

***NTUC Thrift & Loan Co-operative Limited***  
*(Co-operative registration number: 224)*

***Financial Statements***  
*31 March 2008*

***BDO Raffles***  
*Public Accountants and Certified Public Accountants*

## *NTUC THRIFT & LOAN CO-OPERATIVE LIMITED* *REPORT OF THE DIRECTORS*

The Directors present their report to the members together with the audited financial statements of the Co-operative for the financial year ended 31 March 2008.

### **1. Directors**

The Directors in office at the date of this report are:

Chua Cher Choon  
Leong Horn Kee  
Lim Eng Lee  
Karthikeyan R. K.  
Thomas Tay  
Kuah Boon Wee (Appointed on 1 December 2007)  
Adeline Sum Wai Fun (Appointed on 21 September 2007)  
Cheong Kwok Leong (Appointed on 21 September 2007)

### **2. Arrangements to enable directors to acquire shares or debentures**

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

### **3. Directors' interests in shares or debentures**

According to the register of Directors' shareholdings kept by the Co-operative, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Co-operative and its related corporations.

### **4. Directors' contractual benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Co-operative or by a related corporation with the Director, or with a firm of which he is a member, or with a Co-operative in which he has a substantial financial interest, except as disclosed in the financial statements.

### **5. Share options**

There were no share options granted by the Co-operative during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Co-operative.

There were no unissued shares of the Co-operative under options as at the end of the financial year.

### **6. Auditors**

The auditors, BDO Raffles, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

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Chua Cher Choon  
Director

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Karthikeyan R. K.  
Director

Singapore  
12 July 2008

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*STATEMENTS BY DIRECTORS*

In the opinion of the Directors,

- (a) the accompanying financial statements comprising the balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereon are drawn up in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Co-operative as at 31 March 2008 and of the results, changes in equity and cash flows of the Co-operative for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

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Chua Cher Choon  
Director

Singapore  
12 July 2008

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Karthikeyan R. K.  
Director



## *INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*

We have audited the accompanying financial statements of NTUC Thrift & Loan Co-operative Limited (the "Co-operative"), which comprise the balance sheet as at 31 March 2008, the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the financial year ended 31 March 2007 were audited by another firm of auditors whose report dated 1 August 2007 expressed a qualified opinion on the presentation of members' share capital as equity.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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.

### *Basis for Qualified Opinion*

We draw attention to Note 9 of the financial statements which explains the rights and obligations to the holders of shares and the method of presentation of the members' share as paid-up share capital of the Co-operative.

### *Qualified Opinion*

In our opinion, except for the presentation of the paid-up share capital as equity, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Co-operative as at 31 March 2008 and of the results, changes in equity and cash flows of the Co-operative for the financial year ended on that date.

### *Opinion on Accounting and Other Records*

- (a) the accounting and other records required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Act; and
- (b) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Co-operative during the financial year have been in accordance with the By-laws of the Co-operative and the provisions of the Act.

BDO Raffles  
Public Accountants and  
Certified Public Accountants

Singapore  
12 July 2008



*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*BALANCE SHEET AS AT 31 MARCH 2008*

|   | Note | 2008<br>\$         | 2007<br>\$         |
|---|------|--------------------|--------------------|
| <b>Non-current assets</b>                         |      |                    |                    |
| Plant and equipment                               | 4    | 186,812            | 243,735            |
| Loans to members                                  | 5    | <u>40,738,317</u>  | <u>44,901,462</u>  |
|   |      | <u>40,925,129</u>  | <u>45,145,197</u>  |
| <b>Current assets</b>                             |      |                    |                    |
| Loans to members                                  | 5    | 5,976,730          | 6,446,088          |
| Other financial assets                            | 6    | 475,831,309        | 259,699,240        |
| Other receivables                                 | 7    | 3,853,174          | 7,136,807          |
| Cash and cash equivalents                         | 8    | <u>136,031,812</u> | <u>71,980,601</u>  |
|   |      | <u>621,693,025</u> | <u>345,262,736</u> |
| <b>Total assets</b>                               |      | <u>662,618,154</u> | <u>390,407,933</u> |
| <b>Capital and reserves</b>                       |      |                    |                    |
| Share capital                                     | 9    | 21,725,594         | 17,747,833         |
| Fair value (account)/reserve                      | 10   | (300,456)          | 924,449            |
| Statutory reserve fund                            | 11   | 2,459,991          | 2,459,991          |
| Accumulated profits                               |      | <u>5,166,463</u>   | <u>11,895,422</u>  |
|   |      | <u>29,051,592</u>  | <u>33,027,695</u>  |
| <b>Non-current liability</b>                      |      |                    |                    |
| Amounts owing to members                          | 12   | <u>69,573,909</u>  | <u>29,259,889</u>  |
| <b>Current liabilities</b>                        |      |                    |                    |
| Amounts owing to members                          | 12   | 545,680,154        | 319,405,360        |
| Other payables                                    | 13   | <u>18,312,499</u>  | <u>8,714,989</u>   |
|   |      | <u>563,992,653</u> | <u>328,120,349</u> |
| <b>Total capital and reserves and liabilities</b> |      | <u>662,618,154</u> | <u>390,407,933</u> |

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

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*INCOME STATEMENT*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008*

|   | <b>Note</b> | <b>2008</b><br>\$   | <b>2007</b><br>\$  |
|---|-------------|---------------------|--------------------|
| Interest income   | 14          | 14,687,325          | 8,481,949          |
| Interest expense  | 15          | <u>(12,887,874)</u> | <u>(7,572,920)</u> |
| Net interest income   |             | 1,799,451           | 909,029            |
| Other income  | 16          | 14,036,933          | 14,419,334         |
| Rental expenses   |             | (190,432)           | (218,320)          |
| Write back of allowance for loans to members no longer required | 5           | 40,279              | 46,921             |
| Allowance for doubtful other receivables                        | 7           | (109,000)           | -                  |
| Depreciation of plant and equipment                             | 4           | (63,146)            | (85,226)           |
| IT expenses   |             | (271,778)           | (265,565)          |
| Net fair value changes on equity securities held for trading    |             | (18,369,140)        | -                  |
| Marketing and promotional expenses                              |             | (158,371)           | (125,415)          |
| Staff costs   | 17          | (1,343,907)         | (1,223,974)        |
| Other expenses  |             | <u>(620,970)</u>    | <u>(488,056)</u>   |
| (Loss)/Profit before income tax                                 | 18          | (5,250,081)         | 12,968,728         |
| Income tax expense  | 19          | -                   | -                  |
| (Loss)/Profit after income tax but before contributions         |             | (5,250,081)         | 12,968,728         |
| Contributions to:   |             |                     |                    |
| - Central Co-operative Fund                                     | 20          | -                   | (25,000)           |
| - Singapore Labour Foundation                                   | 21          | <u>-</u>            | <u>(2,493,746)</u> |
| (Loss)/Profit for the financial year                            |             | <u>(5,250,081)</u>  | <u>10,449,982</u>  |

