

A large, central image of two hands, one from the left and one from the right, reaching towards each other to form a heart shape. The hands are rendered in a realistic, slightly textured style. This heart shape frames the central text.

A COLLECTION OF  
**HEART  
STORIES**

NTUC FAIRPRICE CO-OPERATIVE LTD  
ANNUAL REPORT 2015

an NTUC Social Enterprise



A COLLECTION OF

---

# HEART STORIES

---

For more than 40 years, FairPrice has never steered from its social mission to moderate the cost of living and to keep daily essentials affordable for Singaporeans from all walks of life. Over the years, we have remained committed to serving the community as a retailer with a heart.

As we move beyond SG50, FairPrice reaffirms its mission and strengthens its goals to be a socially responsible retailer. We strive to do better – whether in serving our customers better, spearheading initiatives for the good of the community, being a champion for the environment, or creating an inclusive and vibrant workplace. This collection of stories from customers, beneficiaries, and stakeholders show that you are the heart of what we do.

---



The mark of  
responsible forestry

---

## CONTENTS

---

- 02 Our Social Mission, Our Vision, Our Mission
- 03 Our Core Values
- 04 Joint Message from Chairman and CEO

- 
- 06 **Customer Tales: Making Every Day Better**
  - 12 **Community Features: Giving Back For The Better**
  - 20 **Green Footprints: Better For Our Planet**
  - 24 **Workplace Adventures: A Better Place To Work**
- 

- 30 Sustainability Highlights
- 32 Board of Directors
- 36 Principal Officers
- 40 Corporate Information
- 41 Founder & Institutional Members
- 42 Event Highlights 2015
- 43 Awards 2015
- 44 Financial Highlights 2015
- 45 Acknowledgements
- 46 Financial Statements



## OUR SOCIAL MISSION

To moderate the cost of living in Singapore.

## OUR VISION

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

## OUR MISSION

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





---

## OUR CORE VALUES

---

### **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



## **JOINT MESSAGE FROM CHAIRMAN AND CEO**

### **The Story of FairPrice – a Retailer with a Heart**

FairPrice joined Singaporeans in celebrating SG50, a significant milestone for our nation last year. The story of FairPrice is intertwined with Singapore's journey, where the fruits of our labour are made possible only by the sacrifice, tenacity, and determination of our pioneers and founding generation. It is also a story of living up to a social mission to moderate the cost of living by providing customers with quality products at affordable prices.

### **Making Every Day Better**

Today, with over 290 outlets and an annual revenue of S\$3.4 billion, FairPrice continues to embrace the same passion and enterprising spirit in serving the community with a 'Do Good' philosophy.

New initiatives were introduced to help the community, especially the underprivileged, to save on their daily grocery expenses. For example, we introduced the 'Big Value Bag' programme that offered a 10 per cent discount on our extensive range of Housebrand products over a span of six months last year. This itself translated to more than S\$20 million in savings for customers. FairPrice Housebrand products are quality items that are already priced lower than comparable products in the market. In addition, we continued to maintain our Everyday Low Price (EDLP) and Yellow Dot items to provide the lowest priced products within their respective product selections.

In appreciation of our Pioneer Generation, we extended the Monday 3 per cent Pioneers Generation discount for another year. This helped them save more than S\$3.6 million on their grocery bills since its launch in 2014. The discount is on top of the Tuesday 2 per cent Seniors Discount scheme that started since 2002. It has helped our seniors save an average of S\$2.3 million annually.

With a growing segment of seniors in Singapore, FairPrice piloted senior-friendly stores in the mature Redhill area to facilitate a seamless shopping experience for the seniors and disabled customers. The stores are equipped with wider checkout lanes, larger signage, clearer price tags, call buttons, and magnifying glasses. Over 100 of our frontline staff have also undergone specialised training on how to better serve seniors. Another 260 staff are scheduled to be trained by end of this year. We also plan to have four more stores installed with senior-friendly features by then.

### **Giving Back for the Better**

FairPrice continues to build upon the footprint of our philanthropic work through our charity arm, the FairPrice

Foundation. Since it was founded in 2006, FairPrice Foundation has given out over S\$98 million to the community, focusing its giving on three strategic thrusts – the poor and needy, nation building and community bonding, and workers' welfare.

Last year, FairPrice pledged to contribute another S\$50 million over the next five years to the Foundation. Some of the key events supported by the Foundation included the inaugural 'Share a Heart coz U Care' by NTUC-U Care Fund, 'FairPrice Walk for Rice @ South East', 'Wish Upon A Silver Star' with North East Community Development Council and the 'Boys' Brigade Share-a-Gift' programme, among many other initiatives.

A notable programme is the FairPrice Food Voucher Scheme, which saw an increase in donations by 20 per cent from the previous year, amounting to S\$1.2 million. This scheme helped to alleviate the financial burden of low-income families in Singapore. During trying times such as the heightened haze last year, FairPrice Foundation partnered with the People's Association and donated S\$500,000 worth of 'WeCare PACKs', consisting of essential food and necessities, including N95 face masks, to help vulnerable households weather the situation.

Going beyond corporate philanthropy of providing monetary assistance, FairPrice embraces the virtues of caring and empowering the less fortunate in our community to lead meaningful lives, by developing programmes and organising activities through our collective efforts as volunteers. Our FairPrice Volunteers' Programme saw staff contributing over 5,000 volunteer hours in 2015. This year, we plan to achieve 5,500 hours, with 500 hours extended to involve customers in our volunteering activities.

### **Better for Our Planet**

FairPrice has the distinction of taking the lead and being the first in the industry. We cemented this distinction again by being the first supermarket to introduce a structured Food Waste Framework, which aims to combat the rising issue on food waste from three fronts – Processes, Public Education, and Partnerships. As an environmentally-responsible retailer, FairPrice also championed various environmental initiatives as part of our ongoing efforts to raise awareness on sustainability. Last year, FairPrice saw a record of over 10 million plastic bags saved through our 'Bring-Your-Own-Bag (BYOB)' initiative, also known as the 'Green Rewards Scheme', a nearly 10 per cent increase from the previous year. This also translates to us giving back to our customers over S\$500,000 to thank them for their support in this initiative.



## A Better Place to Work

FairPrice Hub was launched last year by our Prime Minister who re-affirmed FairPrice's role in providing quality products at good value. The Hub not only serves as the new home for over 600 staff, who were previously located at different premises, it also comprises a new High-Tech Distribution Centre, as well as commercial and retail spaces.

As we strive towards being A Best Place to Work, a large emphasis is placed on staff training and welfare. In 2015, over 252,000 training hours were invested to ensure staff are equipped with the necessary skills set for their career with us. FairPrice also provides various financial assistance schemes such as the Hardship Grant and the Study Grant, to help staff cope with the rising cost of living.

## Financial Performance

On the business front, FairPrice has consistently performed well. Total group revenue amounted to S\$3.4 billion, while group profit from operations was S\$197.7 million. The higher income from investment and real estate amounting to S\$96.4 million in the year helped to offset the lower retail profit of S\$101.3 million due to a slowing market, higher operating costs, keen competition, and our various efforts in giving back to the community.

After contributions to the Central Co-operative Fund and Singapore Labour Foundation as required under the Co-operative Societies Act, the group's net profit was S\$165.1 million.

The Board has proposed a special patronage rebate of 0.5 per cent in addition to the usual 4 per cent. This amounts to a total patronage rebate of S\$61.8 million. The Board is also proposing a dividend of 6 per cent, amounting to S\$17.1 million. During the year, Link Cardholders also received S\$28.7 million worth of LinkPoints. As a result, the total payout to our members and Link Cardholders will come up to S\$107.5 million.

## In Appreciation

Our steady performance was made possible with the efforts and commitment by all our members and business partners who have remained steadfast to our cause. Our customers have also given us their support, which has enabled us to grow and expand.

We would like to thank our past and present Board of Directors for their unwavering commitment and guidance, our management and staff for their tireless efforts and diligence, and also our customers who



*FairPrice Chairman, Mr Bobby Chin and FairPrice CEO, Mr Seah Kian Peng*

believed and journeyed with us all these years. With their support, we have been able to fulfil our promises and we were honoured to be conferred the SG50 Social Enterprise Award by President Tony Tan Keng Yam last year.

We would also like to express our sincere gratitude to Mr Tan Kian Chew, former Group Chief Executive Officer who stepped down from office last year after serving with the Co-operative for 23 years. We thank him for his dedicated service and invaluable contribution.

The theme of this annual report, 'A Collection of Heart Stories', captures the different voices and perspectives on how FairPrice as a retailer, NTUC social enterprise, and employer, strives to create a deep and positive impact to make lives better for all. It also highlights initiatives that FairPrice has started in the past year. We hope you will enjoy reading them.

Thank you.

Handwritten signature of Mr Bobby Chin in black ink.

**Mr Bobby Chin**  
Chairman

Handwritten signature of Mr Seah Kian Peng in black ink.

**Mr Seah Kian Peng**  
Chief Executive Officer

A close-up photograph of two hands, one from a lighter-skinned person and one from a darker-skinned person, positioned to form a heart shape. The hands are set against a solid, bright yellow background. The fingers are gently curved towards each other, with the tips of the index and thumb fingers meeting at the top and bottom points of the heart.

# CUSTOMER TALES

---

## **Making Every Day Better**

At FairPrice, our customers are the heart of what we do. Every day, we are proud to serve people from all walks of life. We ensure that basic necessities remain affordable for all, and we strive to give our customers value in different ways.

We recognise that our customers' needs are constantly evolving. Aside from wide-ranging retail formats, we leverage technology and new services such as Self-Checkout and Click&Collect to enhance our customers' shopping experience.

---



## CUSTOMER TALES

### Appreciating Our Shareholders

Shareholders are important stakeholders at FairPrice. To date, the total number of members is close to 700,000. Our stakeholders' support encourages FairPrice to continue to Do Well and Do Good for the community. As members, they enjoy year-round membership benefits that allow them to enjoy a wide range of savings via Patronage Rebates, Link Points, and other rewarding perks. Last year, FairPrice was pleased to pay out a total of S\$107.5 million to our members.



Ms Noor Liza Bt Shariff  
Senior Team Leader,  
Secretariat



“

Ever since I was a child, my family has always shopped at FairPrice. This tradition continued when I started a family of my own. It is family bonding we all enjoy. I have never been disappointed with the pricing, quality, and freshness of the products that FairPrice carries.

I consider myself a savvy shopper and I often look out for regular discounts and in-store promotions, so as to enjoy greater savings. My family especially loves the Warehouse Club because bulk purchases help us save even more. I am privileged to be a shareholder of this enterprise with a solid social mission.

”



Ms Grace Ng  
FairPrice Shareholder

## CUSTOMER TALES



“

The new senior-friendly store at Lengkok Bahru has several features that are unique from the usual FairPrice stores that I frequent. The store layout is good because it has been specially designed to suit the needs of senior citizens and people with special needs.

The lower shelves make it easy for me to reach for the things I want. I can also use the magnifying glass to read the labels. And I like the designated resting areas! I can sit comfortably to wait for my daughter to pick me up after my shopping. It is very thoughtful of FairPrice to design senior-friendly features to enhance our in-store experience.

”

*Mdm Chia Lee Cheng  
Customer of FairPrice  
Senior-Friendly Store at  
Lengkok Bahru*



### Senior-Friendly Stores

We launched our first senior-friendly store at the Enabling Village in Lengkok Bahru last year. The store has been designed with features such as lower shelving, call assistance buttons, and resting areas, so that our senior customers and persons with disabilities can shop with ease.

Staff at the senior-friendly store have also undergone customised training, so they can serve senior customers better. The FairPrice store at Bukit Merah has been outfitted with these features too and we aim to roll out senior-friendly features at more stores throughout the island progressively in the future.

*Ms Sree Devi D/O Rajoo  
FairPrice Retail Assistant*







### Big Value Bag

At FairPrice, we understand that the cost of living has always been a concern for all Singaporeans. That is why we offer different ways to help our customers make every cent count.

Through the 'Big Value Bag: Made for Singapore' programme, initiated by NTUC Social Enterprises, FairPrice gave a 10 per cent discount on more than 1,000 FairPrice Housebrand products over a period of six months in 2015.

This initiative helped shoppers save approximately S\$20 million. We enabled people from all walks of life to maximise their savings with our Housebrand products, which are already priced 10 to 15 per cent lower than comparable popular brands.



### More Quality at Affordable Prices

FairPrice has various initiatives that help our customers stretch their dollar. These include: FairPrice Housebrand products, Everyday Low Price, Yellow Dot, Must Buy, and Purchase with Purchase items, which help keep daily essentials affordable for customers.

## CUSTOMER TALES



### Taking Care of Seniors

Every Tuesday is Seniors Day at FairPrice and our senior shoppers get to enjoy a 2 per cent discount through our Seniors Discount scheme. This scheme helped seniors chalk up S\$2.35 million in savings for the whole of last year. As a tribute to the pioneers who have contributed to our nation, we introduced the Pioneer Generation discount scheme in 2014.

Members of the Pioneer Generation enjoy a 3 per cent discount every Monday on top of the various discount schemes available at FairPrice. As an added convenience, Pioneers can use designated priority queues to pay for their purchases. In 2015, Pioneers enjoyed more than S\$3.19 million in savings through this scheme. FairPrice has extended the Pioneer Generation discount scheme until the end of 2016.

### Supporting Local Businesses

FairPrice continued its support for local businesses by extending the SME Suppliers Support & Development Programme (SSDP). Since 2012, FairPrice has invested about S\$3 million to help more than 270 SMEs ease their cash flow and boost their capabilities for business growth. Beyond SSDP, FairPrice also helped to promote local produce and local-made products through our annual 'Made in Singapore' Fair.





## Technological Enhancements

Launched in 2015, the iCash system is the latest technology-based solution introduced at our supermarkets. With iCash, cash-paying customers can pay and collect their change from an automated system. This makes it easier for cashiers to focus on interacting with customers to serve them better.

At the back end, iCash also ensures that cashiers need not perform manual accounting for cash floats with each shift change. iCash, together with self-checkout counters, electronic shelf labelling, Scan2Go, and contactless credit payment, are our ways of creating hassle-free shopping and boosting productivity.

Meanwhile, to benefit the growing number of customers who enjoy shopping online, FairPrice Online launched a revamped app on iOS and Android to make online shopping easier for more than 150,000 subscribers.

