
FairPrice
THE BEST
THINGS IN LIFE
ARE MEANT TO BE
SHARED
NTUC FAIRPRICE ANNUAL REPORT 2011/12

OUR SOCIAL MISSION

To moderate the cost of living in Singapore

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, to be a preferred employer, to moderate the cost of living in Singapore, and to serve the needs of our members, the labour movement and the community.

As a social enterprise, our philosophy is to share our profits with our customers, our members and the community. But that's not all that we share.

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SHARING OUR VISION

As a leading retailer with a heart, we evolve with our customers' needs, sharing their dreams and aspirations, while caring and doing the right things for everyone.

SHARING OUR GAINS

We gladly share our profits with our members through rebates, dividends and LinkPoints. At the same time, we keep the prices of daily essentials stable to stretch the hard-earned money of our customers.

SHARING OUR TIME

On top of day-to-day operations, we strongly believe in setting aside quality time to care for and to connect with the less privileged in our community.

SHARING OUR THOUGHTS

JOINT MESSAGE from Chairman and Group Chief Executive Officer

Thirty nine years ago, NTUC FairPrice was formed for one social purpose – to share the load of rising costs with our customers. Everything we do is driven by this unique social mission of moderating the cost of living in Singapore.

Today, we go one step further to share the best things in life with our customers and stakeholders, by bringing a wider range of safe quality products to more outlets and greater convenience through new innovative technology and services. We also give attractive rebates and dividends to our members, and contribute to a happier community and a healthier earth.

But more importantly, we share the fruits of our success with all.

FINANCIAL RESULTS

We are happy to report that we did well in FY 2011/2012. Total Group revenue was S$2.6 billion, and Group profit from operations before finance costs and rebates surged to S$334 million. Our strong performance was attributed to the increase in retail sales, higher investment income, and exceptional non-trading gains, being the profit arising from the disposal of the investment in Asia Retail Mall Fund and corporate restructuring of the investment in AMK Hub.

After contributions to the Central Co-operative Fund and the Singapore Labour Foundation, the Group's overall net profit was S$234 million.

REWARDING OUR CUSTOMERS

Sharing the fruits of our success with our members is our way of thanking them for their support. The Board has proposed a special patronage rebate of 0.5% in addition to the usual 4%. This amounts to a total patronage rebate of S$48.4 million.

The Board has also proposed a first and final dividend of 5% and a special dividend of 3% totaling S$14.6 million. In addition, members and Link cardholders also received S$21.4 million in LinkPoints in FY 2011/2012. The total payout to our members and Link cardholders will be S$84.4 million.

And to reward seniors for shopping with us, our Seniors' Discount Scheme helped our senior customers save a total of S$2.1 million.

PROVIDING THE BEST FOR OUR CUSTOMERS

At FairPrice, we strive to provide the best for our customers and to ensure that we are more accessible and relevant to all.

In April 2011, we celebrated a major milestone as we expanded beyond 100 stores. This celebration at FairPrice Finest @ Serangoon Village underlies our commitment to provide our customers with greater access to better, fresher produce at affordable prices, while evolving with our customers' changing lifestyles, catering to those who seek the finer things in life.

As we continue to stay ahead, we are also constantly looking into new ways to improve our productivity and to make FairPrice the best place to shop. Last year, we invested more than S$10 million on store improvements alone. We also launched the latest self-checkout counters in five stores, resulting in shorter waiting time for our customers. Our introduction of electronic shelf-labels in eight stores was another initiative to tap on new technology, and this has enhanced our efficiency in terms of manpower, speed and price accuracy.

JOINT MESSAGE from Chairman and Group Chief Executive Officer

We also brought greater convenience to our customers by accepting Visa cards at all our stores and offering bill payment services at all FairPrice Xpress and Cheers outlets. To make life even easier for our busy customers, we partnered OCBC to introduce the first Plus! Lite branch inside FairPrice Xtra @ Jurong Point, so that they can enjoy in-store banking services.

FOCUSING ON WHAT REALLY MATTERS

While we grow our business and keep pace with changing customer needs, we continue to focus on our social mission to moderate the cost of living in Singapore. During periods of high inflation in recent years for instance, FairPrice has always taken the lead to hold or lower the prices of essential items.

For this reason, we brought back the Stretch Your Dollar Programme for the third time, offering 10 cost-saving tips and discounts on our housebrand items for our customers. Through our housebrand discount programme, our customers saved an estimated S$3.5 million, totaling approximately S$15.5 million since it was first introduced in 2007.

We also froze the prices of all FairPrice Housebrand rice from Thailand and Vietnam from November 2011 till the end of 2012. As we brace ourselves for more economic challenges in the year ahead, we will continue to moderate prices of essentials for our customers.

To ensure that our customers will always be able to enjoy a wider range of fresh produce at stable prices, we signed two new contract farming agreements with farms in Perth, Western Australia. These new contracts would secure a steady supply of fresh quality produce such as carrots for our customers. With the two new contracts, we now have over 80 contract farming agreements with farms in the region.

CARING AND DOING THE RIGHT THINGS

We keep in mind that the success of our business enables us to continue providing a better life for the needy.

During the year, FairPrice Foundation contributed S$8.9 million to the community to help provide financial relief to the needy, promote community bonding and advance workers' welfare. We reached out to more than 100,000 needy workers and families through the NTUC FairPrice Food Voucher Scheme, the NTUC-U Care Fund, and through community partners such as Community Chest, Food From The Heart, Ren Ci Hospital, Society for the Physically Disabled and NTUC Eldercare.

Our annual FairPrice Share-A-Textbook Project, which entered its 29th year in 2011, collected 320,000 books redistributed to benefit over 15,900 students. In total, the project has recycled over 2.3 million textbooks and benefitted close to 170,000 students over the years.

This was also the 11th year that we have supported The Boys' Brigade Share-a-Gift Project. This project raised over S$1.2 million in groceries and gifts for needy families through both our stores and our online shopping portal from the public.

We made good progress as a responsible corporate citizen and became the first supermarket in Singapore to launch our very own Corporate Social Responsibility (CSR) Online Report, disclosing our commitments and targets to do the right things for our customers, our staff, our community and our environment.

FairPrice has always strived to incorporate CSR into our daily business decisions, and this includes efforts to protect the environment. One of our initiatives earlier this year was to pledge to stop the sale of shark fin products in all our stores from 1 April 2012. We also encouraged our customers to join us in recycling activities through the FairPrice Cares! Campaign and our Green Rewards Scheme, in which we gave out S$300,000 in rebates and also saved a total of 6.6 million plastic bags in the year.

"We have been able to consistently achieve excellence in both the business and social front because our staff believe strongly in what we seek to do … Their passion and support has allowed our business to scale new heights."

BECOMING EVEN BETTER

At FairPrice Xtra, we aim to provide a shopping environment catered to all generations in the family. We are honoured that FairPrice Xtra received the Businesses for Families Mark from the Businesses for Families Council, a council supported and resourced by the Ministry of Community Development, Youth and Sports. FairPrice is the first supermarket brand in Singapore to be accredited with this certification for companies that implement initiatives catering to the specific needs of families.

Our staff have also been consistent in providing service from the heart. This was evident in us winning the most number of awards at the National Excellent Service Awards 2011, where 302 of our staff were recognised for their excellent service.

In the annual Singapore Retailers Association Awards, one of our staff won the Young Executive of the Year Award while the FairPrice Family Cook Off campaign won the Best Retail Event of the Year Award.

A HEARTFELT THANK YOU

We have been able to consistently achieve excellence in both the business and social front because our staff believe strongly in what we seek to do and have dedicated themselves to making it happen. Their passion and support has allowed our business to scale new heights. We thank them for their dedication and hard work over the years.

Our business partners have also been integral to our growth and success. With their support, we have been able to deliver on our promises to our customers and our social commitments to the community.

We would also like to thank our Board of Directors for their guidance, support and vision.

Most importantly, to our customers, we thank you for your trust in us and your loyalty through the years.

Mr Ng Ser Miang
Chairman

Mr Tan Kian Chew
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS

For the year ended 31st March 2012

	The Group		The Co-operative	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	**2,668,494**	**2,414,585**	**2,481,346**	**2,235,579**
Profit before share of associates' results	281,774	117,016	270,347	105,338
Share of profit of :				
– associates	**3,488**	**1,829**	**–**	**–**
Profit before taxation	285,262	118,845	270,347	105,338
Taxation	(146)	(984)	–	–
Profit Before Contributions	**285,116**	**117,861**	**270,347**	**105,338**
Net profit margin	10.68%	4.88%	10.89%	4.71%
Return on net assets employed (Note 1)	20.48%	8.96%	23.61%	9.65%
Net tangible assets per share (Note 2)	$7.24	$6.38	$6.07	$5.29
Dividend Declared	–	–	5%	5%
Special Dividend	–	–	3%	1%
Patronage rebate	–	–	4.5%	4.5%

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.

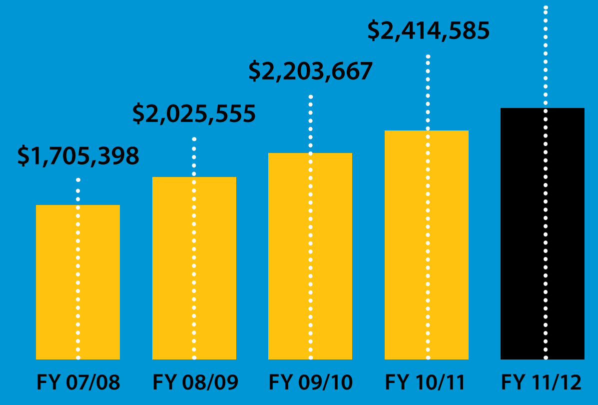
2 NTA per share is computed based on share capital including share capital repayable on demand.