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

**NTUC THRIFT & LOAN CO-OPERATIVE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008**

|  | Share<br>capital<br>\$ | Fair value<br>(account)/ reserve<br>\$ | Statutory<br>reserve fund<br>\$ | Accumulated<br>profits<br>\$ | Total<br>\$ |
|--|------------------------|--|---------------------------------|------------------------------|-------------|
| Balance at 1 April 2007  | 17,747,833             | 924,449                                | 2,459,991                       | 11,895,422                   | 33,027,695  |
| Net fair value changes on available-for-sale financial assets                | -                      | (1,224,905)                            | -                               | -                            | (1,224,905) |
| Net loss for the financial year  | -                      | -                                      | -                               | (5,250,081)                  | (5,250,081) |
| Total recognised expenses for the financial year                             | -                      | (1,224,905)                            | -                               | (5,250,081)                  | (6,474,986) |
| Issue of shares  | 3,977,761              | -                                      | -                               | -                            | 3,977,761   |
| Payments relating to appropriations approved by members of the Co-operative: |                        |  |                                 |                              |             |
| - Directors' honoraria   | -                      | -                                      | -                               | (26,555)                     | (26,555)    |
| - Dividends  | -                      | -                                      | -                               | (1,452,323)                  | (1,452,323) |
| Balance at 31 March 2008   | 21,725,594             | (300,456)                              | 2,459,991                       | 5,166,463                    | 29,051,592  |

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

***NTUC THRIFT & LOAN CO-OPERATIVE LIMITED***  
***STATEMENT OF CHANGES IN EQUITY***  
***FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008***

|  | Note | Share<br>capital<br>\$ | Fair value<br>(account)/ reserve<br>\$ | Statutory<br>reserve fund<br>\$ | Accumulated<br>profits<br>\$ | Total<br>\$ |
|--|------|------------------------|--|---------------------------------|------------------------------|-------------|
| Balance at 1 April 2006  |      | 17,576,853             | (1,541,689)                            | 1,811,555                       | 3,071,840                    | 22,918,559  |
| Net fair value changes on available-for-sale financial assets                | 10   | -                      | 2,466,138                              | -                               | -                            | 2,466,138   |
| Net profit for the financial year  |      | -                      | -                                      | -                               | 10,449,982                   | 10,449,982  |
| Total recognised income for the financial year                               |      | -                      | 2,466,138                              | -                               | 10,449,982                   | 12,916,120  |
| Issue of shares  | 9    | 170,980                | -                                      | -                               | -                            | 170,980     |
| Transfer to statutory reserve fund   |      | -                      | -                                      | 648,436                         | (648,436)                    | -           |
| Payments relating to appropriations approved by members of the Co-operative: |      |                        |  |                                 |                              |             |
| - Directors' honoraria   | 22   | -                      | -                                      | -                               | (26,555)                     | (26,555)    |
| - Dividends  | 22   | -                      | -                                      | -                               | (951,409)                    | (951,409)   |
| Balance at 31 March 2007   |      | 17,747,833             | 924,449                                | 2,459,991                       | 11,895,422                   | 33,027,695  |

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

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*CASH FLOW STATEMENT*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008*

|   | Note | 2008<br>\$           | 2007<br>\$           |
|---|------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                     |      |                      |                      |
| (Loss)/Profit before income tax                                 |      | (5,250,081)          | 12,968,728           |
| Adjustments for:  |      |                      |                      |
| Allowance for doubtful other receivables                        | 7    | 109,000              | -                    |
| Loans to members written off                                    | 18   | 10,920               | 76,990               |
| Depreciation of plant and equipment                             | 4    | 63,146               | 85,226               |
| Dividend income   | 16   | (4,710,274)          | (3,724,883)          |
| Fair value loss/(gain) on equity securities held for trading    |      | 18,369,140           | (287,793)            |
| Gain from disposal of available-for-sale financial assets       | 16   | (1,991,933)          | -                    |
| Gain from disposal of equity securities held for trading        | 16   | (7,310,043)          | (10,381,889)         |
| Interest expense  | 15   | 12,887,874           | 7,572,920            |
| Interest income   | 14   | (14,687,325)         | (8,481,949)          |
| Other receivables written off                                   | 18   | 75,000               | -                    |
| Plant and equipment written off                                 |      | -                    | 10,069               |
| Write back of allowance for loans to members no longer required |      | (40,279)             | (46,921)             |
| Operating loss before working capital changes                   |      | <u>(2,474,855)</u>   | <u>(2,209,502)</u>   |
| Changes in working capital:                                     |      |                      |                      |
| Other receivables   |      | 4,418,889            | (4,402,168)          |
| Other payables  |      | <u>7,384,504</u>     | <u>(1,362,785)</u>   |
| Cash generated from/(absorbed by) operations                    |      | 9,328,538            | (7,974,455)          |
| Amounts owing to members  |      | 266,588,814          | 152,083,765          |
| Directors' honoraria paid                                       |      | (26,555)             | (26,555)             |
| Interest paid   |      | (10,674,868)         | (4,572,951)          |
| Interest received   |      | 13,368,069           | 7,166,072            |
| Loans to members  |      | <u>4,661,862</u>     | <u>1,602,865</u>     |
| Net cash from operating activities                              |      | <u>283,245,860</u>   | <u>148,278,741</u>   |
| <b>Cash flows from investing activities</b>                     |      |                      |                      |
| Dividends received  |      | 4,710,274            | 3,724,883            |
| Proceeds from disposal of other financial assets                |      |                      |                      |
| - equity securities held for trading                            |      | 103,836,958          | 116,386,198          |
| - available-for-sale debt securities                            |      | 185,003,506          | 58,513,674           |
| Purchases of:   |      |                      |                      |
| - plant and equipment   | 4    | (6,223)              | (278,299)            |
| - equity securities held for trading                            |      | (123,279,646)        | (124,555,375)        |
| - available-for-sale debt securities                            | 6    | (391,984,956)        | (159,321,004)        |
| Net cash used in investing activities                           |      | <u>(221,720,087)</u> | <u>(105,529,923)</u> |
| <b>Cash flows from financing activities</b>                     |      |                      |                      |
| Dividends paid  |      | (1,452,323)          | (951,409)            |
| Proceeds from share issue                                       |      | <u>3,977,761</u>     | <u>170,980</u>       |
| Net cash from/(used in) financing activities                    |      | <u>2,525,438</u>     | <u>(780,429)</u>     |
| Net change in cash and cash equivalents                         |      |                      |                      |
|   |      | 64,051,211           | 41,968,389           |
| Cash and cash equivalents at beginning of financial year        |      | <u>71,980,601</u>    | <u>30,012,212</u>    |
| Cash and cash equivalents at end of financial year              | 8    | <u>136,031,812</u>   | <u>71,980,601</u>    |

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

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008*

These notes form an integral part of and should be read in conjunction with the financial statements.