## Increased Variety of Healthier Choice Products

As a progressive retailer, FairPrice regularly introduces relevant products and services, such as our Housebrand products, that cater to the changing needs and demands of our customers. More than 80 FairPrice Housebrand products are marked with the 'Healthier Choice' logo and over 200 Housebrand products are currently trans fat-free. FairPrice will continue to work with our suppliers to reformulate our Housebrand products in order to eliminate trans fat.

Two hands, one from a person with a darker skin tone and one from a person with a lighter skin tone, are positioned to form a heart shape. The fingers are curled inward, and the thumbs point towards each other, meeting at the top and bottom points of the heart. The background is a solid, vibrant red color.

# COMMUNITY FEATURES

---

## **Giving Back For The Better**

Doing well in our business enables us to do good for our community. Aside from long-standing programmes such as 'Share-A-Textbook', we also find new ways to engage the public to join us in doing good for the community. FairPrice launched the FairPrice Foundation back in 2008 to focus giving on three strategic thrusts – the poor and needy, nation building and community bonding, and workers' welfare. We have since donated more than S\$98 million to the Foundation to further these three areas of focus.

---



## COMMUNITY FEATURES

### FairPrice Share-A-Textbook

FairPrice's 'Share-A-Textbook' project returned in 2015 with more than 400,000 books collected. It remains relevant even though it has been 33 years since this community initiative was first introduced. Over 400 volunteers from more than 170 supporting partners, students, and FairPrice staff came together to manage logistics, promotional efforts, mass community collection, as well as sorting and distribution for this project.

As with previous years, students from less fortunate families were able to select the textbooks they needed on the priority collection day, before the event was open to the general public. This project seeks to help the less fortunate, promote thrift among the young, and encourage recycling. To date, we have collected and redistributed more than 3.9 million pre-loved textbooks.



Ms Karen Tan  
Senior Manager,  
Corporate Communications



“

I started volunteering for FairPrice's Share-A-Textbook project when I was in Secondary One. I jumped at the opportunity, as I was keen to do something meaningful. Volunteers usually spend three to four hours sorting out books collected from the public in preparation for distribution days. We also assist by serving as ushers on the day of the event to help parents locate the books they need quickly.

Through the years, I have seen how needy students benefited from the programme. Aside from monetary savings, they also find pre-loved textbooks helpful as the books usually contain useful notes and highlighted key points for better learning. All the hard work is definitely worthwhile, especially when parents come up to us to say thank you.

”



Mr Lock Chan Hong  
Share-A-Textbook Volunteer



## COMMUNITY FEATURES

“

I have been volunteering at Ren Ci Nursing Home and Bishan Home since 2012. It was in 2015 that I officially assumed the role of a FairPrice Volunteer Leader. Volunteering has definitely changed the way I look at things. What motivates me to volunteer is the realisation that a simple act can bring smiles to the faces of the underprivileged who need our care and support.

Volunteerism definitely creates a positive corporate image and instils a greater sense of belonging among employees. It is great when colleagues from various departments get to bond with each other through activities such as food packing for Food from the Heart and customer service roles during the 28th SEA Games in 2015.

”



### Our Commitment to Serve

Last year, FairPrice renewed our staff volunteerism commitment and chalked up more than 5,000 hours on voluntary work, almost double the hours spent the year before. Staff were actively involved in various activities such as packing and distributing food to those in need, visiting the underprivileged at Voluntary Welfare Organisations such as Ren Ci Nursing Home, or participating in excursions with them such as taking them to the movies or the park. Being able to volunteer our time to serve the community is definitely one of the most rewarding experiences of being a FairPrice staff.

Ms Poh Seok Hwee  
FairPrice Staff Volunteer



Mdm Tan Ah Seng  
Beneficiary  
Ren Ci Nursing Home







### Share a Heart coz U Care

FairPrice Foundation donated S\$2.6 million to aid low-wage workers through the 'Share a Heart coz U Care' campaign – a community initiative whereby FairPrice Foundation pledged to donate S\$50 for each bookmark that was signed by customers, staff, NTUC union members, or the community. Over 50,000 bookmarks were signed, collected, and distributed to beneficiaries supported by NTUC-U Care Fund, together with disbursement of the funds.

Ms Roshida Bte Jamari  
Manager,  
FairPrice Foundation



“

As an influencer, I take pride in sharing initiatives that create positive social impact. I chose FairPrice's 'Share a Heart coz U Care' initiative because of its unique and personalised approach. Apart from monetary support, beneficiaries also received emotional support from the community through the messages on individually signed bookmarks.

I shared about this initiative through my social media page to garner support from friends and readers of my blog. The messages that I penned not only served as a self-reminder, but they were also meant to inspire others not to give up, dare to dream, and adopt a positive mindset towards life.

”

Ms Jennifer Lim  
Social Media Influencer and  
blogger at Dinomama.com



## COMMUNITY FEATURES



### Wish Upon a Silver Star

FairPrice Foundation and North East Community Development Council joined hands for the third year to organise the 'Wish Upon a Silver Star' campaign. Prior to the event, members of the public and staff were invited to fold origami stars to raise funds for the cause, where S\$1 will be donated for every 10 stars folded. At the end of the campaign, S\$100,000 was raised to benefit 150 needy families.



### Food from the Heart

FairPrice is an avid supporter of 'Food from the Heart' and the various volunteering activities that benefit the less fortunate within our community. To give back to the community and reduce food waste at the same time, FairPrice's partnership with Food from the Heart enables us to reach out to beneficiaries through regular structured donations of unsold wholesome groceries from all 131 FairPrice stores. These donations, which amount to about S\$20,000 worth of items monthly, are distributed across 41 charities.





## FairPrice Food Voucher Scheme

FairPrice Foundation donated S\$1.2 million to help low-income families alleviate the cost of living through the FairPrice Food Voucher Scheme. The funds benefited over 20,000 families at all 89 constituencies and selected Voluntary Welfare Organisations island-wide.



## Walk for Rice

As we walked into the seventh year of the event, FairPrice renewed our commitment to partner South East Community Development Council in 'FairPrice Walk for Rice @ South East' for another three years. This event rallied residents and participants of various age groups and socio-economic backgrounds together to stay active as well as contribute towards a meaningful cause.

Through this initiative, FairPrice Foundation donated a bowl of white rice and a bowl of brown rice for every 200 metres walked by participants. Half a million bowls of rice were donated in 2015 to benefit more than 7,000 needy families in the South East district.

## COMMUNITY FEATURES



### Boys' Brigade Share-a-Gift

FairPrice was proud to support the Boys' Brigade Share-a-Gift once again in 2015. Donation points were set up at various FairPrice stores across the island and special donation hampers were made available on FairPrice Online to make it more convenient for members of the public to contribute to this initiative.

Apart from this, FairPrice Foundation also supported this initiative by donating S\$5 for each photo, up to S\$75,000 in total, posted by the public on social media from the event launch until the end of 2016. More than S\$2 million worth of food was donated to benefit about 40,500 elderly and less fortunate Singaporeans.



### Commemorating Founder's Day

We celebrated our 42nd Founder's Day by donating close to S\$70,000 to five Voluntary Welfare Organisations (VWOs): Ren Ci Nursing Home, Singapore Children's Society, Bishan Home for the Intellectually Disabled, Cerebral Palsy Alliance Singapore, and SPD.

The donation went towards helping 1,000 beneficiaries from these VWOs save on daily necessities. The funds were raised through ticket sales of the annual 'FairPrice Walks With U' mass walking event.





### **For the Heroes in Our Lives**

In celebration of SG50, FairPrice invited the public to pay tribute to everyday heroes in the community, through the 'For the Heroes in Our Lives' campaign. As part of this heart-warming Movement, the public shared stories about individuals who have inspired them. Beyond this, an interactive birthday cake was also placed in the Atrium of CityLink Mall for the public to submit their birthday wishes for Singapore. Over 5,000 stories and well wishes were received for this campaign.

Two hands, one from the left and one from the right, are positioned to form a heart shape. The fingers are curled inward, and the thumbs point downwards. The background is a solid, vibrant green color.

# GREEN FOOTPRINTS

---

## Better For Our Planet

We aspire to be a socially responsible retailer because we care about sustainability and protecting the environment for future generations. Aside from thanking customers for their support in reducing the wasteful use of plastic bags through rebates, we also launched the Food Waste Framework to engage stakeholders at all levels to join us in our efforts to combat food waste. Through the Food Waste Index, FairPrice has reduced food waste substantially by about 40 per cent from 2014 to 2015.

---



## GREEN FOOTPRINTS

### Saving the Earth

In 2015, through the support of customers who brought their own bags, FairPrice saved a record 10.1 million plastic bags – an increase of 10 per cent year-on-year. We also gave out more than half-a-million dollars in rebates last year through the 'FairPrice Green Rewards' scheme.

This is enhanced through dedicated 'Green Checkout Lanes' in selected stores that serve customers who do not need plastic bags for their purchases.

As part of our continual support for Earth Hour, FairPrice also switched off all non-essential lights such as signage, refrigerator lightings in all our stores, offices, and distribution centres. On top of these efforts, we also donated S\$12,500 to the World Wildlife Fund.

Ms Dewise Lim  
FairPrice Cashier



“

As the leading supermarket retailer in Singapore, it is important for FairPrice to spearhead the 'BYOB' initiative. It has inspired me to change my shopping habits and bring along a reusable bag whenever I do my grocery shopping. Not only is it eco-friendly, I get to enjoy rebates through the ongoing 'FairPrice Green Rewards' scheme as well.

The effort put in by FairPrice has also encouraged me to do my part and reduce waste whenever possible. I am glad that this helps to raise awareness in the community about becoming more environmentally-conscious.

”

Ms Vanessa Lee  
Tertiary Student &  
FairPrice Customer



“

To me, the most heartening aspect about the FairPrice-CSR Food Waste Reduction initiative is that we never lost sight of the meaning and spirit behind this programme. It was deeply encouraging to see our colleagues coming together to support our vision to reduce food waste. Step by step, we worked as a team and developed milestones.

As awareness of our efforts grew, we were able to collaborate with like-minded partners such as Food from the Heart through a structured initiative to donate unsold wholesome food from all our stores to charities regularly.

This reflects our commitment to reduce unnecessary food waste in a systematic manner and to channel it to those who need it most. I feel encouraged that as long as we continue to stay rooted and relevant, we will be able to develop initiatives that are truly sustainable for the environment and remain sincere towards our partners and our community. ”



Ms Grace Lin  
Manager,  
Corporate Communications

## GREEN FOOTPRINTS



### FairPrice CSR Food Waste Reduction Framework

FairPrice recognises the importance of responsible retailing and protecting the environment, which includes addressing the growing problem of food waste. FairPrice is the first supermarket in Singapore to have in place a structured Food Waste Framework that takes a holistic and sustainable approach towards tackling the issue of food waste. The process involves benchmarking, fine-tuning practices, engaging various stakeholders, and public education. Our public education programme 'Great Taste Less Waste Selection' saw the public playing their part in reducing food waste.



Ms Jeneve Lim  
Senior Manager,  
Food from the Heart





### Promise for a Better Future

As part of the Golden Jubilee celebrations, FairPrice invited customers to join us in planting 50 trees at the newly renamed Jurong Lake Gardens. This is not only a symbolic gesture of our commitment to preserve the greenery of Singapore for future generations, it also serves as a platform for the public to create meaningful memories together.



### Doing the Right Thing

Doing well allows FairPrice to do the right thing when the situation calls for it. In the thick of the haze in 2015, FairPrice took a firm stance against companies contributing to the air pollution. We were the first supermarket retailer to withdraw paper products sourced from Asia Pulp & Paper Group (APP).

This action followed notification from the Singapore Environment Council (SEC) that it had instituted a temporary restriction on the use of the 'Singapore Green Label' certification for APP products. To help vulnerable households weather the haze period, FairPrice Foundation donated S\$500,000 worth of essential food and necessities, including N95 face masks, for a joint 'WeCare PAcks' initiative with the People's Association.

Two hands are shown from the left and right, with fingers curled to form a heart shape. The background is a solid blue color. The text 'WORKPLACE ADVENTURES' is centered within the heart shape.

# WORKPLACE ADVENTURES

---

## **A Better Place To Work**

FairPrice is more than a place to work. We value our employees and recognise the contributions they make towards fulfilling our social mission. Our strong emphasis on staff training and staff volunteerism helps us to enhance our service standards to continually meet and exceed customers' expectations.

---



## WORKPLACE ADVENTURES



### Taking Care of Our Employees

FairPrice believes in taking care of our staff and we offer a wide range of benefits to ensure their well-being. Staff who require financial support may apply for the Hardship Grant or Study Grant to help them cope with the rising cost of living. FairPrice also provides other forms of support such as a counselling helpline for employees who encounter difficulties at work. Last year, in conjunction with Singapore's Golden Jubilee, FairPrice distributed close to S\$2 million to reward staff for their dedication and hard work. Non-executives and executives received S\$200 and S\$100 in FairPrice vouchers respectively.

*Ms Chantal Ong  
Senior Executive,  
Human Resource Welfare  
and Benefits*



“

**FairPrice Study Grant has helped to ease my financial burden. The grant allows me to pay partial school fees for both my son and daughter as well as purchase school supplies such as books and stationery.**

**FairPrice is the only employer I have worked for that offers financial assistance to staff. It is heartening to know that even the families of employees are well taken care of. This is also part of the reason why I like working here.**”

*Mr Charles Ng  
Father of Two,  
FairPrice Delivery Driver*



## WORKPLACE ADVENTURES



“

I have been working at FairPrice as a visual merchandiser for about three years. I am in charge of store displays at the FairPrice Xtra hypermarket at JEM. It is really great to know that FairPrice places emphasis on staff training. Aside from WSQ customer service and retail competency courses conducted at FPTI, I also attended training at the Retail Academy.

Such courses allow me to learn about other aspects of retail, which widen my knowledge and help me perform better at work. Skills upgrading also allows me to stay relevant and competitive in the industry. ”

Ms Jaseemah Baigum  
Team Leader,  
Visual Merchandiser



### Roadmap for Learning and Development

FairPrice Training Institute (FPTI) is a dedicated training facility that provides employees with competency training at different levels. FPTI is an accredited training centre for key units of the Workforce Skills Qualification (WSQ) in retail operations. Through staff training and development, we ensure that FairPrice employees are well equipped to do their jobs and have every opportunity to realise their full potential as retail professionals. More than 252,000 training hours are invested in training staff annually.

