163,750	124,515
Staff and related costs		(211,387)	(191,462)	(177,384)	(158,928)
Depreciation expense	14	(41,253)	(38,562)	(34,770)	(31,799)
Administrative expenses		(117)	-	(112)	-
Other operating expenses	24	(219,258)	(231,107)	(189,729)	(202,984)
Profit from operations before finance costs and rebates		168,325	98,663	162,805	87,794
Patronage rebates		(32,118)	(27,919)	(32,118)	(27,919)
Writeback of rebates		148	131	148	131
Finance costs	25	(8,762)	(8,781)	(8,762)	(8,781)
Share of profits (losses) of:					
– associates	11	3,506	1,838	-	-
– jointly controlled entity	12	-	(62)	-	-
Profit before income tax		131,099	63,870	122,073	51,225
Income tax expense	26	(788)	(691)	-	-
Profit before contributions		130,311	63,179	122,073	51,225
Contributions to:					
Central Co-operative Fund	17	(25)	(25)	(25)	(25)
Singapore Labour Foundation	17	(31,784)	(17,459)	(31,784)	(17,459)
Profit after contributions before other comprehensive income		98,502	45,695	90,264	33,741

See accompanying notes to financial statements.

Statements of Comprehensive Income

Year ended March 31, 2010

	Note	Group		Co-operative	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
Profit after contributions before other comprehensive income		98,502	45,695	90,264	33,741
Other comprehensive income:					
Available-for-sale investments:					
Gains (Losses) arising during the year		114,738	(186,516)	93,081	(143,963)
Reclassification to profit or loss from equity on disposal of available-for-sale investments		(8,932)	-	(8,932)	-
Other comprehensive income (loss) for the year, net of tax		105,806	(186,516)	84,149	(143,963)
Total comprehensive income (loss) for the year attributable to the owner of the Co-operative		204,308	(140,821)	174,413	(110,222)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended March 31, 2010

	Share capital $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Reserve fund $'000	Accumulated profits $'000	Total $'000
Group						
Balance at April 1, 2008	100	(276)	286,656	64,739	442,921	794,140
Total comprehensive income (loss) for the year	-	-	(186,516)	-	45,695	(140,821)
Balance at March 31, 2009	100	(276)	100,140	64,739	488,616	653,319
Total comprehensive income for the year	-	-	105,806	-	98,502	204,308
Balance at March 31, 2010	100	(276)	205,946	64,739	587,118	857,627

Statements of Changes in Equity

Year ended March 31, 2010

	Share capital $'000	Fair value reserve $'000	Reserve fund $'000	Accumulated profits $'000	Total $'000
Co-operative					
Balance at April 1, 2008	100	226,026	64,739	321,522	612,387
Total comprehensive income (loss) for the year	-	(143,963)	-	33,741	(110,222)
Balance at March 31, 2009	100	82,063	64,739	355,263	502,165
Total comprehensive income for the year	-	84,149	-	90,264	174,413
Balance at March 31, 2010	100	166,212	64,739	445,527	676,578

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended March 31, 2010

	2010 $'000	2009 $'000
Operating activities		
Profit before income tax	131,099	63,870
Adjustments for:		
Allowance for doubtful receivables	62	1,027
Provision for reinstatement costs	1,555	279
Depreciation of property, plant and equipment	41,253	38,562
Loss (Gain) on sale of property, plant and equipment (net)	94	(131)
Property, plant and equipment written off	-	508
Gain on dilution and liquidation of associates	(330)	-
Recycling of (gain) loss from equity on disposal of investments classified as available-for-sale	(8,932)	2,914
Impairment losses made(reversed) in respect of:		
- property, plant and equipment (net)	3,011	816
- investment in unquoted equity (net)	(98)	101
- investment in quoted unit trusts/bonds/equities (net)	-	20,436
- other investment	(750)	-
Share of profit of associates	(3,506)	(1,838)
Share of loss of jointly controlled entity	-	62
Dividend income	(21,225)	(20,814)
Write-back of patronage rebates	(148)	(131)
Interest income	(1,775)	(2,332)
Operating cash flows before working capital changes	140,310	103,329
Inventories	(6,443)	(24,474)
Trade and other receivables	(8,722)	2,099
Trade and other payables	50,613	45,019
Cash generated from operations	175,758	125,973
Dividends on ordinary shares repayable on demand	8,762	8,781
Contribution to Central Co-operative Fund paid	(25)	(25)
Contribution to Singapore Labour Foundation paid	(29,676)	(24,793)
Income tax paid	(458)	(1,498)
Net cash from operating activities	154,361	108,438

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended March 31, 2010

	2010 $'000	2009 $'000
Investing activities		
Purchase of property, plant and equipment	(38,375)	(58,371)
Proceeds from sale of property, plant and equipment	326	2,800
Dividend received	21,225	20,814
Interest received	1,291	1,083
Advances to an associate	(31,266)	-
Repayment from (loan to) related party	10,264	(10,000)
Purchases of investments	(70,288)	(154,970)
Proceeds from sale of investments	51,132	56,929
Acquisition of an associates	(30,000)	-
Net cash used in investing activities	(85,691)	(141,715)
Financing activities		
Proceeds from issue of shares	1,616	1,353
Payment made for withdrawal of share capital	(1,313)	(1,224)
Dividends paid on ordinary shares repayable on demand	(8,762)	(8,781)
Net cash used in financing activities	(8,459)	(8,652)
Net increase (decrease) in cash and cash equivalents	60,211	(41,929)
Cash and cash equivalents at beginning of year	248,382	290,311
Cash and cash equivalents at end of year (Note 6)	308,593	248,382

See accompanying notes to financial statements.

1 GENERAL

The Co-operative (Unique Entity Number : S83C0191L) is incorporated in 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 disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Co-operative for the year ended March 31, 2010 were authorised for issue by the Board of Directors on July 19, 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, 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").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Co-operative and the Group have 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, 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Co-operatives and the Group's accounting policies and has no material effect on the amounts reported for the current and prior years except as disclosed below.

