OUR JOURNEY. OUR JOURNAL.

NTUC FAIRPRICE ANNUAL REPORT

2012/2013

ANNUAL REPORT

NTUC FAIRPRICE 2012/2013

PACKED DATE	USE BY	PRICE/KG
01.04.12	31.03.13	

0.01 (KG)
WEIGHT

TOTAL VALUE

FairPrice

Everyday
QUALITY, SERVICE & VALUE

Well, here we are. 40 years since we first opened our doors. From our very first store in Toa Payoh in 1973, we've weathered through thick and thin with our customers, from moderating rising prices to addressing food shortage. This may be a review of our past fiscal year, but we're not here just to talk about our earnings. We'd rather spend the time telling you a story that's less about returns, and more about our investment in doing more for you. Because FairPrice is more than just a socially-driven enterprise that brings quality essentials at affordable prices to you. We're also the culmination of a journey we started, hand-in-hand, with you.

For the full report, visit www.fairprice.com.sg/AR1213

Cover picture shot at FairPrice City Square outlet, the first eco-supermarket in Singapore.

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Yearly
Specials

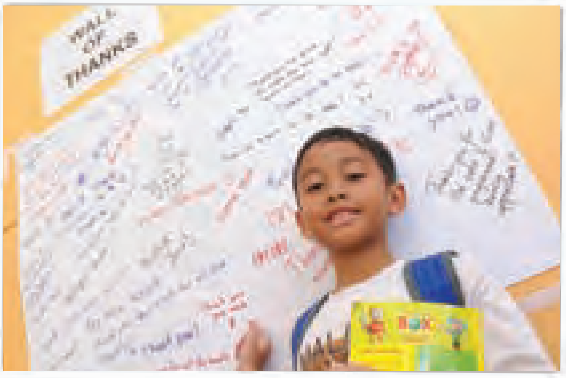
FAIRPRICE JOURNAL
Content

OUR SOCIAL MISSION
NTUC FAIRPRICE

To moderate the cost of living in Singapore

OUR VISION
NTUC FAIRPRICE

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



OUR MISSION
NTUC FAIRPRICE

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

OUR CORE VALUES
NTUC FAIRPRICE

- Customer-focus
- Teamwork
- Professionalism

A 40-YR JOURNEY

WITH YOU

PACKED DATE | USE BY | PRICE/KG

WEIGHT | TOTAL VALUE

FairPrice

Thoughts from the road

From left

MR NG SER MIANG
CHAIRMAN

MR TAN KIAN CHEW
GROUP CHIEF EXECUTIVE OFFICER

It has been 40 years since FairPrice embarked on our journey as a social enterprise to moderate the cost of living. Four decades on, our commitment to our social mission remains strong, we continue to provide our customers with quality products at best value, and delivering service from the heart.

The road travelled had been an eventful one, right from the establishment of our first store in 1973 amidst the turbulent oil crisis. The journey had also given us the opportunity to play an essential role in providing stability in our pricing, and buffering Singaporeans against price fluctuations of daily necessities in times of uncertainties such as during the Asian financial crisis (1997), the avian flu outbreak (2004) and the global financial crisis (2008), to name a few.

While having experienced the most trying of times, we are also thankful for the best of times. We have garnered many accolades, and in the past year alone, FairPrice was accorded the Singapore Prestige Heritage Brand Award, the Special Rochdale Award, among other recognitions and it continues to score the highest ratings in the supermarket retail category benchmarked by the Customer Satisfaction Index of Singapore. These achievements would not have been possible without our customers' support and trust.

In celebration of our 40th anniversary, FairPrice has announced that it is giving out S$40 million or S$10 million each to our key stakeholders: (i) the Labour Movement to help advance the welfare of workers, (ii) customers via rebates to thank them for their support, (iii) employees for their dedication, and (iv) extra aid for the less privileged in the community to lighten their burdens.

SHARING THE EFFORTS OF OUR JOURNEY

In FY 2012/2013, we continued to perform strongly. Total group revenue peaked at S$2.8 billion, while group profit from operations before finance costs and rebates was S$185 million. Without factoring the exceptional non-trading gain experienced in FY 2011/2012, profit from operations was S$7 million higher than the last year. This increase was due to higher investment income which helped to offset the lower retail profit due to higher operating expenses. After contributions to the Central Co-operative Fund and Singapore Labour Foundation, the group's total net profit was S$111.9 million.

The Board has also proposed a special patronage rebate of 0.5% in addition to the usual 4%, amounting to a total patronage rebate of S$50.9 million. A dividend of 5% and a special dividend of 2.5% were also proposed, totalling S$13.9 million. In addition, members and Link cardholders also received S$23.8 million in LinkPoints in FY 2012/2013. The total payout to our members and Link cardholders will be S$88.6 million. And to reward seniors for shopping with us, our Seniors Discount Scheme helped our senior customers save a total of S$2.4 million.

KEEPING OUR MISSION ON TRACK

For 40 years, FairPrice continues to abide by its mission and stays true to keeping living affordable for Singapore, amidst high inflation and rising costs. It ensures that daily essentials are kept within easy reach.

Last year for example, rice prices were driven up due to inclement weather, namely, the year end 2011 flood in the region. FairPrice took the decisive step to freeze the prices of our housebrand Thai and Vietnamese rice from November 2011 all the way till the end of March 2013, assuring our customers that they could always count on FairPrice, especially during tough times.

We also celebrated with the nation on its National Day meaningfully, by bringing back our popular FairPrice Housebrand discount from 9 August till end 2012. This, despite the easing of the Consumer Price Index compared to the year before, further helped our customers save 5 to 10 percent on over 500 Housebrand items, totalling approximately S$3.3 million worth of savings on their grocery needs.

BUILDING NEW IN-ROADS

Even as we remain focused on our social mission, we continue to be proactive to our customers' needs. With increasing preferences for online shopping and smartphone usage, we are mindful to remain relevant through constant innovation.

That was why we launched the My FairPrice iPhone App that topped the iTunes App Store lifestyle category with over 25,000 downloads within two weeks of its launch. The free app allowed grocery shoppers to plan their shopping even before stepping into the supermarket, offering money-saving tips to help our customers keep each trip within budget. As one of the biggest wine distributors in Singapore, we also upgraded the FairPrice Wine App, initially created to help customers pair wines with popular local dishes, to now include social media sharing, wine appreciation and storage tips, videos and notes from wine experts.

Providing increased accessibility, we opened the fifth FairPrice Xtra store at Changi Business Park, our first hypermarket in the Eastern part of Singapore. Like most of our other outlets, it is equipped with electronic shelf-labelling, an innovative approach to challenges such as manpower shortage. To encourage local entrepreneurship and boost business growth, a new franchise programme was announced for Cheers. Franchisees will receive three months of comprehensive training to help them ease into the business, while Cheers takes care of supply chain management and marketing.

Venturing beyond local shores, we took our brand to Vietnam and launched a hypermarket chain, Co.opXtra in Ho Chi Minh City, as part of a joint venture with Saigon Union of Trading Co-operative Limited. Through this partnership, we will introduce a variety of affordable products to Vietnam, and Singaporeans back home will benefit from a more diverse range of Vietnamese products.

GATHERING PACE IN DOING GOOD

At FairPrice, success is extended beyond doing well. We also make it our business to translate profitability into doing good. On top of that, we encourage the community to do good together with us. Our initiatives in the last year have certainly been in step with this philosophy.

FairPrice Foundation launched its first public education initiative "Do Good Campaign" to inspire youths to make a difference in the community with the theme "Small Deeds. Big Differences". The Do Good Campaign is built around social and activation platforms that enable youths to pledge kind acts and then share their inspirational stories. A pop-up store called the "Giving Store" also visited schools and student-populated areas to provide items such as snacks in exchange of pledges to do good.

To encourage active living and a healthy eating lifestyle, FairPrice initiated "Celebrating Active Seniors" that championed active ageing among staff and customers. In a related effort, FairPrice and our business partners donated S$300,000 to the Nurses' Initiative for Community Engagement to improve nursing services for the elderly.

Bringing cheer to the community, the Boys' Brigade Share-a-Gift Project in partnership with FairPrice, collected 25 trolleys of food items for the less fortunate in commemoration of its 25th Anniversary. The annual FairPrice Share-A-Textbook also contributed a record 350,000 textbooks to needy students thanks to public donations.

PAVING THE WAY FOR CSR

Our do good journey paves the way to Corporate Social Responsibility (CSR) where we make it our duty to be sustainable and to do the right things for our customers, our staff, our community and the environment.

Our CSR efforts include taking care of our suppliers and working partners. At a time when more firms are facing cash-flow problems, local Small and Medium Enterprise (SME) partners were not left out too. Our SME Suppliers Support & Development Programme was launched with the aim to help local SME partners cope with business challenges by easing their cash flow pressures with shortened payment terms and discounted listings fees as well as strengthening their business capabilities with knowledge seminars.

Providing practical aid is an ongoing effort by FairPrice Foundation. Our initiatives include the “Breadwinners – We Care, U Care” campaign where FairPrice Foundation donated S$1.5 million for low-income breadwinners through the sales of housebrand bread and the NTUC FairPrice Food Voucher Scheme, which gave S$1 million worth of FairPrice vouchers to low-income families. FairPrice also donated S$600,000 to Ren Ci Hospital to help them better their medical and nursing services for its largely elderly residents, while our Walk for Rice @ South East raised half a million bowls of rice for needy families.

In addition to giving back to the community in cash and daily essentials, we recognised that giving quality time is just as important. That was why we launched the FairPrice Volunteers Programme aimed at increasing staff volunteer hours to 2,300 hours per year by 2016, building a culture of volunteerism and creating a caring and motivated workforce. Our staff volunteering activities include food distribution, befriending the elderly, gardening activities and helping the physically disabled with daily tasks.

The environment also figures high on our agenda. Through the annual FairPrice Cares! Campaign in support of Earth Day, customers continued to do their part for the environment by bringing their own bags when they shopped at FairPrice. FairPrice also continued our yearly support of Earth Hour by switching off non-essential lights in our warehouses and stores islandwide. In addition, more of our stores are enjoying eco-friendly and energy-saving features including LED lightings and energy-efficient refrigeration systems.

REACHING MILESTONES TOGETHER

FairPrice continues to be Singapore’s Most Trusted Supermarket achieving the Platinum Award by Reader’s Digest for the fifth year running. This year, FairPrice was also named the best of five South-east Asian brands in international brand consultancy Interbrand’s survey of the Best Retail Brands 2013. This is on top of being conferred with the prestigious President’s Award for Philanthropy (Corporate). Furthermore, we received a triple salute for our environmental efforts, by winning the BCA Green Mark Platinum as well as the Gold Plus and Gold Awards for our Zhongshan Park, myVillage and Ang Mo Kio 712 stores respectively.

We were also named Best Workplace at the International Singapore Compact CSR Summit 2012, a true testament to our emphasis on the well-being of our staff, which includes the “Singaporeans First” hiring policy. On that note, we have always believed that dedicated and capable employees are fundamental to the success of our business.