AT A GLANCE

Figures from the Group (last 5 years)
For the year ended 31st March 2012

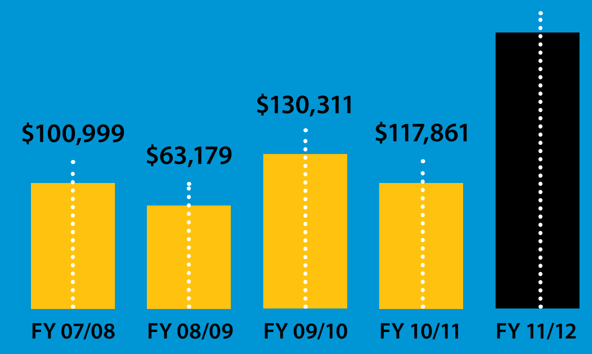
REVENUE ($'000)

$2,668,494



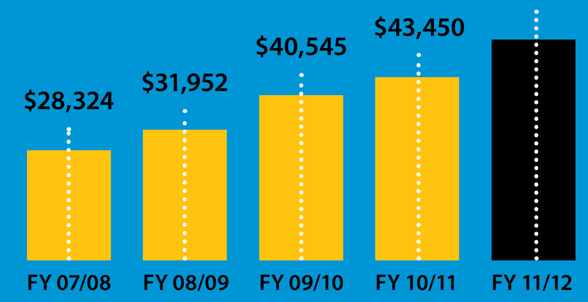
PROFIT BEFORE CONTRIBUTIONS ($'000)

$285,116



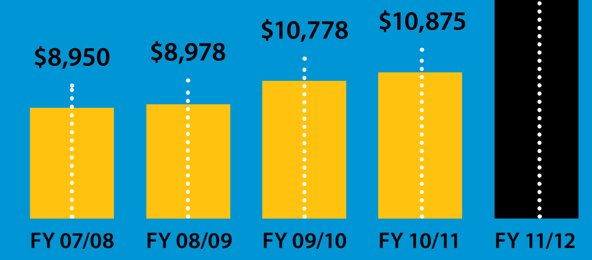
PATRONAGE REBATE ($'000)

$48,440



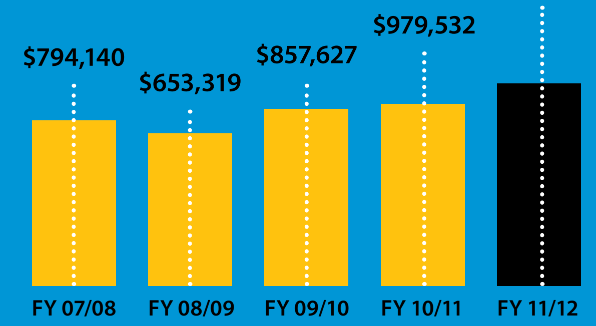
DIVIDEND DECLARED ($'000)

$14,608



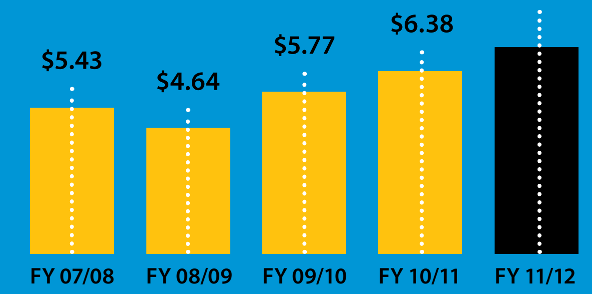
SHARE CAPITAL & RESERVES ($'000)

$1,143,329



NET TANGIBLE ASSETS PER SHARE

$7.24



MULTI-FORMAT RETAILER

We celebrate passion – passion in staying relevant to the needs of our customers, and passion in serving these needs well.

Indeed, focusing on the customer experience has been one of the cornerstones of our success. By consistently delivering value to our customers, we earn the trust of all, forging bonds that extend over many generations in Singapore.

Our biggest reward – knowing that we are making a difference for many, every day.

FairPrice

FairPrice supermarkets have greatly increased accessibility to customers by offering great shopping convenience through our network of over 90 stores located island-wide and close to the heartlands.

From fresh produce to household products, customers from all walks of life can trust FairPrice supermarkets to provide quality products at the best value, with service from the heart.

FairPrice finest

FairPrice Finest combines the heritage of a trusted brand with a whole new experience of fine living. Besides offering daily essentials at the same price as FairPrice supermarkets, we also offer a cosmopolitan range of fine foods not found in other FairPrice stores.

With a wider product assortment, value-added services and a more conducive shopping environment, FairPrice Finest is sure to bring the fine life closer to our customers.

FairPrice Xtra

Offering extra savings, extra variety and extra fun, the FairPrice Xtra hypermarket is a shopping destination for the whole family. FairPrice Xtra features wider aisles and an extensive variety of products and services, including fresh food, household appliances, electronic products as well as basic apparel.

Products are made available in family-sized packages for greater savings and our customers also get to enjoy services such as interest-free instalment payment and free delivery of electronic products.

FairPrice xpress

FairPrice Xpress is an industry-first initiative made possible when the retail quantum in petrol stations was relaxed in November 2006, making way for the alliance between FairPrice and ExxonMobil to implement the 'Big Box' convenience store concept.

FairPrice Xpress outlets are almost twice the size of a conventional petrol mart, offering customers a wider product range, greater value and 24-hour shopping convenience.

Cheers

Cheers, our chain of home-grown 24-hour convenience stores, caters to a diverse group of customers from all walks of life including the young and trendy, as well as students and working professionals who lead active and busy lifestyles.

Officially launched in 1998, Cheers has since expanded to over 100 outlets situated across Singapore at convenient locations.

FairPrice Online

FairPrice Online is a virtual supermarket that enables customers to shop in the comfort of their own homes any time. With FairPrice Online, customers can view the products from home, place orders online and have the groceries delivered to their doorsteps. FairPrice members can also continue to enjoy rebates when they shop online.

Visit FairPrice Online at www.fairprice.com.sg.

CORPORATE INFORMATION

For the year ended 31st March 2012

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

AUDIT COMMITTEE
Mr Willie Cheng *Chairman*
Ms Tan Hwee Bin
Mr John De Payva
Ms Adeline Sum

NOMINATING AND RENUMERATION COMMITTEE
Mr Ng Ser Miang *Chairman*
Mr Willy Shee *Deputy Chairman*
Mr Hee Theng Fong

FINANCE & INVESTMENT COMMITTEE
Mr Eric Ang *Chairman*
Mr Willy Shee
Ms Ng Shin Ein
Mr Wong Heng Tew

RISK COMMITTEE
Mr Hee Theng Fong *Chairman*
Mr Wahab Yusoff
Dr Chua Sin Bin

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Mr John De Payva *Chairman*
Ms Adeline Sum

INFORMATION TECHNOLOGY COMMITTEE
Mr Wahab Yusoff *Chairman*
Mr Willie Cheng

PROPERTY DEVELOPMENT COMMITTEE
Mr Tan Kian Huay *Chairman*
Mr Willie Cheng
Mr Willy Shee
Dr Chua Sin Bin
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

REGISTERED ADDRESS
NTUC Fairprice Co-operative Ltd
680 Upper Thomson Road
Singapore 787103
Tel: 6456 0233
Fax: 6458 8975
www.fairprice.com.sg

NUMBER OF STORES
as at 31 March 2012

FairPrice Finest	9
FairPrice Xtra	4
FairPrice Supermarkets	94
FairPrice Xpress	24
Cheers	123
Total	**254**

OUR RECOGNITION

READER'S DIGEST TRUSTED BRAND
- Platinum Award for the Supermarket Chain Category
- Gold Award for Cooking Oil and Rice Categories

SINGAPORE RETAILERS ASSOCIATION AWARDS
- Young Executive of the Year Award (Ms Serene Tan)
- Best Retail Event of the Year Award (FairPrice Family Cook Off)

NATIONAL EXCELLENT SERVICE AWARDS 2011
302 staff received awards under the Retail Category

BUSINESSES FOR FAMILIES MARK
Awarded to FairPrice Xtra by the Businesses For Families Council

RETAIL ASIA-PACIFIC TOP 500 2011
- Gold Award for Top 10 Retailers Award
- Hall of Fame Award

TOP 1000 ASIA PACIFIC BRANDS
- Ranked 4th in Asia Pacific
- Top local homegrown brand

NTUC 50 MODEL PARTNERSHIP AWARD
Institutional Category Award in recognition of productivity-driven growth

PEOPLE'S ASSOCIATION COMMUNITY SPIRIT AWARD 2011
Excellence Award in recognition of building greater social capital

FOOD SAFETY PARTNER AWARD 2011
Awarded by the Agri-Food and Veterinary Authority

FRIEND OF CASE AWARD
Awarded by the Consumers Association of Singapore

BOARD OF DIRECTORS

from left

WAHAB YUSOFF

JOHN DE PAYVA

WONG HENG TEW

NG SER MIANG
Chairman

TAN HWEE BIN

MAY NG

WILLY SHEE

WILLIE CHENG

NG SHIN EIN

HEE THENG FONG

ERIC ANG
Deputy Chairman

DR CHUA SIN BIN

ADELINE SUM

TAN KIAN HUAY

BOARD OF DIRECTORS

MR NG SER MIANG

Chairman

Mr Ng is the Chairman of NTUC Fairprice Co-operative Ltd and TIBS International Pte 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 was also Chairman of the 2010 Inaugural Youth Olympic Games and the 2009 1st Asian Youth Games Steering Committee. A Singapore Ambassador to the Kingdom of Norway, Mr Ng has received numerous awards for his meritorious contribution to the public service and the Labour Movement. These include the Meritorious Service Medal (Pingat Jasa Gemilang), a National Day Award by the Singapore Government conferred in 2010, in addition to the Public Service Star in 1999. He also received the NTUC Meritorious Service Award in 2007, NTUC Friend of Labour Award in 2001 and May Day Award – Medal of Commendation in 1993. In 2012, he was conferred the Order of Merit by the Hungarian President for his outstanding contributions as Singapore Ambassador to Hungary.

MR ERIC ANG

Deputy Chairman

Mr Ang joined the Board in 2001 and is currently the Deputy Chairman of NTUC Fairprice Co-operative Ltd. He is the Managing Director and Head of Capital Markets at DBS Bank. 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 Chief Executive Director of Pan-United Corporation Ltd and 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, UOB Bank, and several non-profit boards. He is also the Chairman of CHARIS Singapore.

MS ADELINE SUM

Board Member

Ms Sum joined the Board in 2004. She is 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 a senior partner in a law firm. Mr Hee has been involved in many international arbitration and commercial litigation cases. He is an independent director of several public listed companies, and is frequently invited to speak on Directors' Duties and Corporate Governance in seminars organised by the Singapore Institute of Directors and the Singapore Exchange.

MS TAN HWEE BIN

Board Member

Ms Tan joined the Board in 2006. She is the Executive Director of Wing Tai Holdings group, Chairman of NTUC Unity Healthcare Co-operative Ltd and a director of Singapore Labour Foundation and Agency for Integrated Care Pte Ltd.

MR JOHN DE PAYVA

Board Member

Mr De Payva joined the Board in 2008. Having served as the President of the Singapore National Trades Union Congress (NTUC) from 1997 till 2011, he is currently President Emeritus of NTUC as well as Secretary-General Emeritus of the Singapore Manual and Mercantile Workers' Union. Mr De Payva is also the Chair of the International Trade Union Confederation-Asia Pacific Regional Executive Bureau, amongst other appointments.

MR WONG HENG TEW

Board Member

Mr Wong joined the Board in 2008. He was Managing Director, Investments at Temasek Holdings and was their Chief Representative in Vietnam. Mr Wong, currently Advisory Director for Temasek, also serves on the boards of listed and unlisted companies. He has a Bachelor of Engineering degree from the University of Singapore and completed the Program for Management Development at Harvard Business School.

MR WILLY SHEE

Board Member

Mr Shee joined the Board in 2008. He is the Chairman, Asia of CBRE Pte Ltd. His current directorships in companies include Ascendas Pte Ltd, Bund Center Investment Ltd, Shanghai Golden Bund Real Estate Co., Ltd, Lafe (Emerald Hill) Development Pte Ltd, Sunway REIT Management Sdn Bhd, SLF Properties Pte Ltd, OMB Pte Ltd, and Mercatus Co-operative Ltd.

MS NG SHIN EIN

Board Member

Ms Ng joined the Board in 2008. She is Co-founder and Senior Advisor to Blue Ocean Associates Pte Ltd. Prior to this, Ms Ng was with the Singapore Exchange, developing Singapore's capital market by bringing companies to list in Singapore. Additionally, she was part of its IPO Approval Committee. Ms Ng also sits on the boards of Yanlord Land Limited, First Resources Limited and Eu Yan Sang.

