FairPrice

#CapturingHearts #CapturingSmiles

Annual Report 2014

#FPHub

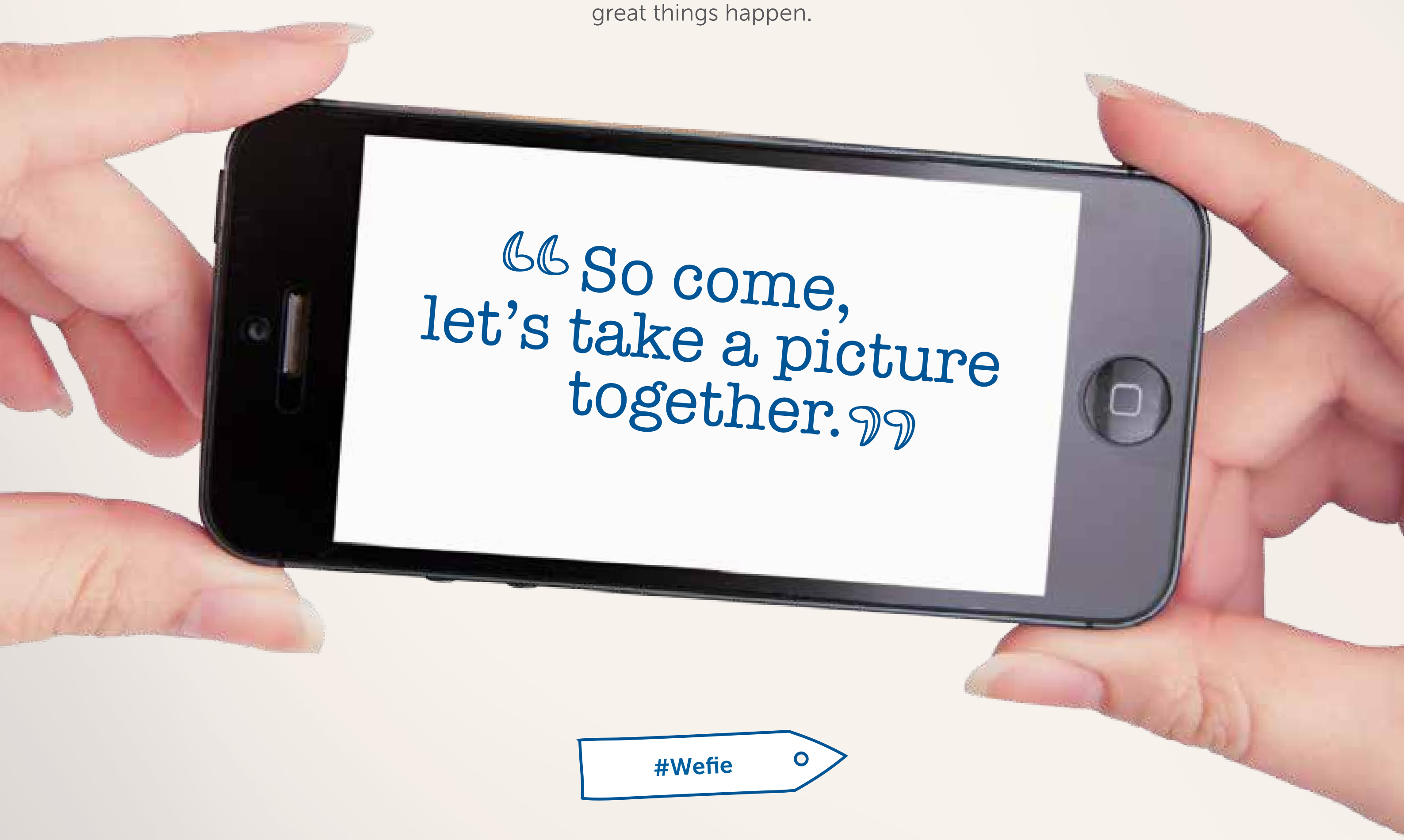
Our new home houses a high-tech distribution centre with eco-friendly features, state-of-the-art warehouse, an automatic storage and retrieval system, commercial space, and more. It enhances productivity, long-term sustainability and affirms our commitment to keep prices affordable.

#TowardsABetterFuture

This has been a year of togetherness.

We have come together as:
Customers and Staff
Employees and Employers
Organisations and Communities.

After all, at the end of the day,
FairPrice is about people being there for other people.
And when people come together,
great things happen.



#Wefie

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#Chairman&GroupCEO

#JointMessage

A special place in the hearts of Singaporeans

NTUC FairPrice serves customers from all walks of life. We focus on our social mission to moderate the cost of living by providing our customers with quality products at affordable prices. We continue to serve the community. Our various community programmes not only provide immediate assistance to the less fortunate but also empower these beneficiaries in the longer term. Our philosophy of Doing Good has over the years, earned FairPrice a special place in the hearts of Singaporeans.

A Better Life for the Community

Last year, we continued to build on the Do Good principle by leveraging our business and operational excellence. New operational initiatives powered by technologies were introduced to enhance efficiency and improve productivity. This has helped to lower our costs so that prices are kept affordable for our customers.

We have further expanded our stable of over 2,000 quality FairPrice housebrand and private labelled items. These items are priced at least 10% cheaper than comparable popular brands.

We have also continued to maintain a basket of over 1,000 Everyday Low Price (EDLP) products by popular brands that are price checked regularly to ensure best prices. To enable budget-conscious shoppers to stretch their dollar further, we offer a range of Yellow Dot items, which are the lowest priced products within their respective product selections.

In appreciation of seniors who have contributed to nation building, FairPrice introduced the Pioneer Generation discounts. This 3% discount given on Mondays is on top of our existing 2% Tuesdays Seniors Discount Scheme. More than $100,000 in senior discounts are given every week.

Philanthropy & Volunteerism

Serving and giving back to the community will always take precedence at FairPrice.

Last year, FairPrice Group donated S$12.5 million to the FairPrice Foundation, bringing its total contribution to over S$88 million since the Foundation's inception in 2006. FairPrice Foundation has touched the lives of many beneficiaries through initiatives such as the 'FairPrice Food Voucher' scheme, the 'Breadwinners – We Care, U Care' campaign and the 'FairPrice Walk for Rice@South East', among many other community initiatives.

Our FairPrice Volunteers' Programme saw staff contributing over 2,300 hours last year through various community initiatives like the FairPrice Share-A-Textbook project and regular volunteer activities like befriending residents of Ren Ci Nursing home. This year we announced a target to achieve 5,000 volunteer hours.

We have also championed various environmental initiatives. Aside from saving more than 9 million plastic bags last year, we also launched a Food Waste Framework to address the ever-increasing problem of food waste in Singapore.

#UpholdSocialMission

#RetailerWithAHeart

"At FairPrice, we serve, we care, and we give."

FairPrice Chairman, Mr Bobby Chin and Group CEO, Mr Tan Kian Chew

Staying Relevant

To remain relevant in serving the community, we conducted a review of our social mission and business strategy last year. Arising from this, a new five-year business plan, aptly named FP2020 was developed. Through this initiative, we aim to enhance our social objective by sharpening prices further and addressing the changing landscape of our community.

FP2020 will explore deeper into issues such as the rapidly ageing population as well as the evolving lifestyles of Singaporeans.

To strengthen our mission as a social enterprise, we have introduced three additional core values, namely "trustworthy", "caring" and "empathy". These values complement our existing values of "customer focus", "teamwork" and "professionalism". Together, they serve as guiding principles in our journey towards our vision of being a retailer with a heart.

Financial Performance

We are also pleased to report that on the financial front, we have continued to perform strongly. Total group revenue amounted to S$3.2 billion, while group profit from operations before finance costs and rebates was S$227 million. Our strong performance was due to the increase in retail sales and higher investment income. After making contributions to the Central Co-operative Fund and Singapore Labour Foundation, the group's total net profit was S$144.1 million.

In addition to the usual 4% and 5% patronage rebate and dividend respectively, the Board has proposed a further 1% and 2.5% of patronage rebate and dividend to celebrate SG50 with the nation. This brings the total proposed patronage rebate to 5% and dividend to 7.5%, amounting to S$65.2 million and S$19.5 million respectively. During the year, Link cardholders also received S$28 million worth of LinkPoints. The total payout to our members and Link Cardholders will be S$112.7 million.

In Appreciation

Our stellar performance would not have been possible without the efforts and contributions of all our stakeholders. We would like to express our heartfelt gratitude to our past and present Board of Directors for their support and guidance, to our staff and management for their hard work and commitment, and most of all to our loyal customers and members who have supported and journeyed alongside with us over the years.

We would like to thank our retiring Directors Ms Tan Hwee Bin and Mr Hee Theng Fong for their invaluable contributions to FairPrice.

There are many more initiatives that FairPrice initiated in the past year and they are featured in the pages of this year's annual report. We hope that you will enjoy reading the publication, which captures a snapshot of the FairPrice story. Within these pages, we share precious moments of how we have come together as a retailer, a social enterprise and an employer to serve our customers, our community and our employees.

At FairPrice, we serve, we care, and we give.

Thank you.

Mr Bobby Chin
Chairman

Mr Tan Kian Chew
Group Chief Executive Officer

#Mission&Vision

#OurSocialMission

To moderate the cost of living in Singapore

#OurCoreValues

Customer Focus
Deliver a distinct customer experience

Professionalism
Competent retailer

Teamwork
Support each other to reach our goals

Trustworthy
Conduct ourselves honestly and responsibly

Caring
Genuine concern for colleagues, customers and community

Empathy
Putting ourselves in the shoes of others

#OurMission

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.

#Vision

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

FairPrice is committed to moderating the cost of living in Singapore

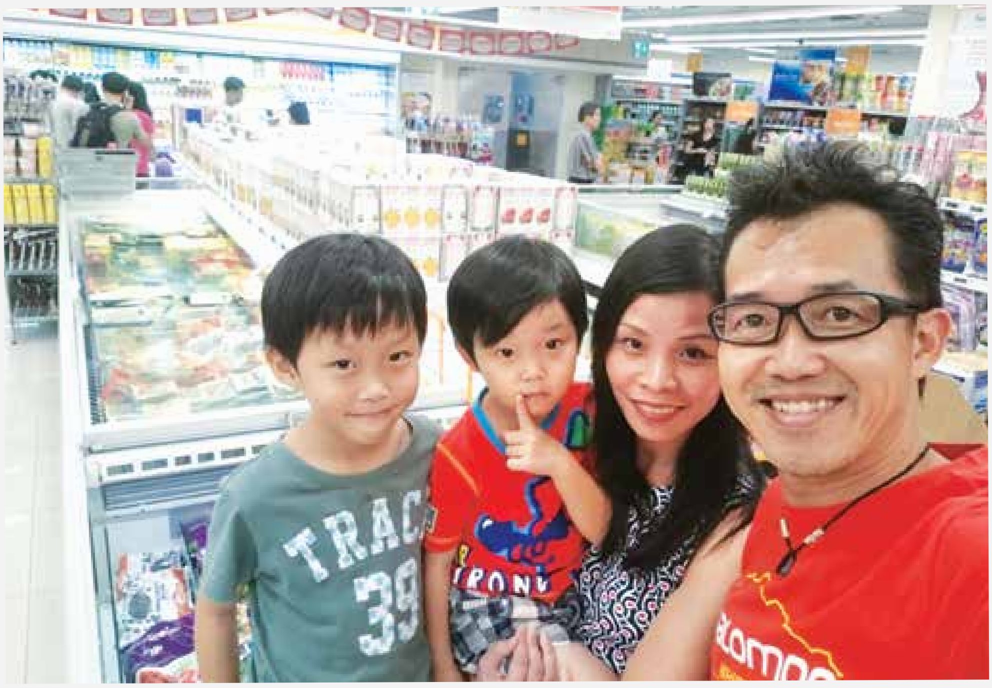
It's about helping families stretch their dollar with quality products at the best value.