FRS 1 – *Presentation of Financial Statements (Revised)*

FRS 1(2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third balance sheet at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 *Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments*

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk.

INT FRS 113 – *Customer Loyalty Programmes*

The Interpretation requires the entity that grants the awards to account for the sales transaction that gives rise to the award credits as a "multiple element revenue transaction" and allocate the fair value of the consideration received or receivable between the award credits granted and the other components of the sale. The consideration allocated to the award credits is measured by reference to their fair value, i.e. the amount for which the award credits could be sold separately, and recognised as deferred revenue. Revenue will be recognised only when the entity has fulfilled its obligation to provide the free or discounted goods or services (in relation to the award credits) to customers who redeem the award credits. The adoption of this interpretation does not result in a change in accounting policy of the Co-operative and the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 27	–	Consolidated and Separate Financial Statements (Revised)
FRS 103	–	Business Combinations (Revised)
FRS 28 (Revised)	–	Investments in Associates
Amendments to FRS 7	–	Statement of Cash Flows

Improvements to Financial Reporting Standard (issued in June 2009)

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

The management anticipates that the adoption of above FRSs and INT FRSs in future periods will not have a material impact on the financial statements of the Co-operative and of the Group in the period of their initial adoption except for the following:

FRS 27 – *Consolidated and Separate Financial Statements (Revised); and FRS 103 – Business Combinations (Revised)*

FRS 27 (Revised) will be effective for annual periods beginning on or after July 1, 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 28 (Revised) *Investments in Associates*

In FRS 28 (Revised), the principle adopted under FRS 27 (Revised) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to FRS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

FRS 28 (Revised) will be adopted for periods beginning on or after July 1, 2009 and will be applied prospectively in accordance with the relevant transitional provisions and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments (part of Improvements to FRSs issued in June 2009) specify that only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in FRS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to FRS 7 will be adopted for periods beginning on or after January 1, 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 statement of comprehensive income 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 profit or loss.

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 profit or loss.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Co-operative's and Group's balance sheets when the Co-operative and the Group becomes 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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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.

Other financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENT (Cont'd)

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 in other comprehensive income and accumulated 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 other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. 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 end of the reporting period. 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 other comprehensive income.

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

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest 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 available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCIAL INSTRUMENT (Cont'd)

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 against the allowance account. 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, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

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 Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 Group'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.

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.

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 and the Co-operative 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 do not involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled assets. The Group's and the Co-operative's share of the 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 accrual basis. Income from sale or use of the Group's and the Co-operative'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 the Co-operative and their amount can be measured reliably.

The Group and the Co-operative account for their 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.

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 according on the acquisition of an associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INTERESTS IN JOINT VENTURES (Cont'd)

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 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 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>
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.

<u>The Group as lessee</u>
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of dismantling and removing the items and restoring the site on which they are located.

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

No depreciation charged for Capital work-in-progress.

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 profit or loss.

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

IMPAIRMENT OF NON-FINANCIAL 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 for which the estimates of future cash flows have not been adjusted.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, discounts 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".

Concessionary, commission and other service income
Concessionary, commission and other service income are recognised when the services are rendered.

PATRONAGE REBATES – Patronage rebates 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 are approved by the members at the annual general meeting. Patronage rebates 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 – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate.

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 statement of comprehensive income 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 in countries where the Co-operative and subsidiaries operate 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 and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 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 outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively) 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 consolidated financial statements.

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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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 recognised in other comprehensive income and accumulated in a separate component of equity.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash on 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.

Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, which are described in Note 2, management did not make any material judgements that have a material effect on the amounts recognised in the financial statements.

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:

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

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 19 to the financial statements.

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

Investments in subsidiaries, loan to and receivable from subsidiaries and associate 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 the higher of fair value less cost to sell and 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 investments in and receivables from subsidiaries and associate are disclosed in Note 10 and Note 15 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 or writing off of these inventories, management identifies inventories that are slow moving or obsolete, considers their physical conditions, market conditions and market price for similar items.

The carrying amount of inventories is disclosed in Note 8 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial Assets				
Loans and receivables (including cash and cash equivalents)	374,379	291,748	366,071	291,354
Available-for-sale financial assets	593,151	458,125	507,966	394,598
Financial Liabilities				
Amortised costs (including share capital repayable on demand)	683,209	642,477	715,159	652,581

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, particularly market risk, credit risk and liquidity risk. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors ("the Board").

The Board is regularly updated on the Group's financial investments and hedging activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Financial risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts its business in various foreign currencies, mainly the United States dollar, Hong Kong dollars, Korean won and Sterling pound, and therefore is exposed to foreign exchange risk.

The currency risk of the Group arises mainly from the Group's foreign currency denominated investments. In addition, currency risk also arises from its operational purchases of goods for sales, consumables and capital expenditure denominated in currencies other than the functional currency.

Where appropriate, the Group enters into foreign exchange forward contracts to hedge against its currency risk resulting from anticipated transactions in foreign currencies and its foreign currency denominated investments.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

Foreign exchange risk management (Cont'd)

	Group and Co-operative			
	Assets		Liabilities	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
United States dollars	12,171	6,397	3,019	2,918
Malaysian ringgit	690	44	20	15
Australian dollars	23	33	962	611
Hong Kong dollars	5,822	-	-	-
Sterling pound	2,014	-	-	-
Indonesian rupiah	586	-	-	-
Korean won	3,060	-	-	-
Philippine pesos	876	-	-	-
European euro	-	-	119	-
New Zealand dollars	-	-	28	-
Norwegian krone	-	-	93	-
New Taiwan dollars	955	-	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit or loss and net equity will increase (decrease) by:

	Group and Co-operative	
	2010 $'000	2009 $'000
Foreign currency impact		
United States dollars	915	348
Malaysian ringgit	67	3
Australian dollars	(94)	(58)
Hong Kong dollars	582	-
Sterling pound	201	-
Indonesian rupiah	59	-
Korean won	306	-
Philippine pesos	88	-
European euro	(12)	-
New Zealand dollars	(3)	-
Norwegian krone	(9)	-
New Taiwan dollars	96	-

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the impact will be reversed.