DR CHUA SIN BIN

Board Member

Dr Chua joined the Board in 2009. He is currently the Principal Consultant with AgriFood Technologies Pte Ltd (ATP) of AVA and an Adjunct Professor of Food Science and Technology Program at the National University of Singapore. Dr Chua is also the Chairman of the Food Innovation & Resource Centre Advisory Panel of Singapore Polytechnic.

MR WAHAB YUSOFF

Board Member

Mr Wahab joined the Board in 2010. He is Vice President and Managing Director of McAfee, South Asia and has over 26 years of experience in the IT industry serving in various capacities and management roles. He has operated mostly in the Asia Pacific region, with a focus on business in the emerging markets.

MR TAN KIAN HUAY

Mr Tan joined the Board in 2011. He has over 40 years of experience in the building and construction industry, including being Managing Director for Obayashi Singapore Pte Ltd from 1989 to 2004. He currently sits on the boards of NTUC Choice Homes Co-operative and Jurong Health Services.

MR JOHN LIM

Mr John Lim joined the Board in 1999 and stepped down as Deputy Chairman in 2011.

PRINCIPAL OFFICERS

front row, from left

POH LEONG SIM
Group Company Secretary and Director
Legal

TAN KIAN CHEW
Group Chief Executive Officer

CYNTHIA PHUA
General Manager
Group Real Estate

GERRY LEE
Managing Director
Business Groups

REBECCA TEO
Director
Human Resource

LEE KIN SENG
Group Director
Corporate Planning

SEAH KIAN PENG
Chief Executive Officer
Singapore

TNG AH YIAM
Managing Director
Group Purchasing, Merchandising and International Trading

back row, from left

DICKSON YEO
Director
Supply Chain

PETER TEO
General Manager
Supermarket

MUI-KOK KAH WEI
Director
Purchasing and Merchandising

LUM HON FYE
General Manager
Hypermarket

LIAN LAY YONG
Director
Business Groups Support

VICTOR CHEONG
General Manager
Cheers Holdings

LIM KOK GUAN
Group Chief Financial Officer

KEN KO
Director
Purchasing Support

LAURENT LEVAN
Group Director
International / Special Projects

CHRISTINA LIM
Director
Brand and Marketing

BERNARD CHEW
Chief Information Officer

CHONG NYET CHIN
Director
Food Safety and Quality

KOH KOK SIN
Director
Organisation Development

SHARING OUR BELIEFS

We believe in staying relevant to changing needs and this often translates to opening more stores to reach more customers, and constantly introducing innovative products and services to strengthen our brand.

HIGHLIGHTS OF THE YEAR

We seek always to make a difference in the quality of life enjoyed by all in Singapore – that is, by making shopping easy, convenient and a pleasure in every way. In line with our beliefs, we worked hard in the year to not only ensure that our customers enjoy quality products at best value but to also provide them with an expanded range of products at more outlets, together with new, essential services that make life a whole lot easier.

19 APRIL 2011

FairPrice Opened 100th Store With A S$10 Million Donation

We celebrated a major milestone with the opening of our 100th store at Serangoon Village. The new Finest store is part of a continuous expansion that is driven by our belief to be accessible for everyone. To mark the momentous occasion, we pledged S$10 million to FairPrice Foundation. This is the largest single amount given in one year to the Foundation. The store was opened by Mr Teo Chee Hean, Deputy Prime Minister, and then Minister for Defence.

19 MAY 2011

Once Again, A Reader's Digest Trusted Brands Platinum Winner

Every year since 2008, we have been winning the Reader's Digest Trusted Brands Platinum Award in the supermarket chain category, and 2011 was no exception. We also received the Gold Trusted Brand Award yearly from 2008 to 2011 for the FairPrice cooking oil, and for FairPrice branded rice in both 2009 and 2011. In the cooking oil and rice categories, FairPrice was the only housebrand to garner the Gold Trusted Brand Awards, bearing testimony to the quality and value of FairPrice Housebrand products.

27 MAY 2011

Visa Accepted At All FairPrice Stores Island-Wide

We aim always to make the shopping experience more convenient and delightful for our customers. With a Visa survey indicating that 49% of shoppers prefer to pay for groceries with their Visa card to earn rewards and other benefits, we took the leap in accepting Visa cards in all our stores, bringing about greater convenience for our customers and helping them to stretch their dollar further with us.

3 JUNE 2011

Self-Checkout Counters And Electronic Shelf Labelling To Serve Our Customers Better

Aimed to enhance productivity and competitiveness, we introduced self-service checkout counters and electronic shelf labelling. Customers are able to scan their purchases, bag their own items and make payment in one seamless flow. The electronic shelf labelling also updates product pricing automatically, saving us 50 man-hours per month. These two innovations were piloted in FairPrice Finest @ Clementi Mall.

18 AUGUST 2011

Big Winners For Service And Excellence

In the previous year, FairPrice bagged the Green Retailer of the Year while our staff Ms Hua Meng Lee won the Manager of the Year at the Singapore Retailers Association Awards. In 2011, we continued to build upon excellence and service at the prestigious event with our FairPrice Family Cook Off campaign winning the Best Retail Event of the Year Award and Ms Serene Tan winning the Young Executive of the Year Award.

31 AUGUST 2011

FairPrice Xtra Accredited As A Family-Friendly Business

Our efforts to provide family-friendly options for customers have led us to become the first supermarket brand in Singapore to receive the Businesses for Families Mark. This certification was awarded to our FairPrice Xtra hypermarkets by the Businesses for Families Council, which comes under the Ministry of Community Development, Youth and Sports, for implementing initiatives that cater to the specific needs of families.

20 SEPTEMBER 2011

Plus! Lite Branch At FairPrice Xtra @ Jurong Point

We believe that life would be easier for our customers if they can do more than shop for groceries at our stores. To make that happen, we partnered OCBC Bank and NTUC Link to allow our customers to bank at FairPrice Xtra @ Jurong Point. At the Plus! Lite branch located within this store, customers are able to carry out non-cash transactions as well as enjoy banking services. The branch is manned by banking professionals from OCBC Bank.

6 OCTOBER 2011

Adding Australia To Our Sources Of Fresh Food

Ensuring that our customers enjoy the freshest food at the best value is always high on our agenda. To secure a steady supply of the freshest essential food at stable prices, we signed two trade agreements with contract farms in Perth, Western Australia that would put Australian carrots on our shelves. Carrots are among the top three best-selling fresh produce at FairPrice. Indeed, over the last five years, our offering of vegetables from Australia went up by about 40%.

27 OCTOBER 2011

Bringing Turkey To Our Customers

To give our customers a taste of Turkish food and culture, we jointly organised Turkey Fair 2011 with the Ministry of Economy of Turkey. The two-week fair delighted our customers, introducing them to over 80 Turkish food items in FairPrice stores island-wide. The fair was launched by Mr Lee Yi Shyan, Minister of State for Trade and Industry and National Development, His Excellency Şafak Göktürk, the Turkish Ambassador to Singapore, Mr Tarık Sönmez, Director General of Exports at the Ministry of Economy of Turkey, and Mr Tan Kian Chew, Group CEO of FairPrice.

16 NOVEMBER 2011

Pay Bills At FairPrice Xpress And Cheers

To enhance our service level, we collaborated with AXS to enable our customers to pay their bills at FairPrice Xpress and Cheers. Since November 2011, shoppers have been able to pay their telecommunications, utilities and conservancy bills as well as insurance premiums and membership fees, round-the-clock at over 145 FairPrice Xpress and Cheers stores island-wide.

11 JANUARY 2012

Keeping Our Doors Opened Throughout Chinese New Year

We were able to share the festive joy of our customers and meet their needs during the Chinese New Year (CNY) by keeping the doors of 12 FairPrice stores opened throughout the festive period. In response to positive feedback when we kept three stores opened on the first day of CNY last year, we decided to extend this to 12 stores in 2012.

SHARING OUR CONCERNS

We show our concerns for our customers, our staff, our community and our environment by incorporating Corporate Social Responsibility into our daily business decisions and making a difference with our resources.

HIGHLIGHTS OF THE YEAR

As an organisation that puts people at the heart of everything it does, we constantly seek to make a difference within the community and in the lives of individuals and families. Through the FairPrice Foundation, for instance, we make meaningful contributions by sharing our resources, energy and time. Simply by doing what we can with what we have, we helped many in need and have also contributed to a greener environment in the year.

21 APRIL 2011

Engaging Customers To Go Green

We are passionate about saving the environment and equally passionate about spreading the green message. That led us to bring back the FairPrice Cares! Campaign for a second year. In support of Earth Day 2011, the two-week campaign involved us pledging a donation for each can or PET bottle recycled by our customers as well as for every FairPrice Love Nature reusable bag sold. The S$30,000 raised benefited The Straits Times School Pocket Money Fund and the Singapore Disability Sports Council.

31 MAY 2011

Helping Customers Stretch Their Dollar

We feel for our customers who face the pressure of rising inflation. To help them, FairPrice extended the Stretch Your Dollar Programme for another two months till 31 July 2011. The programme, lasting a total of five months, allowed customers to reduce their grocery bills through 10 cost-saving tips. For instance, customers enjoyed either a 5% or 10% discount on 500 FairPrice Housebrand essential products and had the freedom to choose from low-cost items such as our Yellow Dot and Everyday Low Price categories.

8 JULY 2011

Caring For Low Income Breadwinners

We understand the struggles that low income breadwinners face in providing for their families amidst rising costs of living. To show our care and support, we launched the two-week Breadwinners – We Care, U Care campaign, during which we donated S$5 for every loaf of FairPrice Housebrand bread purchased at all FairPrice stores. Warmly supported by the public, the campaign raised S$1.35 million for the NTUC-U Care Fund, which would help low-income workers and their families.

23 JULY 2011

FairPrice Washed Cars To Support Children-At-Risk

In support of children-at-risk, FairPrice staff chipped in to wash cars. Among those who wielded a washcloth was Mr Seah Kian Peng, CEO (Singapore) of FairPrice. The marathon car wash session was held at FairPrice Xpress at Ang Mo Kio Avenue 8, with drivers invited to donate S$10 or more to the Children-At-Risk Empowerment Association Singapore for each car washed. The National Car Flag Project 2011 was organised by FairPrice Xpress, Cheers and Alfestco, and supported by ExxonMobil Asia Pacific Pte Ltd and Hock Cheong Group, in celebration of National Day.

24 JULY 2011

Walking The Talk With S$1 Million Donation

In support of needy families, we partnered the People's Association to organise the One Community Walk, a mass community participation event. For this initiative, we pledged S$10 to the NTUC FairPrice Food Voucher Scheme for every walker signed up. With the overwhelming support, FairPrice Foundation donated S$1 million worth of FairPrice vouchers to be distributed to less privileged families through 87 Citizen Consultative Committees and selected voluntary welfare organisations. Over the years, FairPrice Foundation disbursed S$8 million worth of vouchers to needy families, helping them meet their daily needs.