THE NEXT LAP

Our success is made possible because of many individuals journeying together with us. We would like to thank our past and present Board of Directors for leading the way with their guidance and counsel, our management and staff for staying the course with their commitment and dedication as well as our customers for giving us the drive with their support and loyalty all these years.

FairPrice has certainly come a long way and we have a greater distance ahead of us. We will continue to be guided by our principle of doing well and doing good every step of the way to deliver a better quality of life to our customers, staff and our community. Thank you for keeping in step with us in our journey and we look forward to more great years ahead.

Yours Faithfully,

MR NG SER MIANG
CHAIRMAN

MR TAN KIAN CHEW
GROUP CHIEF EXECUTIVE OFFICER

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31ST MARCH 2013

Keeping track of our gains

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Revenue	2,845,695	2,668,494	2,651,971	2,481,346
Operating profit	125,560	281,774	111,868	270,347
Share of profit/(loss) of:				
- associates	15,560	3,488	-	-
Profit before taxation	141,120	285,262	111,868	270,347
Taxation	(2,063)	(146)	-	-
Profit before contributions	139,057	285,116	111,868	270,347
Net profit margin	4.89%	10.68%	4.22%	10.89%
Return on net assets employed (Note 1)	8.24%	20.48%	7.68%	23.61%
Net tangible assets per share (Note 2)	$8.29	$7.24	$6.92	$6.07
Dividend declared	-	-	5%	5%
Special dividend	-	-	2.5%	3%
Patronage rebate	-	-	4.5%	4.5%

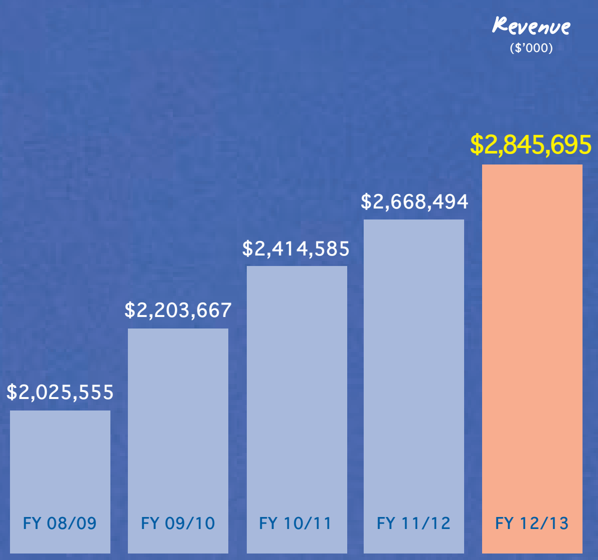
Note:

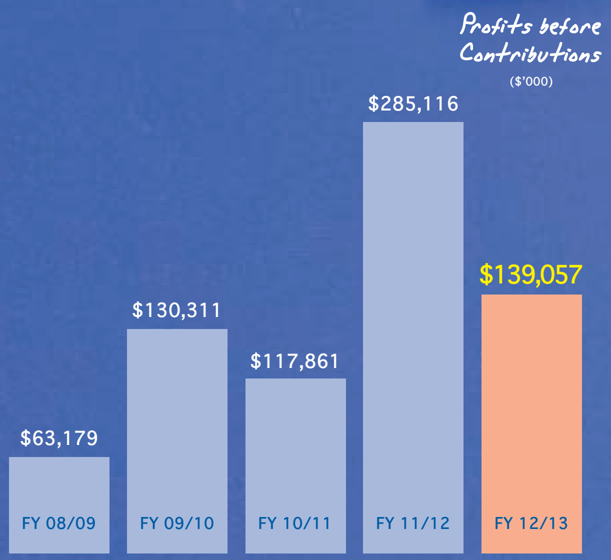
1) Return on net assets is computed based on net profit after contribution to Central Co-operative Fund (CCF) and Singapore Labour Foundation (SLF). Net assets used in computation exclude share capital repayable on demand.

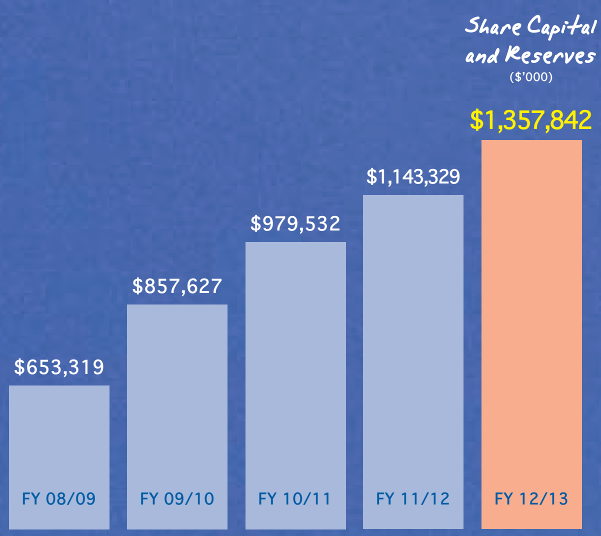
2) Net Tangible Assets (NTA) per share is computed based on share capital including share capital repayable on demand.

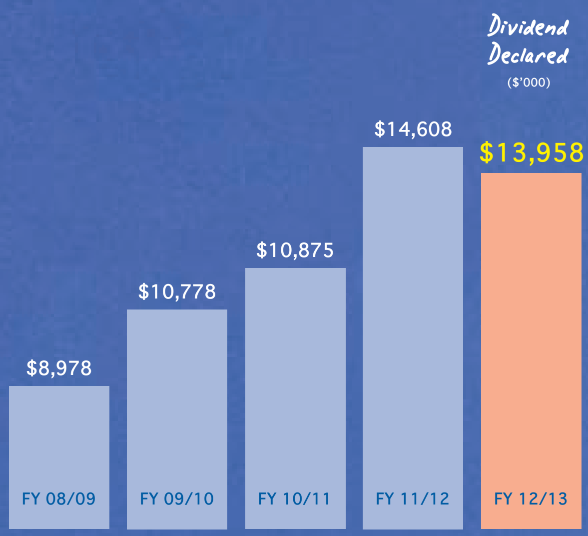
AT A GLANCE

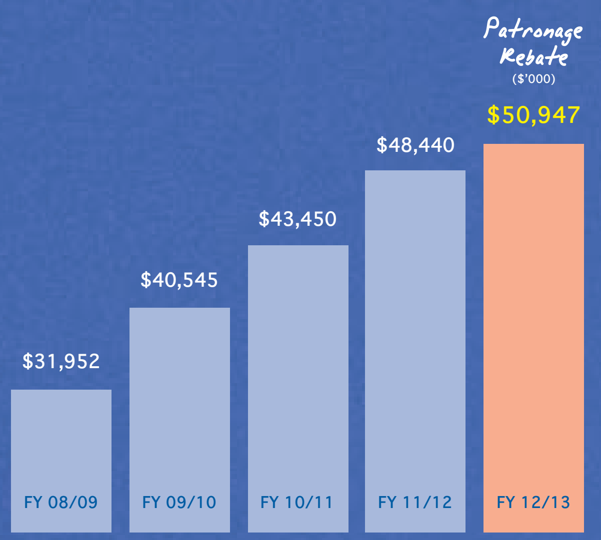
FIGURES FROM THE GROUP (LAST 5 YEARS)
FOR THE YEAR ENDED 31ST MARCH 2013

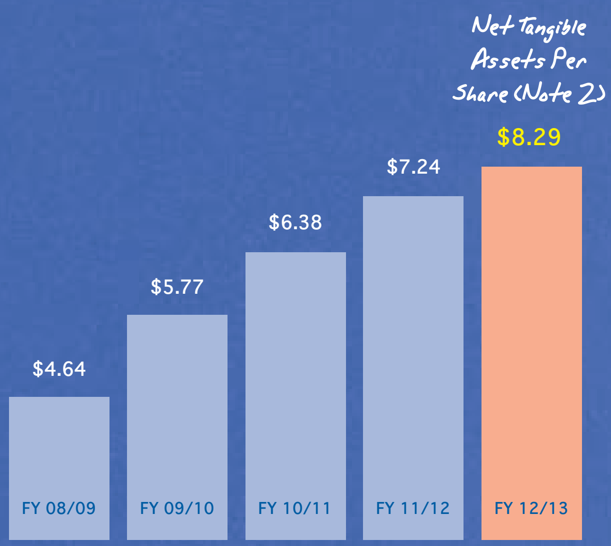












Touching hearts one step at a time

Source: New Nation © Singapore Press Holdings Limited. Reproduced with permission.

1973

The first NTUC Welcome Supermarket opened in Toa Payoh to warm reception.

1993

Everyday Low Price items being rolled out to help customers save more.

1983

The Singapore Employees Co-operative and NTUC Welcome Consumer Co-operative merged to form NTUC Fairprice Co-operative Ltd.

2003

FairPrice Food Voucher Scheme set in place to help needy families.

2013

Mr Ng Ser Miang presenting the FairPrice 40^{th} Year Commemorative Book to Prime Minister Lee Hsien Loong.

FairPrice's beneficiaries include less privileged children whom we support through initiatives such as the FairPrice Study Grant, FairPrice Share-A-Textbook or through financial support to community organisations.

FairPrice has always strived to incorporate

Corporate Social Responsibility

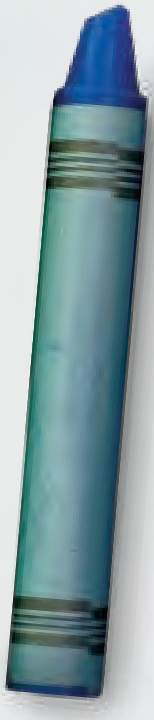
into our daily business operations, including initiatives in retailing, community, environment and workplace.

One significant initiative is to build

a better life for the community

through the **FairPrice Foundation.**

To date, we have given more than S$40 million to support worthy causes and the less privileged. This is our commitment – to make a difference not only to our customers, but to the wider community in Singapore.



The road branches out

FairPrice

Our increasing network of over 90 FairPrice supermarkets islandwide ensures greater convenience and accessibility. 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 brings the fine life closer to our customers by offering a cosmopolitan range of fine foods not found in other FairPrice stores. With a wider product assortment and value-added services, FairPrice Finest combines the heritage of a trusted brand with a whole new experience of fine living.

FairPrice Xtra

The FairPrice Xtra hypermarket is a shopping destination for the whole family, offering Xtra savings, Xtra variety and Xtra fun. Products are made available in family-sized packages for greater savings and our customers also get to enjoy services such as free delivery of electronic products.

Growing up with FairPrice has been an adventurous journey that never ceases to surprise. Since the day we started, FairPrice has increased our number of stores, and expanded to multiple formats to better cater to everyone's needs. We're not just extending our retail footprint, we're reaching out to more customers, and serving them from our hearts.

FairPrice xpress

FairPrice Xpress is an industry-first initiative between FairPrice and ExxonMobil that started in 2006. 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, a 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.