#StretchYourDollar #EverydayValue #UncompromisingQuality

We pledge to help ordinary Singaporeans moderate the cost of living by making affordable, quality goods available to all, especially in times of need. Every day, customers enjoy convenience, accessibility, and value whilst shopping at FairPrice. Aside from a wide range of quality daily essentials and household products – from fresh produce to traditional condiments – you can always expect broad smiles and unwavering service from the heart.

"I'm able to save more through the Pioneer 3% discount and FairPrice often has very good offers. I also regard the people who work at the Bishan North FairPrice store as friends. Besides buying food for the family, I visit regularly just to catch up with them."

Mdm Sin,
Regular FairPrice customer who is also a member of the Pioneer Generation



FairPrice customers,
Mr Brice Li and his lovely family

More than **2,000**
FairPrice housebrand products
are priced on average
10% lower than comparable
popular brands.

#ForTheFamily

The FairPrice Grocery Purchasing team

A basket of over **1,000 Everyday Low Price** (EDLP) popular grocery items are price-checked regularly to give customers the best value.

#KeepingPricesLow

Mdm Sin, a Pioneer Generation member, loves shopping at the FairPrice store at Bishan North

Both Seniors and Pioneers saved more than **$100,000** each week.

#JustForPioneers

Doing good for our community and our staff

It's about helping the poor and needy, advancing the welfare of workers and growing initiatives to promote community bonding and nation building.

#SustainableEnvironment

#WonderfulWorkplace

#ResponsibleRetailing

#CommunityCare

Doing well, doing good, and doing right. As a social enterprise, Corporate Social Responsibility is part of FairPrice's DNA. Beyond its social mission of moderating the cost of living, FairPrice recognises the important role it plays in Doing Good for its members and customers, the community, the environment and for its employees. To ensure it remains sustainable and accountable in its CSR efforts, FairPrice focuses on four main pillars: Responsible Retailing, Community Care, Sustainable Environment, and Wonderful Workplace.

"I have been actively involved in staff volunteering activities like packing and distributing food with Food from the Heart, and befriending residents from Ren Ci Nursing Home. I derive a great sense of satisfaction from these activities especially when I see the smiles from the beneficiaries."

Mr Michael Foo,
Branch Manager of FairPrice Finest at Marine Parade
and active Volunteer Leader

The FairPrice CSR Committee

A key CSR initiative is the **Food Waste Reduction Framework** that focuses on Processes-Partnerships -Public Education.

#CSRCommittee

Distributing breakfast to students

FairPrice's CSR partnership with Nestlé saw **180,000 servings** of Nestlé cereal and **6,000 packets** of FairPrice full cream milk distributed to 1,000 needy children for 6 months.

#ResponsibleRetailing

A FairPrice Volunteers Programme activity at Ren Ci Nursing Home

FairPrice has donated over **$88 million** to FairPrice Foundation to focus its giving efforts to provide a better life for the community. The FairPrice Volunteers Programme has contributed a collective **6,820 hours** since its inception.

#CommunityBonding

FairPrice green ambassadors encourage customers to bring their own bags when they shop

More than **9.1 million plastic bags** were saved in 2014 through the **FairPrice Green Rewards Scheme**, which encourages customers to bring their own bags.

#SustainableEnvironment

FairPrice staff from the various retail formats

Over **225,000 hours** invested in training staff yearly.

#WonderfulWorkplace

Remaining relevant to customers by embracing technology and innovation

It's about boosting productivity and keeping operational costs at optimal levels.

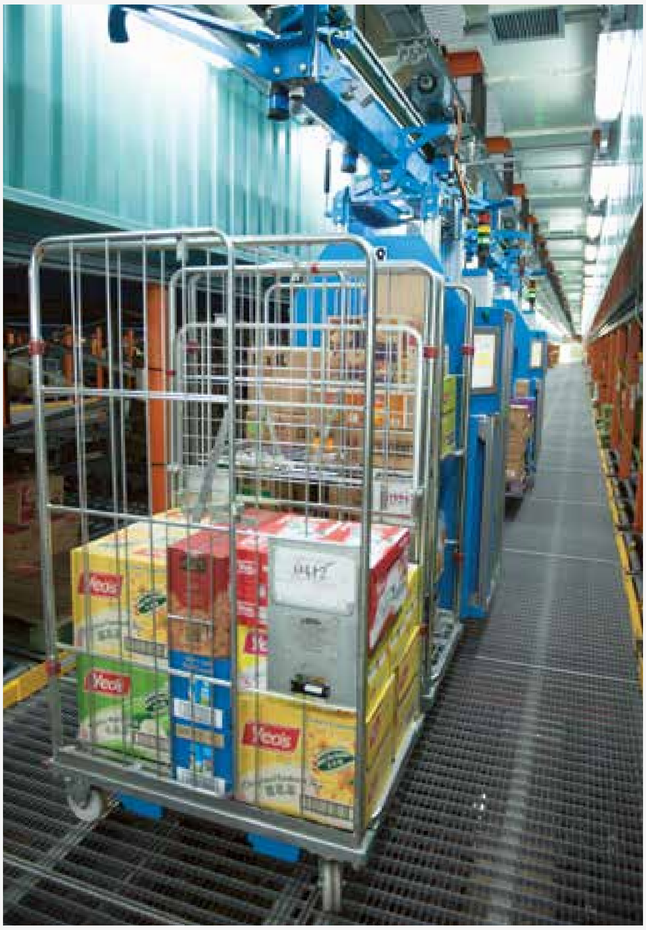
#StayingRelevant

#EmbracingInnovation

As firm believers of innovation, we are the first supermarket retailer to pilot initiatives that enhance our customers' shopping experience. Scan2Go allows customers to scan and bag their own groceries. This time-saving method not only eliminates long checkout queues but also encourages patrons to go green and bring their own bags. Click & Collect service enables customers to order groceries online and pick them up at their convenience. We also invested in technology at our warehouse and distribution centre in order to raise productivity and keep costs low for customers.

" Our Finest store at Bukit Timah Plaza is the first and only supermarket retail store to introduce SCAN2GO in Singapore. It is about 80% faster than normal checkouts and customers have fun using it. "

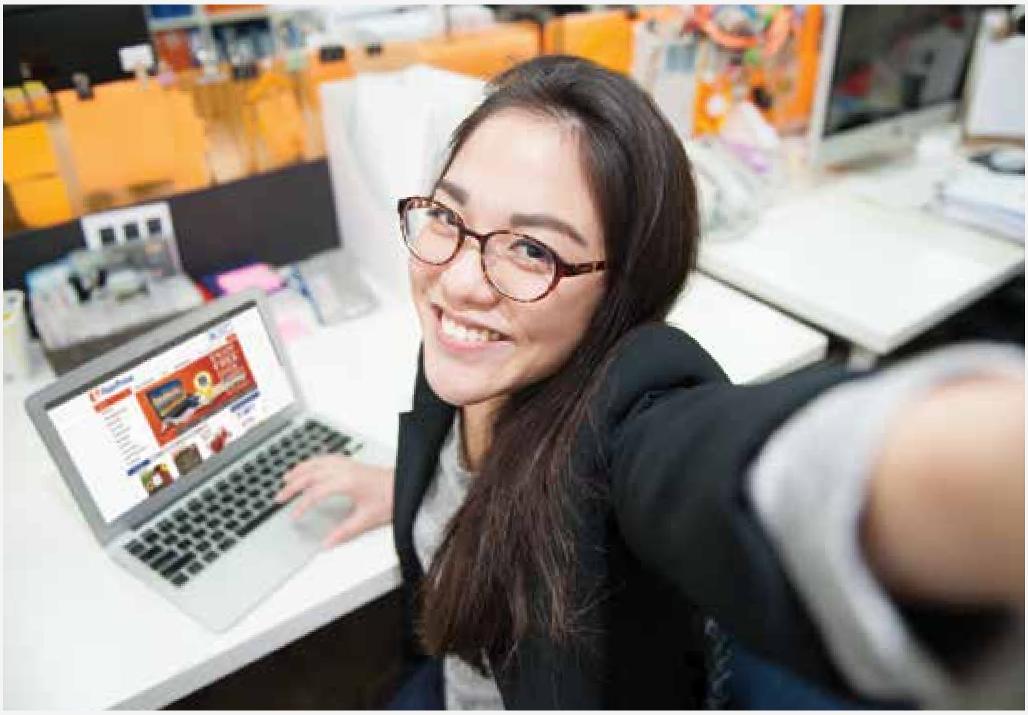
Mr Mohammad Noor Abdullah Cheok,
Branch Manager of FairPrice Finest
at Bukit Timah Plaza



One of the Caddy Pick machines at Benoi Distribution Centre

New Benoi distribution centre has a throughput capacity of **120,000 cartons per day** and handles products 25% faster than current operations.

#Productivity



Ms Jolin Lee, a FairPrice Online customer who shops online and collects her groceries on the way home from work with Click&Collect

22 Click&Collect locations allow customers to order groceries online and pick them up at their preferred store.

#OnlineShopping

Mr Muhamad Yazid, a Warehouse Club member, enjoys savings from buying in bulk

More than **25,000 Warehouse Club** members enjoy greater savings through bulk buys, value packs, and exclusive access to direct imported products.

#JoinWarehouseClub

Paving the way, together

Board Of Directors

#PavingWay

#BoardOfDirectors

#BoardOfDirectors

Mr Bobby Chin, Chairman
Joined 2013

Mr Chin is the Deputy Chairman of NTUC Enterprise and a Board member of the Singapore Labour Foundation. He is a member of the Council of Presidential Advisers and a Board member of Temasek Holdings (Private) Limited. He also sits on the boards of several listed companies including Singapore Telecommunications Limited, Sembcorp Industries Limited, Yeo Hiap Seng Limited, Ho Bee Land Limited, and AV Jennings Limited. Mr Chin was the former Managing Partner of KPMG and the former Chairman of the Urban Redevelopment Authority and the Tote Board. He is an associate member of the Institute of Chartered Accountants in England and Wales.

Mr Hee Theng Fong, Board Member
Joined 2006

A law firm consultant, Mr Hee has been involved in many international arbitration and commercial litigation cases. He is also an independent Director of several publicly listed companies.

Ms Tan Hwee Bin, Board Member
Joined 2006

Ms Tan is the Executive Director of Wing Tai Holdings Limited and Chairman of both NTUC Health Co-operative Ltd and SLF Strategic Advisers Pte Ltd. She also serves on the Board of Directors for both Singapore Labour Foundation and Agency for Integrated Care Pte Ltd. She is a Council member of Singapore National Employers Federation. She has also served in the Chinese Development Assistance Council and the Central Singapore Community Development Council. She was awarded the Public Service Medal (PBM) in 2011.

Mr Wong Heng Tew, Board Member
Joined 2008

Mr Wong is the Advisory Director for Temasek Holdings, where he formerly served as the Managing Director of Investments and Chief Representative in Vietnam. He is also a member of the Board of Directors of several companies, both listed and non-listed.

Ms Ng Shin Ein, Board Member
Joined 2008

Ms Ng is the Managing Director of Blue Ocean Associates Pte Ltd, a private equity investment firm. She practised as a corporate lawyer at Messrs Lee & Lee and pursuant to that, was with the Singapore Exchange. Ms Ng also sits on the boards of Yanlord Land Group Limited, First Resources Limited, and Eu Yan Sang International Limited.

Mr Willy Shee, Board Member
Joined 2008

Mr Shee is the Chairman of 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.

#ChartingSuccess #StrategicDirection

#BoardOfDirectors

Dr Chua Sin Bin, Board Member

Joined 2009

Dr Chua is a Principal Consultant with the AgriFood Technologies Pte Ltd of AVA and an Adjunct Professor of Food Science and Technology Programme at the National University of Singapore. In addition, he serves as Chairman of the Food Innovation & Resource Centre Advisory Panel of Singapore Polytechnic and Advisor of the Food Standards Committee of SPRING Singapore.