19 NOVEMBER 2011

FairPrice Supports Special Olympics

To support the Special Olympics, our staff and their family members volunteered for the Young Athletes Ribbon Day organised by Procter & Gamble. This initiative aimed to raise awareness for the Special Olympics, which is dedicated to providing sports training and competitions for persons with intellectual disabilities to help develop their physical fitness, self-esteem and confidence.

2 OCTOBER 2011

Half A Million Bowls Of Rice For The Needy In South East

For the FairPrice Walk for Rice @ South East 2011 campaign, we pledged to donate one bowl of rice to low-income families in the South East district for every 100 metres walked. Our Guest-Of-Honour Mr Lee Yi Shyan, Minister of State for National Development and Trade and Industry, and Member of Parliament for East Coast GRC, and Mr Seah Kian Peng, CEO (Singapore) of FairPrice, raised the first eight bowls of rice by completing a three-legged walk at Bedok Stadium. The event was held in partnership with the South East Community Development Council and we achieved our goal of raising half a million bowls of rice for 7,000 families.

17 OCTOBER 2011

Taking The Lead In Promoting Corporate Social Responsibility

Guided by our vision to be the leading responsible retailer, we have always strived to incorporate Corporate Social Responsibility (CSR) in every aspect of our business operations. At the 2nd NTUC FairPrice Partners' Convention held in October, we became the first supermarket and hypermarket chain in Singapore to launch our own CSR Online Report and formally declare our targets and strategy in this arena. Entitled "CSR: The New Norm for Retail", the convention raised awareness of CSR to over 400 stakeholders, including suppliers, staff and business partners. We also shared findings on a survey we commissioned to understand consumers' views of socially responsible supermarket retailers. Dr Wayne Visser, Founder and Director of CSR International, was the keynote speaker at the convention.

22 OCTOBER 2011

Bringing Nutritional Knowledge To Mothers

We partnered Danone Dumex to organise The Great Motherhood Journey 2011, highlighting the importance of nutrition for infants and toddlers to the public. Held also to promote family and community bonding, the event featured product samplings, a baby massage demonstration and sharing sessions on nutrition facilitated by nutritional experts.

1 NOVEMBER 2011

S$1 Million For The Elderly And Their Caregivers

Sharing the concerns of the elderly and their caregivers, FairPrice Foundation donated S$1 million to NTUC Eldercare, which would go towards expanding its Care @ home programme, so that both the elderly and their caregivers would receive much needed support. This island-wide home care service looks after the frail and homebound elderly in their homes. Part of the donation would be used to develop specific programmes to reduce the financial, emotional and physical stress faced by low-income union workers caring for their elderly at home.

HIGHLIGHTS OF THE YEAR

2 NOVEMBER 2011

FairPrice Pledged To Freeze Prices Of Housebrand Rice From Vietnam and Thailand

To ease the pressure of rising food prices, we pledged to freeze the prices of the FairPrice Jasmine Fragrant rice from Vietnam from November 2011 till end February 2012 at the Rice For Every Taste event. Held at FairPrice Xtra @ nex mall on 2 November 2011, the event was graced by Mr Lee Yi Shyan, Minister of State for Trade and Industry and National Development. Subsequently, we also announced the price freeze of FairPrice Housebrand rice from Thailand from December 2011 till end February 2012.

9 NOVEMBER 2011

Giving Back To The Kranji Community With S$27,000 For Kranji Heritage Trail

The Kranji community shares a special connection with us that dates back to when we began purchasing fresh vegetables and eggs from farmers in the area. We have valued this relationship since then and so were delighted to be able to give back in the form of a S$27,000 donation towards the development of the Kranji Heritage Trail. Mr K. Shanmugam, Minister for Foreign Affairs and Law, and Member of Parliament for Nee Soon GRC, graced the launch of the trail held at Yew Tee Point.

10 NOVEMBER 2011

Collecting 320,000 Used Textbooks For Needy Students

It has been 29 years since we first began collecting used textbooks for needy students and our annual FairPrice Share-A-Textbook Project continues to be warmly received today. In 2011, the public responded enthusiastically to our call for used school textbooks, dropping off a record 320,000 textbooks at FairPrice stores throughout November. The books were sorted and distributed by students from four schools who were our Community Partners as well as 700 volunteers from Supporting Partners. We also lent a helping hand to 800 children of low-income FairPrice members and staff by giving out S$600,000 worth of study grants for primary to tertiary levels.

5 JANUARY 2012

FairPrice Took A Stand To Stop The Sale Of Shark Fin Products

In line with our commitment to be a responsible retailer and corporate citizen, we announced the removal of shark fin products from the shelves of all our stores by 1 April 2012. This arrangement ensured that we honoured existing commitments to partners, while no longer extending new orders for shark fin products.

FOUNDER & INSTITUTIONAL MEMBERS

For the year ended 31st March 2012

	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
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
Dnata Singapore Staff Union	328,416
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
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 Refining Company Employee's Union	10,000
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
Balance as at 31 March 2012	**61,216,972**

SHARING OUR NUMBERS

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, 2012.

1 DIRECTORS

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

Ng Ser Miang	(Chairman)
Eric Ang Teik Lim	(Deputy Chairman)
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)	
Wahab Yusoff	
Tan Kian Huay	(Appointed on December 22, 2011)

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:

	Shareholdings registered in the name of directors	
Name of directors and Co-operative/ companies in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**
NTUC Fairprice Co-operative Limited		
Ng Ser Miang	**20**	20
Eric Ang Teik Lim	**26**	26
Willie Cheng Jue Hiang	**1,000**	1,000
Adeline Sum	**4,024**	4,024
John De Payva	**62**	62
Willy Shee Ping Yah	**1,259**	1,259
Wong Heng Tew	**26**	26
Chua Sin Bin	**39**	39
Wahab Yusoff	**26**	26
Tan Hwee Bin	**–**	5,000
Tan Kian Huay	**26**	26

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 **Eric Ang Teik Lim**

August 15, 2012

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 40 to 90 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, 2012 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 **Eric Ang Teik Lim**

August 15, 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NTUC FAIRPRICE CO-OPERATIVE LIMITED

REPORT ON 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 statements of financial position of the Group and the Co-operative as at March 31, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and 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 40 to 90.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Co-operative Societies Act, Cap. 62 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

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 about 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 of financial statements that give a true and fair view 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, the consolidated financial statements of the Group, and the statement of financial position, 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, 2012 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Co-operative for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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.

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, 2012 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

August 15, 2012

STATEMENTS OF FINANCIAL POSITION

March 31, 2012

	Note	Group 2012 $'000	Group 2011 $'000	Co-operative 2012 $'000	Co-operative 2011 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**372,282**	303,365	**349,849**	281,374
Trade receivables	7	**43,530**	7,893	**43,018**	7,496
Inventories	8	**159,624**	149,566	**150,305**	141,035
Other receivables	9	**35,047**	36,929	**30,163**	34,357
Subsidiaries	10	**–**	–	**3,000**	8,000
Investments	13	**351,107**	258,237	**351,107**	258,237
Total current assets		**961,590**	755,990	**927,442**	730,499
Non-current assets					
Subsidiaries	10	**–**	–	**40,029**	39,263
Associates	11	**74,627**	53,255	**57,092**	38,792
Jointly controlled entity	12	**–**	–	**–**	–
Investments	13	**349,838**	429,793	**245,426**	325,595
Property, plant and equipment	14	**364,660**	440,602	**291,192**	373,999
Other receivables from associates	15	**255,200**	86,038	**255,200**	86,038
Total non-current assets		**1,044,325**	1,009,688	**888,939**	863,687
Total assets		**2,005,915**	1,765,678	**1,816,381**	1,594,186

See accompanying notes to financial statements.

	Note	Group 2012 $'000	Group 2011 $'000	Co-operative 2012 $'000	Co-operative 2011 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	**430,355**	404,729	**405,563**	381,563
Other payables	17	**225,384**	172,475	**277,546**	227,229
Share capital repayable on demand	18	**183,025**	181,828	**183,025**	181,828
Income tax payable		**639**	879	**–**	–
Total current liabilities		**839,403**	759,911	**866,134**	790,620
Non-current liabilities					
Provisions	19	**21,956**	23,896	**20,884**	23,018
Deferred tax liabilities	20	**1,227**	2,339	**–**	–
Total non-current liabilities		**23,183**	26,235	**20,884**	23,018
Capital and reserves					
Share capital	18	**100**	100	**100**	100
Accumulated profits		**909,157**	674,932	**740,274**	520,818
Other reserves	21	**234,072**	304,500	**188,989**	259,630
Total equity		**1,143,329**	979,532	**929,363**	780,548
Total liabilities and equity		**2,005,915**	1,765,678	**1,816,381**	1,594,186

See accompanying notes to financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year ended March 31, 2012

	Note	Group 2012 $'000	Group 2011 $'000	Co-operative 2012 $'000	Co-operative 2011 $'000
Revenue	22	**2,668,494**	2,414,585	**2,481,346**	2,235,579
Inventories consumed		**(2,107,717)**	(1,906,976)	**(2,001,034)**	(1,802,226)
Other income	23	**355,758**	184,445	**319,370**	150,449
Staff and related costs		**(251,454)**	(235,923)	**(201,896)**	(188,964)
Depreciation expense	14	**(46,030)**	(44,393)	**(39,092)**	(37,560)
Other operating expenses	24	**(284,756)**	(245,476)	**(235,826)**	(202,694)
Profit from operations before finance costs and rebates		**334,295**	166,262	**322,868**	154,584
Patronage rebates		**(41,952)**	(39,003)	**(41,952)**	(39,003)
Writeback of rebates		**47**	287	**47**	287
Finance costs	25	**(10,616)**	(10,530)	**(10,616)**	(10,530)
Share of profits of associates	11	**3,488**	1,829	**–**	–
Profit before income tax		**285,262**	118,845	**270,347**	105,338
Income tax expense	26	**(146)**	(984)	**–**	–
Profit before contributions		**285,116**	117,861	**270,347**	105,338
Contributions to:					
Central Co-operative Fund	17	**(25)**	(25)	**(25)**	(25)
Singapore Labour Foundation	17	**(50,866)**	(30,022)	**(50,866)**	(30,022)
Profit after contributions before other comprehensive income		**234,225**	87,814	**219,456**	75,291

See accompanying notes to financial statements.

	Note	Group 2012 $'000	Group 2011 $'000	Co-operative 2012 $'000	Co-operative 2011 $'000
Profit after contributions before other comprehensive income		**234,225**	87,814	**219,456**	75,291
Other comprehensive (loss) income:					
Available-for-sale investments:					
(Loss) Gains arising during the year		**(9,191)**	35,190	**(9,404)**	29,778
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments		**(61,237)**	(1,099)	**(61,237)**	(1,099)
Other comprehensive (loss) income for the year, net of tax		**(70,428)**	34,091	**(70,641)**	28,679
Total comprehensive income for the year attributable to the owners of the Co-operative		**163,797**	121,905	**148,815**	103,970

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2012

	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, 2010	100	(276)	205,946	64,739	587,118	857,627
Total comprehensive income for the year	–	–	34,091	–	87,814	121,905
Balance at March 31, 2011	100	(276)	240,037	64,739	674,932	979,532
Total comprehensive (loss) income for the year	–	–	(70,428)	–	234,225	163,797
Balance at March 31, 2012	100	(276)	169,609	64,739	909,157	1,143,329

See accompanying notes to financial statements.