This is mainly attributable to the exposure from investments denominated in foreign currencies and outstanding receivables and payables at year end in the Group.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Liquidity risk management

The Group adopts prudent liquidity risk management by maintaining sufficient cash and marketable securities to finance their activities. The Group finances its operations through internally generated cash flows.

(iii) Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge against such risk exposure. The related interest rates for fixed deposits and bonds are as disclosed in Notes 6 and 13 respectively.

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Co-operative anticipates that the cash flow will occur in a different period. The adjustment column represents the reasonably possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the balance sheet.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
Group					
2010					
Non-interest bearing		141,041	29,641	(3,980)	166,702
Fixed interest rate instruments	0.32	206,112	1,820	(255)	207,677
		347,153	31,461	(4,235)	374,379
2009					
Non-interest bearing	-	94,280	-	-	94,280
Fixed interest rate instruments	0.34	197,592	-	(124)	197,468
		291,872	-	(124)	291,748
Co-operative					
2010					
Non-interest bearing		120,669	29,641	(3,980)	146,330
Fixed interest rate instruments	0.46	206,537	14,180	(976)	219,741
		327,206	43,821	(4,956)	366,071
2009					
Non-interest bearing	-	76,629	-	-	76,629
Fixed interest rate instruments	0.56	198,166	18,232	(1,673)	214,725
		274,795	18,232	(1,673)	291,354

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

(iii) Interest rate risk management (Cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Co-operative can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Total $'000
Group			
2010			
Non-interest bearing	-	503,511	503,511
Fixed interest rate instruments	5%	179,698	179,698
		683,209	683,209
2009			
Non-interest bearing	-	463,082	463,082
Fixed interest rate instruments	5%	179,395	179,395
		642,477	642,477
Co-operative			
2010			
Non-interest bearing	-	535,461	535,461
Fixed interest rate instruments	5%	179,698	179,698
		715,159	715,159
2009			
Non-interest bearing	-	473,186	473,186
Fixed interest rate instruments	5%	179,395	179,395
		652,581	652,581

No sensitivity analysis is prepared as the Group and Co-operative do not have variable rate financial instruments at the balance sheet date.

(iv) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes.

Further details of these equity investments can be found in Note 13 to the financial statements.

Equity price sensitivity

Group

If prices for equity investments increase by 10% (2009 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2009 : impairment loss would be lower by $1,940,000), the Group's fair value reserves would increase by $50,658,000 (2009 : $36,317,000).

If prices for equity investments decrease by 10% (2009 : 10%) with all other variables held constant, the Group's impairment on investments would have been higher by $13,297,000 (2009 : $16,625,000) and the Group's fair value reserves would decrease by $32,556,000 (2009 : $21,630,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

(iv) Equity price risk management (Cont'd)

Co-operative
If prices for equity investments increase by 10% (2009 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2009 : impairment loss would be lower by $1,940,000), the Co-operative's fair value reserves would increase by $42,139,000 (2009 : $29,964,000)

If prices for equity investments decrease by 10% (2009 : 10%) with all other variables held constant, the Co-operative's impairment on investments would have been higher by $13,297,000 (2009 : $16,625,000) and the Co-operative's fair value reserves would decrease by $24,038,000 (2009 : $15,277,000).

(v) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group manages its credit risk through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral in the form of deposits, bankers'/insurance guarantees from its customers, and imposes cash terms and/or advance payment from customers of lower credit standing.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single customer or group of customers.

The Group and Co-operative places its cash with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 9.

(vi) Fair value of financial assets and financial liabilities
The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of other financial assets and liabilities are determined as follows:

a) the fair value of financial assets and financial liabilities traded on liquid markets are determined with reference to quoted market prices;

b) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

At the end of the financial year, except as disclosed in Note 27(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 Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value

	Total $'000	Level 1 $'000	Level 3 $'000
Financial Assets			
Group			
2010			
Available-for-sale investments:			
- Quoted unit trust	328,406	328,406	-
- Quoted equity	58,579	58,579	-
- Quoted bonds	119,590	119,590	-
- Unquoted equity	73,424	-	73,424
Total	579,999	506,575	73,424
2009			
Available-for-sale investments:			
- Quoted unit trust	264,406	264,406	-
- Quoted equity	10,989	10,989	-
- Quoted bonds	107,165	107,165	-
- Unquoted equity	63,261	-	63,261
Total	445,821	382,560	63,261
Co-operative			
2010			
Available-for-sale investments:			
- Quoted unit trust	243,221	243,221	-
- Quoted equity	58,579	58,579	-
- Quoted bonds	119,590	119,590	-
- Unquoted equity	73,424	-	73,424
Total	494,814	421,390	73,424
2009			
Available-for-sale investments:			
- Quoted unit trust	200,879	200,879	-
- Quoted equity	10,989	10,989	-
- Quoted bonds	107,165	107,165	-
- Unquoted equity	63,261	-	63,261
Total	382,294	319,033	63,261

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The Group and Co-operative have no financial liabilities carried at fair value and no financial instruments measured at fair value based on Level 2 as at March 31, 2010.

The fair value of the unquoted equity investments included within level 3 was estimated based on the Group's share of the net asset values of the investment company, which reflects their fair values as at March 31, 2010.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (Cont'd)

Financial instruments measured at fair value based on level 3

	Avaliable-for-sale financial assets, representing, total (Unquoted equities) $'000
Group and Co-operative	
2010	
At the beginning of the year	63,261
Gains in other comprehensive income	10,163
At the end of the year	73,424

(c) Capital risk management policies and objectives

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern. The capital structure of the Group comprises only share capital, statutory reserves, fair value reserves and accumulated profits. The Group's overall strategy remains unchanged from 2009.