FairPrice Online

Scan this to find out more:

CORPORATE INFORMATION

FOR THE YEAR ENDED 31ST MARCH 2013

BOARD OF DIRECTORS

Mr Ng Ser Miang CHAIRMAN
Mr Eric Ang DEPUTY CHAIRMAN
Ms May Ng
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 Stephen Lim
Mr Bobby Chin

NOMINATING AND RENUMERATION COMMITTEE

Mr Ng Ser Miang CHAIRMAN
Mr Willy Shee
Mr Hee Theng Fong

AUDIT COMMITTEE

Ms Tan Hwee Bin CHAIRMAN
Mr John De Payva
Mr Bobby Chin

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
Ms May Ng
Dr Chua Sin Bin
Mr Wahab Yusoff

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr John De Payva CHAIRMAN
Mr Wong Heng Tew

INFORMATION TECHNOLOGY STEERING

Mr Wahab Yusoff CHAIRMAN
Mr Stephen Lim

PROPERTY DEVELOPMENT

Mr Tan Kian Huay CHAIRMAN
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

SECRETARIAT AND CORPORATE OFFICE

Mr Poh Leong Sim GROUP SECRETARY

Registered Address:
NTUC Fairprice Co-operative Ltd
680 Upper Thomson Rd
Singapore 787103
Tel: 6456 0233
Fax: 6458 8975

NUMBER OF STORES
(BY YEAR OF ESTABLISHMENT)

FAIRPRICE SUPERMARKETS	96
FAIRPRICE XTRA	5
FAIRPRICE FINEST	10
FAIRPRICE XPRESS	24
CHEERS	134
TOTAL	269

AWARDS
NTUC FAIRPRICE

SINGAPORE PRESTIGE BRAND AWARDS 2012

- Heritage Brand Award in recognition of outstanding achievement in branding
- Most Popular Heritage Brand Award

SINGAPORE NATIONAL CO-OPERATION FEDERATION'S HONOUR AWARDS 2013

Sole Winner of the Special Rochdale Award

CUSTOMER SATISFACTION INDEX OF SINGAPORE

Topped the Supermarket Category with score of 71.4

READER'S DIGEST TRUSTED BRAND

- Platinum Award for the Supermarket Chain Category
- Gold Award for Cooking Oil and Rice Categories

BEST RETAIL BRANDS 2013

Best of five South-east Asian brands

RETAIL ASIA PACIFIC TOP 500

- First among the Top 10 Retailers
- Gold Award for Top 100

PRESIDENT'S AWARD FOR PHILANTHROPY

Awarded under the Corporate Category

INTERNATIONAL SINGAPORE COMPACT CSR SUMMIT 2012

Best Workplace Award

NATIONAL EXCELLENT SERVICE AWARDS 2012

207 staff received awards under the Retail Category

SINGAPORE HEALTH AWARD 2012

Gold Award

NEBO SPIRIT OF YOUTH AWARDS 2013

Best Corporate Partner Award

HOME TEAM NATIONAL SERVICE AWARDS FOR EMPLOYERS

Home Team Partner Award


WALKING WITH
GOOD COMPANY
PACKED DATE
USE BY
PRICE/KG
WEIGHT
TOTAL VALUE
FairPrice


FairPrice
CHUA SIEW GOH

Paving the way

Mr Wahab Yusoff
BOARD MEMBER

Mr Willy Shee
BOARD MEMBER

Ms May Ng
BOARD MEMBER

Mr Ng Ser Miang
CHAIRMAN

Mr Hee Theng Fong
BOARD MEMBER

Mr John De Payva
BOARD MEMBER

Mr Stephen Lim
BOARD MEMBER

Mr Tan Kian Huay
BOARD MEMBER

Ms Ng Shin Ein
BOARD MEMBER

Ms Tan Hwee Bin
BOARD MEMBER

Mr Eric Ang
DEPUTY CHAIRMAN

Mr Wong Heng Tew
BOARD MEMBER

Dr Chua Sin Bin
BOARD MEMBER

Mr Bobby Chin
BOARD MEMBER

Green Lifestyle

ECO 3

Eco-Friendly

Background shot at FairPrice Finest Zhongshan Park outlet, Platinum winner of the prestigious BCA Green Mark Award for Supermarket.

Mr Ng Ser Miang

(CHAIRMAN – JOINED 2005)

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, and was also Chairman of the 2010 inaugural Youth Olympic Games. Mr Ng has received numerous awards including the Rochdale Medal in 2013 and the Meritorious Service Medal (Pingat Jasa Gemilang) in 2010. A Singapore Ambassador to the Kingdom of Norway, Mr Ng was also conferred the Order of Merit by the Hungarian President in 2012 for his outstanding contributions as Singapore Ambassador to Hungary.

Mr Eric Ang

(DEPUTY CHAIRMAN – JOINED 2001)

Mr Ang 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 – JOINED 2001)

Ms Ng is the Chief Executive Officer of Pan-United Corporation Ltd, as well as Chairman of NTUC Choice Homes Co-operative Ltd and Mercatus Co-operative Ltd. She is also a Director of Choice Homes Investments Pte Ltd and Rivershore Pte Ltd.

Mr Hee Theng Fong

(BOARD MEMBER – JOINED 2006)

Mr Hee is a senior consultant 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.

Ms Tan Hwee Bin

(BOARD MEMBER – JOINED 2006)

Ms Tan is the Executive Director of Wing Tai Holdings Ltd, Chairman of NTUC Unity Healthcare Co-operative Ltd and NTUC Eldercare Co-operative Ltd. She is also the Director of Singapore Labour Foundation and Agency for Integrated Care Pte Ltd.

Mr John De Payva

(BOARD MEMBER – JOINED 2008)

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

Mr Wong Heng Tew

(BOARD MEMBER – JOINED 2008)

Mr Wong was the Managing Director, Investments at Temasek Holdings and was their Chief Representative in Vietnam. Mr Wong, currently the Advisory Director for Temasek, also serves on the Boards of listed and non-listed companies including Olam International, Vietnam Growth Fund, Certis CISCO Security and Heliconia Capital Management.

Mr Willy Shee

(BOARD MEMBER – JOINED 2008)

Mr Shee is the Chairman, Asia of CBRE Pte Ltd. His current directorships in companies include Ascendas Pte Ltd, Bund Center Investments 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 – JOINED 2008)

Ms Ng is Co-Founder and Senior Advisor to Blue Ocean Associations Pte Ltd. Having practised as a corporate lawyer in Messrs Lee & Lee, she was also with the Singapore Exchange and was part of its IPO Approval Committee. Ms Ng serves on the Boards of Yanlord Land Ltd, First Resources Ltd and Eu Yan Sang International Ltd, and is an adjunct fellow with the Business School of NUS.

Dr Chua Sin Bin

(BOARD MEMBER – JOINED 2009)

Dr Chua is currently the Principal Consultant with the AgriFood Technologies Pte Ltd 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 and the Advisor of the Food Advisory Committee of SPRING Singapore.

Mr Wahab Yusoff

(BOARD MEMBER – JOINED 2010)

Mr Wahab is the Vice President and Managing Director of McAfee, South Asia and has operated mostly in Asia Pacific. He was previously a Board Member of the Association of Muslim Professionals, and a Board Director of the Land Transport Authority. Mr Wahab is currently a Board Director of EZ-Link Pte Ltd and a Member of the Institutional Discipline Advisory Committee of Singapore Prison Service.

Mr Tan Kian Huay

(BOARD MEMBER – JOINED 2011)

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

Mr Stephen Lim

(BOARD MEMBER – JOINED 2012)

Mr Lim is the CEO and Managing Director of SQL View Pte Ltd. He sits on the Boards of ST Electronics (Info-Software Systems) and ST Electronics (E-Services) Pte Ltd. Mr Lim is also the Chairman for the Technology Committee of Singapore Chinese Chamber of Commerce & Industry, and sits in other committees including the National Internet Advisory Committee and the National Trust Council.

Mr Bobby Chin

(BOARD MEMBER – JOINED 2013)

Mr Chin was the former Managing Partner of KPMG, the former Chairman of URA and the former Chairman of Tote Board. He is a member of the Council of Presidential Advisers, Singapore Labour Foundation and the Deputy Chairman of NTUC Enterprise. He serves on the Boards of several listed Companies including OCBC and Singapore Telecommunications. He is a Fellow of the Institute of Singapore Chartered Accountants.

Ms Adeline Sum

Ms Adeline Sum joined the Board in 2004 and stepped down in 2013.

Building momentum

From left

Peter Teo
GENERAL MANAGER
SUPERMARKET

Lum Hon Fye
GENERAL MANAGER
HYPERMARKET

Lian Lay Yong
DIRECTOR
BUSINESS
GROUPS SUPPORT

Tng Ah Yiam
MANAGING DIRECTOR
GROUP PURCHASING,
MERCHANDISING AND
INTERNATIONAL TRADING

Tan Kian Chew
GROUP CHIEF EXECUTIVE OFFICER

Lim Kok Guan
GROUP CHIEF FINANCIAL OFFICER

Dickson Yeo
DIRECTOR
SUPPLY CHAIN

Christina Lim
DIRECTOR
BRAND AND MARKETING

Lee Kin Seng
GROUP DIRECTOR
CORPORATE PLANNING

Laurent Levan
GROUP DIRECTOR
INTERNATIONAL/
SPECIAL PROJECTS

From left

Victor Cheong
GENERAL MANAGER
CHEERS HOLDINGS

Chong Nyet Chin
DIRECTOR
FOOD SAFETY AND QUALITY

Jonas Kor
DIRECTOR
CORPORATE COMMUNICATIONS

Rebecca Teo
DIRECTOR
HUMAN RESOURCE

Gerry Lee
MANAGING DIRECTOR
BUSINESS GROUPS

Seah Kian Peng
CHIEF EXECUTIVE OFFICER
SINGAPORE

Poh Leong Sim
GROUP COMPANY SECRETARY AND DIRECTOR
LEGAL

Bernard Chew
CHIEF INFORMATION OFFICER

Mui-Kok Kah Wei
DIRECTOR
PURCHASING AND MERCHANDISING

Koh Kok Sin
DIRECTOR
ORGANISATION DEVELOPMENT

Ken Ko
DIRECTOR
PURCHASING SUPPORT

Background shot at FairPrice Xtra nex outlet, which garnered 4 accolades at the "We Welcome Families Awards 2013".

TRAILING BACK

TO YESTERYEAR

Putting our best foot forward 2012

12 APR 12

My FairPrice+ iPhone App achieved over 25,000 downloads less than 2 weeks after launch

FairPrice set a new benchmark in connecting with customers through digital media by launching 'My FairPrice+ iPhone app'. The free app allows shoppers to plan their shopping lists which they can share with their friends, and search for the nearest FairPrice store in their vicinity. Users will also be fed with money-saving tips, recipes and weekly promotional information.

2 MAY 12

FairPrice steps up its volunteer programme

The FairPrice Volunteers Programme was launched to encourage greater volunteerism amongst FairPrice staff through a structured approach, which aims to increase staff volunteer hours to 2,300 hours per year by 2016. In addition, the launch recognised 13 Volunteer Leaders from various departments who led fellow colleagues to participate in volunteer activities, together with partners such as Food From The Heart, Ren Ci and YMCA.