Mr Wahab Yusoff, Board Member

Joined 2010

Mr Wahab is Vice President and General Manager of Palo Alto Networks, South East Asia. He is currently a Board Director of EZ-Link Pte Ltd and a Member of the Institutional Discipline Advisory Committee of Singapore Prison Service. He was previously a Board Member of the Association of Muslim Professionals and a Board Director of the Land Transport Authority.

Mr Tan Kian Huay, Board Member

Joined 2011

With over 40 years of experience in the building and construction industry, including serving as the Managing Director of Obayashi Singapore Pte Ltd from 1989 to 2004, Mr Tan now serves on the boards of NTUC Choice Home Co-operative, Jurong Health Services, and CH Offshore Limited.

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), ST Electronics (E-Services), ST Electronics (Enterprise 1), and SPRING Singapore.

Ms Nora Kang Kah Ai, Board Member

Joined 2013

As the President of DBS Staff Union, Ms Kang has been involved in union work since 1985. She is also currently a Branch Service Manager with DBS Bank Ltd, Chairman of NTUC Women Development Secretariat, the Vice-President of NTUC Central Committee, Chairman of NTUC Financial and Business Services Cluster, Board Member of the Workforce Development Agency, Member of NTUC Industrial Relations and Membership Council, and the Honorary Treasurer of NTUC Club Management Council.

Mr Tan Suee Chieh, Board Member

Joined 2013

Mr Tan is the Group Chief Executive of NTUC Enterprise. He has been a Director of NTUC Income since 2003 and was its Chief Executive from 2007 to 2013. He previously held the appointment of President, Asia Pacific Region at SHL Group plc. Prior to that, he was Managing Director for Prudential plc's businesses in Hong Kong, Malaysia, and Singapore. Mr Tan serves on the Boards of several NTUC social enterprises and the International Co-operative & Mutual Insurance Federation (UK). He is also a Fellow of the Institute of Actuaries (UK) and a Trustee of the Singapore LSE Trust.

#InvaluableContribution

#Visionaries

Building momentum

Principal Officers

#Dedication #RaiseStandards

Mr Tan Kian Chew
Group Chief
Executive Officer

Mr Foo Wei Young
Director
(Corporate Planning)

Mr Lum Hon Fye
Senior Director
(Corporate Development)

Mr Lim Kok Guan
Group Chief
Financial Officer

Mr Poh Leong Sim
Group Company
Secretary and Director
(Legal)

Mr Koh Kok Sin
Director
(Organisation Development)

Ms Cheah Yee Hooi
Director
(Group Internal Audit)

#PrincipalOfficers

#SharedGoals

#Perseverance

Mr Seah Kian Peng
Chief Executive Officer (Singapore)

Mr Bernard Chew
Chief Information Officer

Mr Dickson Yeo
Director (Supply Chain)

Ms Chong Nyet Chin
Director (Food Safety and Quality)

Ms Christina Lim
Director (Brand and Marketing)

Ms Rebecca Teo
Director (Human Resource)

Mr Jonas Kor
Director (Corporate Communications)

#PrincipalOfficers

#ForwardLooking

#BusinessGroups

Mr Gerry Lee
Deputy Chief Executive Officer, Singapore (Operations)

Ms Lian Lay Yong
Senior Director (Business Groups Support)

Mr Tan Teck Nam
Deputy General Manager (Hypermarket)

Mr Peter Teo
General Manager (Supermarket)

Mr Traves Tan
General Manager (Finest)

Mr Victor Cheong
General Manager (Cheers Holdings)

Mr Lee Kin Seng
Deputy General Manager (Warehouse Club)

#PrincipalOfficers

#Foresight

#Purchasing&Merchandising

Mr Tng Ah Yiam
Deputy Chief Executive Officer, Singapore (Merchandising)

Mr Ken Ko
Director (Purchasing Support)

Mrs Mui-Kok Kah Wei
Senior Director (Purchasing and Merchandising)

Mr Victor Chai Shaw Tyng
Director (Fresh and Frozen)

Mr Edkin Tan
Director (Category Development & Merchandising)

#CorporateInformation

For the year ended 31st December 2014

Board of Directors

Mr Bobby Chin (Chairman) • Mr Hee Theng Fong • Ms Tan Hwee Bin • Mr Willy Shee • Mr Wong Heng Tew
Ms Ng Shin Ein • Dr Chua Sin Bin • Mr Wahab Yusoff • Mr Tan Kian Huay • Mr Stephen Lim • Ms Nora Kang
Mr Tan Suee Chieh

Nominating & Remuneration Committee

Mr Bobby Chin (Chairman) • Mr Hee Theng Fong • Mr Willy Shee • Mr Tan Suee Chieh • Mr Tan Kian Huay

Exco Committee

Mr Bobby Chin (Chairman) • Ms Ng Shin Ein • Mr Willy Shee • Mr Wong Heng Tew • Mr Tan Suee Chieh

Audit & Risk Management Committee

Ms Tan Hwee Bin (Chairwoman) • Mr Wong Heng Tew • Dr Chua Sin Bin • Mr Stephen Lim
Ms Nora Kang • Mr Wahab Yusoff

Property Development Committee

Mr Tan Kian Huay (Chairman) • Mr Willy Shee • Dr Chua Sin Bin • Ms Ng Shin Ein

FairPrice (FP) 2020 Committee

Mr Bobby Chin (Chairman) • Mr Willy Shee • Ms Ng Shin Ein • Mr Tan Suee Chieh • Mr Wong Heng Tew
Mr Wahab Yusoff

Technology & Innovation Advisory Committee

Mr Wahab Yusoff (Chairman) • Mr Stephen Lim • Ms Ng Shin Ein • Mr Bernard Chew (Secretary)

Secretariat and Corporate Office

Mr Poh Leong Sim, Group Company Secretary

FairPrice – Union Branch Committee

Mr Raymond Koh (Chairman) • Mr Yeo Soon Hock (Secretary) • Mr Kee Yew Chye (Treasurer)

Advocates & Solicitors

KhattarWong • Allen & Gledhill

Auditor

Deloitte & Touche LLP

Bankers

Development Bank of Singapore • Oversea-Chinese Banking Corporation

Registered Address:

NTUC Fairprice Co-operative Limited, No. 1 Joo Koon Circle, #13-01 FairPrice Hub, Singapore 629117
Main: 6888 1888 | Fax: 6397 4001 | Website: www.fairprice.com.sg

101	7	17	25	140	1	291
FairPrice	FairPrice Xtra	FairPrice finest	FairPrice xpress	Cheers	Warehouse Club	TOTAL

Founder & Institutional Members

A Community of Shared Interests

	No. of Shares of S$1 each
Founder Member	
National Trades Union Congress	100,000
Institutional Members	
Citiport Credit Co-operative Limited	55,236
Customs Credit Co-operative Society (S) Limited	127,591
National University of Singapore Multi-Purpose Co-operative Society Ltd	25,100
NTUC Enterprise Co-operative Limited	156,494,297
NTUC First Campus Co-operative Limited	1,252,456
NTUC Health Co-operative Limited	219,615
NTUC INCOME Insurance Co-operative Ltd	1,762,695
SATU Multi-Purpose Co-operative Society Ltd	226,270
Singapore Association of the Visually Handicapped	5,523
Singapore Mercantile Co-operative Society Ltd	199,543
Singapore Shell Employees' Union Co-operative Ltd	304,766
SSE Multi-Purpose Co-operative Society Ltd	22,199
Telecoms Credit Co-operative Limited	88,511
The Singapore Co-operative Housing & Agencies Society Ltd	20,262
The Singapore Government Staff Credit Co-operative Society Ltd	74,242
The Singapore Teachers Co-operative Society Ltd	55,236
Tailors Association (Singapore)	31,944
Personal Members	**124,075,852**
Balance as at 31st December 2014	**285,141,338**

#EventHighlights

27 January 2014	First supermarket to re-introduce frozen chicken from Thailand.
6 February 2014	First in Singapore to introduce a new retailing self-scanning technology, SCAN2GO at the FairPrice Finest outlet in Bukit Timah Plaza.
27 February 2014	Attained top-out milestone for the new FairPrice Hub, and donated S$4.3 million to NTUC to aid low-income working families and foster community bonding.
29 March 2014	Renewed commitment to WWF's Earth Hour 2014 with a S$15,000 contribution, and reiterated pledge to achieve a minimum of 20 Green Mark-certified stores within three years.
17 April 2014	FairPrice's eco-friendly initiatives yielded strong results – a record 8.2 million plastic bags were saved in 2013 through FairPrice's Green Rewards Scheme.
25 April 2014	FairPrice Foundation and South East Community Development Council launched the 'Recycling Helps@South East' campaign and raised S$10,000 for needy students.
2 May 2014	FairPrice Foundation donated S$1 million to ComCare Long Term Assistance.
24 June 2014	FairPrice and FairPrice Foundation pledged S$5 million to the 28th SEA Games.
25 June 2014	FairPrice Foundation donated specially-equipped vans to NTUC Eldercare to cope with rising numbers of elderly in need of care support.
26 June 2014	FairPrice welcomed Mr Bobby Chin as its new chairman.
5 August 2014	FairPrice marked Founder's Day with a free shopping trip hosted by senior management and staff volunteers for the less fortunate.
23 August 2014	Senior management from FairPrice and Cheers, along with staff volunteers, washed cars to raise funds for CARE Singapore.
25 August 2014	Launched 'Breadwinners – We Care, U Care' campaign at FairPrice Xtra at Sports Hub to donate S$1.6 million to low income breadwinners.
30 August 2014	FairPrice Foundation donated S$1 million to the FairPrice Food Vouchers Scheme in conjunction with 'FairPrice Walks With You'.
3 September 2014	First supermarket retailer in Singapore to introduce the Click&Collect service – an alternative online delivery option for time-stretched customers.
11 September 2014	FairPrice Walk for Rice@South East raised half a million bowls of white and brown rice for 7,000 needy families in the South East District.
27 September 2014	Cheers unveiled it's new logo at an event held at the new Cheers store at Kallang Wave Mall.
29 September 2014	FairPrice Foundation and North East Community Development Council launched 'Wish Upon A Silver Star 2014' – S$100,000 was donated to help needy young families.
11 October 2014	Cheers and FairPrice Foundation partnered Yeo Hiap Seng Ltd to donate S$20,000 to The Straits Times School Pocket Money Fund.
13 October 2014	FairPrice honoured Pioneer Generation members with an additional 3 per cent discount on Mondays and designated priority queues.
15 October 2014	FairPrice announced plans to reduce food waste through a structured framework.
20 November 2014	FairPrice partnered Boys' Brigade for the annual Boys' Brigade Share-A-Gift Project to provide daily necessities for the less fortunate.
8 December 2014	Launched a new retail format – Warehouse Club to provide greater savings through bulk purchases.
6 November – 13 December 2014	Launched the annual Share-A-Textbook Project – the collection exceeded target of 400,000 books, which were distributed to less fortunate students.

#Awards 2014

#IndustryLeader

- Generation X shoppers voted FairPrice and FairPrice Online as their top choices in the category of Supermarket and the Online Grocery shopping respectively, in a survey by Brand Alliance Group for Influential Brands.
- FairPrice Foundation received the Corporate Platinum Award and Special Events Bronze Award from Community Chest in recognition of its generous donations and fund-raising efforts.
- FairPrice emerged as the top local brand in Campaign Asia-Pacific's 2014 Top 100 Brands in Singapore and is ranked fourth among international brands.
- FairPrice clinched the Produce Retailer of the Year Award at the Asia Fruit Awards ceremony in Hong Kong for its committed and progressive approach to fresh fruit and vegetable retailing.
- FairPrice received the Gold Award from Retail Asia-Pacific Top 500 2014.
- FairPrice received the Platinum Award at the Singapore Health Award 2014 from the Health Promotion Board, for achieving at least two Gold Awards consecutively and for demonstrating tangible benefits from the Workplace Health Programme.
- FairPrice Foundation's public education campaign – the Do Good Initiative won the 2014 Asia Pacific Superior Achievement in Branding, Reputation and Engagement (SABRE) Award in the Community Relations category. It also won a Certificate of Excellence for Public Affairs Campaign of the Year at the PR Week Awards 2014.
- FairPrice Foundation received the Excellence Community Spirit Award from the People's Association for its contribution to the WeCARE PAck exercise, which benefited many in the community.