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 Group'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 entered into the following transactions with related parties:

	Group and Co-operative 2010 $'000	2009 $'000
Donations to NTUC Fairprice Foundation Limited (refer to Note 10)	8,800	7,500
Loan to an entity with common direct shareholders (including interest accrued)	-	10,264
Sales of goods to associates	(376)	(323)
Rental income from jointly controlled entity	(92)	(170)
Rental income from associates	(1,409)	(1,785)
Advances to an associate	27,286	-

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 2010 $'000	2009 $'000
Salaries, short-term benefits and post-employment benefits:		
- directors	330	311
- officers	5,145	5,530

6 CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cash on hand	8,519	9,638	8,516	9,634
Cash at bank	94,022	51,540	76,843	36,484
Fixed deposits	206,052	187,204	206,051	187,204
Total	308,593	248,382	291,410	233,322

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.01% to 0.31% (2009 : 0.02% to 2.7%) per annum. The fixed deposits are for an average tenure of approximately 14 days (2009 : 7 days).

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

	Group and Co-operative	
	2010 $'000	2009 $'000
United States dollars	1,457	3,307
New Taiwan dollars	955	-
Malaysian ringgit	176	44
Australian dollars	23	33

7 TRADE RECEIVABLES

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Outside parties	10,570	7,739	10,083	6,554
Less: Allowance for doubtful receivables	(278)	(1,240)	(278)	(310)
	10,292	6,499	9,805	6,244
Jointly controlled entity (Note 12)	29	30	29	30
Associates (Note 11)	212	198	212	198
Total	10,533	6,727	10,046	6,472

The average credit period on sale of goods is 30 days (2009 : 30 days).

An allowance has been made for the estimated irrecoverable amounts from the sale of goods to third parties of $278,000 (2009 : $1,240,000). This allowance has been determined by reference to past default experience.

The Group and Co-operative has trade receivables amounting to $6,474,000 (2009 : $4,416,000) and $6,409,000 (2009 : $4,407,000) respectively that were past due at the balance sheet date for which the Group and Co-operative has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. These receivables are unsecured and the analysis of their aging at the balance sheet date is disclosed in Note (i) below.

7 TRADE RECEIVABLES (Cont'd)

The Group's and Co-operative's trade receivables that are impaired at the balance sheet date and the allowance accounts used to record the impairment are disclosed in Note (ii) below. Trade receivables that are individually assessed to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Not past due and not impaired	4,059	2,172	3,637	1,928
Past due but not impaired (i)	6,474	4,416	6,409	4,407
	10,533	6,588	10,046	6,335
Impaired receivables – individually assessed (ii)				
- Customer placed under liquidation	-	931	-	-
- Past due more than 36 months and no response to repayment demands	278	448	278	447
Less: Allowance for doubtful receivables	(278)	(1,240)	(278)	(310)
	-	139	-	137
Total trade receivables, net	10,533	6,727	10,046	6,472

Notes:

(i) Aging of receivables that are past due but not impaired

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
0 to 30 days	3,704	3,016	3,673	3,016
30 to 60 days	1,081	1,218	1,067	1,218
> 60 days	1,689	182	1,669	173
	6,474	4,416	6,409	4,407

(ii) These amounts are stated before the allowance for doubtful receivables.

The following is an analysis of allowance for doubtful receivables:

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At beginning of the year	1,240	770	310	291
Allowance made during the year	129	1,027	129	186
Amount written off during the year	(1,024)	(520)	(94)	(130)
Allowance written back during the year	(67)	(37)	(67)	(37)
At end of the year	278	1,240	278	310

Trade receivables are all denominated in Singapore dollars.

8 INVENTORIES

Inventories consist principally of goods for resale which are stated at the lower of cost and net realisable value.

During the year, stock write off amounting to $5,444,000 (2009 : $5,958,000) and $4,940,000 (2009 : $5,378,000) was recognized in profit or loss of the Group and Co-operative respectively.

9 OTHER RECEIVABLES

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deposits	18,140	16,832	15,412	14,910
Prepayments	6,355	2,368	6,168	2,226
Staff loans (a)	14	62	14	62
Income tax recoverable	-	613	-	598
Receivables from members (d)	-	1,500	-	1,500
Interest receivables	1,830	1,346	1,830	1,346
Link card/ phone card sales	3,949	3,142	3,949	3,142
Other receivables	4,034	1,076	4,059	673
	34,322	26,939	31,432	24,457
Amount due from NTUC Fairprice Foundation Ltd [Note 10 and (b)]	-	2,405	-	2,405
Loan to a related party (c)	-	10,264	-	10,264
Loan to associates [Note 11 and (d)]	-	7,382	-	-
Less: Allowance for doubtful receivables	-	(7,370)	-	-
	-	12	-	-
Total	34,322	39,620	31,432	37,126

(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% (2009 : 5%) per annum, calculated on a monthly rest basis.

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

(c) The loan balance to a related party included interest accrued and has been repaid on July 2009. Interest was charged at a rate of 3.75% per annum, calculated on a monthly rest basis.

(d) The loans to associates and receivables from members are unsecured, interest-free and fully repaid during the current financial year.

10 SUBSIDIARIES

	Co-operative	
	2010	2009
	$'000	$'000
Unquoted equity shares, at cost	30,171	30,171
Less: Impairment loss	(4,536)	(14,536)
	25,635	15,635
Loan to subsidiary	12,000	17,200
Receivables from subsidiaries	47,571	46,146
Less: Allowance for doubtful receivables	(47,506)	(46,088)
	65	58
Total	37,700	32,893

Loan to subsidiary is unsecured, interest-bearing and is due to be repaid by March 31, 2012. The effective interest rate of the loan is approximately 3% (2009 : 3%) per annum, which approximates the market interest rate.

The investment in certain subsidiaries is stated after allowance for impairment loss as the cost of investment in these subsidiaries have been impaired in view of losses incurred by these subsidiaries in the past. Based on management's impairment assessment in 2010 on the future profit trend of a subsidiary, Cheers Holdings (2004) Pte. Ltd., an impairment loss S$10,000,000 was written back.