	Share capital $'000	Fair value reserve $'000	Reserve fund $'000	Accumulated profits $'000	Total $'000
Co-operative					
Balance at April 1, 2010	100	166,212	64,739	445,527	676,578
Total comprehensive income for the year	–	28,679	–	75,291	103,970
Balance at March 31, 2011	100	194,891	64,739	520,818	780,548
Total comprehensive (loss) income for the year	–	(70,641)	–	219,456	148,815
Balance at March 31, 2012	100	124,250	64,739	740,274	929,363

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2012

	2012 $'000	2011 $'000
Operating activities		
Profit before income tax	**285,262**	118,845
Adjustments for:		
Allowance for doubtful receivables (net)	**31**	24
Depreciation of property, plant and equipment	**46,030**	44,393
Loss on sale of property, plant and equipment (net)	**1,064**	49
Gain on disposal of jointly controlled assets	**(98,232)**	–
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments	**(61,237)**	(1,099)
Impairment losses made (reversed) in property, plant and equipment (net)	**(5,623)**	1,972
Share of profits of associates	**(3,488)**	(1,829)
Dividend income	**(28,141)**	(24,154)
Write-back of patronage rebates	**(47)**	(148)
Interest income	**(7,840)**	(3,716)
Operating cash flows before working capital changes	**127,779**	134,337
Inventories	**(10,058)**	(15,564)
Trade and other receivables	**(38,248)**	(471)
Trade and other payables	**54,527**	50,037
Cash generated from operations	**134,000**	168,339
Dividends on ordinary shares repayable on demand	**10,616**	10,530
Contribution to Central Co-operative Fund paid	**(25)**	(25)
Contribution to Singapore Labour Foundation paid	**(30,022)**	(32,461)
Income tax paid	**(1,082)**	(2,674)
Net cash from operating activities	**113,487**	143,709

See accompanying notes to financial statements.

	2012 $'000	2011 $'000
Investing activities		
Purchase of property, plant and equipment	**(49,216)**	(52,113)
Proceeds from sale of property, plant and equipment (Note A)	**190**	1,667
Dividend received	**28,141**	24,154
Interest received	**7,840**	3,716
Advances to an associate	**–**	(58,272)
Purchases of investments	**(129,252)**	(66,158)
Proceeds from sale of investments	**107,146**	6,469
Net cash used in investing activities	**(35,151)**	(140,537)
Financing activities		
Proceeds from issue of shares	**2,669**	3,254
Payment made for redemption of shares	**(1,472)**	(1,124)
Dividends paid on ordinary shares repayable on demand	**(10,616)**	(10,530)
Net cash used in financing activities	**(9,419)**	(8,400)
Net increase (decrease) in cash and cash equivalents	**68,917**	(5,228)
Cash and cash equivalents at beginning of year	**303,365**	308,593
Cash and cash equivalents at end of year (Note 6)	**372,282**	303,365

Note A:
During the financial year, the group acquired equity interest in an associate amounting $18,300,000 (2011: Nil) and granted a shareholders' loan of $164,700,000 (2011: Nil) to this associate. The additional investment and loan to this associate were satisfied by the sale of the Co-operative's share of property, plant and equipment of $183,000,000 (2011: Nil). (refer to Note 12 and 15)

See accompanying notes to financial statements.

1 GENERAL

The Co-operative (Unique Entity Number S83CS0191L) 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 statement of financial position, statement of comprehensive income and statement of changes in equity of the Co-operative for the year ended March 31, 2012 were authorised for issue by the Board of Directors on 15 August 2012.

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, 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group and the Co-operative's accounting policies and has no material effect on the amounts reported for the current and prior years.

At the date of authorisation of these financial statements, the following new / revised FRSs and amendments to FRS that are relevant to the Group and the Co-operative's were issued but not effective:

Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to presentation of Items of Other Comprehensive Income*

The amendment on Other Comprehensive Income ("OCI") presentation will require the Group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after July 1, 2012, with full retrospective application.

When the entity adopts the amendments, it will have to present revaluation gains on property, plant and equipment and the corresponding tax effects separately from other OCI items that might be recycled to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

ADOPTION OF NEW AND REVISED STANDARDS *(cont'd)*

Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The amendments to FRS 107, effective for annual periods beginning on or after July 1, 2011, increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Group does not anticipate that these amendments to FRS 107 will have a significant effect on the Group's disclosures regarding its existing arrangements for transfers of trade receivables. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

FRS 110 *Consolidated Financial Statements* and FRS 27 (Revised) *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2013, with full retrospective application.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs. FRS 111 will take effect from financial years beginning on or after January 1, 2013, with full retrospective application. When the Group adopts FRS 111, arrangements currently accounted for as jointly controlled operations and jointly controlled assets may have to be equity accounted for as joint ventures; and arrangements currently accounted for as jointly controlled entities may have to be accounted for as joint operation. For arrangements that are joint ventures and were previously proportionately consolidated, the Group will have to adopt equity accounting.

The Group is currently estimating the effects of FRS 111 on its joint arrangements in the period of initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

ADOPTION OF NEW AND REVISED STANDARDS *(cont'd)*

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2013. The Group is currently estimating the extent of additional disclosures needed.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application. The Group is currently assessing the effects of FRS 113 in the period of initial adoption.

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 where 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

BASIS OF CONSOLIDATION *(cont'd)*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Co-operative.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

BUSINESS COMBINATIONS *(cont'd)*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with FRS 102 *Share-based Payment*; and
- 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* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Co-operative's and Group's statement of financial position 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.

Financial assets

All financial assets 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 plus transaction costs.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivable". The classification is determined based on the nature and purpose of financial assets at the time of initial recognition. The Group does not have any financial assets classified as "held-to-maturity investments" and "financial assets at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

FINANCIAL INSTRUMENTS *(cont'd)*

Financial assets *(cont'd)*

Available-for-sale financial assets

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

FINANCIAL INSTRUMENTS *(cont'd)*

Financial assets *(cont'd)*

Impairment of financial assets *(cont'd)*

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to 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 statement of financial position 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.

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 profit or loss.

Where a Group entity transacts with an associate of the Group, 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 using proportionate consolidation, 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*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. 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 accordingly 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 of 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

INTERESTS IN JOINT VENTURES *(cont'd)*

The Group and the Co-operative account for their interests in the jointly controlled entity/asset using the most recently available audited financial statements or the unaudited financial statements of the jointly controlled entity/assets. 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/asset is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of an associate.

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

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, 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 direct materials and, where applicable, direct labour costs 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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 statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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.

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 only to the extent 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.

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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

<u>Sale of goods</u>
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.

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

<u>Interest income</u>
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.

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

<u>Advertising, promotion, concessionary, commission and other service income</u>
Advertising, promotion, 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 capitalisation.

All other borrowing costs are recognised 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 when employees have rendered the services entitling them to the contributions. 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 reporting period.

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 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 end of the reporting period.

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 the end of each reporting period 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 end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

INCOME TAX *(cont'd)*

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.

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 financial statements 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. 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 the 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 at the end of the reporting period. 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

The management is of the view that there are no critical judgement involved that will have a significant effect on the amounts recognised in the financial statements other than those involving estimations below.

Key sources of estimation of uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the financial statements within the next financial year, are discussed below:

Useful lives of property, plant and equipment

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

Impairment of property, plant and equipment

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

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

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, 9 and 10 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.

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

Key sources of estimation of uncertainty *(cont'd)*

Impairment of investments in, loan to and receivables from subsidiaries and associates in the Co-operative's financial statements

Investments in subsidiaries, loan to and receivables from subsidiaries and associates 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 flows take into consideration the business plan and expectations of future changes in the market.

The carrying amounts of investments in, loan to and receivables from subsidiaries and associate are disclosed in Notes 10, 11 and 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 end of the reporting period:

	Group		Co-operative	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables				
(including cash and cash equivalents)	**700,686**	424,738	**690,576**	421,737
Available-for-sale financial assets	**700,945**	688,030	**596,533**	583,832
Financial liabilities				
Amortised costs				
(including share capital repayable on demand)	**787,873**	728,985	**815,243**	760,573

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

(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, Indonesian rupiah, Philippine pesos and Korean won 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 end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group and Co-operative			
	Assets		Liabilities	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States dollars	**14,156**	6,183	**4,123**	4,324
Malaysian ringgit	**199**	262	**–**	30
Australian dollars	**25**	25	**763**	833
Hong Kong dollars	**10,104**	10,336	**–**	–
Sterling pound	**–**	2,015	**–**	51
Indonesian rupiah	**2,063**	1,760	**–**	–
Korean won	**615**	1,099	**–**	–
Philippine pesos	**1,928**	1,809	**–**	–
European euro	**–**	–	**143**	204
New Zealand dollars	**–**	–	**35**	–

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

(b) Financial risk management policies and objectives *(cont'd)*

(i) Foreign exchange risk management *(cont'd)*

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	
	2012	2011
	$'000	$'000
Foreign currency impact		
United States dollars	**1,003**	186
Malaysian ringgit	**20**	23
Australian dollars	**(74)**	(81)
Hong Kong dollars	**1,010**	1,034
Sterling pound	**–**	196
Indonesian rupiah	**206**	176
Korean won	**62**	110
Philippine pesos	**193**	181
European euro	**(14)**	(20)
New Zealand dollars	**(4)**	–

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 the end of the reporting period.

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.

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

(b) Financial risk management policies and objectives *(cont'd)*

(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 interest-earning financial assets and interest-bearing financial liabilities are as disclosed in Notes 6, 9, 10, 13 and 15 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 statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
Group					
2012					
Non-interest bearing	–	244,630	29,352	(2,126)	271,856
Fixed interest rate instruments	0.8	200,867	66,873	(6,987)	260,753
Variable interest rate instruments	4.9	–	176,147	(8,070)	168,077
		445,497	272,372	(17,183)	700,686
2011					
Non-interest bearing	–	130,966	29,352	(3,211)	157,107
Fixed interest rate instruments	0.8	207,785	68,670	(8,824)	267,631
		338,751	98,022	(12,035)	424,738
Co-operative					
2012					
Non-interest bearing	–	217,920	29,352	(2,126)	245,146
Fixed interest rate instruments	1.0	203,957	82,105	(8,709)	277,353
Variable interest rate instruments	4.9	–	176,147	(8,070)	168,077
		421,877	287,604	(18,905)	690,576
2011					
Non-interest bearing	–	108,365	29,352	(3,211)	134,506
Fixed interest rate instruments	1.0	214,024	84,310	(11,103)	287,231
		322,389	113,662	(14,314)	421,737

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

(b) Financial risk management policies and objectives *(cont'd)*

(iii) Interest rate risk management *(cont'd)*

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities *(cont'd)*

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			
2012			
Non-interest bearing	–	604,848	604,848
Fixed interest rate instruments	8.0	183,025	183,025
		787,873	787,873
2011			
Non-interest bearing	–	547,157	547,157
Fixed interest rate instruments	6.0	181,828	181,828
		728,985	728,985
Co-operative			
2012			
Non-interest bearing	–	632,218	632,218
Fixed interest rate instruments	8.0	183,025	183,025
		815,243	815,243
2011			
Non-interest bearing	–	578,745	578,745
Fixed interest rate instruments	6.0	181,828	181,828
		760,573	760,573

No sensitivity analysis is prepared by the Group and Co-operative as the effect is not material.