**1. General corporate information**

The financial statements of NTUC Thrift & Loan Co-operative Limited (the "Co-operative") for the financial year ended 31 March 2008 were authorised for issue in accordance with a Directors' resolution dated 12 July 2008.

The Co-operative is incorporated in the Republic of Singapore with its registered office address at 1 Marina Boulevard, # 15-08, NTUC Centre, Singapore 018989.

The principal activities of the Co-operative are to provide loans to and receive deposits from members.

**2. Summary of significant accounting policies**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the Directors to exercise judgement in the process of applying the Co-operative's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on Directors' best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.


Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial year, the Co-operative adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Co-operative's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Co-operative's accounting policies.

*FRS and INT FRS issued but not yet effective*

The Co-operative has not adopted the following FRS and INT FRS that have been issued but not yet effective:

|  | <b>Effective date<br/>(Annual periods<br/>beginning on or after)</b> |
|--|--|
| FRS 1 : Amendments to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)              | 1 January 2008   |
| FRS 23 : Borrowing Costs   | 1 January 2009   |
| FRS 107 : Financial Instruments: Disclosures   | 1 January 2008   |
| FRS 108 : Operating Segments   | 1 January 2009   |
| INT FRS 112 : Service Concession Arrangements  | 1 January 2008   |
| INT FRS 113 : Customer Loyalty Programmes  | 1 July 2008  |
| INT FRS 114 : FRS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction | 1 January 2008   |



*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**2. Summary of significant accounting policies** (continued)

**(a) Basis of preparation of financial statements** (continued)

The Co-operative expects that the adoption of the above pronouncements, if applicable, will have no material impact on the financial statements in the period of initial application, except for the amendments to FRS 1 (revised) and FRS 107 as indicated below:

*FRS 1, Amendments to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)*

The amendments to FRS 1 (revised) requires the Co-operative to make new disclosures to enable users of the financial statements to evaluate the Co-operative's objectives, policies and processes for managing capital.

*FRS 107, Financial Instruments: Disclosures*

FRS 107 introduces new disclosures about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Co-operative will apply the amendments to FRS 1 (revised) and FRS 107 from annual period beginning 1 April 2008.

**(b) Plant and equipment**

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration cost are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Co-operative and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

Depreciation is provided using the straight-line method so as to write off the cost of the plant and equipment over their estimated useful lives as follows:

|                        | <b>Years</b> |
|------------------------|--------------|
| Office equipment       | 8            |
| Furniture and fittings | 5            |
| Renovation             | 3 to 5       |
| Computer equipment     | 3            |

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

**(c) Impairment of non-financial assets**

The carrying amounts of the non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in value. If any such indication exists, the assets' recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment in value is recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**2. Summary of significant accounting policies** (continued)

**(c) Impairment of non-financial assets** (continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the balance sheet date as to whether there is any indication that an impairment in value recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment in value recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment in value 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, if no impairment in value had been recognised. Reversals of impairment in value are recognised in the income statement unless the asset or cash is carried at revalued amount, in which case the reversal in excess of impairment in value recognised in the income statement in prior periods is treated as a revaluation increase. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(d) Financial assets**

The Co-operative classifies its financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The Directors determine the classification of the financial assets at initial recognition and re-evaluate this designation at the balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "loans to members," "other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in financial assets at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are classified within "other financial assets" on the balance sheet.

(iii) 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 other categories. Available-for-sale financial assets are classified within "other financial assets" on the balance sheet.

*Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Co-operative commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Co-operative has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to the asset is also recognised in the income statement.



*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**2. Summary of significant accounting policies** (continued)

**(d) Financial assets** (continued)

*Initial and subsequent measurement*

Financial assets are initially recognised at fair value plus transaction costs, if any.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method, less impairment in value, if any.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instruments, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit and loss”.

*Impairment*

The Co-operative assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Co-operative will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment in value decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment in value is reversed. Any subsequent reversal of an impairment in value is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment) and its current fair value, less any impairment in value previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment in value on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment in value was recognised in the income statement.

**(e) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**2. Summary of significant accounting policies** (continued)

**(f) Financial liabilities**

The accounting policies adopted for specific financial liabilities are set out below:

**(i) Amount owing to members and other payables**

Amount owing to members and other payables are recognised initially at cost which represents the fair value and are subsequently measured at amortised cost using the effective interest rate method.

Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

*Recognition and derecognition*

Financial liabilities are recognised on the balance sheet when, and only when, the Co-operative becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the income statement.

**(g) Share capital**

All paid-up shares are classified as equity, although they do not all qualify as equity based on presentation requirements of Singapore FRS 32. Shareholders are entitled to redeem shares in excess of the prescribed minimum number at the par value or the net assets value of the Co-operative based on the last balance sheet date, whichever is lower. At the balance sheet date, the prescribed minimum number of shares for the Founder Members and each Institutional Member are 150,000 and 10,000 shares respectively.

**(h) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the services rendered in the ordinary course of business of the Co-operative.

Interest income is recognised on a time-proportion basis using the effective interest rate method.


Dividend income is recognised when the shareholders' right to receive is established.

**(i) Operating leases**

*Co-operative as a lessee*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.



*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**2. Summary of significant accounting policies** (continued)

**(j) Employee benefits**

*Defined contribution plans*

Contributions to defined contribution plans are recognised as an expense in the income statement in the same financial year as the employment that gives rise to the contributions.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

**(k) Finance costs**

Interest expenses and similar charges are expensed in the income statement in the financial year in which they are incurred.

**(l) Dividends**

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

**3. Critical accounting judgements and key sources of estimation uncertainty**

*Critical judgements in applying the Co-operative's accounting policies*

In the process of applying the Co-operative's accounting policies, the Directors are of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

**(i) Impairment of financial assets**

The Co-operative follows the guidance of FRS 39 on determining when financial asset is other than temporarily impaired. This determination requires significant judgement. The Co-operative evaluates, among other factors, the duration and extent to which the fair value of financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year are discussed below.