The following is an analysis of allowance for impairment loss:

	Co-operative	
	2010	2009
	$'000	$'000
At beginning of the year	14,536	14,536
Reversal of impairment	(10,000)	-
At end of the year	4,536	14,536

The amount receivable from subsidiaries are unsecured, interest bearing and not expected to be repaid within 12 months from the end of the current financial year. The weighted average effective interest rate of the loans is approximately 3% (2009 : 3%) per annum.

The following is an analysis of allowance for doubtful receivables:

	Co-operative	
	2010	2009
	$'000	$'000
At beginning of the year	46,088	44,828
Allowance made during the year	1,418	1,260
At end of the year	47,506	46,088

10 SUBSIDIARIES (Cont'd)

Details of the Co-operative's subsidiaries as at March 31, 2010 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2010 %	2009 %	Principal activities
Grocery Logistics of Singapore Pte Ltd (1)	Singapore	100	100	Warehousing and distribution
Interstates Market Pte Ltd (3)	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 Service Pte Ltd (1)	Singapore	100	100	Dormant
Interstates Market (2007) Pte Ltd (2)	Singapore	100	100	Dormant
FPTM Pte Ltd (2)	Singapore	100	-	Dormant
Subsidiaries 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) Exempted from audit.
(3) Liquidated subsequent to March 31, 2010.
* 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, except for payments made 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 2010 $'000	Group 2009 $'000	Co-operative 2010 $'000	Co-operative 2009 $'000
Unquoted equity shares, at cost	60,743	41,757	34,828	5,029
Excess of nominal value over the fair value of the advance (Note 15)	4,068	-	4,068	-
Share of post-acquisition accumulated losses, net of dividend received	(13,065)	(17,165)	-	-
Less: Impairment losses	-	-	(104)	(1,629)
	51,746	24,592	38,792	3,400

The following is an analysis of allowance for impairment loss:

	Co-operative 2010 $'000	Co-operative 2009 $'000
At beginning of the year	1,629	1,629
Write back of impairment	(1,324)	-
Allowance written off during the year	(201)	-
At end of the year	104	1,629

Details of the associates as at March 31, 2010 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2010 %	Proportion of ownership interest and voting power held 2009 %	Principal activities
NTUC Link Pte Ltd (1)	Singapore	24.8	30.0	Operator of loyalty program
NTUC Media Co-operative Ltd (3)	Singapore	26.0	26.0	Radio station operator
Edo Sushi Pte Ltd (6)	Singapore	-	28.7	Food retailing
One Marina Property Services Pte Ltd (2)	Singapore	20.0	20.0	Provision of facility management, project management, marketing and leasing services
NTUC Foodfare Co-operative Ltd (2)	Singapore	50.0	50.0	Managing of food outlets
SG Domain Pte Ltd (7)	Singapore	20.0	-	Investment holding

11 ASSOCIATES (Cont'd)

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2010 %	2009 %	Principal activities
Subsidiary of NTUC Foodfare Co-operative Ltd				
Foodfare Catering Pte Ltd [(2)]	Singapore	35.0	35.0	Provision of cooked food to army camp
Associate of AlphaPlus Investments Pte Ltd				
TMall Limited [(5)]	Singapore	-	25.0	Property investment and development
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)]	Cayman Islands	33.7	33.7	Hypermarket retailing
Quayline Fairprice Sdn Bhd [(4)]	Malaysia	40.0	40.0	Supermarket retailing

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

(2) Audited by KPMG LLP, Singapore.

(3) Audited by Pricewaterhousecoopers LLP, Singapore.

(4) Company is under members' voluntary liquidation.

(5) Liquidated during the year.

(6) This associate has been disposed during the year.

(7) In December 2009, Co-operative entered into a joint bid involving Singapore Press Holdings ("SPH") and NTUC Income Insurance Co-operative ("NTUC Income") to fit-out and manage a mall being developed in Clementi Town Centre by the Housing & Development Board. The Co-operative has 20% share in the project via an investment of $30 million in SG Domain Pte Ltd (refer to Note 5).

For the purpose of applying the equity method of accounting, the unaudited management accounts of SG Domain Pte Ltd for the period ended March 31, 2010 have been used. No audited financial statements of SG Domain Pte Ltd is available as at the date of this report as the first financial period subjected to statutory audit by Pricewaterhousecoopers LLP, Singapore is for the period ending September 30, 2010.

11 ASSOCIATES (Cont'd)

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

	2010 $'000	2009 $'000
Total assets	390,774	126,361
Total liabilities	(189,049)	(46,290)
Net assets	201,725	80,071
Group's share of associates' net assets	51,746	24,592
Revenue	55,482	52,672
Profit for the year	8,539	5,666
Group's share of associates' profit for the year	3,506	1,838

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 $231,000 (2009 : $960,000).

12 JOINTLY CONTROLLED ENTITY

(a) Jointly controlled entity

	Group	
	2010 $'000	2009 $'000
Unquoted equity shares at cost	600	600
Share of post-acquisition accumulated losses	(600)	(600)
	-	-

Details of the jointly controlled entity as at March 31, 2010 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2010 %	2009 %	
Jointly controlled entity of NewFront Investments Pte Ltd				
FairVision Pte Ltd [1]	Singapore	30	30	Media advertising

[1] Audited by Pricewaterhousecoopers LLP, Singapore.

12 JOINTLY CONTROLLED ENTITY (Cont'd)

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

	2010 $'000	2009 $'000
Total assets	53	249
Total liabilities	(161)	(344)
Net assets	(108)	(95)
Group's share of jointly controlled entity's net assets	-	-
Revenue	40	1,386
Loss for the year	(29)	(206)
Group's share of jointly controlled entity's loss for the year	-	(62)

(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 on a site in Ang Mo Kio and hold as tenants in common with 35%, 30% and 35% share in the Leasehold Interest respectively.

The following amounts relating to the jointly controlled assets are included in the Co-operative's and Group's financial statements.