Mr Huang Yizhong  
Senior Team Leader,  
FairPrice Training





## A New Era

FairPrice's move to our new headquarters was a key milestone for the Co-operative. The FairPrice Hub houses a High-Tech Distribution Centre, which features automated systems that are the first of its kind in Asia Pacific. FairPrice was proud to also pledge an additional S\$50 million to FairPrice Foundation to benefit the community.

## Inclusive Workplace

FairPrice collaborates with SG Enable and Autism Resource Centre to employ people with special needs. FairPrice also offers on-the-job training, internships, and industrial attachments to the students of Northlight School, among many others, as part of efforts to diversify our hiring practices.





### Opportunities Beyond Retirement

FairPrice launched the 'Staying Active Through Employment' (SATEP) initiative in 2011. Today, FairPrice is proud to employ close to 1,400 staff above the age of 60. About 95 per cent of staff who reach the re-employment age of 62 stay in employment with us.

These re-employed seniors not only bring along a wealth of experience, skills, and wisdom to FairPrice, they are also better able to reach out to and relate to senior shoppers in stores. We welcome seniors to apply for a wide range of executive and non-executive positions available at FairPrice.



### Social Recreation and Staff Welfare

As part of creating a wonderful workplace, continual efforts are made to invest and improve the well-being and health of our staff. To promote work-life balance, staff are encouraged to participate in activities organised throughout the year by our Social Recreation Committee. Activities include sports activities, seminars addressing various health issues, and exciting tours to places of interest around Singapore. Flexible work arrangements were also introduced to ensure that staff are able to work efficiently without compromising their personal commitments.



### FairPrice Make-a-Nila

In support of the 28th SEA Games, which was held in Singapore in 2015, FairPrice pledged to sew more than 400 Nila mascots for the 'Make-a-NILA' initiative. Staff from different departments and age groups worked closely with beneficiaries from Voluntary Welfare Organisations to sew mascots, making it a truly memorable and meaningful experience.



### Rewards and Recognition

FairPrice believes in staff rewards and recognition. Apart from wage adjustments and bonuses, individual achievements are recognised through awards such as the Model Employee Award, Service Champion, and May Day Award. We value team work and recognise team effort through initiatives such as the Contribution Sharing Incentive and Service Star Award.



---

## Leading The Way In Sustainability

To stay aligned with our Corporate Social Responsibility (CSR) Framework, FairPrice undertook the initiative to develop a comprehensive sustainability report to keep stakeholders informed and to track the progress in our social, environmental, and corporate governance.

---



## SUSTAINABILITY HIGHLIGHTS



A series of sustainability reporting workshops – facilitated by external consultants – were launched in the first quarter of 2016. The workshops involved senior management and staff from key departments in formulating the sustainability report and enhancing current business sustainability efforts. The FairPrice Sustainability Report will be published by the third quarter of 2016.

Mr Jonas Kor  
Director,  
Corporate Communications



Ms Yap Zijing  
Sustainability Advocate



“

Sustainability is important because every habit we rethink can benefit society. During one of my snorkelling trips, it struck me that a world filled with waste is not a place I want future generations to live in. It is great that FairPrice uses energy-saving lighting in their stores and encourages customers to bring their own shopping bags through rebates.

All this helps to raise eco-consciousness! I am practising the habit of bringing my own shopping bag too. I also strive to avoid single-use disposables as far as possible.

I believe companies that lead as stewards of sustainability not only help themselves by conserving resources, they will also thrive when their customers and employees are inspired to do the same. That is why I choose to shop at FairPrice.

”

## BOARD OF DIRECTORS



**1** Mr Tan Suee Chieh  
Board Member

**2** Mr Stephen Lim  
Board Member

**3** Mr Wahab Yusoff  
Board Member

**4** Ms Ng Shin Ein  
Board Member

**5** Mr Wong Heng Tew  
Board Member

**6** Mr Bobby Chin  
Chairman



**7** Mr Willy Shee  
Board Member

**8** Dr Chua Sin Bin  
Board Member

**9** Mr Tan Kian Huay  
Board Member

**10** Mr Ronald Ng  
Board Member

**11** Ms Nora Kang  
Board Member



## **BOARD OF DIRECTORS**

### **Mr Bobby Chin, Chairman**

Joined 2013

Mr Bobby Chin is a member of the Council of Presidential Advisers. He is the Deputy Chairman of NTUC Enterprise and the Housing & Development Board as well as a Board member of the Singapore Labour Foundation and 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 Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. He was also the former Chairman of Singapore Totalisator Board and the Urban Redevelopment Authority.

Mr Chin holds a Bachelor of Accountancy from the University of Singapore. He is an associate member of the Institute of Chartered Accountants in England and Wales.

### **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.

### **Mr Willy Shee, Board Member**

Joined 2008

Mr Shee is the Chairman, Asia of CBRE Pte Ltd. His current directorships in companies include Bund Center Investments Ltd, Shanghai Golden Bund Real Estate Co. Ltd, Lafe (Emerald Hill) Development Pte Ltd and Mercatus Co-operative Ltd.

### **Ms Ng Shin Ein, Board Member**

Joined 2008

Ms Ng is the Managing Partner of Gryphus Capital, a pan-Asian private equity investment firm. Having practised as a corporate lawyer in Messrs Lee & Lee, she was also with the Singapore Exchange, where she was part of its IPO Approval Committee. Ms Ng serves on the boards of companies listed on the mainboard of the Singapore Exchange including Yanlord Land Ltd, First Resources Ltd, Eu Yan Sang, Sabana Reit, and was also an adjunct research fellow at the National University of Singapore.

### **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. He is also the Chairman of the Industrial Academic Advisory Board of NUS FST Programme and a member of the Scientific Committee of the Abu Dhabi Food Control Authority.

### **Mr Wahab Yusoff, Board Member**

Joined 2010

Mr Wahab is the 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 being 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, C H Offshore Limited and Mercatus Co-operative 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 NTUC Link Private Limited.

**Ms Nora Kang**, 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, the Honorary Treasurer of NTUC Club Management Council, Member of NTUC Financial and Business Services Cluster and Financial Sector Tripartite Committee.

**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 the Managing Director for Prudential plc's businesses in Hong Kong, Malaysia and Singapore. Mr Tan, who serves either as Deputy Chairman or Director on the Boards of many of the NTUC Social Enterprises, is also a Fellow of the Institute of Actuaries (UK), and a Trustee of the Singapore LSE Trust.

**Mr Ronald Ong**, Board Member

Joined in 2015

Mr Ong is Chairman and Chief Executive Officer of Morgan Stanley's SE Asia business. He is also a Member of the Advisory Boards of the Lee Kong Chian School of Business and Sim Kee Boon Institute for Financial Economics, both at the Singapore Management University; Member of the Board of AIESEC Singapore and Singapore Stock Exchange Listings Advisory Committee.

## PRINCIPAL OFFICERS



**1 Ms Cheah Yee Hooi**  
Director (Internal Audit)

**2 Ms Toh Hui Leng**  
Senior Director (Supply Chain)

**3 Ms Adeline Sum**  
Managing Director  
(Corporate Strategy)

**4 Mr Seah Kian Peng**  
Chief Executive Officer

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

**6 Mr Jonas Kor**  
Director (Corporate Communications)

**7 Ms Christina Lim**  
Director (Brand and Marketing)





**1 Mr Neo Seng Giap**  
Deputy Director (Real Estate)

**2 Ms Chong Nyet Chin**  
Director (Food Safety and Quality)

**3 Mr Joshua Lye**  
Chief Financial Officer

**4 Mr Lim Kok Guan**  
Managing Director (Business and Corporate Services)

**5 Mr Cheum Chee Leong**  
Chief Information Officer

**6 Ms Rebecca Teo**  
Director (Human Resource)

## PRINCIPAL OFFICERS



- 1 Mr Lee Kin Seng**  
Deputy General Manager (Warehouse Club)
- 2 Mr Dominic Ng**  
Director, Business and Strategic Development (Online)
- 3 Mr Victor Cheong**  
General Manager (Cheers Holdings)
- 4 Mr Traves Tan**  
General Manager (Finest and FairPrice Shop)
- 5 Mr Lum Hon Fye**  
Senior Director (Business Groups Support)  
Head, Strategic Development (Operations)

- 6 Mr Gerry Lee**  
Deputy Chief Executive Officer (Operations)
- 7 Mr Peter Teo**  
General Manager (Supermarket)
- 8 Ms Lian Lay Yong**  
Senior Director (Business Groups Support)
- 9 Mr Koh Kok Sin**  
Director (Business Groups Support)
- 10 Ms Nor Abdah Bte Abdullah**  
Director (Store Design)
- 11 Mr Tan Teck Nam**  
Deputy General Manager (Hypermarket)



1

**Mr Foo Wei Young**

Director (Housebrand and Private Labels)

2

**Mrs Mui-Kok Kah Wei**

Senior Director (Purchasing and Merchandising)

3

**Mr Tng Ah Yiam**

Deputy Chief Executive Officer (Merchandising)

4

**Mr Victor Chai**

Director (Fresh and Frozen)

5

**Mr Ken Ko**

Director (Purchasing Support)

6

**Mr Edkin Tan**

Director (Category Development & Merchandising)



---

## CORPORATE INFORMATION

---

For the year ended 31st December 2015

### Board Of Directors

Mr Bobby Chin (Chairman)  
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  
Mr Ronald Ong

### Exco

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

### Nominating & Remuneration Committee

Mr Bobby Chin (Chairman)  
Mr Willy Shee  
Mr Tan Suee Chieh  
Mr Tan Kian Huay

### Audit & Risk Committee

Mr Wong Heng Tew (Chairman)  
Dr Chua Sin Bin  
Mr Stephen Lim  
Ms Nora Kang  
Mr Ronald Ong  
Mr Wahab Yusof

### Technology & Innovation Advisory Committee

Mr Wahab Yusoff (Chairman)  
Mr Stephen Lim  
Ms Ng Shin Ein

### 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

KPMG 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](http://www.fairprice.com.sg)

### Number of Stores (by year of establishment)

FAIRPRICE SUPERMARKETS – 104  
FAIRPRICE XTRA – 7  
FAIRPRICE FINEST – 18  
FAIRPRICE XPRESS – 25  
CHEERS – 136  
WAREHOUSE CLUB – 1  
TOTAL – 291

## **FOUNDER & INSTITUTIONAL MEMBERS**

NTUC Fairprice Co-operative Limited

**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	157,966,368
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

### **Personal Members**

123,536,519

**Balance as at 31 Dec 2015**

**284,570,061**

## EVENT HIGHLIGHTS 2015

### 26 February

FairPrice pledged 5,000 hours towards staff volunteerism in celebration of SG50.

### 24 March

FairPrice Foundation fulfilled our commitment by donating S\$1.2 million towards the FairPrice Food Voucher Scheme as part of FairPrice Walks With U 2015, although the event was cancelled as a mark of respect for the passing of founding Prime Minister Mr Lee Kuan Yew.

### 28 May

FairPrice became the first supermarket to introduce the Food Waste Index to track food waste. We also launched the 'Great Taste Less Waste Selection' initiative at FairPrice Xtra supermarkets.

### 29 May

About S\$2 million in FairPrice vouchers were given to staff in celebration of SG50. Non-executives and executives received S\$200 and S\$100 vouchers respectively.

### 27 June

In celebration of SG50, FairPrice partnered OCBC Bank, Visa and NTUC Link to provide 500 families with S\$40,000 worth of groceries and daily necessities supported by Food from the Heart.

### 8 July–31 December

Shoppers saved approximately S\$20 million through the six-month long 'Big Value Bag: Made for Singapore' programme. Essential items were made more affordable through a 10 per cent discount on more than 1,000 FairPrice housebrand products.

### 9 July

FairPrice's inaugural 'Share a Heart coz U Care' campaign raised S\$2.6 million for NTUC-U Care Fund – the highest single donation from FairPrice Foundation to the fund to date.

### 30 July

FairPrice invested S\$1.1 million to help over 270 local small-medium enterprises ease cash flow and boost their capabilities for business growth through the extension of SME Suppliers Support and Development Programme (SSDP). We also brought back the 'Made in Singapore' Fair to promote local brands.

### 31 July

FairPrice marked our 42nd Founder's Day by donating about S\$70,000 to Ren Ci Nursing Home, Singapore Children's Society, Bishan Home for the Intellectually Disabled, Cerebral Palsy Alliance Singapore, and SPD.

### 16 September

FairPrice launched the FairPrice Hub and High-Tech Distribution Centre featuring automated systems that are the first of its kind in the Asia Pacific. An additional S\$50 million was pledged to benefit the community by 2020.

### 7 October

FairPrice announced the withdrawal of Asia Pulp & Paper products from our stores, following a temporary restriction from Singapore Environment Council (SEC) on the use of the 'Singapore Green Label' certification.

### 29 October

FairPrice rolled out iCash system, a new closed loop cash management system that automates the acceptance and dispensing of cash for customers and cashiers.

### 7 November

Cheers and FairPrice Foundation partnered Yeo Hiap Seng Ltd to donate S\$30,000 to The Straits Times School Pocket Money Fund.

### 16 November–12 December

Share-A-Textbook collection for needy students exceeded a record 400,000 books.

### 18 November

FairPrice renewed our three-year commitment to partner South East Community Development Council in FairPrice Walk for Rice @ South East. Half a million bowls of brown and white rice were raised for more than 7,000 needy families in the South East district.

### 23 November

FairPrice partnered Boys' Brigade for the annual Boys' Brigade Share-a-Gift. Donations increased to S\$75,000 and more stores were designated as donation points.

### 28 November

FairPrice and our customers planted 50 trees at the newly-renamed Jurong Lake Gardens as part of SG50.

### 2 December

FairPrice launched our first Enabled Store, customised to serve seniors and persons with disabilities, located within the Enabling Village. We are the first supermarket to send more than 500 frontline employees to attend a specially developed training programme over the next two years to equip staff with the skills and knowledge to serve senior customers better.

### 22 December

FairPrice extended the 3 per cent Pioneer Generation discount for an additional year until 31 December 2016. Since its launch in October 2014, the scheme has helped pioneers save a total of S\$3.6 million.



## AWARDS 2015



SG50 Social Enterprise Award



CaseTrust Gold Accredited Business

Conferred **SG50 Social Enterprise Award** at the President's Challenge Social Enterprise Award Ceremony, in recognition of FairPrice's contribution towards social impact and sustainability.