#Awards 2014

#IndustryLeader

- FairPrice received the most number of awards at the Excellent Service Award 2014, with 267 staff receiving awards under the retail category.
- FairPrice Foundation received the nEbO's Corporate Partner Award in recognition of its contribution towards nEbO projects to inspire youths.
- FairPrice Finest won the Président Gourmet Retailer of the Year Award at the national World Gourmet Series Awards of Excellence 2014.
- FairPrice received the Silver Award from the Agri-Food & Veterinary Authority (AVA) for achieving Grade 'A' status for excellence in food hygiene, sanitation, and processing for 10 consecutive years.
- FairPrice's Food For Life online TV channel won the Gold award for Best Use of Multiple Mobile Platforms, and Bronze for Best Mobile Site at the Mobile Excellence Awards 2014.
- FairPrice achieved the Platinum Award for Supermarkets as voted by consumers in the Reader's Digest survey.
- FairPrice was voted by consumers in the Reader's Digest survey as Trusted Brand (Gold) for the Cooking Oil and Rice category in Singapore.
- FairPrice renewed its Singapore Service Class Certification for maintaining a high standard of management systems and processes to achieve service excellence.

#Acknowledgements

The Annual Report working team

On Cover

FairPrice Management • Staff volunteers • Ren Ci Nursing Home residents

Inside Pages

Staff talent

Ms Cheng Zhi En, FairPrice Finest, Zhongshan Park
Mr Mohammad Omar Bin Mohamed Mokhtar, FairPrice Finest, Zhongshan Park
Ms Yvonne Cheng Yi Fong, FairPrice Finest, Zhongshan Park
Mr Mohammad Noor Abdullah Cheok, FairPrice Finest, Bukit Timah Plaza
Mr Michael Foo Sei Kim, FairPrice Finest, Marine Parade

Others

Mdm Christine Sin, Customer
Mr Brice Li, Splash Productions Pte Ltd
Mr Muhamad Yazid, Splash Productions Pte Ltd
Ms Jolin Lee, Splash Productions Pte Ltd

Our heartfelt appreciation to all who have contributed to this Annual Report in one way or another.

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Financial Statements

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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 December 31, 2014.

1. Directors

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

Bobby Chin Yoke Choong

Hee Theng Fong

Tan Hwee Bin

Wong Heng Tew

Willy Shee Ping Yah

Ng Shin Ein

Chua Sin Bin (Dr)

Wahab Yusoff

Tan Kian Huay

Stephen Lim Beng Lin

Tan Suee Chieh

Nora Kang Kah Ai

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	
NTUC Fairprice Co-operative Limited	At beginning of the year	At end of the year
Bobby Chin Yoke Choong	-	20
Willy Shee Ping Yah	1,259	1,259
Wong Heng Tew	26	26
Chua Sin Bin (Dr)	39	39
Wahab Yusoff	26	26
Tan Hwee Bin	5,000	5,000
Tan Kian Huay	26	26
Nora Kang Kah Ai	62	62
Tan Suee Chieh	20	20
Ng Shin Ein	-	20
Hee Theng Fong	-	20
Stephen Lim Beng Lin	-	20

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, will not be seeking re-appointment.

The Audit and Risk Management Committee has recommended to the Board of Directors the nomination of Messrs KPMG LLP for appointment as auditors of the Co-operative at the forthcoming Annual General Meeting.

ON BEHALF OF THE DIRECTORS

Bobby Chin Yoke Choong

Tan Hwee Bin

April 23, 2015

Statement of Directors

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the Co-operative set out on pages 42 to 107 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 December 31, 2014, 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 financial 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 receipts, expenditure, investment of moneys, acquisition and disposal of assets by the Co-operative during the financial year ended December 31, 2014 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

Bobby Chin Yoke Choong

Tan Hwee Bin

April 23, 2015

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 December 31, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of profit or loss and other comprehensive income and statement of changes in equity of the Co-operative for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 107.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Co-operative Societies Act, Cap. 62 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report to the Members of NTUC FairPrice Co-operative Limited (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group, and the statement of financial position, statement of profit or loss and other 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 Standard so as to give a true and fair view of the state of affairs of the Group and of the Co-operative as at December 31, 2014 and of the results, change 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

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the By-laws of the Co-operative. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act and the By-laws of the Co-operative.

Auditors' Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the By-laws of the Co-operative.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on management's compliance.

Independent Auditors’ Report to the Members of NTUC FairPrice Co-operative Limited (cont’d)

Opinion

In our opinion:

a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Co-operative during the year ended December 31, 2014 are in all material respects, in accordance with the provisions of the Act and the By-laws of the Co-operative; and

b) proper accounting and other records have been kept by the Co-operative.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 23, 2015

Statements of Financial Position

December 31, 2014

	Note	GROUP		CO-OPERATIVE	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	447,966	289,118	424,044	263,655
Trade receivables	7	10,315	21,505	11,154	21,254
Inventories	8	227,208	212,082	215,604	199,405
Other receivables	9	42,925	37,752	39,915	37,958
Investments	12	638,375	580,494	638,375	580,494
Total current assets		1,366,789	1,140,951	1,329,092	1,102,766
Non-current assets					
Subsidiaries	10	-	-	77,530	58,869
Associates	11	80,788	76,117	51,974	52,520
Investments	12	359,785	355,756	246,405	249,804
Property, plant and equipment	13	710,111	552,440	585,020	453,993
Other receivables from associates	14	179,456	175,376	175,406	171,926
Total non-current assets		1,330,140	1,159,689	1,136,335	987,112
Total assets		2,696,929	2,300,640	2,465,427	2,089,878
LIABILITIES & EQUITY					
Current liabilities					
Trade payables	15	543,578	518,562	513,681	493,415
Other payables	16	302,071	225,864	373,161	290,927
Members' shares repayable on demand	17	185,041	185,926	185,041	185,926
Income tax payable		533	632	-	-
Total current liabilities		1,031,223	930,984	1,071,883	970,268
Non-current liabilities					
Provisions	18	30,957	28,335	29,767	27,255
Members' shares	17	100,000	-	100,000	-
Deferred tax liabilities	19	3,378	2,687	-	-
Total non-current liabilities		134,335	31,022	129,767	27,255
Capital and reserves					
Share capital	17	100	100	100	100
Retained earnings		1,275,140	1,130,959	1,066,099	935,805
Other reserves	20	256,131	207,575	197,578	156,450
Total equity		1,531,371	1,338,634	1,263,777	1,092,355
Total liabilities and equity		2,696,929	2,300,640	2,465,427	2,089,878

See accompanying notes to financial statements.

Statements of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2014

	Note	GROUP January 1, 2014 to December 31, 2014 (12 months)	GROUP April 1, 2013 to December 31, 2013 (9 months)	CO-OPERATIVE January 1, 2014 to December 31, 2014 (12 months)	CO-OPERATIVE April 1, 2013 to December 31, 2013 (9 months)
		$'000	$'000	$'000	$'000
Revenue	21	3,246,101	2,265,864	3,036,611	2,120,151
Inventories consumed		(2,530,030)	(1,773,216)	(2,414,455)	(1,693,111)
Other income	22	245,816	177,867	207,070	146,647
Staff and related costs		(328,815)	(227,324)	(271,436)	(186,230)
Depreciation expense	13	(62,618)	(42,193)	(54,072)	(37,400)
Other operating expenses	23	(343,371)	(257,923)	(286,353)	(219,437)
Profit from operations before finance costs and rebates		227,083	143,075	217,365	130,620
Patronage rebates		(38,100)	(47,518)	(38,100)	(47,518)
Writeback of rebates		124	174	124	174
Distributions to members	24	(9,111)	(13,411)	(9,111)	(13,411)
Share of profits (loss) of associates	11	5,120	(13,055)	-	-
Profit before income tax		185,116	69,265	170,278	69,865
Income tax	25	(951)	(318)	-	-
Profit before contributions		184,165	68,947	170,278	69,865
Contributions to:					
Central Co-operative Fund	16	(25)	(25)	(25)	(25)
Singapore Labour Foundation	16	(39,959)	(23,791)	(39,959)	(23,791)
Profit after contributions before other comprehensive income		144,181	45,131	130,294	46,049

Statements of Profit or Loss and Other Comprehensive Income (cont'd)

Year ended December 31, 2014

	GROUP		CO-OPERATIVE	
	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)
	$'000	$'000	$'000	$'000
Profit after contributions before other comprehensive income	144,181	45,131	130,294	46,049
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale investments:				
Gain (Loss) arising during the year/period	59,525	(56,921)	52,097	(48,590)
Reclassification of gain from fair value reserve to profit or loss on disposal of available-for-sale investments	(10,969)	(7,418)	(10,969)	(7,418)
Other comprehensive income (loss) for the year/period, net of tax	48,556	(64,339)	41,128	(56,008)
Total comprehensive income (loss) for the year/period attributable to the owners of the Co-operative	192,737	(19,208)	171,422	(9,959)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2014

	Note	Share capital	Foreign currency translation reserve	Fair value reserve	Reserve fund	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at April 1, 2013		100	(276)	272,190	64,739	1,021,089	1,357,842
Total comprehensive loss for the period							
Profit for the period		-	-	-	-	45,131	45,131
Other comprehensive loss		-	-	(64,339)	-	-	(64,339)
Total		-	-	(64,339)	-	45,131	(19,208)
Transfer of reserve fund to retained earnings		-	-	-	(64,739)	64,739	-
Balance at December 31, 2013		100	(276)	207,851	-	1,130,959	1,338,634
Total comprehensive income for the year							
Profit for the year		-	-	-	-	144,181	144,181
Other comprehensive income		-	-	48,556	-	-	48,556
Total		-	-	48,556	-	144,181	192,737
Balance at December 31, 2014		100	(276)	256,407	-	1,275,140	1,531,371

	Note	Share capital	Fair value reserve	Reserve fund	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Co-operative						
Balance at April 1, 2013		100	212,458	64,739	825,017	1,102,314
Total comprehensive loss for the period						
Profit for the period		-	-	-	46,049	46,049
Other comprehensive loss		-	(56,008)	-	-	(56,008)
Total		-	(56,008)	-	46,049	(9,959)
Transfer of reserve fund to retained earnings		-	-	(64,739)	64,739	-
Balance at December 31, 2013		100	156,450	-	935,805	1,092,355
Total comprehensive income for the year						
Profit for the year		-	-	-	130,294	130,294
Other comprehensive income		-	41,128	-	-	41,128
Total		-	41,128	-	130,294	171,422
Balance at December 31, 2014		100	197,578	-	1,066,099	1,263,777

Consolidated Statement of Cash Flows

Year ended December 31, 2014

	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)
	$'000	$'000
Operating activities		
Profit before income tax	185,116	69,265
Adjustments for:		
Allowance (Write-back of) for doubtful receivables (net)	12	(8)
Inventories written-off	15,782	11,767
Depreciation of property, plant and equipment	62,618	42,193
Loss on disposal of property, plant and equipment (net)	1,551	420
Loss on disposal of associates	9	-
Reclassification of gain from fair value reserve to profit or loss on disposal of available-for-sale investments	(10,969)	(7,418)
(Reversal) Impairment losses recognised on:		
- property, plant and equipment (net)	(3,233)	3,606
- equity and unit trust investments	3,881	660
Write down of investments in associate	-	4,068
Share of (profits)/losses of associates	(5,120)	13,055
Dividend income	(41,450)	(27,638)
Write-back of patronage rebates	(124)	(174)
Interest income	(18,604)	(14,855)
Dividends on members' shares	9,111	13,411
Operating cash flows before working capital changes	198,580	108,352
Inventories	(30,908)	(59,562)
Trade and other receivables	2,525	(2,223)
Trade and other payables	38,747	72,016
Cash generated from operations	208,944	118,583
Contribution to Central Co-operative Fund paid	(25)	(25)
Contribution to Singapore Labour Foundation paid	(34,608)	(21,635)
Income tax paid	(359)	(324)
Net cash from operating activities	173,952	96,599

Consolidated Statement of Cash Flows (cont'd)

Year ended December 31, 2014

	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)
	$'000	$'000
Investing activities		
Purchase of property, plant and equipment (Note 13)	(159,153)	(172,613)
Proceeds from sale of property, plant and equipment	417	256
Dividend received	41,450	27,638
Loan to an associate	(600)	(1,650)
Acquisition of investment in an associate	-	(2,603)
Interest received	18,604	6,315
Purchases of investments	(108,961)	(70,895)
Restricted cash deposits	-	1,181
Proceeds from disposal of associate	441	-
Proceeds from sale of investments	102,694	56,576
Repayment of advances from associates	-	69,111
Net cash used in investing activities	(105,108)	(86,684)
Financing activities		
Proceeds from issue of shares	100,973	1,200
Payment made for redemption of shares	(1,858)	(1,274)
Dividends paid on members' shares	(9,111)	(13,411)
Net cash from (used in) financing activities	90,004	(13,485)
Net increase (decrease) in cash and cash equivalents	158,848	(3,570)
Cash and cash equivalents at beginning of year/period	289,118	292,688
Cash and cash equivalents at end of year/period (Note 6)	447,966	289,118

See accompanying notes to financial statements.