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

(b) Financial risk management policies and objectives *(cont'd)*

(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% (2011 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2011 : $Nil) and the Group's fair value reserves would increase by $66,595,000 (2011 : $58,023,000).

If prices for equity investments decrease by 10% (2011 : 10%) with all other variables held constant, the Group's impairment on investments would have been higher by $23,061,000 (2011 : $12,150,000) and the Group's fair value reserves would decrease by $43,534,000 (2011 : $45,873,000).

Co-operative

If prices for equity investments increase by 10% (2011 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2011 : $Nil) and the Co-operative's fair value reserves would increase by $58,348,000 (2011 : $48,975,000).

If prices for equity investments decrease by 10% (2011 : 10%) with all other variables held constant, the Co-operative's impairment on investments would have been higher by $23,501,000 (2011 : $12,150,000) and the Co-operative's fair value reserves would decrease by $34,847,000 (2011 : $36,825,000).

(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 into consideration the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 7, 9 and 10.

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

(b) Financial risk management policies and objectives *(cont'd)*

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, 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, the Group and Co-operative have no significant exposure to unrecognised financial instruments.

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:

(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			
2012			
Available-for-sale investments:			
– Quoted unit trust	418,164	418,164	–
– Quoted equity	74,749	74,749	–
– Quoted bonds	177,437	177,437	–
– Unquoted equity	17,542	–	17,542
Total	687,892	670,350	17,542
2011			
Available-for-sale investments:			
– Quoted unit trust	368,097	368,097	–
– Quoted equity	74,985	74,985	–
– Quoted bonds	137,146	137,146	–
– Unquoted equity	94,650	–	94,650
Total	674,878	580,228	94,650

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

(b) Financial risk management policies and objectives *(cont'd)*

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

Financial instruments measured at fair value	Total $'000	Level 1 $'000	Level 3 $'000
Financial assets			
Co-operative			
2012			
Available-for-sale investments:			
– Quoted unit trust	331,294	331,294	–
– Quoted equity	74,749	74,749	–
– Quoted bonds	177,437	177,437	–
Total	583,480	583,480	–
2011			
Available-for-sale investments:			
– Quoted unit trust	277,618	277,618	–
– Quoted equity	74,985	74,985	–
– Quoted bonds	137,146	137,146	–
– Unquoted equity	80,931	–	80,931
Total	570,680	489,749	80,931

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, 2012.

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 investee company, which reflects their fair values as at March 31, 2012.

Financial instruments measured at fair value based on level 3

	Available-for-sale financial assets representing, total (Unquoted equities) $'000	
	Group	**Co-operative**
At April 1, 2010	73,424	73,424
Purchases	13,600	–
Gains in other comprehensive income	7,626	7,507
At March 31, 2011	94,650	80,931
Sale	(80,931)	(80,931)
Gains in other comprehensive income	3,823	–
At March 31, 2012	17,542	–

(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 2011.

5 RELATED PARTY TRANSACTIONS

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, the Group entered into the following transactions with related parties:

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Donations to NTUC Fairprice Foundation Limited (refer to Note 10)	**24,300**	10,000	**17,500**	5,000
Sales of goods to associates	**(20)**	(153)	**(20)**	(153)
Rental income from jointly controlled entity	**–**	(10)	**–**	(10)
Rental income from associate	**(1,557)**	(1,554)	**(1,557)**	(1,544)
Interest income from associates	**(5,959)**	(1,834)	**(5,959)**	(1,834)
Loan/advances to associates (refer to Note 15)	**164,700**	58,272	**164,700**	58,272

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	
	2012 $'000	2011 $'000
Salaries, short-term benefits and post-employment benefits:		
– directors	**354**	356
– officers	**7,846**	6,154

6 CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash on hand	**33,792**	6,469	**33,788**	6,465
Cash at bank	**137,634**	89,162	**115,205**	69,175
Fixed deposits	**200,856**	207,734	**200,856**	205,734
Total	**372,282**	303,365	**349,849**	281,374

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.03% to 0.27% (2011 : 0.02% to 0.06%) per annum. The fixed deposits are for an average tenure of approximately 14 days (2011 : 14 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	
	2012 $'000	2011 $'000
United States dollars	**715**	679
Malaysian ringgit	**199**	262
Australian dollars	**25**	25

7 TRADE RECEIVABLES

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Accrued receivables	**31,362**	–	**31,362**	–
Outside parties	**11,839**	7,801	**11,327**	7,404
Less: Allowance for doubtful receivables	**(65)**	(53)	**(65)**	(53)
	43,136	7,748	**42,624**	7,351
Jointly controlled entity (Note 12)	**–**	19	**–**	19
Associates (Note 11)	**394**	126	**394**	126
Total	**43,530**	7,893	**43,018**	7,496

The average credit period on sale of goods is 30 days (2011 : 30 days).

An allowance has been made for the estimated irrecoverable amounts from the sale of goods to third parties of $65,000 (2011 : $53,000). This allowance has been determined by reference to past default experience.

The Group and Co-operative has trade receivables amounting to $7,710,000 (2011 : $3,919,000) and $7,690,000 (2011 : $3,876,000) respectively that were past due at the end of the reporting period 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 end of the reporting period is disclosed in Note (i) below.

The Group's and Co-operative's trade receivables that are impaired at the end of the reporting period 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 end of the reporting period 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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Not past due and not impaired	**35,820**	3,974	**35,328**	3,620
Past due but not impaired (i)	**7,710**	3,919	**7,690**	3,876
	43,530	7,893	**43,018**	7,496
Impaired receivables – individually assessed (ii)				
– Past due more than 36 months and no response to repayment demands	**65**	53	**65**	53
Less: Allowance for doubtful receivables	**(65)**	(53)	**(65)**	(53)
	–	–	**–**	–
Total trade receivables, net	**43,530**	7,893	**43,018**	7,496

7 TRADE RECEIVABLES *(cont'd)*

Notes:

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

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
0 to 30 days	**4,749**	2,352	**4,731**	2,338
30 to 60 days	**1,419**	742	**1,418**	737
> 60 days	**1,542**	825	**1,541**	801
	7,710	3,919	**7,690**	3,876

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

The following is an analysis of allowance for doubtful receivables:

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of the year	**53**	278	**53**	278
Allowance made during the year	**46**	45	**46**	45
Amount written off during the year	**(19)**	(249)	**(19)**	(249)
Allowance written back during the year	**(15)**	(21)	**(15)**	(21)
At end of the year	**65**	53	**65**	53

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 $13,550,000 (2011 : $9,165,000) and $12,648,000 (2011 : $8,343,000) was recognised in profit or loss of the Group and Co-operative respectively.

9 OTHER RECEIVABLES

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Deposits	**15,655**	19,124	**13,678**	16,698
Prepayments	**5,373**	9,487	**5,145**	9,356
Staff loans (a)	**3**	1	**3**	1
Interest receivables	**2,054**	1,982	**2,054**	1,982
Link card/phone card sales	**6,509**	4,426	**6,509**	4,426
Other receivables	**5,453**	1,909	**2,774**	1,894
Total	**35,047**	36,929	**30,163**	34,357

(a) Staff loans are repayable in equal monthly instalments over a period of up to 8 years (2011 : 8 years). Interest is charged at a rate of 5% (2011 : 5%) per annum, calculated on a monthly rest basis.

10 SUBSIDIARIES

	Co-operative 2012 $'000	Co-operative 2011 $'000
Current portion:		
Loan to subsidiary	**3,000**	8,000
Total current portion	**3,000**	8,000
Non-current portion:		
Unquoted equity shares, at cost	**30,074**	29,971
Less: Impairment loss	**(4,536)**	(4,536)
	25,538	25,435
Receivables from subsidiaries	**64,972**	62,794
Less: Allowance for doubtful receivables	**(50,481)**	(48,966)
	14,491	13,828
Total non-current portion	**40,029**	39,263
Total	**43,029**	47,263

Loan to subsidiary is unsecured, interest-bearing and repayable within 12 months from the end of the reporting period. The effective interest rate of the loan is approximately 3% (2011 : 3%) per annum, which approximates the market interest rate.

The receivables from subsidiaries include a principal amount of $13,600,000 (2011 : $13,600,000) advanced to a subsidiary. This amount is unsecured, interest bearing and not expected to be repaid within 12 months from the end of the reporting period. The effective interest rate of the advance is approximately 3% per annum. The remaining balance of $51,372,000 (2011 : $49,194,000) is unsecured, interest-free and not expected to be repaid within 12 months from the end of the reporting period.

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.

The following is an analysis of allowance for doubtful receivables:

	Co-operative 2012 $'000	Co-operative 2011 $'000
At beginning of the year	**48,966**	47,506
Allowance made during the year	**1,515**	1,460
At end of the year	**50,481**	48,966

10 SUBSIDIARIES *(cont'd)*

Details of the Co-operative's subsidiaries as at March 31, 2012 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2012 %	2011 %	Principal activities
Grocery Logistics of Singapore Pte Ltd	Singapore	**100**	100	Warehousing and distribution
AlphaPlus Investments Pte Ltd	Singapore	**100**	100	Investment holding
NewFront Investments Pte Ltd	Singapore	**100**	100	Investment holding
Cheers Holdings (2004) Pte Ltd	Singapore	**100**	100	Convenience store operator
Fairprice Training Services Pte Ltd	Singapore	**100**	100	Dormant
Fairprice Management Services Pte Ltd	Singapore	**100**	100	Dormant
Interstates Market (2007) Pte Ltd	Singapore	**100**	100	Trading
FPTM Pte Ltd	Singapore	**100**	100	Investment holding
Fairprice International (2010) Pte Ltd	Singapore	**100**	100	Dormant
Thomson Plaza (Private) Limited	Singapore	**100**	–	Dormant
<u>Subsidiaries of AlphaPlus Investments Pte Ltd</u>				
Thomson Plaza Investments Pte Ltd	Singapore	**100**	100	Property owner
NTUC Fairprice Foundation Ltd	Singapore	*****	*	Charitable organisation

The above subsidiaries are audited by Deloitte & Touche LLP, Singapore.

* 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 2012 $'000	Group 2011 $'000	Co-operative 2012 $'000	Co-operative 2011 $'000
Unquoted equity shares, at cost	**79,043**	60,743	**53,128**	34,828
Excess of nominal value over the fair value of the advance (Note 15)	**4,068**	4,068	**4,068**	4,068
Share of post-acquisition accumulated losses, net of dividend received	**(8,484)**	(11,556)	**–**	–
Less: Impairment losses	**–**	–	**(104)**	(104)
Net	**74,627**	53,255	**57,092**	38,792

11 ASSOCIATES *(cont'd)*

The following is an analysis of allowance for impairment loss:

	Co-operative 2012 $'000	Co-operative 2011 $'000
At beginning and end of the year	**104**	104

Details of the associates as at March 31, 2012 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2012 %	2011 %	Principal activities
NTUC Link Pte Ltd [1]	Singapore	**24.8**	24.8	Operator of loyalty program
NTUC Media Co-operative Ltd [3]	Singapore	**26.0**	26.0	Radio station operator
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 [6]	Singapore	**20.0**	20.0	Investment holding
Mercatus Co-operative Limited [4] [7]	Singapore	**36.7**	–	Property investment
Subsidiary of NTUC Foodfare Co-operative Ltd				
Foodfare Catering Pte Ltd [2]	Singapore	**35.0**	35.0	Provision of cooked food to army camp
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 [5]	Cayman Islands	**33.7**	33.7	Hypermarket retailing
Quayline Fairprice Sdn Bhd [5]	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) Audited by Ernst and Young LLP, Singapore.