Awarded **CaseTrust Gold Accredited Business** by Consumers Association of Singapore (CASE).

Topped the Supermarket category at **2015 Asia's Top Influential Brands** by Brand Alliance.

Awarded **Singapore's Top Retailer** at Retail Asia-Pacific Top 500 awards by Retail Asia 2015.

Awarded **Top Local Home-grown Brand** at Campaign Asia Top 1000 brands.

Received **Food Safety Partner Award 2015** and **Silver Award for achieving Grade 'A'** status in food hygiene, sanitation and processing for 12 consecutive years since 2004 at the Agri-Food and Veterinary Authority Awards.

FairPrice Xtra at Kallang Wave Mall received **BCA Green Mark Platinum Award**.

Awarded the **May Day Model Partnership Awards 2015 (Management Category)** for improved jobs through innovation, productivity measures and employment sourcing practices.

FairPrice Foundation presented with the **People's Association Community Partnership Excellence Award** in appreciation of invaluable support rendered to various Community Development Councils.

Awarded **Community Chest Corporate Platinum Award 2015** for FairPrice Foundation's donations of more than S\$300,000 to the Community Chest.

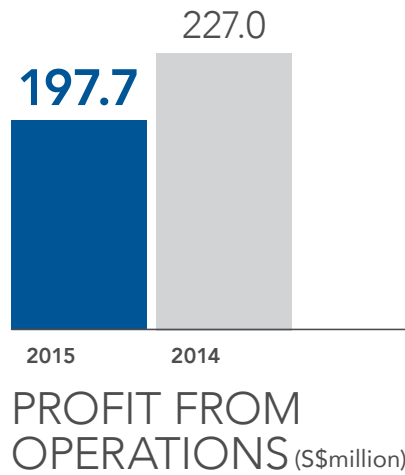
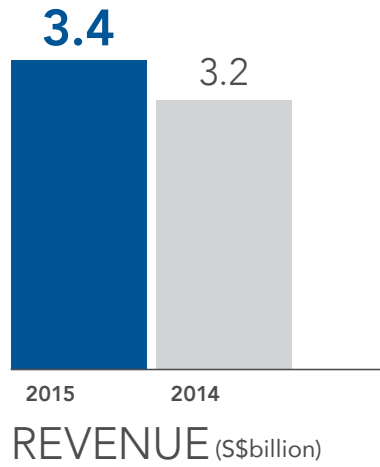
FairPrice Foundation awarded **Corporate Social Ownership Award** by South East Community Development Council.

Winner of the **Platinum Award for the Supermarket category** and **Gold Award for Cooking Oil, Rice and Tissue Paper** in Reader's Digest Trusted Brand.

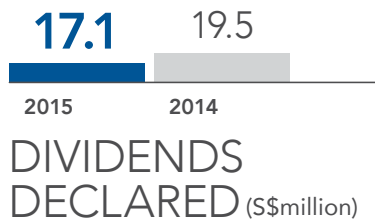
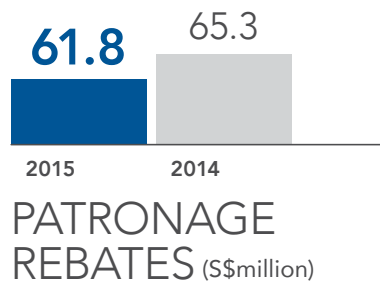
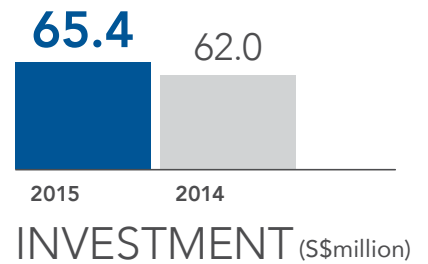
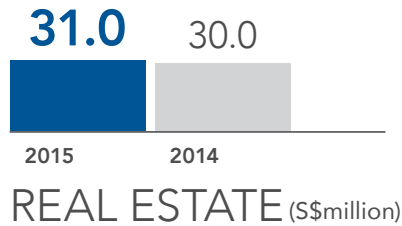
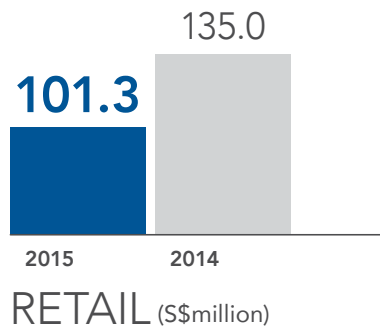
Received **highest accolade** at the **NS Advocate Award 2015** for exemplary support towards National Service.

## FINANCIAL HIGHLIGHTS 2015

Figures from the Group:



Breakdown of profits by business unit:



Note: In 2015, as part of our SG50 celebrations with the nation, FairPrice contributed an additional 1 per cent and 2.5 per cent of patronage rebates and dividends respectively.

---

## **ACKNOWLEDGEMENTS**

---

### A Word of Thanks

This Annual Report was made possible by many individuals. Our heartfelt appreciation to all our customers, colleagues, and stakeholders who have given their unstinting support to make this publication possible.

Special thanks to the following partners for lending us their support:

Bishan Home for the Intellectually Disabled  
Food from the Heart  
Gan Eng Seng School  
MINDS  
raiSE  
Ren Ci Nursing Home  
SG Enable  
SPD



# FINANCIAL STATEMENTS

---

## CONTENTS

---

48	Directors' statement
50	Independent auditors' report
52	Statements of financial position
53	Statements of profit or loss and other comprehensive income
54	Statements of changes in equity
58	Consolidated statement of cash flows
59	Notes to financial statements

## **DIRECTORS' STATEMENT**

We submit this annual report to the members of the NTUC Fairprice Co-operative Limited (the "Co-operative") together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the consolidated financial statements set out on pages 6 to 55 are drawn up so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date with the provisions of the Co-operative Societies Act, Cap.62 (the "Act") and Singapore Financial Reporting Standards;
- (b) 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
- (c) the receipts, expenditure, investment of moneys, acquisition and disposal of assets by the Co-operative during the financial year ended 31 December 2015 have been made in accordance with the provisions of the Co-operative Societies Act, Cap. 62 and the By-laws of the Co-operative.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

### **Directors**

The directors in office at the date of this statement are as follows:

Bobby Chin Yoke Choong  
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  
Ronald Ong Whatt Soon (*Appointed on 15 June 2015*)

### **Directors' Interests**

According to the Register of Director's shareholdings kept by the Co-operative, particulars of interests of directors who held office at the end of the financial year in shares and share options in the Co-operative and in related corporations (other than wholly-owned subsidiaries) are as follows:

<b>Name of directors and corporation in which interests are held</b>	<b>SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTORS</b>	
	<b>At beginning of the year/ at date of appointment</b>	<b>At end of the year</b>
<b>NTUC Fairprice Co-operative Limited</b>		
Bobby Chin Yoke Choong	20	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 Kian Huay	26	26
Nora Kang Kah Ai	62	62
Tan Suee Chieh	20	20
Ng Shin Ein	20	20
Stephen Lim Beng Lin	20	20
Ronald Ong Whatt Soon	–	20

### **Directors' Interests** *(cont'd)*

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, or share options of the Co-operative, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Co-operative a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares in or debentures of the Co-operative or any other body corporate.

### **Share Options**

During the financial year, there were:

- (i) no options granted by the Co-operative to any person to take up unissued shares in the Co-operative; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Co-operative.

As at the end of the financial year, there were no unissued shares of the Co-operative under options.

### **Auditors**

At the Annual General Meeting of the Co-operative held on 15 June 2015, KPMG LLP were appointed as auditors of the Co-operative.

KPMG LLP have indicated their willingness to accept the re-appointment.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

**Bobby Chin Yoke Choong**

Director

**Wong Heng Tew**

Director

26 April 2016



## **INDEPENDENT AUDITORS' REPORT**

Members of the Co-operative  
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 31 December 2015, and the statements of profit or loss and other comprehensive income and statements of changes in equity of the Group and the Co-operative, and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 55.

#### *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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements of the Group, and the statement of financial position, statement of 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 Standards so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2015 and of the financial performance and changes in equity of the Group and of the Co-operative, and the cash flows of the Group for the year ended on that date.

#### *Other matters*

The financial statements of the Group for the year ended 31 December 2014 were audited by another auditors whose report dated 23 April 2015 expressed an unqualified opinion on those financial statements.

## 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 By-laws of the Co-operative and the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative and the provisions of the Act.

### *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 receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, 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 for our opinion on management's compliance.

In our opinion:

- (a) the accounting and other records of those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50;
- (b) the receipt, expenditure and investment of moneys and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative and the provisions of the Act; and
- (c) proper accounting and other records have been kept by the Co-operative.

### **KPMG LLP**

Public Accountants and Chartered Accountants  
Singapore

26 April 2016

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	GROUP		CO-OPERATIVE	
		2015 \$'000	2014 \$'000 Restated	2015 \$'000	2014 \$'000 Restated
<b>Non-current assets</b>					
Property, plant and equipment	4	674,173	710,111	554,832	585,020
Subsidiaries	5	–	–	83,698	77,530
Associates	6	81,256	80,788	49,880	51,974
Other investments	7	329,379	359,785	220,640	246,405
Other receivables from associates	8	179,456	179,456	175,406	175,406
<b>Total non-current assets</b>		<b>1,264,264</b>	<b>1,330,140</b>	<b>1,084,456</b>	<b>1,136,335</b>
<b>Current assets</b>					
Inventories	9	230,535	227,208	217,959	215,604
Other investments	7	649,065	638,375	649,065	638,375
Trade and other receivables	10	46,809	53,240	46,521	51,069
Cash and cash equivalents	11	518,083	447,966	469,847	424,044
<b>Total current assets</b>		<b>1,444,492</b>	<b>1,366,789</b>	<b>1,383,392</b>	<b>1,329,092</b>
<b>Total assets</b>		<b>2,708,756</b>	<b>2,696,929</b>	<b>2,467,848</b>	<b>2,465,427</b>
<b>Equity</b>					
Share capital	12	284,570	285,141	284,570	285,141
Retained earnings		1,360,580	1,275,140	1,145,416	1,066,099
Other reserves	13	195,627	256,131	141,714	197,578
<b>Total equity</b>		<b>1,840,777</b>	<b>1,816,412</b>	<b>1,571,700</b>	<b>1,548,818</b>
<b>Non-current liabilities</b>					
Provisions	14	29,696	30,957	28,543	29,767
Deferred tax liabilities	15	2,431	3,378	–	–
<b>Total non-current liabilities</b>		<b>32,127</b>	<b>34,335</b>	<b>28,543</b>	<b>29,767</b>
<b>Current liabilities</b>					
Trade and other payables	16	835,558	845,649	867,605	886,842
Current tax liabilities		294	533	–	–
<b>Total current liabilities</b>		<b>835,852</b>	<b>846,182</b>	<b>867,605</b>	<b>886,842</b>
<b>Total liabilities</b>		<b>867,979</b>	<b>880,517</b>	<b>896,148</b>	<b>916,609</b>
<b>Total liabilities and equity</b>		<b>2,708,756</b>	<b>2,696,929</b>	<b>2,467,848</b>	<b>2,465,427</b>

The accompanying notes form an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	GROUP		CO-OPERATIVE	
		2015 \$'000	2014 \$'000 Restated	2015 \$'000	2014 \$'000 Restated
<b>Revenue</b>	17	3,374,218	3,246,101	3,164,917	3,036,611
Inventories consumed		(2,650,696)	(2,530,030)	(2,538,333)	(2,414,455)
Other income	18	265,966	245,816	229,693	207,070
Staff and related costs		(355,894)	(328,815)	(294,512)	(271,436)
Depreciation expense		(75,580)	(62,618)	(63,300)	(54,072)
Other operating expenses	19	(360,283)	(343,371)	(303,655)	(286,353)
<b>Profit from operations</b>		197,731	227,083	194,810	217,365
Share of profits of associates (net of tax)		2,200	5,120	–	–
<b>Profit before tax</b>		199,931	232,203	194,810	217,365
Tax credit/(expense)	20	1,002	(951)	–	–
<b>Profit before contributions</b>		200,933	231,252	194,810	217,365
Contributions to:					
– Central Co-operative Fund		(25)	(25)	(25)	(25)
– Singapore Labour Foundation		(35,779)	(39,959)	(35,779)	(39,959)
<b>Profit for the year</b>		165,129	191,268	159,006	177,381
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets		(47,924)	59,525	(43,284)	52,097
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(12,580)	(10,969)	(12,580)	(10,969)
<b>Other comprehensive income for the year, net of tax</b>		(60,504)	48,556	(55,864)	41,128
<b>Total comprehensive income for the year attributable to the owners of the Co-operative</b>		104,625	239,824	103,142	218,509

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
<b>GROUP</b>						
At 1 January 2014, as previously reported		100	(276)	207,851	1,130,959	1,338,634
Impact of change in accounting policy	2.5	185,926	–	–	–	185,926
At 1 January 2014, as restated		186,026	(276)	207,851	1,130,959	1,524,560

<b>Total comprehensive income for the year</b>						
Profit for the year		–	–	–	191,268	191,268
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets		–	–	59,525	–	59,525
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	–	(10,969)	–	(10,969)
<b>Total other comprehensive income</b>		–	–	48,556	–	48,556
<b>Total comprehensive income for the year</b>		–	–	48,556	191,268	239,824

### Transactions with owners, recognised directly in equity

#### Contributions by and distributions to owners

Issue of shares	12	100,973	–	–	–	100,973
Redemption of shares	12	(1,858)	–	–	–	(1,858)
Payments relating to appropriations/ distributions approved by members of the Co-operative:						
– Dividends	21	–	–	–	(9,111)	(9,111)
– Patronage rebates		–	–	–	(38,100)	(38,100)
Write-back of rebates in accordance to By-laws 12.4		–	–	–	124	124
At 31 December 2014, as restated		285,141	(276)	256,407	1,275,140	1,816,412

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY *(cont'd)*

Year ended 31 December 2015

	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
<b>GROUP</b>						
At 1 January 2015, as previously reported		100	(276)	256,407	1,275,140	1,531,371
Impact of change in accounting policy	2.5	285,041	–	–	–	285,041
At 1 January 2015, as restated		285,141	(276)	256,407	1,275,140	1,816,412