1. General

The Co-operative (Unique Entity Number S83CS0191L) is incorporated in Singapore with its principal place of business and registered office at No. 1 Joo Koon Circle, #13-01, Singapore 629117.

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 profit or loss and other comprehensive income and statement of changes in equity of the Co-operative for the year ended December 31, 2014 were authorised for issue by the Board of Directors on April 23, 2015.

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"). The financial statements are expressed in Singapore dollars.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Summary of Significant Accounting Policies (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS

On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRSs and INT FRSs does not result in significant changes to the Group's and Co-operative's accounting policies and has no material effect on the amounts reported for the current or prior years.

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 Co-operative were issued but not effective:

- *Amendments to FRS 27: Equity method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016)*
- *Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of depreciation and amortisation (effective for annual periods beginning on or after January 1, 2016)*
- *Amendments to FRS 111: Accounting for acquisitions of interests in joint operations (effective for annual periods beginning on or after January 1, 2016)*
- *Amendments to FRS 110 and FRS 28: Sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods beginning on or after January 1, 2016)*
- *Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016)*
- *Amendments to FRS 110, FRS 112 and FRS 28: Investment entities: applying the consolidation exception (effective for annual periods beginning on or after January 1, 2016)*
- *FRS 109 Financial Instruments (effective for annual periods beginning on or after January 1, 2018)*
- *FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017)*
- *Improvements to Financial Reporting Standards (January 2014)*
- *Improvements to Financial Reporting Standards (February 2014)*
- *Improvements to Financial Reporting Standards (November 2014)*

2. Summary of Significant Accounting Policies (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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 in future periods will not have a material impact on the financial statements of the Group and Co-operative in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments*: *Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- all recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- with some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- in relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Summary of Significant Accounting Policies (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 115 Revenue From Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Group and the Co-operative in the period of initial application.

The following table shows the topics addressed by the *Improvements to Financial Reporting Standards*:

FRS	Subject of amendment
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination Scope exceptions for joint ventures.
FRS 16 *Property, Plant and Equipment*	Revaluation method—proportionate restatement of accumulated depreciation
FRS 24 *Related Party Disclosures*	Key management personnel
FRS 113 *Fair Value Measurement*	Scope of paragraph 52 (portfolio exception).
FRS 40 *Investment Property*	Clarifying the interrelationship between FRS 103 and FRS 40 when classifying property as investment property or owner-occupied property
FRS 107 *Financial Instruments: Disclosures*	Servicing contracts.

Management is currently evaluating the potenial impact of the application of the above Improvements to Financial Reporting Standards on the financial statements of the Group and the Co-operative in the period of initial application.

2. Summary of Significant Accounting Policies (cont'd)

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Co-operative and entities controlled by the Co-operative and its subsidiaries. Control is achieved when the Co-operative:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Co-operative reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Co-operative has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Co-operative considers all relevant facts and circumstances in assessing whether or not the Co-operative voting rights in an investee are sufficient to give it power, including:

- The size of the Co-operative's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Co-operative, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Co-operative has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Co-operative obtains control over the subsidiary and ceases when the Co-operative loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Co-operative gains control until the date when the Co-operative ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Co-operative and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Co-operative and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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.

2. Summary of Significant Accounting Policies (cont'd)

BASIS OF CONSOLIDATION (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). 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, when applicable, the cost on initial recognition of an investment in an associate.

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

INTERESTS IN NTUC FAIRPRICE FOUNDATION LTD

The member of the NTUC Fairprice Foundation Ltd is Alphaplus Investment Pte Ltd, a wholly-owned subsidiary of the Co-operative. The net 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 and hence the Foundation is not accounted for as a subsidiary of the Group.

BUSINESS COMBINATIONS

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

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

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

2. Summary of Significant Accounting Policies (cont'd)

BUSINESS COMBINATIONS (cont'd)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale* and *Discontinued Operations* are measured in accordance with that standard.

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

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Co-operative's and Group's statement of financial position when the Co-operative and the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

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

2. Summary of Significant Accounting Policies (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

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

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

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Summary of Significant Accounting Policies (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

For financial assets measured at amortised cost, 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

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 and accumulated under the heading of fair value reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

2. Summary of Significant Accounting Policies (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

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 effect of discounting 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.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Co-operative and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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 consolidated 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. Summary of Significant Accounting Policies (cont'd)

ASSOCIATES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate that are not related to the Group.

GOODWILL

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

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

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

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Summary of Significant Accounting Policies (cont'd)

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.

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.

2. Summary of Significant Accounting Policies (cont'd)

PROPERTY, PLANT AND EQUIPMENT

Freehold land and construction-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	-	1 to 15 years
Plant and machinery	-	2 to 10 years
Equipment and motor vehicles	-	2 to 7 years
Computers	-	1 to 5 years

No depreciation is charged for freehold land and construction-in-progress.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, 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.

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.

Franchise fees

Revenue from franchise fees is recognised when all services or conditions relating to a transaction have been substantially performed.

2. Summary of Significant Accounting Policies (cont'd)

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.

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.

2. Summary of Significant Accounting Policies (cont'd)

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 profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Co-operative and subsidiaries operate by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

2. Summary of Significant Accounting Policies (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

CASH AND CASH EQUIVALENTS

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation of uncertainty

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

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial period, 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 13 for the carrying amount of the Group's and the Co-operative's property, plant and equipment at the end of the reporting period.

Accrual for contract costs capitalised under property, plant and equipment

The Group capitalised property, plant and equipment at the end of each reporting period when the outcome of construction contract can be estimated reliably. Significant assumptions are required to estimate the total contract costs and the variation works that affect the recognition of property, plant and equipment. In making these estimates, management has relied on past experience and knowledge of the project engineers and quantity surveyors. The carrying amounts of property, plant and equipment assets arising from constructed leasehold land and building, furniture, fittings and renovation, plant and machinery and computers at the end of the reporting period amounted to $338,000,000.

Allowances for doubtful trade and other receivables

The policy for allowances for doubtful trade and other receivables of the Group is based on the evaluation of collectibility and on management's judgement. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. If the identification is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. Please refer to Notes 7, 9 and 10 for carrying amounts of trade and other receivables respectively.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation of uncertainty (cont'd)

Provision for reinstatement cost

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

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 7, 10, 11 and 14.

Impairment on available-for-sale investments

In determining the impairment of an available-for-sale investments, management uses significant judgement and evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, operational and financing cash flow. The carrying amount of available-for-sale investments is disclosed in Note 12.

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.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Co-operative uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Notes 4 and 12.

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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	669,157	513,788	691,194	518,305
Available-for-sale financial assets	997,410	935,500	884,030	829,548
Financial liabilities				
Amortised costs (including members' shares)	1,090,706	895,719	1,131,899	935,635

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

(b) Financial risk management policies and objectives

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

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

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

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

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

(i) Foreign exchange risk management

The Group transacts its business in various foreign currencies, mainly the United States dollar, Hong Kong dollar, Indonesian rupiah, Sterling pound, European euro, Swiss franc, Australian dollar and Swedish Krona 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
United States dollar	37,429	11,366	3,595	7,803
Hong Kong dollar	1,723	10,179	-	-
Indonesian rupiah	-	741	-	-
European euro	20,037	2,733	128	223
Swiss franc	4,142	1,682	-	-
Sterling pound	4,321	1,456	-	-
Australian dollar	100	23	141	1,094
Swedish krona	1,806	-	-	-

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Foreign currency sensitivity

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

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

	GROUP and CO-OPERATIVE	
	December 31, 2014	December 31, 2013
	$'000	$'000
Foreign currency impact		
United States dollar	3,383	356
Hong Kong dollar	172	1,018
Indonesian rupiah	-	74
European euro	1,991	251
Swiss franc	414	168
Sterling pound	432	146
Australian dollar	(4)	(107)
Swedish krona	181	-

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

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

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

(ii) Liquidity risk management

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

(iii) Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge against such risk exposure. The related interest rates for interest-earning financial assets and interest-bearing financial liabilities are as disclosed in Notes 6, 10, 12, 14 and 17 respectively.

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets (excluding available-for-sale investments). 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 these financial assets including interest that will be earned on these assets except where the Group and the Co-operative anticipates that the cash flow will occur in a different period. The adjustment column represents the reasonably possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Group					
December 31, 2014					
Non-interest bearing	-	299,903	-	-	299,903
Fixed interest rate instruments	0.41	200,540	4,091	(77)	204,554
Variable interest rate instruments	6.5	-	171,914	(7,214)	164,700
		500,443	176,005	(7,291)	669,157
December 31, 2013					
Non-interest bearing	-	262,961	-	-	262,961
Fixed interest rate instruments	0.37	75,452	3,450	(1)	78,901
Variable interest rate instruments	4.4	-	179,152	(7,226)	171,926
		338,413	182,602	(7,227)	513,788

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets (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					
December 31, 2014					
Non-interest bearing	-	277,890	-	-	277,890
Fixed interest rate instruments	0.90	250,359	9,440	(11,195)	248,604
Variable interest rate instruments	6.5	-	171,914	(7,214)	164,700
		528,249	181,354	(18,409)	691,194
December 31, 2013					
Non-interest bearing	-	237,824	-	-	237,824
Fixed interest rate instruments	1.08	104,813	13,370	(7,501)	110,682
Variable interest rate instruments	4.4	-	177,163	(7,364)	169,799
		342,637	190,533	(14,865)	518,305

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Total
	%	$'000	$'000
Group			
December 31, 2014			
Non-interest bearing	-	805,665	805,665
Variable interest rate instruments	7.5	285,041	285,041
		1,090,706	1,090,706
December 31, 2013			
Non-interest bearing	-	709,793	709,793
Variable interest rate instruments	5.0	185,926	185,926
		895,719	895,719
Co-operative			
December 31, 2014			
Non-interest bearing	-	846,858	846,858
Variable interest rate instruments	7.5	285,041	285,041
		1,131,899	1,131,899
December 31, 2013			
Non-interest bearing	-	749,709	749,709
Variable interest rate instruments	5.0	185,926	185,926
		935,635	935,635

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

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

(iv) Price risk management on available-for-sale investments

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

Further details of these investments can be found in Note 12.

Investments price sensitivity

Group

If prices for available-for-sale investments increase by 10% (December 31, 2013: 10%) with all other variables held constant, the Group's profit or loss would increase by $Nil (December 31, 2013: $551,000) and the Group's fair value reserves would increase by $99,741,000 (December 31, 2013: $92,999,000).