(5) Company is under members' voluntary liquidation.

(6) The Co-operative has a joint arrangement 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.
The financial statements of SG Domain Pte Ltd are made up to August 31, each year. For the purpose of applying the equity method of accounting, the management accounts of SG Domain Pte Ltd for the period ended March 31, 2012 have been used with appropriate adjustments made by management after taking into consideration the audit adjustments made for the financial year ended August 31, 2011 and significant transactions between August 31, 2011 and March 31, 2012.

(7) During the financial year, the Co-operative has injected $18.3 million in Mercatus Co-operative Limited ("Mercatus") representing 18,300,000 shares at an issue price of $1.00 per share in Mercatus. (refer to Note 12)

11 ASSOCIATES *(cont'd)*

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

	2012 $'000	2011 $'000
Total assets	**1,370,812**	717,553
Total liabilities	**(1,077,961)**	(483,234)
Net assets	**292,851**	234,319
Group's share of associates' net assets	**74,627**	53,255
Revenue	**136,980**	98,955
Profit for the year	**9,618**	2,931
Group's share of associates' profits for the year	**3,488**	1,829

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 (2011 : $231,000).

12 JOINTLY CONTROLLED ENTITY

(a) Jointly controlled entity

	Group 2012 $'000	Group 2011 $'000
Unquoted equity shares at cost	**600**	600
Share of post-acquisition accumulated losses	**(600)**	(600)
Net	**–**	–

Details of the jointly controlled entity as at March 31, 2012 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held 2012 %	2011 %	Principal activities
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)*

(a) Jointly controlled entity *(cont'd)*

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

	2012 $'000	2011 $'000
Total assets	**1**	76
Total liabilities	**(525)**	(466)
Net liabilities	**(524)**	(390)
Group's share of jointly controlled entity's net assets	**–**	–
Revenue	**–**	74
Loss for the year	**–**	(30)
Group's share of jointly controlled entity's loss for the year	**–**	–

(b) Jointly controlled assets

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.

On November 16, 2011, the joint venture parties sold AMK Hub and certain fixed assets to Mercatus Co-operative Limited (Mercatus) for a consideration of $610 million. In the same agreement, the Co-operative, SLF and NTUC Income entered into an arrangement to invest in Mercatus along with National Trade Union Congress ("NTUC"), the Founder Member of Mercatus. This resulted in the Co-operative, SLF, NTUC Income and NTUC holding 36.7%, 42.9%, 20% and 0.4%, respectively of equity interest in Mercatus.

The investment agreement between the Co-operative, SLF and NTUC Income was signed with the Co-operative injecting $183 million, using the consideration received from the sale its share of AMK Hub's net assets, into Mercatus. Of the total amount of $183 million injected, $18.3 million represents investment in Mercatus (18,300,000 shares at an issue price of S$1.00 per share) with the remaining balance of $164.7 million constituting a loan to Mercatus whereby a separate loan agreement has been signed between the Co-operative and Mercatus. The loan shall be charged with interest of 6.5% or 95.0% of the Co-operative's share of Net Distributable Surplus for each financial year of Mercatus, whichever amount is smaller. (Note 11 and 15)

12 JOINTLY CONTROLLED ENTITY *(cont'd)*

(b) Jointly controlled assets *(cont'd)*

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

	2012 $'000	2011 $'000
Current assets	**–**	4,120
Non-current assets	**–**	84,239
Current liabilities	**–**	(4,033)
Co-operative's share of jointly controlled net assets	**–**	84,326
Income	**–**	14,913
Expenses	**–**	(6,176)
Co-operative's share of jointly controlled assets' profit for the year	**–**	8,737

13 INVESTMENTS

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Current portion:				
Quoted unit trust available-for-sale	**98,921**	46,106	**98,921**	46,106
Quoted equity available-for-sale	**74,749**	74,985	**74,749**	74,985
Quoted bonds available-for-sale	**177,437**	137,146	**177,437**	137,146
Total current portion	**351,107**	258,237	**351,107**	258,237
Non-current portion:				
Quoted unit trust available-for-sale	**319,243**	321,991	**232,373**	231,512
Unquoted equity available-for-sale	**29,845**	107,052	**12,303**	93,333
Other investments	**750**	750	**750**	750
Total non-current portion	**349,838**	429,793	**245,426**	325,595
Total investments	**700,945**	688,030	**596,533**	583,832

The quoted investments are stated at fair value based on the quoted closing market prices on the last market day of the financial year. For unquoted equity investments, management considers the share of net asset value of these investment companies to approximate their fair value.

Included in unquoted equity available-for-sale is an amount of $12,302,000 (2011 : $12,402,000) which are measured at cost less accumulated impairment loss of $104,000 (2011 : $104,000).

Other investments are stated at cost less accumulated impairment loss.

Investments in quoted bonds have effective interest rates at approximately 5.65% (2011 : 5.4%) per annum and have maturity dates ranging from July 2013 to January 2022 (2011 : May 2011 to June 2018). The investments are classified as current as management could liquidate these investments if required.

13 INVESTMENTS *(cont'd)*

The following is an analysis of allowance for impairment loss:

	Group and Co-operative	
	2012	**2011**
	$'000	**$'000**
At beginning and end of the year	**104**	104

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	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	**13,441**	5,504	**13,441**	5,504
Hong Kong dollars	**10,104**	10,336	**10,104**	10,336
Sterling pound	**–**	2,015	**–**	2,015
Indonesian rupiah	**2,063**	1,760	**2,063**	1,760
Korean won	**615**	1,099	**615**	1,099
Philippine pesos	**1,928**	1,809	**1,928**	1,809

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, 2010	4,625	25,332	416,765	147,262	49,072	51,827	35,452	81	730,416
Additions	–	–	8,073	24,472	3,347	8,289	7,857	75	52,113
Disposals	–	–	–	(5,705)	(1,448)	(2,552)	(4,458)	–	(14,163)
Transfers	–	–	–	50	–	(50)	78	(78)	–
At March 31, 2011	4,625	25,332	424,838	166,079	50,971	57,514	38,929	78	768,366
Additions	–	–	188	20,528	4,338	7,993	7,204	8,965	49,216
Disposals	–	–	(90,405)	(11,020)	(1,677)	(3,455)	(2,467)	–	(109,024)
Transfers	–	–	–	1	–	(5)	52	(48)	–
At March 31, 2012	4,625	25,332	334,621	175,588	53,632	62,047	43,718	8,995	708,558
Accumulated depreciation:									
At April 1, 2010	–	11,347	101,675	89,227	28,441	32,515	23,425	–	286,630
Depreciation expense	–	695	7,892	18,524	5,075	7,045	5,162	–	44,393
Disposals	–	–	–	(4,725)	(1,225)	(2,116)	(4,381)	–	(12,447)
Transfers	–	–	–	26	–	(26)	–	–	–
At March 31, 2011	–	12,042	109,567	103,052	32,291	37,418	24,206	–	318,576
Depreciation expense	–	695	7,500	17,978	5,369	7,906	6,582	–	46,030
Disposals	–	–	(7,477)	(9,721)	(1,597)	(3,210)	(2,268)	–	(24,273)
Transfers	–	–	–	–	–	(5)	5	–	–
At March 31, 2012	–	12,737	109,590	111,309	36,063	42,109	28,525	–	340,333
Impairment:									
At April 1, 2010	–	–	243	4,260	502	1,924	287	–	7,216
Transfer	–	–	–	(232)	27	57	148	–	–
Reversal of impairment loss	–	–	(19)	–	–	–	(86)	–	(105)
Impairment loss	–	–	–	1,423	50	604	–	–	2,077
At March 31, 2011	–	–	224	5,451	579	2,585	349	–	9,188
Reversal of impairment loss	–	–	(33)	(3,561)	(302)	(1,575)	(152)	–	(5,623)
At March 31, 2012	–	–	191	1,890	277	1,010	197	–	3,565
Carrying amount:									
At March 31, 2012	4,625	12,595	224,840	62,389	17,292	18,928	14,996	8,995	364,660
At March 31, 2011	4,625	13,290	315,047	57,576	18,101	17,511	14,374	78	440,602

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, 2010	4,625	25,332	345,451	138,488	22,946	49,671	30,059	616,572
Additions	–	–	8,050	22,122	2,481	7,320	6,608	46,581
Disposals	–	–	–	(5,123)	(1,082)	(2,480)	(3,817)	(12,502)
Transfers	–	–	–	50	–	(50)	–	–
At March 31, 2011	4,625	25,332	353,501	155,537	24,345	54,461	32,850	650,651
Additions	–	–	–	19,270	3,411	7,579	5,629	35,889
Disposals	–	–	(90,405)	(10,553)	(1,001)	(3,383)	(2,348)	(107,690)
Transfers	–	–	–	1	–	–	(1)	–
At March 31, 2012	4,625	25,332	263,096	164,255	26,755	58,657	36,130	578,850
Accumulated depreciation:								
At April 1, 2010	–	11,347	81,815	83,598	15,078	31,021	19,345	242,204
Depreciation expense	–	695	6,624	16,848	2,292	6,598	4,503	37,560
Disposals	–	–	–	(4,271)	(878)	(2,054)	(3,768)	(10,971)
Transfers	–	–	–	26	–	(26)	–	–
At March 31, 2011	–	12,042	88,439	96,201	16,492	35,539	20,080	268,793
Depreciation expense		695	6,230	16,368	2,607	7,422	5,770	39,092
Disposals	–	–	(7,471)	(9,380)	(931)	(3,150)	(2,168)	(23,100)
At March 31, 2012	–	12,737	87,198	103,189	18,168	39,811	23,682	284,785
Impairment:								
At April 1, 2010	–	–	242	3,227	394	1,782	233	5,878
Reversal of impairment	–	–	(19)	–	–	–	–	(19)
Impairment loss	–	–	–	1,408	57	513	22	2,000
At March 31, 2011	–	–	223	4,635	451	2,295	255	7,859
Reversal of impairment	–	–	(33)	(3,144)	(249)	(1,368)	(192)	(4,986)
At March 31, 2012	–	–	190	1,491	202	927	63	2,873
Carrying amount:								
At March 31, 2012	4,625	12,595	175,708	59,575	8,385	17,919	12,385	291,192
At March 31, 2011	4,625	13,290	264,839	54,701	7,402	16,627	12,515	373,999

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 reversal of impairment of $5,623,000 (2011 : impairment loss of $1,972,000) and $4,986,000 (2011 : impairment loss of $1,981,000) 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% (2011: 10%).