	2010 $'000	2009 $'000
Current assets	4,409	4,800
Non-current assets	85,634	86,774
Current liabilities	(5,124)	(5,976)
Co-operative's share of jointly controlled asset's net assets	84,919	85,598
Income	14,055	14,161
Expenses	(5,524)	(6,414)
Co-operative's share of jointly controlled asset's profit for the year	8,531	7,747

13 INVESTMENTS

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current portion:				
Quoted unit trust available-for-sale	19,747	1,240	19,747	1,240
Quoted equity available-for-sale	58,579	10,989	58,579	10,989
Quoted bonds available-for-sale	119,590	107,165	119,590	107,165
Total current portion	197,916	119,394	197,916	119,394

13 INVESTMENTS (Cont'd)

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Non-current portion:				
Quoted unit trust available-for-sale	308,659	263,166	223,474	199,639
Unquoted equity available-for-sale	85,826	75,565	85,826	75,565
Other investments	750	-	750	-
Total non-current portion	395,235	338,731	310,050	275,204
Total investments	593,151	458,125	507,966	394,598

The quoted investments are stated at fair value based on available market price.

Included in unquoted equity available-for-sale is an amount of $12,402,000 (2009 : $12,304,000) which are measured at cost less impairment loss of $104,000 (2009: $583,000).

Other investments are stated at cost less impairment loss. In 2009, there was an impairment loss of $750,000 which was written back during the year.

During the previous financial year, an impairment loss on quoted investments of $20,436,000 (Note 24) has been recognised. No further impairment loss is recognised for the year ended March 31, 2010.

Investments in quoted bonds have effective interest rates at approximately 5.6% (2009 : 5.6%) per annum and have maturity dates ranging from May 2011 to June 2018 (2009 : May 2011 to June 2018). The investments are classified as current as management could liquidate these investments if required.

The following is an analysis of allowance for impairment loss:

	Group and Co-operative	
	2010	2009
	$'000	$'000
At the beginning of the year	1,333	1,338
Impairment made during the year	-	101
Write back of impairment to profit or loss	(848)	-
Allowance written off during the year	(381)	(106)
At the end of the year	104	1,333

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States dollars	10,714	3,090	10,714	3,090
Hong Kong dollars	5,822	-	5,822	-
Malaysian ringgit	514	-	514	-
Sterling pound	2,014	-	2,014	-
Indonesian rupiah	586	-	586	-
Korean won	3,060	-	3,060	-
Philippine pesos	876	-	876	-

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, 2008	4,625	25,332	415,031	109,760	41,259	41,010	35,671	11	672,699
Additions	-	-	4,900	28,689	5,821	10,056	7,500	1,405	58,371
Disposals	-	-	(2,302)	(8,410)	(1,572)	(4,130)	(6,468)	-	(22,882)
Transfers	-	-	-	237	1,084	36	12	(1,369)	-
At March 31, 2009	4,625	25,332	417,629	130,276	46,592	46,972	36,715	47	708,188
Additions	-	-	-	21,453	3,835	6,961	6,092	34	38,375
Disposals	-	-	(864)	(4,467)	(1,355)	(2,106)	(7,355)	-	(16,147)
At March 31, 2010	4,625	25,332	416,765	147,262	49,072	51,827	35,452	81	730,416
Accumulated depreciation:									
At April 1, 2008	-	9,957	87,160	67,350	21,514	26,698	29,568	-	242,247
Depreciation expense	-	695	7,868	16,166	4,697	5,525	3,611	-	38,562
Disposals	-	-	(523)	(7,420)	(1,441)	(3,861)	(6,460)	-	(19,705)
At March 31, 2009	-	10,652	94,505	76,096	24,770	28,362	26,719	-	261,104
Depreciation expense	-	695	7,874	17,470	4,999	6,213	4,002	-	41,253
Disposals	-	-	(704)	(4,339)	(1,328)	(2,060)	(7,296)	-	(15,727)
At March 31, 2010	-	11,347	101,675	89,227	28,441	32,515	23,425	-	286,630
Impairment:									
At April 1, 2008	-	-	1,871	626	117	713	62	-	3,389
Reversal of impairment loss	-	-	-	-	-	(230)	-	-	(230)
Impairment loss	-	-	371	649	24	-	2	-	1,046
At March 31, 2009	-	-	2,242	1,275	141	483	64	-	4,205
Transfer	-	-	(289)	21	107	120	41	-	-
Reversal of impairment loss	-	-	(1,710)	-	-	-	-	-	(1,710)
Impairment loss	-	-	-	2,964	254	1,321	182	-	4,721
At March 31, 2010			243	4,260	502	1,924	287	-	7,216
Carrying amount:									
At March 31, 2010	4,625	13,985	314,847	53,775	20,129	17,388	11,740	81	436,570
At March 31, 2009	4,625	14,680	320,882	52,905	21,681	18,127	9,932	47	442,879

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	Total $'000
Co-operative								
Cost:								
At April 1, 2008	4,625	25,332	343,013	102,224	17,754	39,199	28,874	561,021
Additions	-	-	4,900	27,932	4,764	9,909	7,198	54,703
Disposals	-	-	(2,302)	(7,884)	(1,491)	(4,082)	(6,423)	(22,182)
At March 31, 2009	4,625	25,332	345,611	122,272	21,027	45,026	29,649	593,542
Additions	-	-	-	20,415	2,333	6,681	5,582	35,011
Disposals	-	-	(160)	(4,199)	(414)	(2,036)	(5,172)	(11,981)
At March 31, 2010	4,625	25,332	345,451	138,488	22,946	49,671	30,059	616,572
Accumulated depreciation:								
At April 1, 2008	-	9,957	69,320	63,820	12,670	25,637	25,153	206,557
Depreciation expense	-	695	6,476	14,837	1,975	5,258	2,558	31,799
Disposals	-	-	(525)	(7,048)	(1,363)	(3,824)	(6,417)	(19,177)
At March 31, 2009	-	10,652	75,271	71,609	13,282	27,071	21,294	219,179
Depreciation expense	-	695	6,544	16,165	2,202	5,955	3,209	34,770
Disposals	-	-	-	(4,176)	(406)	(2,005)	(5,158)	(11,745)
At March 31, 2010	-	11,347	81,815	83,598	15,078	31,021	19,345	242,204
Impairment:								
At April 1, 2008	-	-	1,871	597	32	340	10	2,850
Impairment loss	-	-	82	21	108	120	41	372
At March 31, 2009	-	-	1,953	618	140	460	51	3,222
Impairment loss	-	-	(1,711)	2,609	254	1,322	182	2,656
At March 31, 2010	-	-	242	3,227	394	1,782	233	5,878
Carrying amount:								
At March 31, 2010	4,625	13,985	263,394	51,663	7,474	16,868	10,481	368,490
At March 31, 2009	4,625	14,680	268,387	50,045	7,605	17,495	8,304	371,141