If prices for available-for-sale investments decrease by 10% (December 31, 2013: 10%) with all other variables held constant, the Group's profit or loss would decrease by $1,055,000 (December 31, 2013: $954,000) and the Group's fair value reserves would decrease by $98,686,000 (December 31, 2013: $92,596,000).

Co-operative

If prices for available-for-sale investments increase by 10% (Decemebr 31, 2013: 10%) with all other variables held constant, the Co-operative's profit or loss would increased by $Nil (December 31, 2013: $551,000) and the Co-operative's fair value reserves would increase by $88,403,000 (December 31, 2013: $82,404,000).

If prices for available-for-sale investments decrease by 10% (December 31, 2013: 10%) with all other variables held constant, the Co-operative's profit or loss would decrease by $1,055,000 (December 31, 2013: $954,000) and the Co-operative's fair value reserves would decrease by $87,348,000 (December 31, 2013: $82,001,000).

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

b) Financial risk management policies and objectives (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 trade and other receivables are disclosed in Notes 7, 9, 10 and 14.

(vi) Fair value of financial assets and financial liabilities

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

The Group determines fair values of various financial assets in the following manner:

Fair value of the Group's financial assets that are measured in fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets are determined.

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Financial Asset Available-for-sale (see Note 12)	Group Fair Value as at ($'000)		Co-operative Fair Value as at ($'000)		Fair Value Hierarchy	Valuation technique(s) and key input(s)
	December 31, 2014	December31, 2013	December 31, 2014	December 31, 2013		
1) Quoted unit trust investments	604,013	567,100	505,834	475,418	Level 1	(a)
2) Quoted equity investments	141,538	103,468	141,538	103,468	Level 1	(a)
3) Quoted bond investments	196,408	210,412	196,408	210,412	Level 1	(a)
4) Unquoted debt instruments	28,000	28,000	28,000	28,000	Level 2	(b)
5) Unquoted equity investments	15,201	14,270	-	-	Level 3	(c)
Total	985,160	923,250	871,780	817,298		

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

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

(b) the fair values of the unquoted debt instruments included within level 2 are estimated based on discounted cash flow analysis. Key inputs include the contract interest rates, discounted at a rate that reflects the credit risk of various counterparties;

(c) The fair values of the unquoted equity investments included within level 3 are estimated based on the Group's share of the net asset values of the investee company, which approximates their fair values as at December 31, 2014. The investee company's main asset is an investment property which is carried at fair value.

4. Financial Instruments, Financial Risks and Capital Assets Management (cont'd)

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

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

Details of valuation technique and significant unobservable inputs used in the fair value measurement of unquoted equity investments as at December 31, 2014 are as follows:

Description	Share on fair value of the investee company's investment property as at December 31, 2014 $'000	Share on fair value of the investee company's investment property as at December 31, 2013 $'000	Valuation technique (s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment property comprising 283 retail strata lots and 4 office strata lots in Chinatown Point at 133 New Bridge Road, Singapore 059413	15,200	14,270	Direct sale comparison approach	Price per square meter [1]	See Note [1] below.

[1] Price per square meter is based on recent transactions adjusted for location, size, improvement, time element, tenure, prevailing market conditions and all other relevant factors affecting its value. Any significant isolated increases (decrease) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

Financial instruments measured at fair value based on level 3

	Available-for-sale financial assets representing, total unquoted equities $'000
Group	
At April 1, 2013	18,198
Reduction in equity	(4,500)
Gains in other comprehensive income	572
At December 31, 2013	14,270
Gains in other comprehensive income	930
At December 31, 2014	15,200

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

The Group and Co-operative have no financial liabilities carried at fair value as at December 31, 2014.

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.

5. Related Party Transactions

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited ("NTUC Enterprise"), incorporated in the Republic of Singapore, which is also the Co-operative's ultimate holding entity. Related companies in these financial statements refer to members of the holding entity's group of companies.

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.

5. Related Party Transactions (Cont'd)

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

	GROUP		CO-OPERATIVE	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000	$'000	$'000
Donations to NTUC Fairprice Foundation Limited (Note 23)	12,500	3,900	6,000	400
Sales of goods to - associates	5	-	5	-
- related party	895	-	895	-
Rental income from:				
- associates	(2,809)	(1,082)	(2,809)	(1,082)
- related parties	(194)	(1,525)	(194)	(1,525)
Interest income from associates	(11,597)	(10,066)	(11,597)	(10,066)
Interest expenses from subsidiaries	-	-	601	659
Rental expenses to - associates	14,503	9,431	14,503	9,124
- related party	488	-	488	-
Repair and maintenance to associates	1,625	1,401	1,625	1,182
Issuance/redemption of link points by associates	(1,519)	47	(1,519)	87
Dividend expenses to:				
- Holding entity	2,817	-	2,817	-
- Related parties	167	1,683	167	1,683
Purchases from associates	577	437	577	419
Printing expenses to - associates	-	895	-	895
- related party	1,149	-	1,149	-
Other operating expenses to related party	1,410	1,404	1,410	1,404
Transfer of property, plant and equipment to a subsidiary (Note 13)	-	-	6,132	7,868
Sponsorship to:				
- Holding entity	157	53	157	53
- Related parties	1,410	11,417	1,410	11,417
Dividend income from:				
- Associate	(228)	(278)	(228)	(278)
- Related parties	(655)	(657)	(655)	(657)

Please refer to Notes 11 and 14 for additional information on related party transactions with associates.

5. Related Party Transactions (cont'd)

Compensation of directors and key management personnel

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

	GROUP and CO-OPERATIVE	
	January 1, 2014 to December 31, 2014	**April 1, 2013 to December 31, 2013**
	$'000	**$'000**
Salaries, short-term benefits and post-employment benefits:		
- directors	496	524
- officers	8,322	6,392

6. Cash and Cash Equivalents

	GROUP		CO-OPERATIVE	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	6,763	7,525	6,759	7,521
Cash at bank	240,699	206,142	216,781	180,683
Fixed deposits	200,504	75,451	200,504	75,451
Cash and cash equivalents	447,966	289,118	424,044	263,655

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.04% to 0.35% (December 31, 2013: 0.05% to 0.25%) per annum. The fixed deposits are for an average tenure of approximately 28 days (December 31, 2013: 23 days).

6. Cash and Cash Equivalents (cont'd)

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

	GROUP and CO-OPERATIVE	
	December 31, 2014	December 31, 2013
	$'000	$'000
Australian dollar	100	23
United States dollar	5,889	1,876

7. Trade Receivables

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Outside parties	9,803	21,477	9,176	21,226
Less: Allowance for doubtful receivables	(19)	(262)	(19)	(262)
	9,784	21,215	9,157	20,964
Related parties (Note 5)	448	200	448	200
Associates (Note 11)	83	90	83	90
Subsidiary	-	-	1,466	-
Total	10,315	21,505	11,154	21,254

The average credit period on sale of goods is 30 days (December 31, 2013: 30 days).

An allowance has been made for the estimated irrecoverable amounts of $19,000 (December 31, 2013: $262,000). This allowance has been determined by reference to past default experience.

The Group and Co-operative have trade receivables amounting to $7,106,000 (December 31, 2013: $13,711,000) and $6,604,000 (December 31, 2013: $13,618,000) respectively that were past due at the end of the reporting period for which the Group and Co-operative have 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 aging at the end of the reporting period is disclosed in Note (i) of page 81.

7. Trade Receivables (cont'd)

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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Not past due and not impaired	3,209	7,794	4,550	7,636
Past due but not impaired (i)	7,106	13,711	6,604	13,618
	10,315	21,505	11,154	21,254
Impaired receivables - individually assessed (ii)				
- Past due more than 36 months and no response to repayment demands	19	262	19	262
Less: Allowance for doubtful receivables	(19)	(262)	(19)	(262)
	-	-	-	-
Total trade receivables, net	10,315	21,505	11,154	21,254

Notes:

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

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
1 to 30 days overdue	3,638	9,451	3,498	9,448
30 to 60 days overdue	2,136	2,466	2,124	2,468
> 60 days overdue	1,332	1,794	982	1,702
	7,106	13,711	6,604	13,618

7. Trade Receivables (cont'd)

(ii) The following is an analysis of allowance for doubtful receivables:

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
At beginning of the year/ period	262	315	262	315
Allowance made during the year/ period	12	7	12	7
Amount written off during the year/ period	(255)	(45)	(255)	(45)
Allowance written back during the year/ period	-	(15)	-	(15)
At end of the year/ period	19	262	19	262

Trade receivables are 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, inventories written off amounting to $15,782,000 (December 31, 2013: $11,767,000) and $14,253,000 (December 31, 2013: $10,766,000) was recognised in profit or loss of the Group and Co-operative respectively.

9. Other Receivables

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Deposits	18,938	16,547	15,887	13,703
Prepayments	11,505	9,963	11,117	9,619
Interest receivables	2,277	3,001	2,277	3,001
Link card/phone card sales	4,566	4,247	4,566	4,247
Other receivables				
Outside parties	5,639	3,994	5,507	3,969
Subsidiary (Note 10)	-	-	561	3,419
Total	42,925	37,752	39,915	37,958

The Group and the Co-operative's other receivables are interest-free and repayable on demand and the average age of these receivables is less than 30 days. The Group and the Co-operative have not recognised any allowance for doubtful receivables as the management is of the view that these receivables are recoverable.

Other receivables are denominated in Singapore dollar.

10.Subsidiaries

	CO-OPERATIVE	
	December 31, 2014	December 31, 2013
	$'000	$'000
Unquoted equity shares, at cost	30,274	30,274
Less: Impairment loss	(4,536)	(4,536)
	25,738	25,738
Receivables from subsidiaries	102,417	83,808
Less: Allowance for doubtful receivables	(50,625)	(50,677)
	51,792	33,131
Total	77,530	58,869

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

The receivables from subsidiaries include a principal amount of $48,100,000 (December 31, 2013: $24,100,000) 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% (December 31, 2013: 3%) per annum. The carrying value of these receivables from subsidiaries approximates its fair value because the effective interest rate of the receivables approximates the market interest rate. These receivables are classified as Level 2 within the fair value hierarchy and fair value is estimated based on discounted cash flow analysis.

The remaining balance of $54,317,000 (December 31, 2013: $59,708,000) is unsecured, interest-free and not expected to be repaid within 12 months from the end of the reporting period. The fair value of this receivable is not determinable as there is no fixed repayment terms and the receivable is classified as Level 3 within the fair value hierarchy.

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	
	December 31, 2014	December 31, 2013
	$'000	$'000
At beginning of the year/ period	50,677	50,543
Allowance made during the year/ period	46	134
Allowance written off during the year/ period	(98)	-
At end of the year/ period	50,625	50,677

10.Subsidiaries (cont'd)

Details of the Co-operative's subsidiaries as at December 31, 2014 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		December 31, 2014	December 31, 2013	
		%	%	
Grocery Logistics of Singapore Pte Ltd	Singapore	100	100	Warehousing and distribution
AlphaPlus Investments Pte Ltd	Singapore	100	100	Investment holding
NewFront Investments Pte Ltd	Singapore	100	100	Investment holding
Cheers Holdings (2004) Pte Ltd	Singapore	100	100	Convenience store operator
Fairprice Training Services Pte Ltd	Singapore	100	100	Dormant
Fairprice Management Services Pte Ltd	Singapore	100	100	Dormant
Interstates Market (2007) Pte Ltd	Singapore	100	100	Trading
FPTM Pte Ltd	Singapore	100	100	Investment holding
Fairprice International (2010) Pte Ltd	Singapore	100	100	Investment holding
Thomson Plaza (Private) Limited	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
		December 31, 2014	December 31, 2013	
		%	%	
Subsidiaries of AlphaPlus Investments Pte Ltd*				
Thomson Plaza Investments Pte Ltd	Singapore	100	100	Property owner

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

* Alphaplus Investment Pte Ltd is a member of NTUC Fairprice Foundation Ltd. 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 and hence the Foundation is not accounted for as a subsidiary of the Group.