**(i) Depreciation of plant and equipment**

Plant and equipment are depreciated on a straight-line method over their estimated useful lives. The Directors estimate the useful lives of these assets to be within 3 to 8 years. The carrying amount plant and equipment as at 31 March 2008 was \$186,812 (2007: \$243,735). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(ii) Allowance for doubtful loans to members**

The Directors establish allowance for doubtful loans to members on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the Directors consider its historical experience and changes to its members' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their ability to make the required payments, additional allowances may be required. The carrying amount of loans to members as at 31 March 2008 was \$46,715,047 (2007: \$51,347,550).

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**4. Plant and equipment**

|                                     | <b>Office<br/>equipment<br/>\$</b> | <b>Furniture<br/>and fittings<br/>\$</b> | <b>Renovation<br/>\$</b> | <b>Computer<br/>equipment<br/>\$</b> | <b>Total<br/>\$</b> |
|-------------------------------------|------------------------------------|--|--------------------------|--------------------------------------|---------------------|
| <b>Cost</b>                         |                                    |  |                          |                                      |                     |
| Balance at 1 April 2007             | 37,678                             | 130,790                                  | 176,869                  | 601,527                              | 946,864             |
| Additions                           | 3,801                              | -  | -                        | 2,422                                | 6,223               |
| Written off                         | (14,405)                           | -  | -                        | (10,495)                             | (24,900)            |
| Disposals                           | (2,760)                            | -  | -                        | -                                    | (2,760)             |
| Balance at 31 March 2008            | <u>24,314</u>                      | <u>130,790</u>                           | <u>176,869</u>           | <u>593,454</u>                       | <u>925,427</u>      |
| <b>Accumulated depreciation</b>     |                                    |  |                          |                                      |                     |
| Balance at 1 April 2007             | 29,579                             | 37,727                                   | 47,990                   | 587,833                              | 703,129             |
| Depreciation for the financial year | 2,070                              | 22,338                                   | 30,792                   | 7,946                                | 63,146              |
| Written off                         | (14,405)                           | -  | -                        | (10,495)                             | (24,900)            |
| Disposals                           | (2,760)                            | -  | -                        | -                                    | (2,760)             |
| Balance at 31 March 2008            | <u>14,484</u>                      | <u>60,065</u>                            | <u>78,782</u>            | <u>585,284</u>                       | <u>738,615</u>      |
| <b>Net book value</b>               |                                    |  |                          |                                      |                     |
| At 31 March 2008                    | <u>9,830</u>                       | <u>70,725</u>                            | <u>98,087</u>            | <u>8,170</u>                         | <u>186,812</u>      |
| <b>Cost</b>                         |                                    |  |                          |                                      |                     |
| Balance at 1 April 2006             | 39,347                             | 160,476                                  | 194,698                  | 1,302,879                            | 1,697,400           |
| Additions                           | -                                  | 111,293                                  | 153,959                  | 13,047                               | 278,299             |
| Written off                         | (1,669)                            | (140,979)                                | (171,788)                | (714,399)                            | (1,028,835)         |
| Balance at 31 March 2007            | <u>37,678</u>                      | <u>130,790</u>                           | <u>176,869</u>           | <u>601,527</u>                       | <u>946,864</u>      |
| <b>Accumulated depreciation</b>     |                                    |  |                          |                                      |                     |
| Balance at 1 April 2006             | 26,720                             | 159,948                                  | 180,002                  | 1,269,998                            | 1,636,668           |
| Depreciation for the financial year | 3,889                              | 18,485                                   | 38,201                   | 24,651                               | 85,226              |
| Written off                         | (1,030)                            | (140,706)                                | (170,213)                | (706,816)                            | (1,018,765)         |
| Balance at 31 March 2007            | <u>29,579</u>                      | <u>37,727</u>                            | <u>47,990</u>            | <u>587,833</u>                       | <u>703,129</u>      |
| <b>Net book value</b>               |                                    |  |                          |                                      |                     |
| At 31 March 2007                    | <u>8,099</u>                       | <u>93,063</u>                            | <u>128,879</u>           | <u>13,694</u>                        | <u>243,735</u>      |

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**5. Loans to members**

|   | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Loans to members                        | 46,783,342        | 51,456,124        |
| Allowance for doubtful loans to members | (68,295)          | (108,574)         |
|   | <u>46,715,047</u> | <u>51,347,550</u> |

The loans to members are presented in the balance sheet as follows:

|             | <b>2008</b>       | <b>2007</b>       |
|-------------|-------------------|-------------------|
|             | \$                | \$                |
| Non-current | 40,738,317        | 44,901,462        |
| Current     | 5,976,730         | 6,446,088         |
|             | <u>46,715,047</u> | <u>51,347,550</u> |

Loans to members bear interest ranging from 3% to 15% (2007: 3% to 15%) per annum. Loans to members are repayable within a period of six months up to twenty years.

Included in loans to members are amounts owing by other NTUC institutions as follows:

|                                  | <b>2008</b>      | <b>2007</b>      |
|----------------------------------|------------------|------------------|
|                                  | \$               | \$               |
| NTUC Club                        | 5,665,611        | 8,998,191        |
| NTUC Investment Co-operative Ltd | 2,007,083        | -                |
|                                  | <u>7,672,694</u> | <u>8,998,191</u> |

Movements in allowance for doubtful loans to members are as follows:

|  | <b>2008</b>   | <b>2007</b>    |
|--|---------------|----------------|
|  | \$            | \$             |
| Balance at beginning of financial year     | 108,574       | 155,495        |
| Write back of allowance no longer required | (40,279)      | (46,921)       |
| Balance at end of financial year           | <u>68,295</u> | <u>108,574</u> |

Loans to members are denominated in Singapore dollar.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**6. Other financial assets**

|   | <b>2008</b>        | <b>2007</b>        |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>Unquoted debt securities (available-for-sale)</b>                |                    |                    |
| Balance at beginning of financial year                              | 210,546,489        | 107,273,021        |
| Additions   | 391,984,956        | 159,321,004        |
| Disposals   | (94,283,176)       | (5,774,374)        |
| Redeemed upon maturity  | (88,728,397)       | (52,739,300)       |
| Fair value (loss)/gain transferred to equity                        | (1,224,905)        | 2,466,138          |
| Balance at end of financial year                                    | <u>418,294,967</u> | <u>210,546,489</u> |
| <b>Other financial assets, at fair value through profit or loss</b> |                    |                    |
| Quoted equity securities held for trading                           | <u>57,536,342</u>  | <u>49,152,751</u>  |
|   | <u>475,831,309</u> | <u>259,699,240</u> |