<b>Total comprehensive income for the year</b>						
Profit for the year		–	–	–	165,129	165,129
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets		–	–	(47,924)	–	(47,924)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	–	(12,580)	–	(12,580)
<b>Total other comprehensive income</b>		–	–	(60,504)	–	(60,504)
<b>Total comprehensive income for the year</b>		–	–	(60,504)	165,129	104,625

### Transactions with owners, recognised directly in equity

#### Contributions by and distributions to owners

Issue of shares	12	1,097	–	–	–	1,097
Redemption of shares	12	(1,668)	–	–	–	(1,668)
Payments relating to appropriations/ distributions approved by members of the Co-operative:						
– Dividends	21	–	–	–	(19,177)	(19,177)
– Patronage rebates		–	–	–	(60,555)	(60,555)
Write-back of rebates in accordance to By-laws 12.4		–	–	–	43	43
At 31 December 2015		284,570	(276)	195,903	1,360,580	1,840,777

The accompanying notes form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY *(cont'd)*

Year ended 31 December 2015

	Note	Share capital \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
<b>CO-OPERATIVE</b>					
At 1 January 2014, as previously reported		100	156,450	935,805	1,092,355
Impact of change in accounting policy	2.5	185,926	–	–	185,926
At 1 January 2014, as restated		186,026	156,450	935,805	1,278,281

### Total comprehensive income for the year

Profit for the year		–	–	177,381	177,381
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets		–	52,097	–	52,097
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	(10,969)	–	(10,969)
<b>Total other comprehensive income</b>		–	41,128	–	41,128
<b>Total comprehensive income for the year</b>		–	41,128	177,381	218,509

### Transactions with owners, recognised directly in equity

#### Contributions by and distributions to owners

Issue of shares	12	100,973	–	–	100,973
Redemption of shares	12	(1,858)	–	–	(1,858)
Payments relating to appropriations/ distributions approved by members of the Co-operative:					
– Dividends	21	–	–	(9,111)	(9,111)
– Patronage rebates		–	–	(38,100)	(38,100)
Write-back of rebates in accordance to By-laws 12.4		–	–	124	124
At 31 December 2014, as restated		285,141	197,578	1,066,099	1,548,818

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY *(cont'd)*

Year ended 31 December 2015

	Note	Share capital \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
<b>CO-OPERATIVE</b>					
At 1 January 2015, as previously reported		100	197,578	1,066,099	1,263,777
Impact of change in accounting policy	2.5	285,041	–	–	285,041
At 1 January 2015, as restated		285,141	197,578	1,066,099	1,548,818

### Total comprehensive income for the year

Profit for the year	–	–	159,006	159,006
---------------------	---	---	---------	---------

### Other comprehensive income

Net change in fair value of available-for-sale financial assets	–	(43,284)	–	(43,284)
---	---	----------	---	----------

Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	(12,580)	–	(12,580)
--	---	----------	---	----------

### Total other comprehensive income

	–	(55,864)	–	(55,864)
--	---	----------	---	----------

<b>Total comprehensive income for the year</b>	–	(55,864)	159,006	103,142
--	---	----------	---------	---------

### Transactions with owners, recognised directly in equity

#### Contributions by and distributions to owners

Issue of shares	12	1,097	–	–	1,097
-----------------	----	-------	---	---	-------

Redemption of shares	12	(1,668)	–	–	(1,668)
----------------------	----	---------	---	---	---------

Payments relating to appropriations/ distributions approved by members of the Co-operative:

– Dividends	21	–	–	(19,177)	(19,177)
-------------	----	---	---	----------	----------

– Patronage rebates		–	–	(60,555)	(60,555)
---------------------	--	---	---	----------	----------

Write-back of rebates in accordance to By-laws 12.4

		–	–	43	43
--	--	---	---	----	----

At 31 December 2015		284,570	141,714	1,145,416	1,571,700
---------------------	--	---------	---------	-----------	-----------

The accompanying notes form an integral part of these financial statements.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000 Restated
<b>Cash flows from operating activities</b>			
Profit before tax		199,931	232,203
Adjustments for:			
Impairment loss on trade receivables		180	12
Inventories written-off		16,808	15,782
Depreciation of property, plant and equipment		75,580	62,618
Loss on disposal of property, plant and equipment (net)		384	1,551
(Gain)/Loss on disposal of an associate		(11)	9
Reclassification of gain from fair value reserve to profit or loss on disposal of available-for-sale investments		(12,580)	(10,969)
(Reversal)/Impairment losses recognised on:			
– property, plant and equipment		(5,348)	(3,233)
– other investments		5,354	3,881
Provision for reinstatement cost		(1,261)	(676)
Share of profits of associates		(2,200)	(5,120)
Dividend income		(43,899)	(41,450)
Interest income		(18,764)	(18,604)
		214,174	236,004
Changes in:			
– Inventories		(20,135)	(30,908)
– Trade and other receivables		6,251	2,525
– Trade and other payables		(18,492)	39,423
		181,798	247,044
<b>Cash generated from operations</b>			
Contribution to Central Co-operative Fund paid		(25)	(25)
Contribution to Singapore Labour Foundation paid		(39,959)	(34,608)
Taxes paid		(184)	(359)
<b>Net cash from operating activities</b>		141,630	212,052
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(43,534)	(159,153)
Proceeds from disposal of property, plant and equipment		21,480	417
Dividend received		43,899	41,450
Loan to an associate		–	(600)
Increase in associates		(1,188)	–
Interest received		18,764	18,604
Purchase of other investments		(166,403)	(108,961)
Proceeds from disposal of an associate		2,931	441
Proceeds from sale of other investments		132,841	102,694
<b>Net cash from/(used in) investing activities</b>		8,790	(105,108)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,097	100,973
Payment made for redemption of shares		(1,668)	(1,858)
Dividends paid on members' shares		(19,177)	(9,111)
Payment of patronage rebates to members		(60,555)	(38,100)
<b>Net cash (used in)/from financing activities</b>		(80,303)	51,904
<b>Net increase in cash and cash equivalents</b>		70,117	158,848
Cash and cash equivalents at beginning of the year		447,966	289,118
<b>Cash and cash equivalents at end of the year</b>	11	518,083	447,966

The accompanying notes form an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 April 2016.

### **1. Domicile and Activities**

NTUC Fairprice Co-operative Limited (the "Co-operative") is a Co-operative 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 5.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Co-operative and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

### **2. Basis of Preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Cap. 62 and Singapore Financial Reporting Standards (FRS).

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

#### **2.3 Functional and presentation currency**

These financial statements are presented in Singapore dollars, which is the Co-operative's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

#### **2.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – measurement of recoverable amounts and useful lives of property, plant and equipment;
- Note 4 – accruals for contract costs capitalised under property, plant and equipment;
- Note 5 – assumptions of recoverable amounts relating to investment in subsidiaries;
- Note 6 – assumptions of recoverable amounts relating to investment in associates;
- Note 10 – assessment of the recoverability of trade receivables; and
- Note 14 – provision for reinstatement cost.



## **NOTES TO FINANCIAL STATEMENTS**

### **2. Basis of Preparation** *(cont'd)*

#### **2.4 Use of estimates and judgements** *(cont'd)*

##### **Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 – financial instruments

#### **2.5 Changes in accounting policies**

- (i) The Group changed its accounting policy with respect to the classification of members' shares from liabilities to equity to align with the accounting policies of the ultimate holding entity.

The Group believes that the classification of members' shares as equity provides consistency among the group of entities held by the ultimate holding entity.

##### **Summary of quantitative impact**

The following tables summarise the material impacts of the above changes on the Group's financial position, profit or loss and other comprehensive income and cash flows.

## NOTES TO FINANCIAL STATEMENTS

### 2. Basis of Preparation *(cont'd)*

#### 2.5 Changes in accounting policies *(cont'd)*

##### Statements of financial position

##### IMPACT OF CHANGE IN ACCOUNTING POLICY

	As previously reported	Adjustments (see note 2.5 (i))	As restated
	\$'000	\$'000	\$'000
<b>GROUP</b>			
<b>1 January 2014</b>			
Share capital	100	185,926	186,026
Others	1,338,534	–	1,338,534
<b>Total equity</b>	<b>1,338,634</b>	<b>185,926</b>	<b>1,524,560</b>
Members' shares repayable on demand	185,926	(185,926)	–
Others	776,080	–	776,080
<b>Total liabilities</b>	<b>962,006</b>	<b>(185,926)</b>	<b>776,080</b>
<b>31 December 2014</b>			
Share capital	100	285,041	285,141
Others	1,531,271	–	1,531,271
<b>Total equity</b>	<b>1,531,371</b>	<b>285,041</b>	<b>1,816,412</b>
Members' shares	100,000	(100,000)	–
Members' shares repayable on demand	185,041	(185,041)	–
Others	880,517	–	880,517
<b>Total liabilities</b>	<b>1,165,558</b>	<b>(285,041)</b>	<b>880,517</b>
<b>CO-OPERATIVE</b>			
<b>1 January 2014</b>			
Share capital	100	185,926	186,026
Others	1,092,255	–	1,092,255
<b>Total equity</b>	<b>1,092,355</b>	<b>185,926</b>	<b>1,278,281</b>
Members' shares repayable on demand	185,926	(185,926)	–
Others	811,597	–	811,597
<b>Total liabilities</b>	<b>997,523</b>	<b>(185,926)</b>	<b>811,597</b>
<b>31 December 2014</b>			
Share capital	100	285,041	285,141
Others	1,263,677	–	1,263,677
<b>Total equity</b>	<b>1,263,777</b>	<b>285,041</b>	<b>1,548,818</b>
Members' shares	100,000	(100,000)	–
Members' shares repayable on demand	185,041	(185,041)	–
Others	916,609	–	916,609
<b>Total liabilities</b>	<b>1,201,650</b>	<b>(285,041)</b>	<b>916,609</b>

## NOTES TO FINANCIAL STATEMENTS

### 2. Basis of Preparation *(cont'd)*

#### 2.5 Changes in accounting policies *(cont'd)*

##### Statements of profit or loss and other comprehensive income

###### IMPACT OF CHANGE IN ACCOUNTING POLICY

	As previously reported	Adjustments (see note 2.5 (i))	As restated
	\$'000	\$'000	\$'000
<b>GROUP</b>			
<b>Year ended 31 December 2014</b>			
Distributions to members	(9,111)	9,111	–
Patronage rebates	(38,100)	38,100	–
Write-back of rebates	124	(124)	–
Others	191,268	–	191,268
<b>Profit for the year</b>	<b>144,181</b>	<b>47,087</b>	<b>191,268</b>
<b>CO-OPERATIVE</b>			
Distributions to members	(9,111)	9,111	–
Patronage rebates	(38,100)	38,100	–
Write-back of rebates	124	(124)	–
Others	177,381	–	177,381
<b>Profit for the year</b>	<b>130,294</b>	<b>47,087</b>	<b>177,381</b>
<b>GROUP AND CO-OPERATIVE</b>			
<b>Year ended 31 December 2015</b>	<b>\$'000</b>		
<b>Increase in profit for the year</b>	<b>79,689</b>		

##### Statements of cash flows

###### IMPACT OF CHANGE IN ACCOUNTING POLICY

	As previously reported	Adjustments (see note 2.5 (i))	As restated
	\$'000	\$'000	\$'000
<b>GROUP</b>			
<b>Year ended 31 December 2014</b>			
<b>Cash flows from operating activities</b>			
Profit before tax	185,116	47,087	232,203
Write-back of patronage rebates	(124)	124	–
Dividends on members' shares	9,111	(9,111)	–
Others	(20,151)	–	(20,151)
<b>Net cash from operating activities</b>	<b>173,952</b>	<b>38,100</b>	<b>212,052</b>
<b>Cash flows from financing activities</b>			
Payment of patronage rebates to members	–	(38,100)	(38,100)
Others	90,004	–	90,004
<b>Net cash from financing activities</b>	<b>90,004</b>	<b>(38,100)</b>	<b>51,904</b>

## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies

#### **3.1 Basis of consolidation**

##### **(i) Business combinations**

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of controls are based on a proportionate amount of the net assets of the subsidiary.

##### **(ii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.



## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** *(cont'd)*

#### **3.1 Basis of consolidation** *(cont'd)*

##### **(iii) Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### **(iv) Investment in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

##### **(v) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### **(vi) Subsidiaries and associates in the separate financial statements**

Investments in subsidiaries and associates are stated in the Co-operative's statement of financial position at cost less accumulated impairment losses.

#### **3.2 Foreign currency**

##### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences which are recognised in OCI arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

---

## NOTES TO FINANCIAL STATEMENTS

---

### 3. Significant Accounting Policies *(cont'd)*

#### 3.2 Foreign currency *(cont'd)*

##### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### 3.3 Financial instruments

##### (i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

##### ***Loan and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, other receivables from associates, and trade and other receivables.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

---

## NOTES TO FINANCIAL STATEMENTS

---

### 3. Significant Accounting Policies *(cont'd)*

#### 3.3 Financial instruments *(cont'd)*

##### (i) Non-derivative financial assets *(cont'd)*

###### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

##### (ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

###### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

###### **Members' shares**

Members' shares are classified as equity. Incremental costs directly attributable to the issue of members' shares are recognised as a deduction from equity.

## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** *(cont'd)*

#### **3.4 Property, plant and equipment**

##### **(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

##### **(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### **(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land and construction-in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.



## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** *(cont'd)*

#### **3.5 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

#### **3.6 Impairment**

##### **(i) Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss, including interests in associates, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

##### ***Loan and receivables***

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

##### ***Available-for-sale financial assets***

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** (cont'd)

#### 3.6 Impairment (cont'd)

##### (i) **Non-derivative financial assets** (cont'd)

###### **Associates**

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

##### (ii) **Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 3.7 Employee benefits

##### (i) **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

##### (ii) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### 3.8 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

---

## **NOTES TO FINANCIAL STATEMENTS**

---

### **3. Significant Accounting Policies** *(cont'd)*

#### 3.9 Revenue

##### **Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### 3.10 Other income

##### **(i) Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### **(ii) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

##### **(iii) Franchise fees**

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

##### **(iv) Interest income**

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

##### **(v) Advertising, promotion, concessionary, commission and other service income**

Advertising, promotion, concessionary, commission and other service income are recognised when the services are rendered.

#### 3.11 Government grants

Cash grants received from government related to special employment credit is recognised in profit or loss and set-off against staff costs when the grant becomes receivable.