10 MAY 12

FairPrice Cares! Campaign exceeds target and saves more than 143,000 plastic bags in Earth Day week

With our customers' support, we saved over 143,000 plastic bags during Earth Day week through FairPrice Cares! Campaign 2012. The campaign was organised as as part of FairPrice's CSR focus areas and to encourage saving plastic bags as a habit. S$30,000 was also donated to Bizlink Centre and Bishan Home for the Intellectually Disabled at the end of the campaign.

JANUARY

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JULY

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AUGUST

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NOVEMBER

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DECEMBER

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18 MAY 12

FairPrice continues to be Singapore's Most Trusted Supermarket

FairPrice won its fifth consecutive Platinum Award for Singapore supermarket chains at the Reader's Digest Trusted Brand Awards voted by customers. FairPrice's housebrand cooking oil and rice also clinched the Gold Awards in the local cooking oil and rice product categories.

19 MAY 12

FairPrice hires Singaporeans first

As a social enterprise of the Labour Movement, FairPrice has always maintained a primarily local workforce. About 90% of our staff are Singaporeans and Permanent Residents, of which over 80% are Singapore citizens. FairPrice works with various agencies such as Community Development Councils, the Women's Development Secretariat, e2i, polytechnics and Institutes of Technical Education to create job fairs for locals.

24 MAY 12

FairPrice non-executive staff get wage increment and adjustment

FairPrice eligible non-executive staff enjoyed a 15.8% in wage increment and adjustment, whereas staff with basic monthly pay less than S$1,000 saw the biggest built-in wage jump of about S$140, almost three times the National Wages Council's recommendation. While manpower costs would increase by over S$10 million per year as a result, it served to ensure that FairPrice staff's salaries remain competitive.

27 JUN 12

FairPrice continues to hold prices of Housebrand rice

In November 2011, the flood in Thailand and governmental legislation resulted in concerns among customers about the increase in rice prices. To allay these fears, FairPrice held prices of Housebrand rice since then till June 2012. As an extended effort, FairPrice continued to freeze the prices of rice till December 2012, and a second extension was subsequently made to last till March 2013.

13 JUL 12

FairPrice launches new hypermarket in the East and steps up productivity

FairPrice officially opened the fifth FairPrice Xtra store at Changi Business Park, also the first hypermarket in the Eastern part of Singapore. At the opening ceremony hosted by FairPrice Chairman Mr Ng Ser Miang, plans were announced on a new hi-tech distribution centre to further boost its supply chain productivity. FairPrice Xtra stores were also the first among supermarket retailers to receive the Businesses for Families Mark.

27 JUL 12

FairPrice Foundation donates S$600,000 to Ren Ci Hospital

FairPrice Foundation extended its support to Ren Ci Hospital with a cash donation of S$600,000 over a three-year period. The donation would go towards helping Ren Ci Hospital to provide quality nursing and medical care for its residents. The cheque presentation ceremony was held at Ren Ci Nursing Home, where FairPrice volunteers give their time on a regular basis.

3 AUG 12

FairPrice Foundation supports daily essential needs of low-income families

To better the lives of the needy in the community, FairPrice Foundation donated S$1 million worth of FairPrice vouchers to provide daily essential needs for low-income families. More than 20,000 families and individuals received their vouchers through all 87 Citizens Consultative Committees and selected welfare organisations. The donation was presented to Advisor to Jurong GRC Grassroots Organisations, Mr Tharman Shanmugaratnam, Deputy Prime Minister and Minister for Finance.

3 AUG 12

FairPrice launches "Celebrating Active Seniors" to encourage active ageing

FairPrice's Ambassador for Active Seniors, 79-year-old Mr Tan Howe Liang who is also Singapore's first Olympic medalist, would be championing active ageing through the "Celebrating Active Seniors" programme. FairPrice contributes significantly to the employment of mature workers. Since 2002, initiatives were introduced to engage not only the senior staff but also the senior customers. These include the Seniors Discount Scheme which also encourages senior shoppers to stay active by shopping with their families.

7 AUG 12

FairPrice marks National Day with FairPrice Housebrand discount

FairPrice brought back its signature FairPrice Housebrand discount – "Stretch Your Dollar Programme" – from 9 August till the end of 2012 to help consumers save on their grocery needs. The programme consisted of Everyday Low Price and Yellow Dot items, as well as a five and ten percent discount on 500 FairPrice Housebrand items, totalling approximately S$3.3 million savings for customers.

16 AUG 12

FairPrice and NTUC-U Care Fund brings back "Breadwinners - We Care, U Care" campaign

"Breadwinners - We Care, U Care" campaign returned for a second year after a successful campaign in 2011. During the two-week long campaign, FairPrice Foundation donated S$5 for each loaf of FairPrice Housebrand bread sold. In total, FairPrice Foundation donated S$1.5 million to NTUC-U Care Fund through this project, helping low-income breadwinners and their families cope with the rising cost of living.

6 SEP 12

New Zealand food a hit in Singapore

To offer customers a greater range of products, FairPrice held a nationwide promotion for New Zealand food at over 100 FairPrice stores, in conjunction with Fern & Kiwi, a New Zealand restaurant in Singapore. The two-week long promotion featured a variety of New Zealand food and beverage products, like its native Greenshell mussels, snap frozen vegetables, grocery and dairy items.

6 SEP 12

FairPrice Wine Pairing App gets a facelift

FairPrice Wine Pairing App was given a contemporary facelift with new features added to provide greater convenience for customers. Besides wine recommendations, tips and videos by wine experts were also made available. The application also allows users to share their wine preferences through social media, and pre-order in bulk online with payment on delivery. Since upgrading the app, there have been about 9,000 downloads in total.

24 SEP 12

FairPrice supports local Small and Medium Enterprise (SME) partners

FairPrice introduced an assistance programme, SME Suppliers Support & Development Programme (SSDP), for local SMEs to help them cope with business challenges and grow their businesses. The year-long programme aimed to support 1,000 local SME partners by easing cash flow pressure, managing rising business cost, enhancing their capabilities and promoting their locally made products.

26 SEP 12

FairPrice and business partners donate S$300,000 to nursing initiative for the elderly

FairPrice, together with business partners, raised S$300,000 at the annual Partners Golf Day for the Nurses' Initiatives for Community Engagement (NICE). NICE was launched in February 2012 to meet the demand for community-based health services. The amount raised would be used to provide health assessments, health education and counselling services for the elderly who live alone or are homebound.

19 OCT 12

FairPrice Walk for Rice @ South East raised half a million bowls of rice for 7,000 needy families

For the fourth year running, FairPrice partnered with South East Community Development Council to launch the FairPrice Walk for Rice @ South East 2012 charity campaign, to raise half a million bowls of rice for 7,000 needy families residing in the South East District. For each 100 metres of walking, FairPrice donated one bowl of rice to the initiative. About 23,500 people participated, clocking in some 65,700km. FairPrice customers also supported the campaign by purchasing 314,000 participating products.

5 NOV 12

FairPrice Annual Share-A-Textbook Project Celebrates 30 Years of Sharing

Share-A-Textbook project first started in 1983 with only 30,000 books collected. Now in its 30th year, a total of 350,000 textbooks were collected to benefit 18,500 needy students. To further ease the burden of hefty school fees, FairPrice gave away S$650,000 worth of study grants to 700 students in need. Changkat Changi Secondary School, Yuan Ching Secondary School and Yio Chu Kang Secondary School served as distribution points, with 109 organisations and over 650 volunteers from Supporting and Community Partners participating in the initiative.

17 NOV 12

Students' recycling efforts give families a free shopping trip

A free shopping trip with the Mayor of South East District, Mr Mohamad Maliki Osman was made possible with the campaign Recycling Helps @ South East 2012, organised by FairPrice Foundation and South East CDC. The campaign had students from 14 South East schools collecting recyclables. In total, S$10,000 worth of FairPrice vouchers were given to 400 less privileged families with the aid of 4,850kg of recyclables.

17 NOV 12

FairPrice Foundation donates S$300,000 to The Straits Times School Pocket Money Fund

FairPrice Foundation donated S$300,000 to The Straits Times School Pocket Fund, which supports 10,000 needy children each year with school-related expenses. An additional S$3,600 FairPrice vouchers were also donated as awards for the top eight meritorious students, top three most committed coaches, as well as organisations such as Family Service Centres and Children's Homes. This donation would also provide financial assistance to the children from low-income families in Singapore.

20 NOV 12

The Boys' Brigade Share-a-Gift brings joy to the heartlands

For the 12th year running, FairPrice supported the Boys' Brigade Share-a-Gift (BBSAG) project by offering our stores as collection points. Online donations of S$20, S$30 or S$50 hampers were made possible through the FairPrice Online website. In 2012, BBSAG fulfilled the wishes of 30,285 beneficiaries, in addition to FairPrice Foundation's donation of 25 trolleys of food and household items, to commemorate 25 years of the BBSAG project's hallmark.

1 DEC 12

FairPrice and Cheers senior management wash cars for charity

Cheers teamed up with Hock Cheong Automec for a charity car wash event held at FairPrice Xpress at Ang Mo Kio Avenue 8. Mr Seah Kian Peng, CEO of FairPrice, along with senior management from FairPrice and Cheers, as well as volunteers from Hock Cheong Automec and Lions Befrienders Service Association, were present to do their part for charity by washing the cars during this event. Drivers were encouraged to donate S$10 or more with all donations going to Lions Befrienders.

2013

10 JAN 13 Cheers announces new franchise scheme

Cheers, an established outlet with over 130 stores strategically located islandwide since it was set up 15 years ago announced a new franchise programme at the first franchised Cheers store at Choa Chu Kang. The franchise programme seeks to encourage the spirit of entrepreneurship among Singaporeans, inject new energy into the Cheers brand and boost business growth to provide more convenience to customers.

7 FEB 13

Operation hours of FairPrice stores during the Lunar New Year period

To provide greater convenience during the Lunar New Year, FairPrice kept its doors open for all by extending its operation hours to 5pm on the eve. All 11 FairPrice 24-hour stores around Singapore remained open throughout the festivity. On the second day, an additional 94 stores including FairPrice Xtra hypermarkets and FairPrice Finest outlets operated as per their normal operating hours. All stores resumed their usual operating hours on the third day of Lunar New Year.

16 MAR 13

FairPrice supports NYJC's community efforts in wall mural painting

In line with FairPrice's commitment towards community-bonding initiatives, FairPrice Foundation donated S$9,000 to the Nanyang Junior College (NYJC) Wall Mural Painting Project. This was in conjunction with NYJC's 35th anniversary, in partnership with the Braddell Heights Citizens Consultative Committee, and involved over 800 JC1 students who painted and restored 35 wall murals in Braddell Heights. The initiative provided an avenue for NYJC students to contribute back to residents in the community.

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FEBRUARY

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28 MAR 13

FairPrice Foundation launches "Do Good Campaign"

Aimed to inspire youths and the broader community to do good, FairPrice Foundation launched its first public education initiative, "Do Good Campaign", at Front Plaza of Plaza Singapura, on its fifth anniversary. The campaign uses both social and activation platforms to encourage youths to pledge to do good and hopes to bring across the message that small deeds can make big differences.