Other financial assets are denominated in the following currencies:

|                      | <b>2008</b>        | <b>2007</b>        |
|----------------------|--------------------|--------------------|
|                      | \$                 | \$                 |
| Singapore dollar     | 470,000,420        | 255,329,825        |
| United States dollar | 3,633,377          | 4,369,415          |
| Ringgit Malaysia     | <u>2,197,512</u>   | <u>-</u>           |
|                      | <u>475,831,309</u> | <u>259,699,240</u> |

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**7. Other receivables**

|  | <b>2008</b>      | <b>2007</b>      |
|--|------------------|------------------|
|  | \$               | \$               |
| Interest receivables                     | 3,583,912        | 2,264,656        |
| Dividend income receivables              | 104,328          | 289,606          |
| Deposits                                 | 40,059           | 39,879           |
| Prepayments                              | 15,947           | 183,546          |
| Other receivables                        | <u>217,928</u>   | <u>4,359,120</u> |
|  | 3,962,174        | 7,136,807        |
| Allowance for doubtful other receivables | <u>(109,000)</u> | -                |
|  | <u>3,853,174</u> | <u>7,136,807</u> |

Interest receivables pertains to uncollected interest earned from bank fixed deposits and debt securities.

Dividend income receivables are the dividends earned from equity securities held for trading.

In the previous financial year, other receivables substantially pertain to receivables on sale of equity securities held for trading.

Movements in allowance for doubtful other receivables are as follows:

|  | <b>2008</b>    | <b>2007</b> |
|--|----------------|-------------|
|  | \$             | \$          |
| Balance at beginning of financial year   | -              | -           |
| Allowance made during the financial year | <u>109,000</u> | -           |
| Balance at end of financial year         | <u>109,000</u> | <u>-</u>    |

During the financial year, the Co-operative carried out a review on the recoverable amount of its other receivables. The review led to the recognition of an allowance for doubtful other receivables of \$109,000 (2007: \$Nil) that has been recognised in the income statement.

Other receivables are denominated in Singapore dollar.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**8. Cash and cash equivalents**

|                        | <b>2008</b>        | <b>2007</b>       |
|------------------------|--------------------|-------------------|
|                        | \$                 | \$                |
| Fixed deposits         | 121,700,000        | 61,090,000        |
| Cash and bank balances | <u>14,331,812</u>  | <u>10,890,601</u> |
|                        | <u>136,031,812</u> | <u>71,980,601</u> |

Fixed deposits placed in financial institutions mature on varying dates within three months (2007: three months) from the financial year end and the effective interest rate on the fixed deposits was 1.02% (2007: 2.80%) per annum.

Cash and cash equivalents are denominated in Singapore dollar.

**9. Share capital**

|   | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Issued and fully-paid</b>  |                   |                   |
| 17,747,833 (2007: 17,756,853 ordinary shares at \$1) ordinary shares at beginning of financial year | 17,747,833        | 17,576,853        |
| Issue of shares   | <u>3,977,761</u>  | <u>170,980</u>    |
| 21,725,594 (2007: 17,747,833) ordinary shares at end of financial year                              | <u>21,725,594</u> | <u>17,747,833</u> |


The Companies (Amendment) Act 2005 came into effect on 30 January 2006. Among other things, the Companies Act, Cap. 50 was amended to abolish the concepts of par value, authorised share capital, share premium, capital redemption reserve and share discounts. With effect from 30 January 2006, share capital does not have a par value and there is no authorised share capital.

In accordance with the By-laws of the Co-operative, the Co-operative issued fully-paid share capital through the issue and allotment of 3,977,761 (2007: 170,980) ordinary shares for cash during the financial year.

*NTUC Thrift & Loan Co-operative Limited Members and their rights*

Members of the Co-operative consist of:

- (a) The Singapore National Trades Union Congress (NTUC) which is designated as the Founder Member;
- (b) Trade Unions and Registered Societies as may be accepted by the Board of Directors; and the Singapore Labour Foundation, which are designated Institutional Members;
- (c) Any person over the age of 18 years who is from the affiliated trade unions and co-operative societies of NTUC, and who at the time of proposal was a resident in Singapore, is designated as Ordinary Member; and
- (d) Any person from the NTUC Group, or any other organisations or persons as determined by the Board of Directors subject to the Registrar's approval is designated as an Associate Member.



*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
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**9. Share capital** (continued)

Any member, excluding the Associate Member, of the Co-operative may vote at any General Meeting of the Co-operative. Ordinary Members having one vote each, Institutional Members having one vote for every multiple of 5,000 shares held, and the Founder Members having total number of votes at the disposal of Institutional and Ordinary Members who are registered in the books of the Society as at the date of the General Meeting and one additional vote.

Any Institutional and Ordinary Member may withdraw his/her shares, subject that the shares are held for a period of at least one year, or such other limitations as the Board of Directors may decide in accordance with the Rules and By-Laws. The members withdrawing shall be entitled on the expiry of his notice to receive as the value of his shares, not more than what he/she paid for them, nor more than their value, as disclosed by the last Balance Sheet prepared by the Co-operative.

In the event of the winding up of the Co-operative, the assets, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the By-Laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-Laws.

Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89(2) (which relates to claims of creditors), shall not be divided among the Members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar.

A sum carried to the Co-operative Societies Liquidation Account shall be kept in this Account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of Co-operative principles in such manner, as the Minister may determine from time to time.

The shares are presented as equity on the balance sheet. The redemption rights of the shareholders, and the requirements of FRS 32, are described in Note 2 (g).

**10. Fair value (account)/reserve**

Fair value (account)/reserve includes the cumulative net change in the fair value of available-for-sale other financial assets until they are derecognised. Movement in the fair value reserve is set out in the statement of changes in equity.

**11. Statutory reserve fund**

Pursuant to Section 70(3) of the Co-operative Societies Act, Chapter 62, every Co-operative shall pay into the statutory reserve fund of at least 20% of the profit before contributions and distributions resulting from the operations of the Co-operative during the financial year, provided that when the statutory reserve fund has reached an amount equal to 10% of its paid-up share capital, such Co-operative shall transfer 5% of its profit before contributions and distributions to the statutory reserve fund.

Pursuant to section 70(4) of the Co-operative Societies Act, Chapter 62, the statutory reserve fund is indivisible to all members. Movement of the statutory reserve fund is set out in the statement of changes in equity.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
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**12. Amounts owing to members**

|                          | 2008<br>\$         | 2007<br>\$         |
|--------------------------|--------------------|--------------------|
| Term deposits            | 519,734,930        | 298,734,125        |
| Savings deposits         | 63,603,761         | 41,743,448         |
| Refundable subscriptions | 31,915,372         | 8,187,676          |
|                          | <u>615,254,063</u> | <u>348,665,249</u> |

Term deposits due to members are unsecured, bear interest ranging from 1% to 3.9% (2007: 2.35% to 3.9%) per annum and with maturity period ranging from one month to five years.