#### 3.12 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-laws 12.4 and the rules of NTUC Union Card Scheme.

## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** *(cont'd)*

#### **3.13 Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

##### **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the lease term.

##### **The Group as lessee**

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.

#### **3.14 Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



## **NOTES TO FINANCIAL STATEMENTS**

### **3. Significant Accounting Policies** *(cont'd)*

#### **3.14 Tax** *(cont'd)*

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### **3.15 New standards and interpretations not adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Co-operative.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transaction Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group. The Group does not plan to adopt these standards early.

## NOTES TO FINANCIAL STATEMENTS

### 4. Property, Plant and Equipment

	Freehold land	Freehold buildings	Leasehold land and buildings	Furniture, fittings and renovation	Plant and machinery	Equipment and motor vehicles	Computers	Construction- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP</b>									
<b>Cost</b>									
At 1 January 2014	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 31 December 2014	4,625	25,332	613,867	238,212	128,147	95,833	61,255	26	1,167,297
Additions	–	–	–	29,670	3,049	6,800	14,504	2,135	56,158
Disposals	–	–	(21,015)	(7,986)	(1,869)	(2,081)	(1,360)	–	(34,311)
Transfers	–	–	–	(52)	25	–	53	(26)	–
At 31 December 2015	4,625	25,332	592,852	259,844	129,352	100,552	74,452	2,135	1,189,144
<b>Accumulated depreciation and impairment losses</b>									
At 1 January 2014	–	13,953	121,458	146,432	45,143	56,052	37,801	–	420,839
Depreciation charge for the year	–	778	9,161	25,654	7,432	11,426	8,167	–	62,618
Disposals	–	–	–	(12,929)	(2,729)	(3,762)	(3,618)	–	(23,038)
Charge/(Reversal) of impairment loss	–	–	144	(2,266)	(380)	(687)	(44)	–	(3,233)
Transfers	–	–	–	4	(11)	8	(1)	–	–
At 31 December 2014	–	14,731	130,763	156,895	49,455	63,037	42,305	–	457,186
Depreciation charge for the year	–	778	15,956	25,353	10,866	12,116	10,511	–	75,580
Disposals	–	–	–	(7,567)	(1,572)	(1,983)	(1,325)	–	(12,447)
Reversal of impairment loss	–	–	(263)	(3,023)	(557)	(1,469)	(36)	–	(5,348)
At 31 December 2015	–	15,509	146,456	171,658	58,192	71,701	51,455	–	514,971
<b>Carrying amounts</b>									
At 1 January 2014	4,625	11,379	213,163	79,581	17,455	31,088	13,758	181,391	552,440
At 31 December 2014	4,625	10,601	483,104	81,317	78,692	32,796	18,950	26	710,111
At 31 December 2015	4,625	9,823	446,396	88,186	71,160	28,851	22,997	2,135	674,173

## NOTES TO FINANCIAL STATEMENTS

### 4. Property, Plant and Equipment (cont'd)

	Freehold land	Freehold buildings	Leasehold land and buildings	Furniture, fittings and renovation	Plant and machinery	Equipment and motor vehicles	Computers	Construction- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CO-OPERATIVE</b>									
<b>Cost</b>									
At 1 January 2014	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 31 December 2014	4,625	25,332	542,333	223,259	34,462	91,126	48,568	–	969,705
Additions	–	–	–	28,449	1,110	6,560	13,275	–	49,394
Disposals	–	–	(21,015)	(6,551)	(913)	(1,826)	(734)	–	(31,039)
Transfers	–	–	–	(52)	–	–	52	–	–
At 31 December 2015	4,625	25,332	521,318	245,105	34,659	95,860	61,161	–	988,060
<b>Accumulated depreciation and impairment losses</b>									
At 1 January 2014	–	13,953	96,837	136,629	22,958	52,771	31,755	–	354,903
Depreciation charge for the year	–	778	7,888	24,255	3,458	10,900	6,793	–	54,072
Disposals	–	–	–	(12,217)	(1,358)	(3,688)	(3,380)	–	(20,643)
Charge/(Reversal) of impairment loss	–	–	144	(2,593)	(435)	(714)	(49)	–	(3,647)
Transfer	–	–	–	4	(11)	8	(1)	–	–
At 31 December 2014	–	14,731	104,869	146,078	24,612	59,277	35,118	–	384,685
Depreciation charge for the year	–	778	14,683	23,936	3,532	11,623	8,748	–	63,300
Disposals	–	–	–	(6,520)	(913)	(1,745)	(732)	–	(9,910)
Reversal of impairment loss	–	–	(263)	(2,591)	(431)	(1,428)	(134)	–	(4,847)
At 31 December 2015	–	15,509	119,289	160,903	26,800	67,727	43,000	–	433,228
<b>Carrying amounts</b>									
At 1 January 2014	4,625	11,379	166,259	76,522	10,154	30,142	11,744	143,168	453,993
At 31 December 2014	4,625	10,601	437,464	77,181	9,850	31,849	13,450	–	585,020
At 31 December 2015	4,625	9,823	402,029	84,202	7,859	28,133	18,161	–	554,832

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 an 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 \$5,348,000 (2014: \$3,233,000) and \$4,847,000 (2014: \$3,647,000) that has been recognised in profit or loss of the Group and Co-operative respectively (note 19). The write-back of impairment loss represents the adjustment of property, plant and equipment to their recoverable amounts for outlets with positive 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% (2014: 10%).

## NOTES TO FINANCIAL STATEMENTS

### 5. Subsidiaries

	CO-OPERATIVE	
	2015	2014
	\$'000	\$'000
Unquoted equity shares, at cost	30,274	30,274
Less: Impairment loss	(4,536)	(4,536)
	<u>25,738</u>	<u>25,738</u>
Amount owing by subsidiaries		
– non-trade, interest free	50,458	54,317
– non-trade, interest-bearing	58,155	48,100
	<u>108,613</u>	<u>102,417</u>
Less: Impairment loss	(50,653)	(50,625)
	<u>57,960</u>	<u>51,792</u>
	<u>83,698</u>	<u>77,530</u>

During the year, the Co-operative assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on this assessment, the impairment loss of \$4,536,000 recognised on its investment in NewFront Investments Pte Ltd in the prior years continued to be appropriate as the subsidiary was still loss-making as at the reporting date. The recoverable amount of the investment was determined based on net asset position of the subsidiary which approximated its fair value as at 31 December 2015.

The receivables from subsidiaries include a principal amount of \$58,155,000 (2014: \$48,100,000) 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% (2014: 3%) per annum.

The remaining balance of \$50,458,000 (2014: \$54,317,000) is unsecured, interest-free and not expected to be repaid within 12 months from the end of the reporting period.

The following is an analysis of allowance for impairment losses:

	CO-OPERATIVE	
	2015	2014
	\$'000	\$'000
At beginning of the year	50,625	50,677
Allowance made during the year	28	46
Allowance written off during the year	–	(98)
At end of the year	<u>50,653</u>	<u>50,625</u>



## NOTES TO FINANCIAL STATEMENTS

### 5. Subsidiaries (cont'd)

Details of the Co-operative's subsidiaries as at 31 December 2015 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest	
			2015	2014
			%	%
Grocery Logistics of Singapore Pte Ltd	Warehousing and distribution	Singapore	100	100
AlphaPlus Investments Pte Ltd	Investment holding	Singapore	100	100
NewFront Investments Pte Ltd	Investment holding	Singapore	100	100
Cheers Holdings (2004) Pte Ltd	Convenience store operator	Singapore	100	100
Fairprice Training Services Pte Ltd	Dormant	Singapore	–	100
Fairprice Management Services Pte Ltd	Dormant	Singapore	–	100
Interstates Market (2007) Pte Ltd	Trading	Singapore	100	100
FPTM Pte Ltd	Investment holding	Singapore	100	100
Fairprice International (2010) Pte Ltd	Investment holding	Singapore	100	100
Thomson Plaza (Private) Limited	Dormant	Singapore	100	100
<b>Subsidiaries of AlphaPlus Investments Pte Ltd*</b>				
Thomson Plaza Investments Pte Ltd	Property owner	Singapore	100	100

The above subsidiaries are audited by KPMG 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.

## NOTES TO FINANCIAL STATEMENTS

### 5. Subsidiaries (cont'd)

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

	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	2014
Warehousing and distribution	Singapore	1	1
Investment holding	Singapore	4	4
Convenience store operator	Singapore	1	1
Dormant	Singapore	1	3
Trading	Singapore	1	1
Property owner	Singapore	1	1
		<u>9</u>	<u>11</u>

### 6. Associates

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	80,034	81,045	49,880	52,078
Share of post-acquisition accumulated profits/(losses), net of dividend received	1,222	(257)	–	–
Less: Impairment losses	–	–	–	(104)
	<u>81,256</u>	<u>80,788</u>	<u>49,880</u>	<u>51,974</u>

The following is an analysis of allowance for impairment losses:

	CO-OPERATIVE	
	2015	2014
	\$'000	\$'000
At beginning of the year	104	608
Utilised	(104)	(504)
At end of the year	<u>–</u>	<u>104</u>

Management had assessed the recoverable amount of the associates and determined that the recoverable amounts based on fair values of the associates' individual assets less costs to sell, is higher than the carrying amounts as at 31 December 2015. Accordingly, no impairment loss is recognised.

## NOTES TO FINANCIAL STATEMENTS

### 6. Associates (cont'd)

Details of the associates as at 31 December 2015 are as follows:

Name of associates	Principal activities	Country of incorporation and operation	Ownership interest	
			2015	2014
			%	%
NTUC Link Pte Ltd <sup>(1)</sup>	Operator of loyalty program	Singapore	–	24.8
One Marina Property Services Pte Ltd <sup>(1)</sup>	Provision of facility management, project management, marketing and leasing services	Singapore	20.0	20.0
NTUC Foodfare Co-operative Ltd <sup>(1)</sup>	Managing of food outlets	Singapore	50.0	50.0
SG Domain Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	20.0	20.0
Mercatus Co-operative Limited <sup>(1)</sup>	Property investment	Singapore	36.7	36.7
<u>Subsidiary of NTUC Foodfare Co-operative Ltd</u>				
Foodfare Catering Pte Ltd <sup>(1)</sup>	Provision of cooked food to army camp	Singapore	35.0	35.0
<u>Associates of NewFront Investments Pte Ltd</u>				
NTUC Co-operatives Suzhou Investments Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	26.6	26.6
Nextmall (Cayman Islands) Holdings Corporation <sup>(2)</sup>	Hypermarket retailing	Cayman Islands	33.7	33.7
Quayline Fairprice Sdn Bhd <sup>(2)</sup>	Supermarket retailing	Malaysia	40.0	40.0
<u>Associates of AlphaPlus Investments Pte Ltd</u>				
SMRT Alpha Pte. Ltd. <sup>(3)</sup>	Real estate management	Singapore	30.0	30.0
<u>Associate of Fairprice International (2010) Pte Ltd</u>				
Saigon Co-operative Fairprice Ltd <sup>(4)</sup>	Supermarket retailing	Vietnam	36.0	36.0

<sup>(1)</sup> Audited by KPMG LLP, Singapore.

<sup>(2)</sup> Co-operative is under members' voluntary liquidation.

<sup>(3)</sup> Audited by Ernst and Young LLP, Singapore.

<sup>(4)</sup> Audited by Deloitte Vietnam.

## NOTES TO FINANCIAL STATEMENTS

### 6. Associates (cont'd)

Summarised financial information of each of the Group's material associates, based on their respective unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies and analysis, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates are as follows:

	Mercatus Co-operative Limited	SG Domain Pte Ltd	NTUC Food Fare Co-operative Ltd	Immaterial associates	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2015</b>					
Revenue	58,771	–	57,769		
Profit/(Loss) after tax	5,533	(500)	434		
Other comprehensive income	–	–	–		
<b>Total comprehensive income</b>	5,533	(500)	434		
Attributable to investee's shareholders	5,533	(500)	434		
Non-current assets	966,516	–	39,108		
Current assets	49,113	157,367	39,973		
Non-current liabilities	(912,188)	–	(3,202)		
Current liabilities	(47,847)	(9,465)	(30,727)		
<b>Net assets</b>	55,594	147,902	45,152		
Attributable to investee's shareholders	55,594	147,902	45,152		
<b>Group's interest in net assets of investee at beginning of the year</b>	18,372	29,680	22,359	10,377	80,788
Disposal of associate	–	–	–	(2,920)	(2,920)
Group's share of:					
– Profit/(Loss) after tax and other comprehensive income	2,031	(100)	217	52	2,200
– Total comprehensive income	2,031	(100)	217	52	2,200
Group's contribution during the year	–	–	–	1,188	1,188
<b>Carrying amount of interest in investee at end of the year</b>	20,403	29,580	22,576	8,697	81,256

## NOTES TO FINANCIAL STATEMENTS

### 6. Associates (cont'd)

	Mercatus Co-operative Limited	SG Domain Pte Ltd	NTUC Food Fare Co-operative Ltd	Immaterial associates	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>					
Revenue	56,157	–	55,420		
Profit/(Loss) after tax	2,672	(50)	4,383		
Other comprehensive income	–	–	–		
<b>Total comprehensive income</b>	2,672	(50)	4,383		
Attributable to investee's shareholders	2,672	(50)	4,383		
Non-current assets	1,042,148	–	33,917		
Current assets	68,721	163,055	43,176		
Non-current liabilities	(920,555)	(14,706)	(4,182)		
Current liabilities	(140,252)	–	(28,193)		
<b>Net assets</b>	50,062	148,349	44,718		
Attributable to investee's shareholders	50,062	148,349	44,718		
<b>Group's interest in net assets of investee at beginning of the year</b>	17,391	29,690	20,167	8,869	76,117
Disposals of associates	–	–	–	(449)	(449)
Group's share of:					
– Profit/(Loss) after tax and other comprehensive income	981	(10)	2,192	1,957	5,120
– Total comprehensive income	981	(10)	2,192	1,957	5,120
<b>Carrying amount of interest in investee at end of the year</b>	18,372	29,680	22,359	10,377	80,788

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 \$857,000 (2014: \$829,000).

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.