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		December 31, 2014	December 31, 2013
Warehousing and distribution	Singapore	1	1
Investment holding	Singapore	4	4
Convenience store operator	Singapore	1	1
Dormant	Singapore	3	3
Trading	Singapore	1	1
Property owner	Singapore	1	1
		11	11

11. Associates

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	81,045	82,095	52,078	53,128
Share of post-acquisition accumulated losses, net of dividend received	(257)	(5,978)	-	-
Less: Impairment losses	-	-	(104)	(608)
Net	80,788	76,117	51,974	52,520

The following is an analysis of allowance for impairment loss:

	CO-OPERATIVE	
	December 31, 2014	December 31, 2013
	$'000	$'000
At beginning of the year/ period	608	104
Impairment made during the year/ period	–	504
Write-off of allowance for impairment loss during the year/ period	(504)	-
At end of the year/ period	104	608

11. Associates (cont'd)

Details of the associates as at December 31, 2014 are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		December 31, 2014	December 31, 2013	
		%	%	
NTUC Link Pte Ltd (1)	Singapore	24.8	24.8	Operator of loyalty programme
NTUC Media Co-operative Ltd (3)	Singapore	-	26.0	Radio station operator
One Marina Property Services Pte Ltd (2)	Singapore	20.0	20.0	Provision of facility management, project management, marketing and leasing services
NTUC Foodfare Co-operative Ltd (2)	Singapore	50.0	50.0	Managing of food outlets
SG Domain Pte Ltd (6)	Singapore	20.0	20.0	Investment holding
Mercatus Co-operative Limited (4)	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

11. Associates (cont'd)

Name of company	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		December 31, 2014	December 31, 2013	
		%	%	
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
Associates of AlphaPlus Investments Pte Ltd				
SMRT Alpha Pte. Ltd. [(7)]	Singapore	30.0	30.0	Real estate management
Associate of Fairprice International (2010) Pte Ltd				
Saigon Co-operative [(8)] Fairprice Ltd	Vietnam	36.0	36.0	Supermarket retailing

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

[(2)] Audited by KPMG LLP, Singapore.

11. Associates (cont'd)

(3) Audited by Pricewaterhousecoopers LLP, Singapore.

During the year, the Group disposed its investment with NTUC Media Co-operative Ltd. The transaction has resulted in the recognition of a loss in profit or loss, calculated as follows:

	GROUP	CO-OPERATIVE
	$'000	$'000
Proceeds from disposal	441	441
Less: Carrying amount of investment on the date of disposal	(450)	(546)
Loss recognised	(9)	(105)

(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. In previous financial period, Clementi Mall was disposed to SPH Reit. The Co-operative received cash of $59,897,000 as full payment of the interest bearing advances. The principal amount of the non-interest bearing loan of $29,352,000 has been discharged in the form of an exchange for a quoted unit trust available-for-sale investment having a market value of $60,491,700 as at July 2013. The excess consideration received is accounted for as an amount due to associate of $30,883,000 (Note 16).

The financial statements of SG Domain Pte Ltd are made up to August 31, 2014 and audited by KPMG LLP, Singapore. For the purpose of applying the equity method of accounting, the management accounts of SG Domain Pte Ltd for the period ended December 31, 2014 have been used with appropriate adjustments made by management after taking into consideration the audit adjustments made for the financial year ended August 31, 2014 and significant transactions between August 31, 2014 and December 31, 2014.

(7) In previous 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. The associate is audited by Ernst and Young LLP, Singapore.

(8) Audited by Deloitte Vietnam.

11. Associates (cont'd)

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

	December 31, 2014	December 31, 2013
	$'000	$'000
Group's share of associates' net assets	80,788	76,117
Group's share of associates profits (losses) for the year/period	5,120	(13,055)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs.

	December 31, 2014	December 31, 2013
	$'000	$'000
Mercatus Co-operative Limited		
Current assets	68,721	63,247
Non-current assets	1,042,148	1,033,963
Current liabilities	140,252	28,748
Non-current liabilities	920,555	1,021,072

11. Associates (cont'd)

	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)
	$'000	$'000
Revenue	56,157	41,404
Profit for the year/period, representing total comprehensive income for the year/period	2,672	2,003
The Group's share of profit from continuing operations	981	735
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	981	735

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mercatus Co-operative Limited recognised in the consolidated financial statements:

	December 31, 2014	December 31, 2013
	$'000	$'000
Net assets of the associate	50,062	47,390
Proportion of the Group's ownership interest in Mercatus Co-operative Limited	36.7%	36.7%
Carrying amount of the Group's interest in Mercatus Co-operative Ltd	18,391	17,410

11. Associates (cont'd)

Aggregate information of associates that are not individually material are as follow:

	January 1, 2014 to December 31, 2014 (12 months)	April 1, 2013 to December 31, 2013 (9 months)
	$'000	$'000
The group's share of profit (loss) from continuing operations	4,139	(13,790)
The group's share of other comprehensive income	–	–
The group's share of total comprehensive income	4,139	(13,790)
Aggregate carrying amount of the group's interests in these associates	62,397	58,707

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 $829,000 (December 31, 2013: $231,000).

There are no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

12. Investments

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Current portion:				
Quoted unit trust available-for-sale	272,429	238,614	272,429	238,614
Quoted equity available-for-sale	141,538	103,468	141,538	103,468
Unquoted debt instruments	28,000	28,000	28,000	28,000
Quoted bonds available-for-sale	196,408	210,412	196,408	210,412
Total current portion	638,375	580,494	638,375	580,494
Non-current portion:				
Quoted unit trust available-for-sale	331,584	328,486	233,405	236,804
Unquoted equity available-for-sale	27,451	26,520	12,250	12,250
Other investments	750	750	750	750
Total non-current portion	359,785	355,756	246,405	249,804
Total investments	998,160	936,250	884,780	830,298

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.

Other investments are stated at cost less accumulated impairment loss.

Investments in quoted bonds have effective interest rates at approximately 5.22% (December 31, 2013: 5.22%) per annum and have maturity dates ranging from May 2015 to October 2022 (December 31, 2013: May 2015 to October 2022). The investments are classified as current as management could liquidate these investments if required.

12.Investments (cont'd)

The following is an analysis of allowance for impairment loss:

	GROUP and CO-OPERATIVE	
	December 31, 2014	December 31, 2013
	$'000	$'000
At beginning of the year/ period	660	104
Write off of impairment during the year/ period	(660)	(104)
Impairment made during the year/ period	3,881	660
At end of the year/ period	3,881	660

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

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
United States dollar	31,540	9,490	31,540	9,490
Hong Kong dollar	1,723	10,179	1,723	10,179
Indonesian rupiah	-	741	-	741
European euro	20,037	2,733	20,037	2,733
Swiss franc	4,142	1,682	4,142	1,682
Sterling pound	4,321	1,456	4,321	1,456
Taiwan dollar	-	352	-	-
Swedish Krona	1,806	-	1,806	-

13. Property, Plant and Equipment

	Freehold land	Freehold buildings	Leasehold land and buildings	Furniture, fittings and renovations	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, 2013	4,625	25,332	334,621	193,334	58,084	71,911	48,796	72,593	809,296
Additions	-	-	-	36,326	5,137	17,256	4,658	109,236	172,613
Disposals	-	-	-	(3,665)	(992)	(2,011)	(1,962)	-	(8,630)
Transfers	-	-	-	18	369	(16)	67	(438)	-
At December 31, 2013	4,625	25,332	334,621	226,013	62,598	87,140	51,559	181,391	973,279
Additions	-	-	91,953	26,805	33,586	12,588	9,866	44,226	219,024
Disposals	-	-	-	(14,686)	(2,776)	(3,902)	(3,642)	-	(25,006)
Transfers	-	-	187,293	80	34,739	7	3,472	(225,591)	-
At December 31, 2014	4,625	25,332	613,867	238,212	128,147	95,833	61,255	26	1,167,297
Accumulated depreciation:									
At April 1, 2013	-	13,432	116,303	123,814	40,517	47,292	34,398	-	375,756
Depreciation expense	-	521	5,035	19,468	4,535	7,793	4,841	-	42,193
Disposals	-	-	-	(3,345)	(958)	(1,936)	(1,715)	-	(7,954)
Transfers	-	-	-	4	(59)	59	(4)	-	-
At December 31, 2013	-	13,953	121,338	139,941	44,035	53,208	37,520	-	409,995
Depreciation expense	-	778	9,161	25,654	7,432	11,426	8,167	-	62,618
Disposals	-	-	-	(12,929)	(2,729)	(3,762)	(3,618)	-	(23,038)
Transfers	-	-	-	4	(11)	8	(1)	-	-
At December 31, 2014	-	14,731	130,499	152,670	48,727	60,880	42,068	-	449,575
Impairment:									
At April 1, 2013	-	-	325	4,497	509	1,728	179	-	7,238
(Reversal)/ Charge of impairment loss	-	-	(205)	1,994	599	1,116	102	-	3,606
At December 31, 2013	-	-	120	6,491	1,108	2,844	281	-	10,844
Charge/(Reversal) of impairment loss	-	-	144	(2,266)	(380)	(687)	(44)	-	(3,233)
At December 31, 2014	-	-	264	4,225	728	2,157	237	-	7,611
Carrying amount:									
At December 31, 2014	4,625	10,601	483,104	81,317	78,692	32,796	18,950	26	710,111
At December 31, 2013	4,625	11,379	213,163	79,581	17,455	31,088	13,758	181,391	552,440

13.Property, Plant and Equipment (cont'd)

	Freehold land	Freehold buildings	Leasehold land and buildings	Furniture, fittings and renovations	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, 2013	4,625	25,332	263,096	180,813	29,500	67,891	40,789	43,958	656,004
Additions	-	-	-	35,409	4,208	16,937	4,420	107,078	168,052
Disposals	-	-	-	(3,089)	(598)	(1,899)	(1,706)	-	(7,292)
Transfer to a subsidiary	-	-	-	-	-	-	-	(7,868)	(7,868)
Transfers	-	-	-	18	2	(16)	(4)	-	-
At December 31, 2013	4,625	25,332	263,096	213,151	33,112	82,913	43,499	143,168	808,896
Additions	-	-	91,954	23,985	2,748	12,024	8,469	50,334	189,514
Disposals	-	-	-	(13,962)	(1,398)	(3,813)	(3,400)	-	(22,573)
Transfer to a subsidiary	-	-	-	-	-	-	-	(6,132)	(6,132)
Transfers	-	-	187,283	85	-	2	-	(187,370)	-
At December 31, 2014	4,625	25,332	542,333	223,259	34,462	91,126	48,568	-	969,705
Accumulated depreciation:									
At April 1, 2013	-	13,432	92,638	114,985	19,989	44,475	28,889	-	314,408
Depreciation expense	-	521	4,080	18,654	2,539	7,440	4,166	-	37,400
Disposals	-	-	-	(3,015)	(596)	(1,835)	(1,506)	-	(6,952)
Transfer	-	-	-	4	(11)	8	(1)	-	-
At December 31, 2013	-	13,953	96,718	130,628	21,921	50,088	31,548	-	344,856
Depreciation expense	-	778	7,888	24,255	3,458	10,900	6,793	-	54,072
Disposals	-	-	-	(12,217)	(1,358)	(3,688)	(3,380)	-	(20,643)
Transfer	-	-	-	4	(11)	8	(1)	-	-
At December 31, 2014	-	14,731	104,606	142,670	24,010	57,308	34,960	-	378,285
Impairment:									
At April 1, 2013	-	-	324	4,193	437	1,620	106	-	6,680
Impairment loss	-	-	(205)	1,808	600	1,063	101	-	3,367
At December 31, 2013	-	-	119	6,001	1,037	2,683	207	-	10,047
Charge/ (Reversal) of impairment	-	-	144	(2,593)	(435)	(714)	(49)	-	(3,647)
At December 31, 2014	-	-	263	3,408	602	1,969	158	-	6,400
Carrying amount:									
At December 31, 2014	4,625	10,601	437,464	77,181	9,850	31,849	13,450	-	585,020
At December 31, 2013	4,625	11,379	166,259	76,522	10,154	30,142	11,744	143,168	453,993

13.Property, Plant and Equipment (cont'd)

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 units used in their assessment of impairment. The assessment led to reversal of a net impairment loss of $3,233,000 (December 31, 2013 : net impairment loss of $3,606,000) and $3,647,000 (December 31, 2013 : net impairment loss of $3,367,000) that has been recognised in profit or loss of the Group and Co-operative respectively (Note 23). The write-back of impairment loss represents the adjustment of property, plant and equipment to their recoverable amounts for outlets with improved performance. 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% (December 31, 2013: 10%).