Savings deposits of members are unsecured, bear interest ranging from 0.25% to 2.62% (2007: 0.25% to 2.62%) per annum and repayable on demand.

Refundable subscriptions are members' deposits to their subscription capital account which represent their "share" in the Co-operative as ordinary members. These are non-interest bearing and repayable on demand.

Amounts owing to members are presented in the balance sheet as follows:

|             | 2008<br>\$         | 2007<br>\$         |
|-------------|--------------------|--------------------|
| Non-current | 69,573,909         | 29,259,889         |
| Current     | <u>545,680,154</u> | <u>319,405,360</u> |
|             | <u>615,254,063</u> | <u>348,665,249</u> |

Amounts owing to members are denominated in Singapore dollar.

**13. Other payables**

|                               | 2008<br>\$        | 2007<br>\$       |
|-------------------------------|-------------------|------------------|
| Accrued operating expenses    | 540,575           | 470,785          |
| Interest payable              | 7,016,863         | 4,803,857        |
| Contributions payable to:     |                   |                  |
| - Central Co-operative Fund   | -                 | 25,000           |
| - Singapore Labour Foundation | -                 | 2,493,746        |
| Dividend payable              | 6,360             | 4,335            |
| Other payables                | 10,748,701        | 917,266          |
|                               | <u>18,312,499</u> | <u>8,714,989</u> |

Other payables substantially pertain to amount due to investment broker for the purchase of equity securities held for trading.

Other payables are denominated in Singapore dollar.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
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**14. Interest income**

|   | <b>2008</b>       | <b>2007</b>      |
|---|-------------------|------------------|
|   | \$                | \$               |
| Interest income:                                    |                   |                  |
| - loans to members                                  | 1,806,567         | 1,936,510        |
| - other financial assets                            | 11,475,442        | 5,472,201        |
| - fixed deposits placed with financial institutions | 1,405,316         | 1,073,238        |
|   | <u>14,687,325</u> | <u>8,481,949</u> |

Interest income comprises interest arising from various types of lending activities and includes interest and the amortisation and accretion of premiums and discounts on debt securities using the effective interest rate method.

**15. Interest expense**

Interest expense comprises all interest incurred on term and savings deposits from members.

**16. Other income**

|   | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Dividend income   | 4,710,274         | 3,724,883         |
| Fair value gain on equity securities held for trading     | -                 | 287,793           |
| Gain from disposal of available-for-sale financial assets | 1,991,933         | -                 |
| Gain from disposal of equity securities held for trading  | 7,310,043         | 10,381,889        |
| Penalty interest  | 12,841            | 13,726            |
| Processing fee  | 6,569             | 4,125             |
| Others  | 5,273             | 6,918             |
|   | <u>14,036,933</u> | <u>14,419,334</u> |

**17. Staff costs**

|  | <b>2008</b>      | <b>2007</b>      |
|--|------------------|------------------|
|  | \$               | \$               |
| Salaries and wages                         | 1,206,976        | 1,113,665        |
| Contributions to defined contribution plan | 136,931          | 110,309          |
|  | <u>1,343,907</u> | <u>1,223,974</u> |

Included in the staff costs were key management remuneration of \$237,103 (2007: \$256,054).

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
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**18. (Loss)/Profit before income tax**

The above is arrived at:

|  | <b>2008</b> | <b>2007</b> |
|--|-------------|-------------|
|  | \$          | \$          |
| <i>Other expenses</i>                    |             |             |
| Donations                                | 127,000     | 6,750       |
| Audit fees                               | 57,360      | 40,400      |
| Loans to members written off             | 10,920      | 76,990      |
| Other receivables written off            | 75,000      | -           |
| Printing of annual statement of accounts | 35,748      | 20,416      |
| Plant and equipment written off          | -           | 10,069      |

**19. Income tax expense**

The Co-operative is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

**20. Central Co-operative Fund**

Section 71 of the Co-operative Societies Act, Chapter 62, stipulates that the Co-operative shall contribute 5% of the first \$500,000 of its profits before contributions and distributions during the preceding financial year to the Central Co-operative Fund. During the financial year, no contribution was made as the Co-operative has a loss before income tax of \$5,250,081.

**21. Singapore Labour Foundation**

Section 71 of the Co-operative Societies Act, Chapter 62, stipulates that the Co-operative shall contribute 20% of the profit before contributions and distributions in excess of \$500,000 to either the Central Co-operative Fund or Singapore Labour Foundation. The Co-operative opted to contribute 20% of the adjusted profit to the Singapore Labour Foundation in the preceding year. During the financial year, no contribution was made as the Co-operative has a loss before income tax of \$5,250,081.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**22. Directors' honoraria and dividends**

|   | <b>2008</b>      | <b>2007</b>    |
|---|------------------|----------------|
|   | \$               | \$             |
| Directors' honoraria  | <u>26,555</u>    | <u>26,555</u>  |
| Dividends:  |                  |                |
| - final dividend declared and paid of 5% (2007: 5%) and loyalty dividend declared and paid of 2% (2007: Nil) for the financial year | <u>1,452,323</u> | <u>951,409</u> |

**23. Financial risk management**

The Co-operative is exposed to financial risks arising from the normal course of Co-operative's business. The policies for managing these risks are summarised below:

**(a) Credit risk**

The Co-operative has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Co-operative's maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the balance sheet.

The Co-operative has no significant concentration of credit risk except for loan receivable from a member amounting to \$5,665,611 (2007: \$8,998,191) which accounts for 12% (2007: 17%) to the total loans to members. In addition, as at 31 March 2008, cash and bank balances and fixed deposits amounting to \$75,683,552 (2007: \$59,890,000) which accounts for 56% (2007: 83%) to the total cash and cash equivalents have been placed in a single financial institution.

**(b) Foreign currency risk**

The Co-operative incurs foreign currency risk on transactions and balances that are denominated in a currency other than the entity's functional currency. The currency giving rise to this risk are primarily United States dollar and Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

**(c) Liquidity risk**

The Co-operative actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Co-operative maintains sufficient levels of cash to meet its working capital requirements. The Co-operative also derives liquidity from holding liquid investment portfolios.

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**23. Financial risk management** (continued)

**(d) Interest rate risk**

The Co-operative's exposure to market risk for changes in interest rates relates primarily to the Co-operative's loans to members, debt securities, fixed deposits and amounts owing to members.