FOUNDERS & INSTITUTIONAL MEMBERS

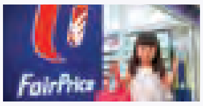
FOR THE YEAR ENDED 31ST MARCH 2013

Laying the groundwork

	NO. OF SHARES OF S$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 UNITY 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

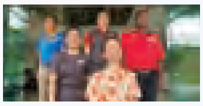
	NO. OF SHARES OF S$1 EACH
SINGAPORE INDUSTRIAL & SERVICES EMPLOYEES' UNION	2,791,993
SINGAPORE INSURANCE EMPLOYEES' UNION	5,523
SINGAPORE INTERPRETERS AND TRANSLATORS UNION	17,303
SINGAPORE LABOUR FOUNDATION	10,648,000
SINGAPORE MALAY TEACHERS UNION	12,456
SINGAPORE MARITIME OFFICERS' UNION	2,435,468
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	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
PERSONAL MEMBER	124,890,268
BALANCE AS AT 31 MARCH	186,099,920

ACKNOWLEDGING THESE SPECIAL PEOPLE

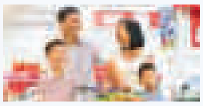


LITTLE KATE LIM, AS COVER GIRL POSING AT FAIRPRICE SUPERMARKET AT CITY SQUARE.

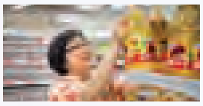
MRS CHRISTINE TAN AND LITTLE ANNA, FOR 1970s NTUC WELCOME BACKDROP.



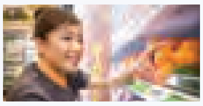
MDM CHUA SIEW GOH (FAIRPRICE SUPERMARKET)
MS NEO SIEW TING (FAIRPRICE FINEST)
MR RAVIDERAN A/L SUBRAMANIAM (FAIRPRICE XTRA)
MR MUHAMMAD ZAMRI BIN JOHARI (FAIRPRICE XPRESS)
MS LEE SHI REY (CHEERS)



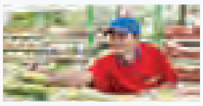
MICHAEL AND WENDY WITH THEIR SONS JOSHUA AND JADON TAN AT FAIRPRICE XTRA AT NEX.



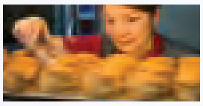
MDM LEE LAI WOON, FROM FAIRPRICE SUPERMARKET AT CITY SQUARE.



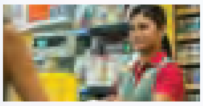
MS TAN YAM EE, FROM FAIRPRICE FINEST AT TRIPLEONE SOMERSET.



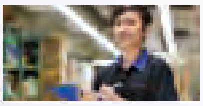
MR HYDER KHAN S/O RASIK KHAN, FROM FAIRPRICE XTRA AT NEX.



MS KESTER LEE, FROM FAIRPRICE XPRESS AT LORONG CHUAN.



MS NITHYA A/P LATHI SALBARAJA, FROM CHEERS AT ZHONGSHAN PARK.



MR RUFUS WONG, FROM FAIRPRICE ONLINE.

These people represent many out there, including you, who make this journey mean so much to us.

Thank you.

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FINANCIAL STATEMENTS
Contents

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Group and of the Co-operative for the financial year ended March 31, 2013.

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	
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	
Stephen Lim Beng Lin	(Appointed on September 13, 2012)
Bobby Chin	(Appointed on February 1, 2013)

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 who had 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 are as follows:

Name of directors and Co-operative/ companies in which interests are held	Shareholdings registered in the name of directors	
	At beginning of year	At end of year
NTUC Fairprice Co-operative Limited		
Ng Ser Miang	20	20
Eric Ang Teik Lim	26	26
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	5,000
Tan Kian Huay	26	26
Adeline Sum (Resigned on January 31, 2013)	4,024	4,024

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 5, 2013

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 47 to 118 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, 2013 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 5, 2013

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, 2013, 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 47 to 118.

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 the 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.

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

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, 2013 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:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Co-operative whether purchased, donated or otherwise.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

August 5, 2013

STATEMENTS OF FINANCIAL POSITION

March 31, 2013

	Note	GROUP 2013 $'000	GROUP 2012 $'000	CO-OPERATIVE 2013 $'000	CO-OPERATIVE 2012 $'000
ASSETS					
Current assets					
Cash and bank balances	6	293,869	372,282	268,854	349,849
Trade receivables	7	18,692	43,530	17,881	43,018
Inventories	8	164,287	159,624	154,866	150,305
Other receivables	9	38,334	35,047	35,233	30,163
Subsidiaries	10	-	-	-	3,000
Investments	13	528,014	351,107	528,014	351,107
Total current assets		1,043,196	961,590	1,004,848	927,442
Non-current assets					
Subsidiaries	10	-	-	57,586	40,029
Associates	11	90,637	74,627	57,092	57,092
Jointly controlled entity	12	-	-	-	-
Investments	13	391,263	349,838	272,478	245,426
Property, plant and equipment	14	426,302	364,660	334,916	291,192
Other receivables from associates	15	263,649	255,200	261,849	255,200
Total non-current assets		1,171,851	1,044,325	983,921	888,939
Total assets		2,215,047	2,005,915	1,988,769	1,816,381
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	449,083	430,355	418,593	405,563
Other payables	17	195,137	225,384	259,364	277,546
Share capital repayable on demand	18	186,000	183,025	186,000	183,025
Income tax payable		677	639	-	-
Total current liabilities		830,897	839,403	863,957	866,134
Non-current liabilities					
Provisions	19	23,660	21,956	22,498	20,884
Deferred tax liabilities	20	2,648	1,227	-	-
Total non-current liabilities		26,308	23,183	22,498	20,884
Capital and reserves					
Share capital	18	100	100	100	100
Retained earnings		1,021,089	909,157	825,017	740,274
Other reserves	21	336,653	234,072	277,197	188,989
Total equity		1,357,842	1,143,329	1,102,314	929,363
Total liabilities and equity		2,215,047	2,005,915	1,988,769	1,816,381

See accompanying notes to financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year ended March 31, 2013

	Note	GROUP		CO-OPERATIVE	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Revenue	22	2,845,695	2,668,494	2,651,971	2,481,346
Inventories consumed		(2,251,021)	(2,107,717)	(2,137,173)	(2,001,034)
Other income	23	216,229	355,758	175,621	319,370
Staff and related costs		(283,622)	(251,454)	(232,226)	(201,896)
Depreciation expense	14	(47,624)	(46,030)	(40,945)	(39,092)
Other operating expenses	24	(294,229)	(284,756)	(245,512)	(235,826)
Profit from operations before finance costs and rebates		185,428	334,295	171,736	322,868
Patronage rebates		(45,762)	(41,952)	(45,762)	(41,952)
Writeback of rebates		135	47	135	47
Finance costs	25	(14,241)	(10,616)	(14,241)	(10,616)
Share of profits of associates	11	15,560	3,488	-	-
Profit before income tax		141,120	285,262	111,868	270,347
Income tax expense	26	(2,063)	(146)	-	-
Profit before contributions		139,057	285,116	111,868	270,347
Contributions to:					
Central Co-operative Fund	17	(25)	(25)	(25)	(25)
Singapore Labour Foundation	17	(27,100)	(50,866)	(27,100)	(50,866)
Profit after contributions before other comprehensive income		111,932	234,225	84,743	219,456

See accompanying notes to financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Year ended March 31, 2013

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Profit after contributions before other comprehensive income	111,932	234,225	84,743	219,456
Other comprehensive (loss) income:				
Available-for-sale investments:				
Gain (Loss) arising during the year	109,602	(9,191)	95,229	(9,404)
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments	(7,021)	(61,237)	(7,021)	(61,237)
Other comprehensive income (loss) for the year, net of tax	102,581	(70,428)	88,208	(70,641)
Total comprehensive income for the year attributable to the owners of the Co-operative	214,513	163,797	172,951	148,815

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2013

	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	RESERVE FUND	RETAINED EARNING	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Balance at April 1, 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
Total comprehensive income for the year	-	-	102,581	-	111,932	214,513
Balance at March 31, 2013	100	(276)	272,190	64,739	1,021,089	1,357,842

	SHARE CAPITAL	FAIR VALUE RESERVE	RESERVE FUND	RETAINED EARNING	TOTAL
	$'000	$'000	$'000	$'000	$'000
Co-operative					
Balance at April 1, 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
Total comprehensive income for the year	-	88,208	-	84,743	172,951
Balance at March 31, 2013	100	212,458	64,739	825,017	1,102,314

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2013

	2013 $'000	2012 $'000
Operating activities		
Profit before income tax	141,120	285,262
Adjustments for:		
Allowance for doubtful receivables (net)	315	31
Inventories written-off	15,475	13,550
Depreciation of property, plant and equipment	47,624	46,030
Loss on disposal of property, plant and equipment (net)	650	1,064
Gain on disposal of jointly controlled assets	(1,457)	(98,232)
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments	(7,021)	(61,237)
Impairment losses made (reversed) in property, plant and equipment (net)	3,673	(5,623)
Share of profits of associates	(15,560)	(3,488)
Dividend income	(31,991)	(28,141)
Write-back of patronage rebates	(135)	(47)
Interest income	(17,456)	(7,840)
Operating cash flows before working capital changes	135,237	141,329
Inventories	(20,138)	(23,608)
Trade and other receivables	22,000	(33,714)
Trade and other payables	15,050	54,527
Cash generated from operations	152,149	138,534
Dividends on share capital repayable on demand	14,241	10,616
Contribution to Central Co-operative Fund paid	(25)	(25)
Contribution to Singapore Labour Foundation paid	(51,830)	(30,022)
Income tax paid	(604)	(1,082)
Net cash from operating activities	113,931	118,021

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended March 31, 2013

	2013	2012
	$'000	$'000
Investing activities		
Purchase of property, plant and equipment	(113,604)	(49,216)
Proceeds from sale of property, plant and equipment (Note A)	15	190
Dividend received	31,991	28,141
Loan to an associate	(1,800)	-
Acquisition of investment in associate	(450)	-
Interest received	10,043	3,306
Purchases of investments	(189,980)	(129,252)
Restricted cash deposits	(1,181)	-
Proceeds from disposal of jointly controlled assets	1,457	-
Proceeds from sale of investments	81,250	107,146
Net cash used in investing activities	(182,259)	(39,685)
Financing activities		
Proceeds from issue of shares	4,448	2,669
Payment made for redemption of shares	(1,473)	(1,472)
Dividends paid on share capital repayable on demand	(14,241)	(10,616)
Net cash used in financing activities	(11,266)	(9,419)
Net (decrease) increase in cash and cash equivalents	(79,594)	68,917
Cash and cash equivalents at beginning of year	372,282	303,365
Cash and cash equivalents at end of year (Note 6)	292,688	372,282

Note A:

In 2012, the Group acquired equity interest in an associate amounting $18,300,000 and granted a shareholders' loan of $164,700,000 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. (refer to Notes 12 and 15).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

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, with the social mission to contribute towards a reduction in the cost of living in Singapore.