During the financial year, the Group's additions to property, plant and equipment were financed as follows:

	GROUP	
	December 31, 2014	December 31, 2013
	$'000	$'000
Additions to property, plant and equipment	219,024	172,613
Acquired under other payables	(59,871)	-
Cash payments to acquire property, plant and equipment	159,153	172,613

14.Other Receivables from Associates

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Loan to an associate (a)	179,456	175,376	175,406	171,926

(a) The loan to an associate, Mercatus Co-operative Limited, includes a principal amount of $164,700,000 plus compounded interest as at December 31, 2014. 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 December 31, 2014. The fair value of this loan is not determinable as there is no fixed repayment terms and the loan is classified as Level 3 within the fair value hierarchy.

The loan to an associate also includes an amount of $4,050,000 (December 31, 2013 : $3,450,000) loan to SMRT Alphaplus Pte. Ltd. at the end of the financial period. This amount is unsecured and bears an interest of 4% (December 31, 2013 : 4%) per annum. The carrying value of the loan to SMRT Alphaplus Pte. Ltd. approximates its fair value because the effective interest rate of the loan to an associate approximates the market interest rate. This loan is classified as Level 2 within the fair value hierarchy and fair value is estimated based on discounted cash flow analysis.

All the receivables from the associates are denominated in Singapore dollars

15. Trade Payables

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Outside parties	543,303	518,016	510,134	489,741
Associates (Note 11)	229	499	229	499
Related parties	46	47	46	47
Subsidiaries (Note 10)	-	-	3,272	3,128
Total	543,578	518,562	513,681	493,415

The average credit period on purchase of goods is 45 days (December 31, 2013 : 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	
	December 31, 2014	December 31, 2013
	$'000	$'000
United States dollar	3,595	7,803
Australian dollar	141	1,094
European euro	128	223
New Zealand dollar	317	-

16. Other Payables

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Accrued operating expenses (a)	139,614	77,065	130,034	72,022
Deposits received	7,860	7,094	7,813	7,030
Subsidiaries [Note 10 and (b)]	-	-	82,083	71,451
Associates [Note 11 and (c)]	30,883	30,883	30,883	30,883
Patronage rebates and dividends payable	502	485	502	485
Salary payable	22,440	20,880	20,985	19,625
Gift vouchers payable	43,342	40,064	43,342	40,064
Other payables	17,446	14,760	17,535	14,734
Contributions to:				
- Central Co-operative Fund (d)	25	25	25	25
- Singapore Labour Foundation (e)	39,959	34,608	39,959	34,608
Total	302,071	225,864	373,161	290,927

(a) Accrued operating expenses include accrual of purchases of property, plant and equipment amounting to $59,871,000 (Note 13). In making these estimates, management has relied on past experience and knowledge of project engineers and quantity surveyors (Note 3).

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

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

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

(e) In accordance with Section 71(2)(b) of the Co-operative Societies Act, Chapter 62, the Co-operative has opted to contribute 20% of the surplus in excess of $500,000 from the operations of the Co-operative to the Singapore Labour Foundation ("SLF") and the amount of $39,959,000 (December 31, 2013 : $34,608,000) is due to be paid out in the next financial year.

17. Share Capital and Members' Shares

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	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/ period	186,026,093	186,099,920	186,026	186,100
Issue of shares at par for cash	100,973,794	1,200,437	100,973	1,200
Redemption of shares	(1,858,548)	(1,274,264)	(1,858)	(1,274)
At end of the year/ period	285,141,339	186,026,093	285,141	186,026
The share capital is represented by:				
Members' shares repayable on demand classified as liabilities (a) (d)	185,041,339	185,926,093	185,041	185,926
Members' shares (b) (d)	100,000,000	-	100,000	-
Share capital classified as equity (c) (d) (e)	100,000	100,000	100	100
Total	285,141,339	186,026,093	285,141	186,026

(a) This relates to the shares held by members where the Co-operative does not have the right of refusal to redeem the members' shares. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-Law of the Co-operative. In accordance with By-Laws 5.6, the shares are redeemable at the lower of the nominal value of $1 per share or the net asset value of the share.

(b) This relates to the shares allotted to NTUC Enterprise by the Co-operative and such shares are not to be withdrawn or transferred within ten years from the date of their issue. The shares held by members where the Co-operative does not have the right of refusal to redeem the members' shares after the ten years period from issue date. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-Law of the Co-operative. In accordance with By-Laws 5.6, the shares are redeemable at the lower of the nominal value of $1 per share or the net asset value of the share.

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

(d) 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;

17. Share Capital and Members' Shares (cont'd)

(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.

(e) The Co-operative's ordinary shares carry no right to fixed income.

18. Provisions

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

Movements in the provision are as follows:

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
At beginning of the year/period	28,335	23,660	27,255	22,498
Utilisation of provision	(676)	(198)	(513)	-
Provisions made during the year/period	3,298	4,873	3,025	4,757
At end of the year/period	30,957	28,335	29,767	27,255

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 1 months to 12 years (December 31, 2013 : 2 month to 13 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 date of the financial year. The provision is discounted using a current rate of 5% (December 31, 2013 : 5%) that reflects the risks specific to the liability.

19.Deferred Tax Liabilities

Group

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

	Accelerated tax depreciation	Unabsorbed donations	Other timing differences	Total
	$'000	$'000	$'000	$'000
At April 1, 2013	3,469	(935)	114	2,648
Charge (credit) to profit or loss for the period (Note 25)	781	(777)	35	39
At December 31, 2013	4,250	(1,712)	149	2,687
(Credit) charge to profit or loss for the year (Note 25)	(86)	777	-	691
At December 31, 2014	4,164	(935)	149	3,378

20.Other Reserves

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Fair value reserve [a]	256,407	207,851	197,578	156,450
Foreign currency translation reserve [b]	(276)	(276)	-	-
Total	256,131	207,575	197,578	156,450

(a) The fair value reserve arises from the revaluation of available-for-sale investments. Where a revalued financial asset is impaired or sold, the portion of the reserve that relates to that financial asset is reclassified to profit or loss.

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

21.Revenue

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

22.Other Income

	GROUP		CO-OPERATIVE	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000	$'000	$'000
Rental income	38,180	27,169	39,952	27,027
Dividend income	41,450	27,638	36,510	24,005
Interest income / (expenses):				
- financial institutions	349	204	349	204
- subsidiaries	-	-	(601)	(659)
- bonds	6,658	4,585	6,658	4,585
- associates	11,597	10,066	11,597	10,066
Reclassification of gain from fair value reserve to profit or loss on disposal of available-for-sale investments	10,969	7,418	10,969	7,418
Advertising and promotion	11,936	8,204	10,977	6,205
Concessionary, commission and other service income	109,821	77,640	82,710	57,900
Discounts received	2,231	1,745	2,093	1,643
Others	12,625	13,198	5,856	8,253
Total	245,816	177,867	207,070	146,647

23. Other Operating Expenses

	GROUP		CO-OPERATIVE	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000	$'000	$'000
Rental and conservancy charges	138,893	96,223	121,427	84,325
Utilities	45,600	35,117	37,891	29,150
Repair, maintenance and supplies	34,622	24,407	29,846	20,825
(Reversal) charge of impairment of plant and equipment	(3,233)	3,606	(3,647)	3,367
Impairment of investments in associate (Note 11)	-	-	-	504
Write down of investments in associate (Note 11)	-	4,068	-	4,068
Impairment of equity and unit trust investments	3,881	660	3,881	660
Allowance for (Write back of) doubtful trade receivables	12	(8)	12	(8)
Loss on disposal of plant and equipment	1,551	420	1,616	125
Packing and delivery expenses	28,673	21,046	18,653	14,424
Donation to NTUC Fairprice Foundation Limited	12,500	3,900	6,000	400
Marketing expenses	30,096	31,731	30,072	31,658
Allowance for doubtful receivable from subsidiary (Note 10)	-	-	46	134
Others	50,776	36,753	40,556	29,805
Total	343,371	257,923	286,353	219,437

24. Distributions to Members

	GROUP		CO-OPERATIVE	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000	$'000	$'000
Distributions to members of the Co-operative [Note 17] - first and final dividend	9,111	13,411	9,111	13,411

First and final dividend of 5% (December 31, 2013 : 7.5%) was paid out to the members of the Co-operative during the financial year.

25. Income Tax

	GROUP	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000
Current income tax:		
Current year	45	279
Underprovision in prior years	215	-
Deferred tax expense (Note 19):		
Current year	-	746
Under (Over) provision in prior years	691	(707)
	951	318

Domestic income tax calculated at 17% (December 31, 2013 : 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	
	January 1, 2014 to December 31, 2014	April 1, 2013 to December 31, 2013
	$'000	$'000
Profit before income tax	185,116	69,265
Tax at the domestic income tax rate of 17% (December 31, 2013 : 17%)	31,470	11,775
Under (Over) provision in prior years	906	(707)
Tax effect of:		
Non-deductible expenses	1,363	568
Tax effect of share of results of associates	(870)	2,219
Exempt income (1)	(29,982)	(12,837)
Effect of tax concessions		
- donation	(2,310)	(382)
- productivity and innovation credit scheme	-	(1,101)
Tax rebate	(78)	(60)
Others	452	843
Income tax expense	951	318

25. Income Tax (cont'd)

(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 an unutilised capital allowance of $12 million (December 31, 2013: $17 million) and unutilised donation of $5.5 million (December 31, 2013: $5.5 million) available for offset against future profits.

26. 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
- contracted	17,062	112,000	4,631	84,200
- not contracted	75,523	152,150	68,281	147,300
	92,585	264,150	72,912	231,500

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

	GROUP		CO-OPERATIVE	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Within 1 year	111,734	91,954	100,201	80,547
After 1 year but within 5 years	152,716	131,664	139,372	119,026
After 5 years	209,918	57,157	53,044	28,768
	474,368	280,775	292,617	228,341

Operating lease payments represent rental payable by the Group and the 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.

26.Commitments (cont'd)

(c) The Group rents out its leasehold properties in Singapore under operating leases. Property rental income earned during the year was $40,200,200 (December 31, 2013 : $27,169,000). 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	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	$'000	$'000	$'000	$'000
Within 1 year	31,429	29,080	31,322	28,376
After 1 year but within 5 years	32,932	28,318	32,527	26,921
After 5 years	-	8	-	8
	64,361	57,406	63,849	55,305

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

27.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' honararia and dividends have not been provided for, subject to approval in the Annual General Meeting.

	GROUP and CO-OPERATIVE	
	December 31, 2014 (12 months)	December 31, 2013 (9 months)
	$'000	$'000
Patronage rebates	65,275	39,696
Directors' honoraria	496	395
First and final dividend of 7.5% (December 31, 2013 : 5%)	19,511	9,301
	85,282	49,392

The proposed patronage rebates represent 5% (December 31, 2013 : 4.5%) of the eligible purchases.

28.Comparative Information

The current consolidated financial statements of the Group for the financial year ended December 31, 2014 covers 12 months period from January 1, 2014 to December 31, 2014. The comparative figures for the financial period ended December 31, 2013, covers the 9 months period from April 1, 2013 to December 31, 2013.

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