The following tables indicate the effective interest rates at the balance sheet date of interest-bearing financial assets and interest-bearing financial liabilities, and the periods in which they reprice and mature.

|   | Note | Effective interest rate % | Total \$     | Less than 1 month \$ | 1 to 3 months \$ | 3 to 6 months \$ | 6 to 12 months \$ | 1 to 5 years \$ |
|---|------|---------------------------|--------------|----------------------|------------------|------------------|-------------------|-----------------|
| <b>2008</b>                                   |      |                           |              |                      |                  |                  |                   |                 |
| <b>Financial Assets</b>                       |      |                           |              |                      |                  |                  |                   |                 |
| Loans to members                              | 5    | 3.8                       | 46,783,342   | 46,645,870           | 23,575           | 16,762           | 54,813            | 42,322          |
| Unquoted debt securities (available-for-sale) | 6    | 3.38                      | 418,294,967  | 34,565,700           | 74,321,441       | 39,290,550       | 73,220,167        | 196,897,109     |
| Fixed deposits                                | 8    | 1.02                      | 121,700,000  | 101,700,000          | 20,000,000       | -                | -                 | -               |
|   |      |                           | 586,778,309  | 182,911,570          | 94,345,016       | 39,307,312       | 73,274,980        | 196,939,431     |
| <b>Financial Liability</b>                    |      |                           |              |                      |                  |                  |                   |                 |
| Amounts owing to members                      | 12   | 2.4                       | 615,254,063  | 76,709,679           | 86,654,708       | 128,616,661      | 228,043,089       | 95,229,926      |
| Total interest rate repricing gap             |      |                           | (28,475,754) | 106,201,891          | 7,690,308        | (89,309,349)     | (154,768,109)     | 101,709,505     |
| Cumulative interest repricing gap             |      |                           | (28,475,754) | 106,201,891          | 113,892,199      | 24,582,850       | (130,185,259)     | (28,475,754)    |

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**23. Financial risk management** (continued)

**(d) Interest rate risk** (continued)

|   | <b>Note</b> | <b>Effective interest rate %</b> | <b>Total \$</b> | <b>Less than 1 month \$</b> | <b>1 to 3 months \$</b> | <b>3 to 6 months \$</b> | <b>6 to 12 months \$</b> | <b>1 to 5 years \$</b> | <b>More than 5 years \$</b> |
|---|-------------|----------------------------------|-----------------|-----------------------------|-------------------------|-------------------------|--------------------------|------------------------|-----------------------------|
| <b>2007</b>                                   |             |                                  |                 |                             |                         |                         |                          |                        |                             |
| <b>Financial Assets</b>                       |             |                                  |                 |                             |                         |                         |                          |                        |                             |
| Loans to members                              | 5           | 3.6                              | 51,456,124      | 50,814,546                  | 18,912                  | 48,543                  | 106,738                  | 467,385                | -                           |
| Unquoted debt securities (available-for-sale) | 6           | 3.8                              | 210,546,489     | 14,750,100                  | 18,532,500              | 13,268,216              | 21,306,763               | 140,466,360            | 2,222,550                   |
| Fixed deposits                                | 8           | 2.8                              | 61,090,000      | 57,690,000                  | 3,400,000               | -                       | -                        | -                      | -                           |
|   |             |                                  | 323,092,613     | 123,254,646                 | 21,951,412              | 13,316,759              | 21,413,501               | 140,933,745            | 2,222,550                   |
| <b>Financial Liability</b>                    |             |                                  |                 |                             |                         |                         |                          |                        |                             |
| Amounts owing to members                      | 12          | 3.2                              | 348,665,249     | 35,922,179                  | 62,149,349              | 66,819,513              | 133,621,765              | 50,152,443             | -                           |
| Total interest rate repricing gap             |             |                                  | (25,572,636)    | 87,332,467                  | (40,197,937)            | (53,502,754)            | (112,208,264)            | 90,781,302             | 2,222,550                   |
| Cumulative interest repricing gap             |             |                                  | (25,572,636)    | 87,332,467                  | 47,134,530              | (6,368,224)             | (118,576,488)            | (27,795,186)           | (25,572,636)                |

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**23. Financial risk management** (continued)

**(e) Fair values**

The carrying amounts of the financial assets and liabilities in the financial statements approximate their fair values.

**24. Commitments**

|                         | <b>2008</b>      | <b>2007</b>      |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| <i>Loan Commitments</i> |                  |                  |
| Undrawn credit lines    | <u>2,385,663</u> | <u>2,363,001</u> |

Undrawn credit lines pertain to approved loans but were not yet disbursed by the Co-operative to the members at the balance sheet date.

*Lease Commitments*

As at the balance sheet date, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

|  | <b>2008</b>    | <b>2007</b>    |
|--|----------------|----------------|
|  | \$             | \$             |
| Within one financial year                                | 152,797        | 152,796        |
| After one financial year but within five financial years | <u>328,696</u> | <u>479,358</u> |
|  | <u>481,493</u> | <u>632,154</u> |

*NTUC THRIFT & LOAN CO-OPERATIVE LIMITED*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008 (continued)*

**25. Comparative figures**

- a) The comparative figures were audited by another firm of certified public accountants in Singapore other than BDO Raffles.  
 b) Other financial assets

Other financial assets classified as non-current assets have been re-classified to current assets in the prior financial year's comparative figures.

|                                      | <b>Previously<br/>reported<br/>2007<br/>\$</b> | <b>As restated<br/>2007<br/>\$</b> |
|--------------------------------------|--|------------------------------------|
| <b>Balance Sheet</b>                 |  |                                    |
| Other financial assets - non-current | 142,688,910                                    | -                                  |
| Other financial assets - current     | <u>117,010,330</u>                             | <u>259,699,240</u>                 |

**26. Events subsequent to the balance sheet date**

On 12 July 2008, the Board of Directors proposed the Directors' honoraria and dividend for the financial year, subject to the approval of the members at the Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in the capital and reserve as an appropriation of accumulated profits in the financial year ending 31 March 2009.

|  | <b>2008<br/>\$</b> | <b>2007<br/>\$</b> |
|--|--------------------|--------------------|
| Proposed directors' honoraria                        | -                  | 26,555             |
| Proposed first and final dividend of 2.5% (2007: 5%) | 990,000            | 1,296,775          |
| Proposed loyalty dividend (2007: 2%)                 | -                  | 291,642            |
|  | <u>990,000</u>     | <u>1,614,972</u>   |