## NOTES TO FINANCIAL STATEMENTS

### 7. Other Investments

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Current investments:</b>				
– Quoted unit trust available-for-sale	245,376	275,446	245,376	275,446
<i>Less: impairment</i>	(4,762)	(3,017)	(4,762)	(3,017)
	240,614	272,429	240,614	272,429
– Quoted equity securities available-for-sale	199,714	142,402	199,714	142,402
<i>Less: impairment</i>	(4,473)	(864)	(4,473)	(864)
	195,241	141,538	195,241	141,538
– Unquoted debt securities	–	28,000	–	28,000
– Quoted debt securities available-for-sale	213,210	196,408	213,210	196,408
	649,065	638,375	649,065	638,375
<b>Non-current investments:</b>				
– Quoted unit trust available-for-sale	302,775	331,584	209,890	233,405
– Unquoted equity securities available-for-sale	25,854	27,451	10,000	12,250
– Other investments	750	750	750	750
	329,379	359,785	220,640	246,405
	978,444	998,160	869,705	884,780

Other investments are stated at cost less accumulated impairment loss.

In prior year, the unquoted debt securities had stated interest rate of 3.30% and mature in 2015.

Investments in quoted bonds have stated effective interest rates of 5.06% (2014: 5.22%) per annum and have maturity dates ranging from March 2016 to October 2022 (2014: May 2015 to October 2022). The investments are classified as current as management could liquidate these investments if required.

The following is an analysis of allowance for impairment loss:

	GROUP AND CO-OPERATIVE	
	2015	2014
	\$'000	\$'000
At beginning of the year	3,881	660
Impairment loss recognised during the year	5,354	3,881
Utilised	–	(660)
At end of the year	9,235	3,881

During the year, the Group recognised an impairment loss of \$5,354,000 (2014: \$3,881,000) on its quoted unit trust available-for-sale and quoted equity securities available-for-sale due to significant and prolonged decline in the fair values.

## NOTES TO FINANCIAL STATEMENTS

### 8. Other Receivables from Associates

	GROUP		CO-OPERATIVE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loan to associates	179,456	179,456	175,406	175,406

- (a) The loan to Mercatus Co-operative Limited of \$164,700,000 (2014: \$164,700,000) is unsecured, interest-bearing and is not expected to be repaid within the next 12 months. The interest is based on (i) 6.5% of the shareholder's loan or (ii) 95% of the Co-operative's share of Net Distributable Surplus of each financial year, whichever amount is lower.

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.

- (b) The loan to SMRT Alphaplus Pte. Ltd. of \$4,050,000 (2014: \$4,050,000) is unsecured and bears interest at 4% (2014: 4%) per annum.

### 9. Inventories

	GROUP		CO-OPERATIVE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Retail goods	230,535	227,208	217,959	215,604

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 of \$16,808,000 (2014: \$15,782,000) and \$15,328,000 (2014: \$14,253,000) was recognised in profit or loss for the Group and Co-operative respectively.

### 10. Trade and Other Receivables

	GROUP		CO-OPERATIVE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	8,732	9,803	7,978	9,176
Less: Impairment loss on trade receivables	(180)	(19)	(180)	(19)
	8,552	9,784	7,798	9,157
Trade amounts due from:				
– related parties	1,684	448	1,684	448
– subsidiaries	–	–	3,786	1,466
– associates	92	83	92	83
	10,328	10,315	13,360	11,154
Deposits	19,963	18,938	16,919	15,887
Prepayments	10,661	11,505	10,436	11,117
Interest receivables	2,106	2,277	2,106	2,277
Other receivables	3,751	10,205	3,700	10,073
Amount due from subsidiaries (non-trade)	–	–	–	561
	36,481	42,925	33,161	39,915
	46,809	53,240	46,521	51,069

The average credit period on sale of goods is 30 days (2014: 30 days).

## NOTES TO FINANCIAL STATEMENTS

### 10. Trade and Other Receivables (cont'd)

The Group and the Co-operative's other receivables are unsecured, interest-free and repayable on demand. The Group and the Co-operative have not recognised any allowance for doubtful debts as management is of the view that these receivables are recoverable.

The Group and Co-operative's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 24.

#### Impairment losses

The ageing of trade receivables (including trade receivables with related parties) that were not impaired at the reporting date was:

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Neither not past due nor impaired	5,420	3,209	6,043	4,550
Past due 1 to 30 days	2,102	3,638	4,536	3,498
Past due 31 to 60 days	881	2,136	1,236	2,124
Past due more than 61 days	1,925	1,332	1,545	982
	10,328	10,315	13,360	11,154

The Group and the Co-operative believe that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

The movement in the allowance for impairment in respect of trade receivables during the year are as follows:

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	19	262	19	262
Impairment loss charged during the year	180	12	180	12
Utilised	(19)	(255)	(19)	(255)
At end of the year	180	19	180	19

Based on the Group's monitoring of customers' credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due but up to 30 days.

### 11. Cash and Cash Equivalents

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash on hand	5,514	6,763	5,268	6,759
Cash at bank	262,030	240,699	214,040	216,781
Fixed deposits	250,539	200,504	250,539	200,504
	518,083	447,966	469,847	424,044

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.05% to 0.11% (2014: 0.04% to 0.35%) per annum. The fixed deposits are placed with the financial institutions for an average tenure of approximately 21 days (2014: 28 days).

## NOTES TO FINANCIAL STATEMENTS

### 12. Share Capital and Members' Shares

	CO-OPERATIVE			
	2015	2014	2015	2014
	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	285,141,339	186,026,093	285,141	186,026
Issue of shares at par for cash	1,096,887	100,973,794	1,097	100,973
Redemption of shares	(1,668,165)	(1,858,548)	(1,668)	(1,858)
At end of the year	284,570,061	285,141,339	284,570	285,141
The share capital is represented by:				
Members' shares hold by the founder member National Trade Union Congress <sup>(b) (c) (d)</sup>	100,000	100,000	100	100
Other members' shares <sup>(a) (c) (d)</sup>	284,470,061	285,041,339	284,470	285,041
	284,570,061	285,141,339	284,570	285,141

<sup>(a)</sup> This relates to the shares held by members where the Co-operative has the right of refusal to redeem the members' shares. Included in the members' shares is 100,000,000 shares allotted to NTUC Enterprise Co-operative Limited by the Co-operative amounting to \$100,000,000 which are not to be withdrawn or transferred within ten years from the date of their issue. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-laws of the Co-operative. In accordance with By-laws 5.6, the shares are redeemable at the lower of the nominal value of \$1 per share or the net asset value of the share.

<sup>(b)</sup> This relates to the shares held by the founder member National Trade Union Congress.

<sup>(c)</sup> 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:

<sup>(i)</sup> avail himself of all services of the Society;

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

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

<sup>(iv)</sup> participate and vote at general meetings; and

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

<sup>(d)</sup> The Co-operative's ordinary shares carry no right to fixed income.

## NOTES TO FINANCIAL STATEMENTS

### 13. Other Reserves

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fair value reserve <sup>(a)</sup>	195,903	256,407	141,714	197,578
Foreign currency translation reserve <sup>(b)</sup>	(276)	(276)	–	–
	<b>195,627</b>	<b>256,131</b>	<b>141,714</b>	<b>197,578</b>

<sup>(a)</sup> The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

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

### 14. 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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	30,957	28,335	29,767	27,255
Utilised	(1,261)	(676)	(1,224)	(513)
Provisions made during the year	–	3,298	–	3,025
At end of the year	<b>29,696</b>	<b>30,957</b>	<b>28,543</b>	<b>29,767</b>

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 month to 11 years (2014: 1 month to 12 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% (2014: 5%) that reflects the risks specific to the liability.

### 15. Deferred Tax Liabilities

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

	At 1 January 2014	Recognised in profit or loss (note 20)	At 31 December 2014	Recognised in profit or loss (note 20)	At 31 December 2015
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP</b>					
<b>Deferred tax liabilities</b>					
Property, plant and equipment	2,959	512	3,471	123	3,594
Provisions	(43)	(11)	(54)	(203)	(257)
Tax losses carry forward	(229)	190	(39)	(896)	(935)
Others	–	–	–	29	29
	<b>2,687</b>	<b>691</b>	<b>3,378</b>	<b>(947)</b>	<b>2,431</b>



## NOTES TO FINANCIAL STATEMENTS

### 16. Trade and Other Payables

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Trade payables</b>				
External parties	550,163	543,303	519,608	510,134
Amount due to subsidiaries, trade <sup>(a)</sup>	–	–	3,828	3,272
Amount due to associates, trade <sup>(a)</sup>	142	229	142	229
Amount due to related parties, trade	591	46	591	46
	<b>550,896</b>	<b>543,578</b>	<b>524,169</b>	<b>513,681</b>
<b>Other payables</b>				
Accrued operating expenses <sup>(b)</sup>	112,799	139,614	104,906	130,034
Deposits received	8,545	7,860	8,486	7,813
Amounts due to:				
– Subsidiaries <sup>(a)</sup>	–	–	68,136	82,083
– Associates <sup>(a)</sup>	30,883	30,883	30,883	30,883
Patronage rebates and dividends payable	565	502	565	502
Accrued short-term employee benefits	25,303	22,440	23,811	20,985
Gift vouchers payable	58,620	43,342	58,620	43,342
Other payables	12,143	17,446	12,225	17,535
Contributions to:				
– Central Co-operative Fund <sup>(c)</sup>	25	25	25	25
– Singapore Labour Foundation <sup>(d)</sup>	35,779	39,959	35,779	39,959
	<b>284,662</b>	<b>302,071</b>	<b>343,436</b>	<b>373,161</b>
	<b>835,558</b>	<b>845,649</b>	<b>867,605</b>	<b>886,842</b>

<sup>(a)</sup> The amounts due to subsidiaries and associates are unsecured, interest-free and repayable on demand.

<sup>(b)</sup> Accrued operating expenses include accruals of purchases of property, plant and equipment amounting to \$34,206,000 (2014: \$59,871,000). In making these estimates, management has relied on past experience and knowledge of project engineers and quantity surveyors.

<sup>(c)</sup> 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.

<sup>(d)</sup> 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 \$35,779,000 (2014: \$39,959,000) is due to be paid out in the next financial year.

The average credit period on purchase of goods is 45 days (2014: 45 days). Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

#### Market and liquidity risks

The Group and the Co-operative’s exposures to currency risk and liquidity risk for trade and other payables are disclosed in note 24.

### 17. Revenue

Revenue of the Group and the Co-operative represents the invoiced value of goods sold.

## NOTES TO FINANCIAL STATEMENTS

### 18. Other Income

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Rental income	42,392	38,180	47,901	39,952
Dividend income	43,899	41,450	38,284	36,510
Franchise fee income	267	194	–	–
Interest income/(expense):				
– financial institutions	1,066	349	1,066	349
– subsidiaries	–	–	(28)	(601)
– debt securities	6,830	6,658	6,830	6,658
– associates	10,868	11,597	10,705	11,597
Reclassification of gain from fair value reserve to profit or loss on disposal of available-for-sale investments	12,580	10,969	12,580	10,969
Advertising and promotion	12,256	11,936	10,625	10,977
Concessionary, commission and other service income	120,255	109,821	92,491	82,710
Discounts received	2,147	2,231	2,018	2,093
Gain on disposal of an associate	11	–	836	–
Others	13,395	12,431	6,385	5,856
	<b>265,966</b>	<b>245,816</b>	<b>229,693</b>	<b>207,070</b>

### 19. Other Operating Expenses

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Rental and conservancy charges	148,659	138,893	131,139	121,427
Utilities	41,934	45,600	35,442	37,891
Repair, maintenance and supplies	39,834	34,622	33,451	29,846
Reversal of impairment of property, plant and equipment	(5,348)	(3,233)	(4,847)	(3,647)
Impairment loss on other investments	5,354	3,881	5,354	3,881
Impairment loss on trade receivables	180	12	180	12
Loss/(Gain) on disposal of property, plant and equipment	384	1,551	(48)	1,616
Packing and delivery expenses	30,435	28,673	18,963	18,653
Donation to NTUC Fairprice Foundation Limited	10,000	12,500	5,200	6,000
Marketing expenses	30,729	30,096	30,556	30,072
Impairment loss on amount due from subsidiary	–	–	27	46
Property tax	6,221	4,797	5,287	3,762
Security expense	8,306	5,014	6,589	3,965
Sundry expense	21,604	19,114	20,864	18,236
Others	21,991	21,851	15,498	14,593
	<b>360,283</b>	<b>343,371</b>	<b>303,655</b>	<b>286,353</b>

## NOTES TO FINANCIAL STATEMENTS

### 20. Tax (Credit)/Expense

	Note	GROUP	
		2015 \$'000	2014 \$'000
<b>Current tax expense:</b>			
Current year		275	45
Adjustment in prior years		(330)	215
		(55)	260
<b>Deferred tax expense:</b>			
Current year		(817)	–
Adjustment in prior years		(130)	691
	15	(947)	691
<b>Total tax (credit)/expense</b>		<b>(1,002)</b>	<b>951</b>

#### Reconciliation of effective tax rate

	GROUP	
	2015 \$'000	2014 \$'000 Restated
Profit before tax	199,931	232,203
Income tax expense at statutory tax rate of 17% (2014: 17%)	33,988	39,475
Non-deductible expenses	1,462	1,363
Exempt income <sup>(1)</sup>	(33,231)	(37,987)
Effect of share of results of associates	418	(870)
Effect of tax concessions		
– donation	(2,448)	(2,310)
Tax rebate	(69)	(78)
(Over)/Under provision in prior years	(460)	906
Others	(662)	452
	(1,002)	951

<sup>(1)</sup> 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 \$11.7 million (2014: \$12 million) and unutilised donation of \$5.5 million (2014: \$5.5 million) available for offset against future profits.

### 21. Dividend

	GROUP		CO-OPERATIVE	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Distributions to members of the Co-operative				
– first and final dividend	19,177	9,111	19,177	9,111

First and final dividend of 7.5% (2014: 5%) was paid out to the members of the Co-operative during the financial year.

## NOTES TO FINANCIAL STATEMENTS

### 22. Patronage Rebates, Directors' Honoraria and Dividends

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

	<b>GROUP AND CO-OPERATIVE</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Patronage rebates	61,815	65,275
Directors' honoraria	438	496
First and final dividend of 6% (2014: 7.5%)	17,070	19,511
	<u>79,323</u>	<u>85,282</u>

The proposed patronage rebates represent 4.5% (2014: 5%) of the eligible purchases.