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 assessment led to the recognition of a net impairment loss of $3,011,000 (2009 : $816,000) and $2,656,000 (2009 : $372,000) that has been recognised in profit or loss of the Group and Co-operative respectively (Note 24). The write back of impairment losses represents the adjustment of certain leasehold properties to their recoverable amounts. The estimates of recoverable amount were based on value in use and determined using a discount rate of 10%.

15 OTHER RECEIVABLES FROM AN ASSOCIATE

	Group and Co-operative	
	2010	2009
	$'000	$'000
Interest bearing advances [a]	1,625	-
Non-interest bearing advances - nominal value [b]	29,641	-
Less: Future finance charge	(3,980)	-
	27,286	-

[a] The interest bearing advances are unsecured, bear interest rate at 3% per annum and repayable in one lump sum in 5 years time from February 17, 2010.

[b] FRS 39 – Financial Instruments: Recognition and Measurement requires financial assets and liabilities to be initially measured at fair value. This has resulted in non-interest bearing advances to an associate amounting to $29,641,000 (2009 : $Nil) being carried at amortised cost of $25,661,000. The non-interest bearing advances are unsecured and repayable in one lump sum in 5 years time from February 17, 2010.

Other receivables from an associate are all denominated in Singapore dollars.

Future finance charge is represented by:

	Group and Co-operative	
	2010	2009
	$'000	$'000
Excess of nominal value over the fair value of advance at inception date (Note 11)	4,068	-
Notional interest income adjustment using amortised cost method	(88)	-
	3,980	-

16 TRADE PAYABLES

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Outside parties	365,632	326,291	346,614	308,034
Subsidiaries (Note 10)	-	-	3,236	2,919
	365,632	326,291	349,850	310,953

The average credit period on purchase of goods is 45 days (2009 : 45 days). Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Significant trade payables that are not denominated in functional currency of the Group and Co-operative are as follows:

	Group and Co-operative	
	2010	2009
	$'000	$'000
United States dollars	3,019	2,918
Malaysian ringgit	20	15
Australian dollars	962	611
European euro	119	-
New Zealand dollars	28	-
Norwegian krone	93	-

17 OTHER PAYABLES

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Accrued operating expenses (a)	74,197	67,424	72,253	65,382
Deposits received	9,052	8,151	8,968	8,082
Subsidiaries [Note 10 and (b)]	-	-	51,143	38,855
Associates [Note 11 and (c)]	-	10,762	-	-
Patronage rebates and dividends payable	459	250	459	250
Salary payable	11,472	10,840	10,706	10,346
Gift vouchers payable	23,137	20,709	23,137	20,709
Other payables	19,562	18,655	18,945	18,609
Contributions to:				
- Central Co-operative Fund (d)	25	25	25	25
- Singapore Labour Foundation (e)	31,784	30,378	31,784	30,378
	169,688	167,194	217,420	192,636

(a) Included in the accrued operating expenses of the Group and the Co-operative is an amount of $8,786,000 (2009 : $7,500,000) 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 27(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	
	2010	2009
	$'000	$'000
Contributions to Singapore Labour Foundation:		
- Current year	32,461	17,459
- Prior years	(677)	12,919
	31,784	30,378

18 SHARE CAPITAL

	Group and Co-operative			
	2010	2009	2010	2009
	Number of ordinary shares		$'000	$'000
Authorised:				
Ordinary shares	220,000,000	220,000,000	220,000	220,000
Issued and paid up:				
At beginning of the year	179,495,132	179,366,356	179,495	179,366
Issue of shares at par for cash	1,616,693	1,352,898	1,617	1,353
Withdrawal of shares	(1,313,823)	(1,224,122)	(1,314)	(1,224)
At end of the year	179,798,002	179,495,132	179,798	179,495
The share capital is represented by:				
Share capital repayable on demand as liabilities (a)	179,698,002	179,395,132	179,698	179,395
Share capital classified as equity (b)	100,000	100,000	100	100
	179,798,002	179,495,132	179,798	179,495

(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.

19 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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At April 1	16,787	12,794	16,080	12,107
Utilisation of provision	(12)	(928)	-	(807)
Provisions made during the year	1,555	4,921	1,444	4,780
At March 31	18,330	16,787	17,524	16,080

A provision for reinstatement cost is recognised when the Group and the Co-operative have a legal and constructive obligation to rectify wear and tear to leased premises under property lease agreements with external parties. The unexpired lease terms range from 0.01 to 3.81 years (2009 : 0.20 to 3.70 years). The provision is based on the best estimate of the expenditure with reference to past experience. It is expected that these costs will be incurred after one year from the balance sheet date. The provision is discounted using a current rate of 5% (2009 : 5%) that reflects the risks specific to the liability.

20 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	Provisions	Total
	$'000	$'000	$'000
At April 1, 2008	2,436	(184)	2,252
Charge to profit or loss for the year	200	-	200
At March 31, 2009	2,636	(184)	2,452
Charge to profit or loss for the year (Note 26)	349	-	349
At March 31, 2010	2,985	(184)	2,801

Subject to the agreement by the tax authorities, at the balance sheet date, the Group has unutilised tax losses from its subsidiary of $Nil (2009 : $1,054,000) available for offset against future profits. No deferred tax asset was 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.