# shareholder list

| No. | Name   | No of Shares | No. | Name  | No of Shares |
|-----|--|--------------|-----|---|--------------|
| 1   | National Trades Union Congress                             | 533,889      | 37  | SIA Engineering Company Engineers & Executives Union    | 52,944       |
| 2   | Air-Transport Executive Staff Union                        | 59,050       | 38  | Singapore Airlines Staff Union                          | 20,000       |
| 3   | Amalgamated Union of Public Daily Rated Workers            | 11,347       | 39  | Singapore Airport Terminal Services Workers' Union      | 60,000       |
| 4   | Amalgamated Union of Public Employees                      | 535,000      | 40  | Singapore Bank Employees' Union                         | 100,000      |
| 5   | Amalgamated Union of Statutory Board Employees             | 211,435      | 41  | Singapore Bank Officers' Association                    | 10,000       |
| 6   | Building Construction & Timber Industries Employees' Union | 110,000      | 42  | Singapore Chinese Teachers' Union                       | 185,000      |
| 7   | Changi International Airport Services Employees Union      | 100,000      | 43  | Singapore Industrial & Services Employees' Union        | 511,530      |
| 8   | Chemical Industries Employees' Union                       | 60,000       | 44  | Singapore Insurance Employees' Union                    | 600,000      |
| 9   | CityCab Operators' Association                             | 11,852       | 45  | Singapore Labour Foundation                             | 10,000       |
| 10  | Comfort Taxi Operators' Association                        | 24,012       | 46  | Singapore Maritime Officers' Union                      | 700,000      |
| 11  | Development Bank of Singapore Staff Union                  | 43,911       | 47  | Singapore Organisation of Seamen                        | 57,982       |
| 12  | ExxonMobil Singapore Employees' Union                      | 11,000       | 48  | Singapore Press Holdings Employees' Union               | 23,786       |
| 13  | Food, Drinks & Allied Workers' Union                       | 134,452      | 49  | Singapore Shell Employees' Union                        | 10,000       |
| 14  | HDB Staff Union  | 100,000      | 50  | Singapore Shell Employees' Union Co-operative Limited   | 2,446,533    |
| 15  | Healthcare Services Employees' Union                       | 63,281       | 51  | Singapore Stevedores' Union                             | 10,000       |
| 16  | IRAS Staff Union   | 64,564       | 52  | Singapore Tamil Teachers' Union                         | 11,500       |
| 17  | Keppel Employees' Union                                    | 11,170       | 53  | Singapore Teachers' Union                               | 10,678       |
| 18  | Keppel Services Staff Union                                | 10,000       | 54  | Singapore Union of Broadcasting Employees               | 10,000       |
| 19  | Metal Industries Workers' Union                            | 70,000       | 55  | Singapore Urban Redevelopment Authority Workers' Union  | 22,601       |
| 20  | National Transport Workers' Union                          | 60,000       | 56  | SMRT Taxi Operators' Association                        | 11,842       |
| 21  | Natsteel Employees' Union                                  | 74,734       | 57  | SPRING Singapore Staff Union                            | 10,633       |
| 22  | NTUC Choice Homes Co-operative Limited                     | 500,000      | 58  | Staff Union of NTUC-ARU (SUN)                           | 20,000       |
| 23  | NTUC Club  | 10,000,000   | 59  | The A.U.P.E. Multi-Purpose Co-operative Society Limited | 1,527,311    |
| 24  | NTUC Club Staff Union                                      | 10,700       | 60  | The Singapore Manual & Mercantile Workers' Union        | 803,000      |
| 25  | NTUC ElderCare Co-operative Limited                        | 11,103       | 61  | The Singapore Port Workers' Union                       | 50,000       |
| 26  | NTUC Fairprice Co-operative Limited                        | 107,100      | 62  | Trustees Of Education Services Union                    | 71,523       |
| 27  | NTUC Foodfare Co-operative Limited                         | 10,000       | 63  | Union of ITE Training Staff                             | 59,600       |
| 28  | NTUC Healthcare Co-operative Limited                       | 11,247       | 64  | Union of Power and Gas Employees                        | 111,581      |
| 29  | NTUC Investment Co-operative Limited                       | 10,000       | 65  | Union Of Security Employees                             | 100,000      |
| 30  | NTUC Media Co-operative Limited                            | 10,000       | 66  | Union of Telecoms Employees of Singapore                | 75,000       |
| 31  | Public Utilities Board Employees' Union                    | 59,502       | 68  | United Workers of Electronic & Electrical Industries    | 500,000      |
| 32  | Reuters Local Employees' Union                             | 10,544       | 69  | United Workers of Petroleum Industry                    | 200,000      |
| 33  | SATU Multi-Purpose Co-operative Society Limited.           | 50,500       | 70  | UTES Multi-Purpose Co-operative Society Limited         | 100,000      |
| 34  | Seacare Co-operative Limited                               | 11,568       | 71  | Wavelink Co-operative Limited                           | 10,589       |
| 35  | Sembawang Shipyard Employees' Union                        | 10,000       |     |   |              |
| 36  | Shipbuilding & Marine Engineering Employees' Union         | 110,000      |     | Total share capital                                     | 21,725,594   |

# *notice of meeting*

To: MEMBERS OF NTUC THRIFT & LOAN CO-OPERATIVE LIMITED

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting of NTUC Thrift & Loan Co-operative Limited will be held on Friday, 12th September 2008 at 5.00 p.m. at NTUC Centre, Room 801, Level 8, One Marina Boulevard, Singapore 018989.

## **AGENDA**

1. To confirm the minutes of the 10th Annual General Meeting held on Friday, 21st September 2007.
2. To receive and adopt the Audited Accounts for the financial year ended 31st March 2008, the Directors' Report and the Auditor's Report (Annual Report).
3. To appoint/re-appoint a member of the Board of Directors.
4. To re-appoint BDO Raffles as Auditors of the Co-operative for the year ending 31st March 2009 and authorize the Board of Directors to fix their remuneration.
5. To approve the payment of honoraria and attendance allowance to the Directors for the year ended 31st March 2008.
6. To declare an annual dividend for financial year ended 31st March 2008.
7. To transact any other business not included in this notice of which at least 7 days' notice in writing prior to the date of the General Meeting shall have been given to the Secretary in accordance with By-Law 11.9.

## **BY ORDER OF THE BOARD**

Daniel Tseng

Secretary  
29th August 2008

Note:

1. Registration of attendance will start at 4.00pm. Members are advised to be early.
2. Copies of the Annual Report 2008 will be available for inspection and/or collection by members at NTUC Thrift & Loan Co-operative Ltd, Head Office. A soft copy of the Annual Report may be found at [www.ntucthrift.com.sg](http://www.ntucthrift.com.sg).
3. The Society will be closed from 1.00pm on 12th September 2008.