The principal activities of the subsidiaries are disclosed in Note 10.

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, 2013 were authorised for issue by the Board of Directors on August 5, 2013.

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, 2012. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- Amendments to FRS 1 Presentation of financial statements - Amendments relating to Presentation of items of Other Comprehensive Income
- FRS 27 (Revised) Separate Financial Statements
- FRS 28 (Revised) Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements and FRS 28 Investment in Associates and Joint Ventures
- FRS 112 Disclosure of Interests in Other Entities
- FRS 113 Fair Value Measurement
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 107 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
- Annual Improvements to FRS 2012

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

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

Amendment to FRS 1 Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")

The amendment on 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. 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.

The Group is currently estimating the effects of Amendments to FRS 1 in the initial period of adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 110 Consolidated Financial Statements and FRS 27 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, 2014, with full retrospective application, subject to transitional provisions.

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 supersedes FRS 31 Interest in Joint Ventures and INT FRS 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

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 which have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties which have joint control have rights to the net assets.

The joint venturer should use the equity method under the 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, 2014, with retrospective application subject to transitional provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures (Cont'd)

When the Group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures and were previously proportionately consolidated as jointly controlled entities, the Group will have to adopt equity accounting. The Group is currently estimating the effects of FRS 111 in the period of initial adoption.

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, 2014, and the Group is currently estimating 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 estimating the effects of FRS 113 in the period of initial adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to FRS 32 Financial Instruments: Presentation and FRS 107 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

The management anticipates that the application of amendments to FRS 107 will result in more extensive disclosures on offsetting financial assets and financial liabilities. However, the management is still evaluating the impact of the amendments to FRS 32 on the financial assets and liabilities that have been set-off on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Annual Improvements to FRS 2012

The Annual Improvements include a number of amendments to various FRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. The amendments include:

- Amendments to FRS 16 Property, Plant and Equipment; and
- Amendments to FRS 32 Financial Instruments: Presentation

Amendments to FRS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 16 or as inventory if otherwise. Management does not anticipate that the amendments to FRS 16 will have a significant effect on the financial statements.

Amendments to FRS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with FRS 12 Income Taxes. Management anticipates that the amendments will have no effect on the financial statements as the Group has already adopted this treatment.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION (Cont'd)

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.

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 jointly controlled entity are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BUSINESS COMBINATIONS (Cont'd)

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 receivables". 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL INSTRUMENTS (Cont'd)

Financial assets (Cont'd)

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.

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 uncollectable, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL INSTRUMENTS (Cont'd)

Financial assets (Cont'd)

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 recognised 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 except for short-term payables when the recognition of interest would be immaterial.

Derecognition of financial liabilities

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTERESTS IN JOINT VENTURES (Cont'd)
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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOODWILL (Cont'd)

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.

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.

The Group as lessor

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROPERTY, PLANT AND EQUIPMENT (Cont'd)
No depreciation is charged for freehold land and capital work-in-progress.

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS - 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the 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.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend income

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

Interest income

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

Rental income

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

Advertising, promotion, concessionary, commission and other service income

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INCOME TAX (Cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (Cont'd)
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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 collectable. 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.

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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.

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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	604,830	700,686	606,550	690,576
Available-for-sale financial assets	919,277	700,945	800,492	596,533
Financial liabilities				
Amortised costs (including share capital repayable on demand)	804,059	787,873	837,796	815,243

(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.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

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 dollar, Indonesian rupiah and Philippine peso 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. No foreign exchange contracts are entered for speculative purposes.

At the end of the reporting period, the carrying amounts of significant 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
United States dollar	16,892	14,156	5,704	4,123
Hong Kong dollar	14,331	10,104	-	-
Indonesian rupiah	2,065	2,063	-	-
Philippine peso	836	1,928	-	-

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (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	
	2013	2012
	$'000	$'000
Foreign currency impact		
United States dollar	1,119	1,003
Hong Kong dollar	1,433	1,010
Indonesian rupiah	207	206
Philippine peso	84	193

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 the 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.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

(ii) Liquidity risk management

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

(iii) Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing 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, 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.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	ON DEMAND OR WITHIN 1 YEAR	WITHIN 2 TO 5 YEARS	ADJUSTMENT	TOTAL
	%	$'000	$'000	$'000	$'000
Group					
2013					
Non-interest bearing	-	216,990	29,352	(1,314)	245,028
Fixed interest rate instruments	1.08	124,199	66,839	(6,950)	184,088
Variable interest rate instruments	5.6	-	184,937	(9,223)	175,714
		341,189	281,128	(17,487)	604,830
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

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	ON DEMAND OR WITHIN 1 YEAR	WITHIN 2 TO 5 YEARS	ADJUSTMENT	TOTAL
	%	$'000	$'000	$'000	$'000
Co-operative					
2013					
Non-interest bearing	-	189,666	29,352	(1,314)	217,704
Fixed interest rate instruments	1.34	145,352	83,147	(13,567)	214,932
Variable interest rate instruments	5.6	-	183,137	(9,223)	173,914
		335,018	295,636	(24,104)	606,550
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

Non-derivative financial liabilities

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

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	ON DEMAND OR WITHIN 1 YEAR	TOTAL
	%	$'000	$'000
Group			
2013			
Non-interest bearing	-	618,059	618,059
Fixed interest rate instruments	7.5	186,000	186,000
		804,059	804,059
2012			
Non-interest bearing	-	604,848	604,848
Fixed interest rate instruments	8.0	183,025	183,025
		787,873	787,873
Co-operative			
2013			
Non-interest bearing	-	651,796	651,796
Fixed interest rate instruments	7.5	186,000	186,000
		837,796	837,796
2012			
Non-interest bearing	-	632,218	632,218
Fixed interest rate instruments	8.0	183,025	183,025
		815,243	815,243

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)

(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.

Equity price sensitivity

Group

If prices for equity investments increase by 10% (2012 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2012 : $Nil) and the Group's fair value reserves would increase by $88,772,000 (2012 : $66,595,000).

If prices for equity investments decrease by 10% (2012 : 10%) with all other variables held constant, the Group's impairment on investments would have been higher by $20,858,000 (2012 : $23,061,000) and the Group's fair value reserves would decrease by $67,677,000 (2012 : $43,534,000).

Co-operative

If prices for equity investments increase by 10% (2012 : 10%) with all other variables held constant, there would be no effect on the impairment loss this year (2012 : $Nil) and the Co-operative's fair value reserves would increase by $78,713,000 (2012 : $58,348,000).

If prices for equity investments decrease by 10% (2012 : 10%) with all other variables held constant, the Co-operative's impairment on investments would have been higher by $20,827,000 (2012 : $23,501,000) and the Co-operative's fair value reserves would decrease by $57,886,000 (2012 : $34,847,000).

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

(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.

(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.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

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).

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

Financial instruments measured at fair value

	TOTAL	LEVEL 1	LEVEL 3
	$'000	$'000	$'000
Financial assets			
Group			
2013			
Available-for-sale investments:			
- Quoted unit trust	542,813	542,813	-
- Quoted equity	96,629	96,629	-
- Quoted bonds	248,584	248,584	-
- Unquoted equity	18,198	-	18,198
Total	906,224	888,026	18,198
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
Co-operative			
2013			
Available-for-sale investments:			
- Quoted unit trust	442,226	442,226	-
- Quoted equity	96,629	96,629	-
- Quoted bonds	248,584	248,584	-
Total	787,439	787,439	-

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

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

	TOTAL	LEVEL 1	LEVEL 3
	$'000	$'000	$'000
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	-

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, 2013.

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 approximates their fair values as at March 31, 2013.

Financial instruments measured at fair value based on level 3

	Available-for-sale financial assets representing, total unquoted equities	
	Group	Co-operative
	$'000	$'000
At April 1, 2011	94,650	80,931
Sale	(80,931)	(80,931)
Gains in other comprehensive income	3,823	-
At March 31, 2012	17,542	-
Gains in other comprehensive income	656	-
At March 31, 2013	18,198	-

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL ASSETS MANAGEMENT (CONT'D)

(c) Capital risk management policies and objectives

The Management periodically reviews the capital structure 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 2012.

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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Donations to NTUC Fairprice Foundation Limited (refer to Note 10)	10,000	24,300	5,200	17,500
Sales of goods to associates	(659)	(20)	-	(20)
Rental income from associate	(1,518)	(1,557)	(1,518)	(1,557)
Interest income from associates	(11,817)	(5,959)	(11,817)	(5,959)
Rental expenses to associates	7,008	3,385	7,008	3,385
Repair and maintenance to associates	1,279	1,498	967	1,185
Issuance/Redemption of Link Points by associates	802	(1,278)	802	(1,278)
Purchases from associates	574	612	574	612
Printing expenses to associates	1,216	1,117	1,216	1,117
Loan/Advances to associates (refer to Note 15)	1,800	164,700	-	164,700

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	
	2013	2012
	$'000	$'000
Salaries, short-term benefits and post-employment benefits:		
- directors	512	354
- officers	8,320	7,846

6. CASH AND BANK BALANCES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash on hand	7,013	33,792	7,009	33,788
Cash at bank	162,665	137,634	137,654	115,205
Fixed deposits	124,191	200,856	124,191	200,856
Cash and bank balances	293,869	372,282	268,854	349,849
Less: Restricted cash	(1,181)	-	(1,181)	-
Cash and cash equivalents	292,688	372,282	267,673	349,849

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.05% to 0.25% (2012 : 0.03% to 0.27%) per annum. The fixed deposits are for an average tenure of approximately 24 days (2012 : 14 days).

Included in cash at bank is $1,181,000 held by the bank as escrow account for the project Saigon Co-operative Limited Liability which balances are not available for general use by the Group.

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

	GROUP AND CO-OPERATIVE	
	2013	2012
	$'000	$'000
United States dollar	2,191	715

7. TRADE RECEIVABLES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Accrued receivables	-	31,362	-	31,362
Outside parties	18,666	11,839	17,855	11,327
Less: Allowance for doubtful receivables	(315)	(65)	(315)	(65)
	18,351	43,136	17,540	42,624
Jointly controlled entity (Note 12)	-	-	-	-
Associates (Note 11)	341	394	341	394
Total	18,692	43,530	17,881	43,018

The average credit period on sale of goods is 30 days (2012 : 30 days).

7. TRADE RECEIVABLES (CONT'D)

An allowance has been made for the estimated irrecoverable amounts of $315,000 (2012 : $65,000). This allowance has been determined by reference to past default experience.