### 23. 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:

	<b>GROUP</b>		<b>CO-OPERATIVE</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Capital commitments:				
Purchase of property, plant and equipment approved by the directors				
– contracted	14,544	17,062	6,756	4,631

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

	<b>GROUP</b>		<b>CO-OPERATIVE</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	140,121	111,734	129,092	100,201
After 1 year but within 5 years	190,818	152,716	177,394	139,372
After 5 years	59,377	209,918	29,822	53,044
	<u>390,316</u>	<u>474,368</u>	<u>336,308</u>	<u>292,617</u>

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.

## NOTES TO FINANCIAL STATEMENTS

### 23. Commitments (cont'd)

- (c) The Group rents out its leasehold properties in Singapore under operating leases. Property rental income earned during the year was \$42,392,000 (2014: \$40,200,200). As at the end of reporting year, the Group and Co-operative have contracted with certain tenants under non-cancellable operating lease receivables as follows:

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Within 1 year	42,830	31,429	42,233	31,322
After 1 year but within 5 years	36,613	32,932	35,911	32,527
After 5 years	14	–	14	–
	79,457	64,361	78,158	63,849

### 24. Financial Instruments

#### Financial risk management

##### *Risk management framework*

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 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.

##### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position at the reporting date.



## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Financial risk management (cont'd)

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Less than 1 year	1–5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP</b>					
<b>2015</b>					
Trade and other payables	835,558	(835,558)	(835,558)	–	–
<b>2014</b>					
Trade and other payables	845,649	(845,649)	(845,649)	–	–
<b>CO-OPERATIVE</b>					
<b>2015</b>					
Trade and other payables	867,605	(867,605)	(867,605)	–	–
<b>2014</b>					
Trade and other payables	886,842	(886,842)	(886,842)	–	–

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), US dollar (USD), Hong Kong dollar (HKD), Euro (EUR), Swiss franc (CHF), Sterling pound (GBP), Australian dollar (AUD) and Swedish Krona (SEK).

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk.

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Financial risk management (cont'd)

#### Currency risk (cont'd)

#### Exposure to currency risk

The Group's and the Co-operative's exposure to foreign currencies are as follows:

	USD	HKD	EUR	CHF	GBP	AUD	SEK	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP AND CO-OPERATIVE</b>								
<b>2015</b>								
<b>Financial assets</b>								
Cash and cash equivalents	9,020	–	848	223	75	97	–	10,263
Quoted equity securities available-for-sale	51,422	2,020	28,998	7,631	7,650	–	–	97,721
Total financial assets	60,442	2,020	29,846	7,854	7,725	97	–	107,984
<b>Financial liabilities</b>								
Trade and other payables	(5,858)	–	(536)	–	(285)	(2,246)	–	(8,925)
Total financial liabilities	(5,858)	–	(536)	–	(285)	(2,246)	–	(8,925)
Net financial assets/(liabilities) at end of the year	54,584	2,020	29,310	7,854	7,440	(2,149)	–	99,059
<b>2014</b>								
<b>Financial assets</b>								
Cash and cash equivalents	5,889	–	–	–	–	100	–	5,989
Quoted equity securities available-for-sale	31,540	1,723	20,037	4,142	4,321	–	1,806	63,569
Total financial assets	37,429	1,723	20,037	4,142	4,321	100	1,806	69,558
<b>Financial liabilities</b>								
Trade and other payables	(3,595)	–	(128)	–	–	(141)	–	(3,864)
Total financial liabilities	(3,595)	–	(128)	–	–	(141)	–	(3,864)
Net financial assets/(liabilities) at end of the year	33,834	1,723	19,909	4,142	4,321	(41)	1,806	65,694

#### Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currencies of the Group's entities at the reporting date held by the Group and the Co-operative would increase/(decrease) equity and profit or loss by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP AND CO-OPERATIVE			
	PROFIT OR LOSS		EQUITY	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
USD	316	229	5,142	3,154
HKD	–	–	202	172
EUR	31	(13)	2,900	2,004
CHF	22	–	763	414
GBP	(21)	–	765	432
AUD	(215)	(4)	–	–
SEK	–	–	–	181

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Financial risk management (cont'd)

##### Interest rate risk

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.

##### Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	GROUP Nominal amount		CO-OPERATIVE Nominal amount	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Fixed rate instruments</b>				
Other investments	213,210	224,408	213,210	224,408
Amount owing by subsidiaries	–	–	58,155	48,100
Other receivables from associates	4,050	4,050	–	–
Cash and cash equivalents	250,539	200,504	250,539	200,504
	<u>467,799</u>	<u>428,962</u>	<u>521,904</u>	<u>473,012</u>
<b>Variable rate instruments</b>				
Other receivables from associates	175,406	175,406	175,406	175,406

##### Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

##### Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	PROFIT OR LOSS	
	100 bp increase \$'000	100 bp decrease \$'000
<b>GROUP</b>		
<b>31 December 2015</b>		
Other receivables from associates	1,754	(1,754)
<b>31 December 2014</b>		
Other receivables from associates	1,754	(1,754)
<b>CO-OPERATIVE</b>		
<b>31 December 2015</b>		
Other receivables from associates	1,754	(1,754)
<b>31 December 2014</b>		
Other receivables from associates	1,754	(1,754)

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Financial risk management (cont'd)

##### Equity price risk

The Group and the Co-operative are exposed to equity price risks changes arising from available-for-sale investments. An increase in the underlying equity prices of the above investments at the reporting date by 10% (2014: 10%) and 10% (2014: 10%) for the Group and the Co-operative, respectively, would increase profit and other components of equity before any tax effect by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	CO-OPERATIVE
	\$'000	\$'000
<b>2015</b>		
<b>Available-for-sale investments</b>		
Equity	97,769	86,895
Profit before tax	-	-
<b>2014</b>		
<b>Available-for-sale investments</b>		
Equity	99,741	88,403
Profit before tax	-	-

Similarly, a decrease in the underlying equity prices by 10% (2014: 10%) and 10% (2014: 10%) for the Group and the Co-operative respectively would decrease profit and other components of equity before any tax effect by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	CO-OPERATIVE
	\$'000	\$'000
<b>2015</b>		
<b>Available-for-sale investments</b>		
Equity	93,280	82,406
Profit before tax	4,489	4,489
<b>2014</b>		
<b>Available-for-sale investments</b>		
Equity	98,686	87,348
Profit before tax	1,055	1,055

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair Value				
	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP</b>								
<b>2015</b>								
<b>Financial assets measured at fair value</b>								
Quoted unit trust available-for-sale	–	543,389	–	543,389	543,389	–	–	543,389
Quoted equity securities available-for-sale	–	195,241	–	195,241	195,241	–	–	195,241
Quoted debt securities available-for-sale	–	213,210	–	213,210	213,210	–	–	213,210
Unquoted equity securities available-for-sale	–	15,854	–	15,854	–	–	15,854	15,854
	–	967,694	–	967,694				
<b>Financial assets not measured at fair value</b>								
Unquoted equity securities available-for-sale	–	10,000	–	10,000				
Other investments	–	750	–	750				
Cash and cash equivalents	518,083	–	–	518,083				
Trade and other receivables*	36,148	–	–	36,148				
Other receivables from associates	179,456	–	–	179,456				
	733,687	10,750	–	744,437				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	–	–	(835,558)	(835,558)				

\* Excludes prepayments



## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Accounting classifications and fair values (cont'd)

	Carrying amount				Fair Value			
	Loans and receivables	Available-for-sale	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP</b>								
<b>2014</b>								
<b>Financial assets measured at fair value</b>								
Quoted unit trust available-for-sale	–	604,013	–	604,013	604,013	–	–	604,013
Quoted equity securities available-for-sale	–	141,538	–	141,538	141,538	–	–	141,538
Quoted debt securities available-for-sale	–	196,408	–	196,408	196,408	–	–	196,408
Unquoted debt securities	–	28,000	–	28,000	–	28,000	–	28,000
Unquoted equity securities available-for-sale	–	15,200	–	15,200	–	–	15,200	15,200
	–	985,159	–	985,159				
<b>Financial assets not measured at fair value</b>								
Unquoted equity securities available-for-sale	–	12,251	–	12,251				
Other investments	–	750	–	750				
Cash and cash equivalents	447,966	–	–	447,966				
Trade and other receivables*	41,735	–	–	41,735				
Other receivables from associates	179,456	–	–	179,456				
	669,157	13,001	–	682,158				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	–	–	(845,649)	(845,649)				

\* Excludes prepayments

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Accounting classifications and fair values (cont'd)

	Carrying amount			Fair Value				
	Loans and receivables	Available-for-sale	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CO-OPERATIVE</b>								
<b>2015</b>								
<b>Financial assets measured at fair value</b>								
Quoted unit trust available-for-sale	–	450,504	–	450,504	450,504	–	–	450,504
Quoted equity securities available-for-sale	–	195,241	–	195,241	195,241	–	–	195,241
Quoted debt securities available-for-sale	–	213,210	–	213,210	213,210	–	–	213,210
	–	858,955	–	858,955				
<b>Financial assets not measured at fair value</b>								
Unquoted equity securities available-for-sale	–	10,000	–	10,000				
Other investments	–	750	–	750				
Cash and cash equivalents	469,847	–	–	469,847				
Trade and other receivables*	36,085	–	–	36,085				
Other receivables from associates	175,406	–	–	175,406				
	681,338	10,750	–	692,088				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	–	–	(867,605)	(867,605)				

\* Excludes prepayments

## NOTES TO FINANCIAL STATEMENTS

### 24. Financial Instruments (cont'd)

#### Accounting classifications and fair values (cont'd)

	Carrying amount			Fair Value				
	Loans and receivables	Available-for-sale	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CO-OPERATIVE</b>								
<b>2014</b>								
<b>Financial assets measured at fair value</b>								
Quoted unit trust available-for-sale	–	505,834	–	505,834	505,834	–	–	505,834
Quoted equity securities available-for-sale	–	141,538	–	141,538	141,538	–	–	141,538
Quoted debt securities available-for-sale	–	196,408	–	196,408	196,408	–	–	196,408
Unquoted debt securities	–	28,000	–	28,000	–	28,000	–	28,000
	–	871,780	–	871,780				
<b>Financial assets not measured at fair value</b>								
Unquoted equity securities available-for-sale	–	12,250	–	12,250				
Other investments	–	750	–	750				
Cash and cash equivalents	424,044	–	–	424,044				
Trade and other receivables*	39,952	–	–	39,952				
Other receivables from associates	175,406	–	–	175,406				
	639,402	13,000	–	652,402				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	–	–	(886,842)	(886,842)				

\* Excludes prepayments

## **NOTES TO FINANCIAL STATEMENTS**

### **24. Financial Instruments** *(cont'd)*

#### **Determination of fair value**

Fair values have been determined for measurement and disclosure purposes based on the following methods.

The fair values of quoted unit trust available-for-sale, quoted equity securities available-for-sale and quoted debt securities traded in an active market and are determined with reference to quoted bid prices at the reporting date.

The fair values of unquoted debt securities included within level 2 are estimated based on discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

The fair values of certain unquoted equity securities available-for-sale included within level 3 are estimated based on the Group's share of the net assets values of the investee company, which take into consideration the fair value of the underlying property held by the investee company. The fair value of the investment property is determined based on direct comparison method. The significant unobservable input is price per square meter. Any significant isolated increases (decrease) in the estimated price per square meter would result in a significantly higher (lower) fair value measurement.

The fair values of certain unquoted equity securities available-for-sale and other receivables from associates have not been determined as the fair value cannot be determined reliably. As a result, the variability in the range of recoverable fair value estimates derived from valuation techniques is expected to be significant.

#### **Financial instruments measured at fair value based on level 3**

	<b>Unquoted equity securities available-for-sale</b>
	<b>\$'000</b>
<b>GROUP</b>	
At 1 January 2014	14,270
Gains in other comprehensive income	930
At 31 December 2014	15,200
Gains in other comprehensive income	654
At 31 December 2015	15,854

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

#### **Capital management**

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The management periodically reviews the capital structure. Capital comprises only share capital, fair value reserve, foreign currency translation reserve and retained earnings.

There were no changes in the Group's approach to capital management during the year.

Neither the Co-operative nor any of its subsidiaries are subject to externally imposed capital requirements.

## NOTES TO FINANCIAL STATEMENTS

### 25. Related Parties

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.

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

	GROUP		CO-OPERATIVE	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Donations to NTUC Fairprice Foundation Limited	10,000	12,500	5,200	6,000
Sales of goods to:				
– Associates	–	(5)	–	(5)
– Related party	(1,114)	(895)	(1,114)	(895)
Rental income from:				
– Associates	(987)	(2,809)	(987)	(2,809)
– Related parties	(3,433)	(194)	(3,433)	(194)
Interest income from associates	(10,705)	(11,597)	(10,705)	(11,597)
Interest expense from subsidiaries	–	–	28	601
Rental expenses to:				
– Associates	14,998	14,503	14,998	14,503
– Related party	3,567	488	3,567	488
Repair and maintenance to associates	2,605	1,625	2,605	1,625
Issuance/(Redemption) of link points by associates	2,310	(1,519)	2,310	(1,519)
Dividend expenses to:				
– Holding entity	9,875	2,817	9,875	2,817
– Related parties	250	167	250	167
Purchases from associates	651	577	651	577
Printing expenses to:				
– Related party	1,229	1,149	1,229	1,149
Other operating expenses to related party	1,135	1,410	1,135	1,410
Transfer of property, plant and equipment to a subsidiary	–	–	–	6,132
Sponsorship to:				
– Holding entity	–	157	–	157
– Related parties	1,418	1,410	1,418	1,410
Dividend income from:				
– Associates	(240)	(228)	(240)	(228)
– Related parties	(687)	(655)	(687)	(655)

Please refer to notes 6 and 8 for additional information on related party transactions with associates.



## NOTES TO FINANCIAL STATEMENTS

### 25. Related Parties *(cont'd)*

#### Management personnel compensation

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

	GROUP AND CO-OPERATIVE	
	2015	2014
	\$'000	\$'000
Salaries, short-term employee benefits and post-employment benefits:		
– directors	496	395
– officers	9,619	8,322
	<u>10,115</u>	<u>8,717</u>

### 26. Comparative Information

The financial statements for the year ended 31 December 2014 were audited by another auditors.



**NTUC Fairprice Co-operative Ltd**  
No. 1 Joo Koon Circle #13-01  
FairPrice Hub Singapore 629117

Tel: (65) 6888 1888  
Fax: (65) 6397 4001