21 OTHER RESERVES

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fair value reserve	205,946	100,140	166,212	82,063
Foreign currency translation reserve (a)	(276)	(276)	-	-
Reserve fund (b)	64,739	64,739	64,739	64,739
	270,409	164,603	230,951	146,802

(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, the Co-operative shall pay into the 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 Reserve Fund has reached an amount that is equal to 10% of its paid-up capital, such Co-operative shall transfer 5% of the profit before contributions and distributions to the Reserve Fund.

From the previous financial year, pursuant to the Co-operative Societies (Amendment) Act 2009, Section 70 has been repealed, management has decided not to make any transfer to this Reserve Fund.

22 REVENUE

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

23 OTHER INCOME

	Group		Co-operative	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Rental income	42,758	41,603	42,579	40,387
Dividends received	21,225	20,814	16,966	17,078
Impairment reversed on:				
- unquoted shares in subsidiary	-	-	10,000	-
- other investment	750	-	750	-
- unquoted equity available-for-sale	98	-	98	-
- unquoted shares in associates	-	-	1,324	-
Interest income:-				
- financial institution	705	1,327	705	1,327
- subsidiaries	-	-	733	398
- bonds	1,070	1,005	1,070	1,005
Recycling of gain from equity on disposal of investments classified as available-for-sale	8,932	-	8,932	-
Gain on dilution and liquidation of associates	330	-	-	-
Advertising and promotion	4,326	4,638	2,867	3,286
Concessionary, commission and other service income	75,696	71,331	59,626	53,519
Discounts received	2,380	2,281	2,261	2,160
Job credits	11,526	3,298	10,097	2,850
Others	10,116	3,230	5,742	2,505
	179,912	149,527	163,750	124,515

24 OTHER OPERATING EXPENSES

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Rental and conservancy charges	85,240	80,734	74,692	70,728
Utilities	30,159	32,774	26,024	27,887
Repair, maintenance and supplies	20,312	19,562	16,520	16,707
Impairment in plant and equipment	3,011	816	2,656	372
Allowance for doubtful debts	62	1,027	62	186
(Gain) Loss on disposal of plant and equipment	94	(131)	(32)	(264)
Packing and delivery expenses	19,719	12,772	13,914	12,769
Donation to Foundation [Note 27(e)]	8,800	7,500	8,800	7,500
Marketing expenses	19,162	17,312	19,092	17,248
Impairment made on:-				
- quoted investments	-	20,436	-	20,436
- unquoted investments	-	101	-	101
Loss on disposal of investment	-	2,914	-	2,914
Allowance for doubtful receivable from subsidiary	-	-	1,418	1,260
Others	32,699	35,290	26,583	25,140
	219,258	231,107	189,729	202,984

25 FINANCE COSTS

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Distributions to members of				
the Co-operative [Note 18(a)]				
- first and final dividend	8,762	8,781	8,762	8,781

First and final dividend of 5% (2009 : 5%) was paid out to the members of the Co-operative in current year.

26 INCOME TAX EXPENSE

	Group	
	2010	2009
	$'000	$'000
Current income tax:		
Current year	1,574	1,743
Overprovision in prior years	(553)	(1,252)
Tax recovered	(582)	-
Deferred taxation (Note 20):		
Current year	349	200
	788	691

Domestic income tax calculated at 17% (2009 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

26 INCOME TAX EXPENSE (Cont'd)

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

	Group	
	2010	2009
	$'000	$'000
Profit before income tax	131,099	63,870
Tax at the domestic income tax rate of 17% (2009 : 17%)	22,287	10,858
Utilisation of deferred tax benefits previously not recognised	-	(243)
Overprovision in prior years	(553)	(1,252)
Tax effect of:		
Non-deductible expenses	421	530
Exempt income [1]	(20,198)	(9,234)
Income not subjected to tax	(1,227)	-
Current year tax losses not eligible to be carried forward	12	133
Change in tax rate	-	(122)
Others	46	21
	788	691

[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.

27 COMMITMENTS

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

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
- not contracted	66,230	40,419	63,000	39,419

27 COMMITMENTS (Cont'd)

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

	Group		Co-operative	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	77,004	70,144	67,311	60,539
After 1 year but within 5 years	72,706	86,688	57,807	69,769
After 5 years	24,217	20,629	-	-
	173,927	177,461	125,118	130,308

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.

(c) The Group rents out its leasehold properties in Singapore under operating leases. Property rental income earned during the year was $42,758,000 (2009 : $41,603,000). 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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	44,470	27,738	43,465	26,857
After 1 year but within 5 years	39,131	26,330	38,078	25,262
After 5 years	13	-	13	-
	83,614	54,068	81,556	52,119

Share of commitments under non-cancellable operating lease receivables of a jointly controlled asset is as follows:

	Group and Co-operative	
	2010	2009
	$'000	$'000
Within 1 year	12,675	11,378
After 1 year but within 5 years	17,503	7,427
	30,178	18,805

(d) The notional value of outstanding forward foreign exchange contracts of the Group and the Co-operative amounted to $877,000 (2009 : $609,000).

(e) The Co-operative has pledged to donate $50 million to the Foundation in by 2018. An amount of $8.8 million (2009 : $7.5 million) has been accrued by the Co-operative in the current financial year for contribution to Foundation [Note 17(a)].

28 PATRONAGE REBATES, DIRECTORS' HONORARIA AND DIVIDENDS

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

	Group and Co-operative 2010 $'000	2009 $'000
Patronage rebates	40,545	31,952
Directors' honoraria	356	330
First and final dividend of 6% (2009 : 5%)	10,778	8,978
	51,679	41,260

The proposed patronage rebates represent 4.5% (2009 : 4%) of the eligible purchases.

29 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Reclassification due to legal right of offset and netting of amounts due to a subsidiary has been made to the prior year's financial statements. To enhance comparability with the curent year's financial statements, certain line items have been amended on the face of the balance sheet. Comparative figures have been adjusted to conform with current year's presentation.

The items were reclassified as follows:

	Co-operative		
	Previously reported 2009 $'000	Reclassification $'000	After reclassification 2009 $'000
Balance sheet:			
Current asset			
Trade receivables	27,197	(20,725)	6,472
Current liability			
Other payables	213,361	(20,725)	192,636

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