The Group and Co-operative has trade receivables amounting to $12,255,000 (2012 : $7,710,000) and $12,233,000 (2012 : $7,690,000) 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 from the receivables inception date and the amounts are still considered recoverable. These receivables are unsecured and the analysis of their ageing 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Not past due and not impaired	6,437	35,820	5,648	35,328
Past due but not impaired (i)	12,255	7,710	12,233	7,690
	18,692	43,530	17,881	43,018
Impaired receivables – individually assessed (ii)				
- Past due more than 36 months and no response to repayment demands	315	65	315	65
Less: Allowance for doubtful receivables	(315)	(65)	(315)	(65)
	-	-	-	-
Total trade receivables, net	18,692	43,530	17,881	43,018

7. TRADE RECEIVABLES (CONT'D)

Notes:

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

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
0 to 30 days	7,341	4,749	7,333	4,731
30 to 60 days	2,584	1,419	2,570	1,418
> 60 days	2,330	1,542	2,330	1,541
	12,255	7,710	12,233	7,690

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

The following is an analysis of allowance for doubtful receivables:

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At beginning of the year	65	53	65	53
Allowance made during the year	315	46	315	46
Amount written off during the year	(65)	(19)	(65)	(19)
Allowance written back during the year	-	(15)	-	(15)
At end of the year	315	65	315	65

Trade receivables are all denominated in Singapore dollar.

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 $15,475,000 (2012 : $13,550,000) and $14,065,000 (2012 : $12,648,000) was recognised in profit or loss of the Group and Co-operative respectively.

9. OTHER RECEIVABLES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deposits	17,247	15,655	14,979	13,678
Prepayments	9,714	5,373	9,115	5,145
Staff loans	-	3	-	3
Interest receivables	2,818	2,054	2,818	2,054
Link card/phone card sales	4,739	6,509	4,738	6,509
Other receivables	3,816	5,453	3,583	2,774
Total	38,334	35,047	35,233	30,163

10. SUBSIDIARIES

	CO-OPERATIVE	
	2013	2012
	$'000	$'000
Current portion:		
Loan to subsidiary	-	3,000
Total current portion	-	3,000
Non-current portion:		
Unquoted equity shares, at cost	30,274	30,074
Less: Impairment loss	(4,536)	(4,536)
	25,738	25,538
Receivables from subsidiaries	82,391	64,972
Less: Allowance for doubtful receivables	(50,543)	(50,481)
	31,848	14,491
Total non-current portion	57,586	40,029
Total	57,586	43,029

Loan to subsidiary in prior year amounting to $3,000,000 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% per annum, which approximates the market interest rate.

Receivables from subsidiaries where no allowance is made have been assessed to be credit worthy based on credit evaluation process by management.

10. SUBSIDIARIES (CONT'D)

The receivables from subsidiaries include a principal amount of $28,600,000 (2012 : $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 $53,791,000 (2012 : $51,372,000) 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	
	2013 $'000	2012 $'000
At beginning of the year	50,481	48,966
Allowance made during the year	62	1,515
At end of the year	50,543	50,481

Details of the Co-operative's subsidiaries as at March 31, 2013 are as follows:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013 %	2012 %	
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

10. SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013	2012	
		%	%	
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	100	Dormant
Subsidiaries of AlphaPlus Investments Pte Ltd				
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		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	79,493	79,043	53,128	53,128
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 profits (losses), net of dividend received	7,076	(8,484)	-	-
Less: Impairment losses	-	-	(104)	(104)
Net	90,637	74,627	57,092	57,092

The following is an analysis of allowance for impairment loss:

	CO-OPERATIVE	
	2013	2012
	$'000	$'000
At beginning and end of the year	104	104

Details of the associates as at March 31, 2013 are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013	2012	
		%	%	
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

11. ASSOCIATES (CONT'D)

NAME OF COMPANY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013	2012	
		%	%	
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	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

11. ASSOCIATES (CONT'D)

NAME OF COMPANY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013	2012	
		%	%	
Associates of AlphaPlus Investments Pte Ltd				
SMRT Alpha Pte. Ltd. [8]	Singapore	30.0	-	Real estate management

(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, 2013 have been used with appropriate adjustments made by management after taking into consideration the audit adjustments made for the financial year ended August 31, 2012 and significant transactions between August 31, 2012 and March 31, 2013.

(7) In 2012, 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).

(8) During the financial year, AlphaPlus Investments Pte Ltd, a subsidiary of the Co-operative, has a joint arrangement with SMRT Investments Pte Ltd for the tendering of bid to Singapore Sports Hub Pte Ltd for the development and management of the commercial and retail area in the new Singapore Sports Hub. AlphaPlus Investments Pte Ltd has 30% share in the project via an investment of $0.45 million in SMRT Alpha Pte. Ltd.

11. ASSOCIATES (CONT'D)

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

	2013 $'000	2012 $'000
Total assets	1,863,296	1,370,812
Total liabilities	(1,530,277)	(1,077,961)
Net assets	333,019	292,851
Group's share of associates' net assets	90,637	74,627
Revenue	194,985	136,980
Profit for the year	38,670	9,618
Group's share of associates' profits for the year	15,560	3,488

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 (2012 : $231,000).

12. JOINTLY CONTROLLED ENTITY

(a) Jointly controlled entity

	GROUP	
	2013 $'000	2012 $'000
Unquoted equity shares at cost	-	600
Share of post-acquisition accumulated losses	-	(600)
Net	-	-

12. JOINTLY CONTROLLED ENTITY (CONT'D)

Details of the jointly controlled entity as at March 31, 2013 are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD		PRINCIPAL ACTIVITIES
		2013	2012	
		%	%	
Jointly controlled entity of NewFront Investments Pte Ltd				
FairVision Pte Ltd [1]	Singapore	-	30	Media advertising

[1] Audited by Pricewaterhousecoopers LLP, Singapore.

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

	2013	2012
	$'000	$'000
Total assets	-	1
Total liabilities	-	(525)
Net liabilities	-	(524)
Group's share of jointly controlled entity's net assets	-	-
Revenue	-	-
Loss for the year	-	-
Group's share of jointly controlled entity's loss for the year	-	-

12. JOINTLY CONTROLLED ENTITY (CONT'D)

(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 AMK and NTUC Income entered into an arrangement to invest in Mercatus along with National Trades Union Congress ("NTUC"), the Founder Member of Mercatus. This resulted in the Co-operative, SLF AMK, NTUC Income and NTUC holding 36.7%, 42.9%, 20% and 0.4% respectively of equity interest in Mercatus.

13. INVESTMENTS

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current portion:				
Quoted unit trust available-for-sale	182,801	98,921	182,801	98,921
Quoted equity available-for-sale	96,629	74,749	96,629	74,749
Quoted bonds available-for-sale	248,584	177,437	248,584	177,437
Total current portion	528,014	351,107	528,014	351,107
Non-current portion:				
Quoted unit trust available-for-sale	360,012	319,243	259,425	232,373
Unquoted equity available-for-sale	30,501	29,845	12,303	12,303
Other investments	750	750	750	750
Total non-current portion	391,263	349,838	272,478	245,426
Total investments	919,277	700,945	800,492	596,533

13. INVESTMENTS (CONT'D)

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 (2012 : $12,302,000) which are measured at cost less accumulated impairment loss of $104,000 (2012 : $104,000).

Other investments are stated at cost less accumulated impairment loss.

Investments in quoted bonds have effective interest rates at approximately 5.53% (2012 : 5.65%) per annum and have maturity dates ranging from July 2013 to October 2022 (2012 : July 2013 to January 2022). The investments are classified as current as management could liquidate these investments if required.

The following is an analysis of allowance for impairment loss:

	GROUP AND CO-OPERATIVE	
	2013	2012
	$'000	$'000
At beginning and end of the year	104	104

Significant investments of the Group and the Co-operative that are not denominated in the functional currencies of the respective Group are as follows:

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
United States dollar	14,701	13,441	14,701	13,441
Hong Kong dollar	14,331	10,104	14,331	10,104
Indonesian rupiah	2,065	2,063	2,065	2,063
Philippine peso	836	1,928	836	1,928

14. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND	FREEHOLD BUILDINGS	LEASEHOLD LAND AND BUILDINGS	FURNITURE, FITTINGS AND RENOVATION	PLANT AND MACHINERY	EQUIPMENT AND MOTOR VEHICLES	COMPUTERS	CONSTRUCTION IN PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
COST:									
AT APRIL 1, 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
ADDITIONS	-	-	-	25,237	5,810	13,135	5,824	63,598	113,604
DISPOSALS	-	-	-	(7,109)	(1,358)	(3,814)	(585)	-	(12,866)
TRANSFERS	-	-	-	(382)	-	543	(161)	-	-
AT MARCH 31, 2013	4,625	25,332	334,621	193,334	58,084	71,911	48,796	72,593	809,296
ACCUMULATED DEPRECIATION:									
AT APRIL 1, 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
DEPRECIATION EXPENSE	-	695	6,713	19,098	5,776	8,856	6,486	-	47,624
DISPOSALS	-	-	-	(6,560)	(1,322)	(3,772)	(547)	-	(12,201)
TRANSFERS	-	-	-	(33)	-	99	(66)	-	-
AT MARCH 31, 2013	-	13,432	116,303	123,814	40,517	47,292	34,398	-	375,756

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FREEHOLD LAND	FREEHOLD BUILDINGS	LEASEHOLD LAND AND BUILDINGS	FURNITURE, FITTINGS AND RENOVATION	PLANT AND MACHINERY	EQUIPMENT AND MOTOR VEHICLES	COMPUTERS	CONSTRUCTION IN PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
IMPAIRMENT:									
AT APRIL 1, 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
CHARGE (REVERSAL) OF IMPAIRMENT LOSS	-	-	134	2,607	232	718	(18)	-	3,673
AT MARCH 31, 2013	-	-	325	4,497	509	1,728	179	-	7,238
CARRYING AMOUNT:									
AT MARCH 31, 2013	4,625	11,900	217,993	65,023	17,058	22,891	14,219	72,593	426,302
AT MARCH 31, 2012	4,625	12,595	224,840	62,389	17,292	18,928	14,996	8,995	364,660

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FREEHOLD LAND	FREEHOLD BUILDINGS	LEASEHOLD LAND AND BUILDINGS	FURNITURE, FITTINGS AND RENOVATION	PLANT AND MACHINERY	EQUIPMENT AND MOTOR VEHICLES	COMPUTERS	CONSTRUCTION IN PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE									
COST:									
AT APRIL 1, 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
ADDITIONS	-	-	-	23,327	3,961	12,439	5,166	43,958	88,851
DISPOSALS	-	-	-	(6,387)	(1,216)	(3,748)	(346)	-	(11,697)
TRANSFERS	-	-	-	(382)	-	543	(161)	-	-
AT MARCH 31, 2013	4,625	25,332	263,096	180,813	29,500	67,891	40,789	43,958	656,004
ACCUMULATED DEPRECIATION:									
AT APRIL 1, 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
DEPRECIATION EXPENSE	-	695	5,440	17,863	3,020	8,376	5,551	-	40,945
DISPOSALS	-	-	-	(6,067)	(1,199)	(3,712)	(344)	-	(11,322)
AT MARCH 31, 2013	-	13,432	92,638	114,985	19,989	44,475	28,889	-	314,408

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FREEHOLD LAND	FREEHOLD BUILDINGS	LEASEHOLD LAND AND BUILDINGS	FURNITURE, FITTINGS AND RENOVATION	PLANT AND MACHINERY	EQUIPMENT AND MOTOR VEHICLES	COMPUTERS	CONSTRUCTION IN PROGRESS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE									
IMPAIRMENT:									
AT APRIL 1, 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
IMPAIRMENT LOSS	-	-	134	2,702	235	693	43	-	3,807
AT MARCH 31, 2013	-	-	324	4,193	437	1,620	106	-	6,680
CARRYING AMOUNT:									
AT MARCH 31, 2013	4,625	11,900	170,134	61,635	9,074	21,796	11,794	43,958	334,916
AT MARCH 31, 2012	4,625	12,595	175,708	59,575	8,385	17,919	12,385	-	291,192

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. During the year, the Group carried out a review of the property, plant and equipment of the Group, including the supermarket outlets being the Cash Generating Unit used in their assessment of impairment. The assessment led to the recognition of a net impairment loss of $3,673,000 (2012 : reversal of impairment of $5,623,000) and $3,807,000 (2012 : reversal of impairment of $4,986,000) that has been recognised in profit or loss of the Group and Co-operative respectively (Note 24). The estimates of recoverable amount were based on value in use of the Group's supermarket outlets and determined using a discount rate of 10% (2012: 10%).