15 OTHER RECEIVABLES FROM ASSOCIATES

	Group and Co-operative	
	2012 $'000	2011 $'000
Interest bearing advance [a]	**59,897**	59,897
Non-interest bearing advance – nominal value [b]	**29,352**	29,352
Less: Future finance charge	**(2,126)**	(3,211)
	87,123	86,038
Loan to an associate [c]	**168,077**	–
	255,200	86,038

(a) This interest bearing advance from SG Domain Pte Ltd is unsecured, bear interest rate at 3% per annum (2011 : 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 advance to SG Domain Pte Ltd amounting to $29,352,000 (2011 : $29,352,000) being carried at amortised cost of $27,226,000 (2011 : $26,141,000). The non-interest bearing advance is unsecured and repayable in one lump sum in 5 years time from February 17, 2010.

(c) The loan to an associate include an amount $164,700,000 advanced to Mercatus Co-operative Limited during the current financial year. This amount is unsecured, interest bearing based on (i) 6.5% of the shareholder's loan amount or (ii) 95% of the Co-operative's share of Net Distributable Surplus in respect of each financial year, whichever amount is lower, and not expected to be repaid within 12 months from the end of the current financial year. The Co-operative and the other shareholders of Mercatus Co-operative Limited have given a letter of undertaking that they will not demand payment of the loan within the next 12 months from March 31, 2012. (Note 12)

All the receivables from the associates are all denominated in Singapore dollars.

Future finance charge is represented by:

	Group and Co-operative	
	2012 $'000	2011 $'000
Excess of nominal value over the fair value of advance at inception date (Note 11)	**4,068**	4,068
Notional interest income adjustment using amortised cost method	**(1,942)**	(857)
	2,126	3,211

16 TRADE PAYABLES

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Outside parties	**430,355**	404,729	**402,427**	378,417
Subsidiaries (Note 10)	**–**	–	**3,136**	3,146
Total	**430,355**	404,729	**405,563**	381,563

16 TRADE PAYABLES *(cont'd)*

The average credit period on purchase of goods is 45 days (2010 : 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	
	2012	2011
	$'000	$'000
United States dollars	**4,123**	4,324
Malaysian ringgit	**–**	30
Australian dollars	**763**	833
European euro	**143**	204
New Zealand dollars	**35**	–
Sterling pound	**–**	51

17 OTHER PAYABLES

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Accrued operating expenses [(a)]	**106,013**	75,885	**99,835**	73,674
Deposits received	**5,698**	8,675	**5,446**	8,514
Subsidiaries [Note 10 and (b)]	**–**	–	**61,755**	58,743
Patronage rebates and dividends payable	**342**	326	**342**	326
Salary payable	**13,677**	12,633	**12,807**	11,806
Gift vouchers payable	**28,709**	27,396	**28,710**	27,396
Other payables	**20,054**	17,513	**17,760**	16,723
Contributions to:				
– Central Co-operative Fund [(c)]	**25**	25	**25**	25
– Singapore Labour Foundation [(d)]	**50,866**	30,022	**50,866**	30,022
Total	**225,384**	172,475	**277,546**	227,229

(a) Included in the accrued operating expenses of the Group and the Co-operative is an amount of $22,100,000 and $19,500,000 respectively (2011: $8,786,000 and $Nil respectively) which relate 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(d).

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

(c) 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.

(d) 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.

(e) The Co-Operative has been informed by Central Co-operative Fund that the contribution to SLF should be computed taking into consideration a modification order issued by the Ministry of Community Development, Youth and Sports on capital gains. Therefore, a claim of $6.3 million was made by the Co-operative for overpayments of the contributions for the prior financial years. As the Co-operative has not been informed by SLF on the outcome of the claim, the $6.3 million claim was not recognised in the financial statements for the year ended March 31, 2012.

18 SHARE CAPITAL

	Group and Co-operative			
	2012	2011	2012	2011
	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	**181,927,569**	179,798,001	**181,928**	179,798
Issue of shares at par for cash	**2,669,737**	3,253,558	**2,669**	3,254
Redemption of shares	**(1,471,952)**	(1,123,990)	**(1,472)**	(1,124)
At end of the year	**183,125,354**	181,927,569	**183,125**	181,928
The share capital is represented by:				
Share capital repayable on demand classified as liabilities [(a)]	**183,025,354**	181,827,569	**183,025**	181,828
Share capital classified as equity [(b)]	**100,000**	100,000	**100**	100
Total	**183,125,354**	181,927,569	**183,125**	181,928

(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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of the year	**23,896**	18,330	**23,018**	17,524
Utilisation of provision	**(2,891)**	(311)	**(2,832)**	(209)
Provisions made during the year	**951**	5,877	**698**	5,703
At end of the year	**21,956**	23,896	**20,884**	23,018

19 PROVISIONS *(cont'd)*

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 0.08 to 4.83 years (2011 : 0.08 to 5.33 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% (2011 : 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 $'000	Unabsorbed donations $'000	Provisions $'000	Total $'000
At April 1, 2010	2,985	–	(184)	2,801
Credit to profit or loss for the year (Note 26)	(462)	–	–	(462)
At March 31, 2011	2,523	–	(184)	2,339
Credit to profit or loss for the year (Note 26)	(177)	(935)	–	(1,112)
At March 31, 2012	2,346	(935)	(184)	1,227

21 OTHER RESERVES

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fair value reserve	**169,609**	240,037	**124,250**	194,891
Foreign currency translation reserve [(a)]	**(276)**	(276)	**–**	–
Reserve fund [(b)]	**64,739**	64,739	**64,739**	64,739
Total	**234,072**	304,500	**188,989**	259,630

(a) Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements 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 2009, pursuant to the Co-operative Societies (Amendment) Act 2010, 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Rental income	**41,491**	46,628	**40,504**	45,794
Dividend income	**28,141**	24,154	**23,632**	19,707
Interest income:				
– financial institution	**392**	237	**386**	237
– subsidiaries	**–**	–	**503**	588
– bonds	**1,489**	1,645	**1,489**	1,645
– associates	**5,959**	1,834	**5,959**	1,834
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments	**61,237**	1,099	**61,237**	1,099
Gain on disposal of jointly-controlled asset	**98,232**	–	**98,232**	–
Gain on liquidation of subsidiary [Note 10]	**–**	–	**–**	615
Advertising and promotion	**7,178**	9,433	**5,008**	7,296
Concessionary, commission and other service income	**92,279**	83,772	**67,249**	59,764
Discounts received	**2,521**	2,469	**2,369**	2,308
Job credits	**–**	943	**–**	720
Reversal of impairment in plant and equipment	**5,623**	–	**4,986**	–
Others	**11,216**	12,231	**7,816**	8,842
Total	**355,758**	184,445	**319,370**	150,449

24 OTHER OPERATING EXPENSES

	Group		Co-operative	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Bad debt written off	**58**	6	**58**	6
Rental and conservancy charges	**109,409**	99,948	**94,356**	84,620
Utilities	**44,835**	38,357	**36,561**	31,427
Repair, maintenance and supplies	**25,500**	22,470	**20,042**	17,468
Impairment of plant and equipment	**–**	1,972	**–**	1,981
Allowance for doubtful trade receivables	**31**	24	**31**	24
Loss on disposal of plant and equipment	**1,064**	471	**918**	265
Packing and delivery expenses	**23,939**	21,616	**16,849**	15,413
Donation to Foundation	**24,300**	10,000	**17,500**	5,000
Marketing expenses	**23,762**	20,300	**23,762**	20,300
Allowance for doubtful receivable from subsidiary [Note 10]	**–**	–	**1,515**	1,460
Others	**31,858**	30,312	**24,234**	24,730
Total	**284,756**	245,476	**235,826**	202,694

25 FINANCE COSTS

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Distributions to members of the Co-operative [Note 18(a)]				
– first and final dividend	**10,616**	10,530	**10,616**	10,530

First and final dividend of 6% (2011 : 5%) was paid out to the members of the Co-operative in current year.

26 INCOME TAX EXPENSE

	Group	
	2012	2011
	$'000	$'000
Current income tax:		
Current year	**1,361**	1,540
Overprovision in prior years	**(103)**	(94)
Deferred taxation (Note 20):		
Current year	**(1,112)**	(462)
	146	984

Domestic income tax calculated at 17% (2011 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2012	2011
	$'000	$'000
Profit before income tax	**285,262**	118,845
Tax at the domestic income tax rate of 17% (2011 : 17%)	**48,495**	20,204
Overprovision in prior years	**(103)**	(94)
Tax effect of:		
Non-deductible expenses	**881**	325
Tax effect of share of results of associate	**415**	320
Exempt income [1]	**(46,012)**	(18,150)
Income not subject to tax	**(1,699)**	(303)
Effect of tax concessions		
– Donation	**(1,722)**	(1,232)
– Productivity and Innovation Credit Scheme	**(111)**	–
Losses carried forward	**12**	–
Others	**(10)**	(86)
	146	984

[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.

Subject to the agreement by the tax authorities, at the end of the reporting period, a subsidiary in the Group has unutilised capital allowance of $1.75 million (2011 : $Nil) and donation of $5.5 million (2011 : $Nil) available for offset against future profits.

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
– contracted	**71,488**	–	**23,000**	–
– not contracted	**356,500**	61,390	**351,000**	60,133
	427,988	61,390	**374,000**	60,133

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

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Within 1 year	**81,593**	81,643	**71,643**	75,605
After 1 year but within 5 years	**109,408**	103,786	**101,143**	97,482
After 5 years	**24,138**	23,563	**–**	–
	215,139	208,992	**172,786**	173,087

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 $41,491,000 (2011 : $46,628,000). As at the end of reporting period, the Group and Co-operative have contracted with certain tenants under non-cancellable operating lease receivables as follows:

	Group		Co-operative	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Within 1 year	**25,249**	41,986	**24,550**	40,708
After 1 year but within 5 years	**22,972**	31,348	**19,680**	29,425
After 5 years	**385**	–	**–**	–
	48,606	73,334	**44,230**	70,133

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

	Group and Co-operative	
	2012	2011
	$'000	$'000
Within 1 year	**–**	12,428
After 1 year but within 5 years	**–**	9,342
	–	21,770

27 COMMITMENTS *(cont'd)*

(d) The Group has pledged to donate $50 million to the Foundation by 2018. An amount of $22.1 million and $19.5 million (2011 : $8,786,000 and $Nil) have been accrued by the Group and the Co-operative at the end of the reporting period for contribution to Foundation [Note 17(a)]. These accruals, together with the total donation made by the Group to the Foundation since the financial year 2007, have exceeded the total amount of donation pledged.

28 PATRONAGE REBATES, DIRECTORS' HONORARIA AND DIVIDENDS

Subsequent to the end of the reporting period, the directors proposed the following patronage rebates, directors' honoraria and dividends. The patronage rebates, directors' honoraria and dividends have not been provided for, subject to approval in the Annual General Meeting.

	Group and Co-operative	
	2012	**2011**
	$'000	**$'000**
Patronage rebates	**48,440**	43,450
Directors' honoraria	**512**	354
First and final dividend of 8% (2011 : 6%)	**14,608**	10,875
	63,560	54,679

The proposed patronage rebates represent 4.5% (2010 : 4.5%) of the eligible purchases.

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