15. OTHER RECEIVABLES FROM ASSOCIATES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest-bearing advance [a]	59,897	59,897	59,897	59,897
Non-interest bearing advance				
- nominal value [b]	29,352	29,352	29,352	29,352
Less: Future finance charge	(1,314)	(2,126)	(1,314)	(2,126)
	87,935	87,123	87,935	87,123
Loan to an associate [c]	175,714	168,077	173,914	168,077
	263,649	255,200	261,849	255,200

(a) This interest-bearing advance from SG Domain Pte Ltd is unsecured, bears interest rate at 3% per annum (2012 : 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 (2012 : $29,352,000) being carried at amortised cost of $28,038,000 (2012 : $27,226,000). 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, Mercatus Co-operative Limited, includes a principal amount of $164,700,000 plus compounded interest as at March 31, 2013. 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). The loan to an associate also includes an amount of $1,800,000 loan to SMRT Alphaplus Pte. Ltd. during the financial year. This amount is unsecured and bears an interest of 4%.

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

Future finance charge is represented by:

	GROUP AND CO-OPERATIVE	
	2013	2012
	$'000	$'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	(2,754)	(1,942)
	1,314	2,126

16. TRADE PAYABLES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Outside parties	449,083	430,355	416,837	402,427
Subsidiaries (Note 10)	-	-	1,756	3,136
Total	449,083	430,355	418,593	405,563

The average credit period on purchase of goods is 45 days (2012 : 45 days). Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Significant trade payables of the Group and Co-operative that are not denominated in functional currency of the respective Group entities are as follows:

	GROUP AND CO-OPERATIVE	
	2013	2012
	$'000	$'000
United States dollar	5,704	4,123

17. OTHER PAYABLES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Accrued operating expenses	94,025	106,013	89,825	99,835
Deposits received	6,394	5,698	6,308	5,446
Subsidiaries [Note 10 and (a)]	-	-	69,554	61,755
Patronage rebates and dividends payable	545	342	545	342
Salary payable	16,039	13,677	15,016	12,807
Gift vouchers payable	30,611	28,709	30,611	28,710
Other payables	21,362	20,054	21,344	17,760
Contributions to:				
- Central Co-operative Fund (b)	25	25	25	25
- Singapore Labour Foundation (c)	32,452	50,866	32,452	50,866
- Singapore Labour Foundation (d)	(6,316)	-	(6,316)	-
Total	195,137	225,384	259,364	277,546

17. OTHER PAYABLES (CONT'D)

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

(b) 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 the next financial year.

(c) 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 the amount of $32,452,000 is due to be paid out in the next financial year.

(d) 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 $6,316,000 was made by the Co-operative for overpayments of the contributions for the prior financial years. During the financial year, the Co-operative has been informed by SLF on the approval of the claim and hence $6,316,000 was recognised to net off against contributions to SLF in the statement of comprehensive income for the year ended March 31, 2013.

18. SHARE CAPITAL

	GROUP AND CO-OPERATIVE			
	2013	2012	2013	2012
	Number of ordinary shares		$'000	$'000
Authorised:				
Ordinary shares	300,000,000	300,000,000	300,000	300,000
Issued and paid up:				
At beginning of the year	183,125,354	181,927,569	183,125	181,928
Issue of shares at par for cash	4,448,289	2,669,737	4,448	2,669
Redemption of shares	(1,473,723)	(1,471,952)	(1,473)	(1,472)
At end of the year	186,099,920	183,125,354	186,100	183,125
The share capital is represented by:				
Share capital repayable on demand classified as liabilities (a)	185,999,920	183,025,354	186,000	183,025
Share capital classified as equity (b)	100,000	100,000	100	100
Total	186,099,920	183,125,354	186,100	183,125

(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-Laws of the Co-operative. In accordance with By-Laws 5.6, the shares are redeemable at the lower of the nominal value of S$1 per share or the net asset value of the share.

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

(c) In accordance with By-Laws 4.2.2, the Board of Directors shall have the absolute discretion to approve or reject any application for membership or for additional shares without assigning any reason for its decision. By-Laws 4.6 also states that 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At beginning of the year	21,956	23,896	20,884	23,018
Utilisation of provision	(172)	(2,891)	(113)	(2,832)
Provisions made during the year	1,876	951	1,727	698
At end of the year	23,660	21,956	22,498	20,884

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 14.08 years (2012 : 0.08 to 4.83 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% (2012 : 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	UNABSORBED DONATIONS	PROVISIONS	TOTAL
	$'000	$'000	$'000	$'000
At April 1, 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
Charge to profit or loss for the year (Note 26)	1,123	-	298	1,421
At March 31, 2013	3,469	(935)	114	2,648

21. OTHER RESERVES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fair value reserve	272,190	169,609	212,458	124,250
Foreign currency translation reserve (a)	(276)	(276)	-	-
Reserve fund (b)	64,739	64,739	64,739	64,739
Total	336,653	234,072	277,197	188,989

(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 INCOMES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Rental income	34,221	41,491	33,581	40,504
Dividend income	31,991	28,141	27,438	23,632
Interest income:				
- financial institution	369	392	369	386
- subsidiaries	-	-	(837)	503
- bonds	5,270	1,489	5,270	1,489
- associates	11,817	5,959	11,817	5,959
Recycling of gain from equity to profit or loss on disposal of available-for-sale investments	7,021	61,237	7,021	61,237
Gain on disposal of jointly-controlled asset	1,457	98,232	1,457	98,232
Advertising and promotion	8,609	7,178	7,175	5,008
Concessionary, commission and other service income	99,212	92,279	73,052	67,249
Discounts received	2,437	2,521	2,295	2,369
Reversal of impairment in plant and equipment	-	5,623	-	4,986
Others	13,825	11,216	6,983	7,816
Total	216,229	355,758	175,621	319,370

24. OTHER OPERATING EXPENSES

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Bad debt written off	-	58	-	58
Rental and conservancy charges	118,681	109,409	102,410	94,356
Utilities	46,730	44,835	38,272	36,561
Repair, maintenance and supplies	27,690	25,500	22,536	20,042
Impairment of plant and equipment	3,673	-	3,807	-
Allowance for doubtful trade receivables	315	31	315	31
Loss on disposal of plant and equipment	650	1,064	358	918
Packing and delivery expenses	25,901	23,939	17,783	16,849
Donation to Foundation	10,000	24,300	5,200	17,500
Marketing expenses	25,849	23,762	25,849	23,762
Allowance for doubtful receivable from subsidiary (Note 10)	-	-	62	1,515
Others	34,740	31,858	28,920	24,234
Total	294,229	284,756	245,512	235,826

25. FINANCE COSTS

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Distributions to members of the Co-operative [Note 18(a)]				
- first and final dividend	14,241	10,616	14,241	10,616

First and final dividend of 8% (2012 : 6%) was paid out to the members of the Co-operative in current year.

26. INCOME TAX EXPENSES

	GROUP 2013 $'000	GROUP 2012 $'000
Current income tax:		
Current year	430	1,361
Under (Over) provision in prior years	212	(103)
Deferred taxation (Note 20):		
Current year	972	(1,112)
Underprovision in prior years	449	-
	2,063	146

Domestic income tax calculated at 17% (2012 : 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 2013 $'000	GROUP 2012 $'000
Profit before income tax	141,120	285,262
Tax at the domestic income tax rate of 17% (2012 : 17%)	23,990	48,495
Under (Over) provision in prior years	661	(103)
Tax effect of:		
Non-deductible expenses	1,401	881
Tax effect of share of results of associate	354	415
Exempt income [1]	(21,976)	(46,012)
Income not subject to tax	(41)	(1,699)
Effect of tax concessions		
- donation	(2,040)	(1,722)
- productivity and innovation credit scheme	(12)	(111)
Losses carried forward	23	12
Others	(297)	(10)
	2,063	146

[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, Chapter 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 donation of $3.4 million (2012 : $5.5 million) 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
- contracted	222,988	71,488	187,900	23,000
- not contracted	166,200	356,500	159,100	351,000
	389,188	427,988	347,000	374,000

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

	GROUP		CO-OPERATIVE	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within 1 year	102,376	81,593	90,419	71,643
After 1 year but within 5 years	146,718	109,408	134,929	101,143
After 5 years	54,835	24,138	28,768	-
	303,929	215,139	254,116	172,786

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.

27. COMMITMENTS (CONT'D)

(c) The Group rents out its leasehold properties in Singapore under operating leases. Property rental income earned during the year was $34,221,000 (2012 : $41,491,000). 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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within 1 year	27,337	25,249	26,591	24,550
After 1 year but within 5 years	26,113	22,972	22,840	19,680
After 5 years	34	385	-	-
	53,484	48,606	49,431	44,230

(d) The Group has committed to donate $10 million to Labour Movement.

(e) The Group has committed to invest $4,500,000 in SMRT Alpha Pte Ltd, an associate of the Group. The amount of $450,000 has been injected as equity investment during the year and an amount of $1,800,000 was loaned to the associate (Note 15). The balance of $2,250,000 is to be disbursed subsequent to the financial year.

(f) The Group has committed to invest US$3,240,000 to Saigon Co-op FairPrice Limited Liability Company, an associate of the Group, incorporated in April 2013.

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	
	2013	2012
	$'000	$'000
Patronage rebates	50,947	48,440
Directors' honoraria	524	512
First and final dividend of 7.5% (2012 : 8%)	13,958	14,608
	65,429	63,560

The proposed patronage rebates represent 4.5% (2012 : 4.5%) of the eligible purchases.

29. EVENTS AFTER THE REPORTING PERIOD

On April 1, 2013, National Trades Union Congress ("NTUC"), Singapore Labour Foundation ("SLF") and all the 47 NTUC affiliated Unions transferred a total of 56,334,577 shares in the Co-operative to a newly incorporated entity, NTUC Enterprise Co-operative Limited ("NTUC Enterprise").

NTUC Enterprise is the holding entity of the labour movement social enterprises. Collectively owned by NTUC, SLF and their affiliated Unions, it guides the development of the social enterprises to meet the evolving needs and aspirations of working families in Singapore.

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from the Heart

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