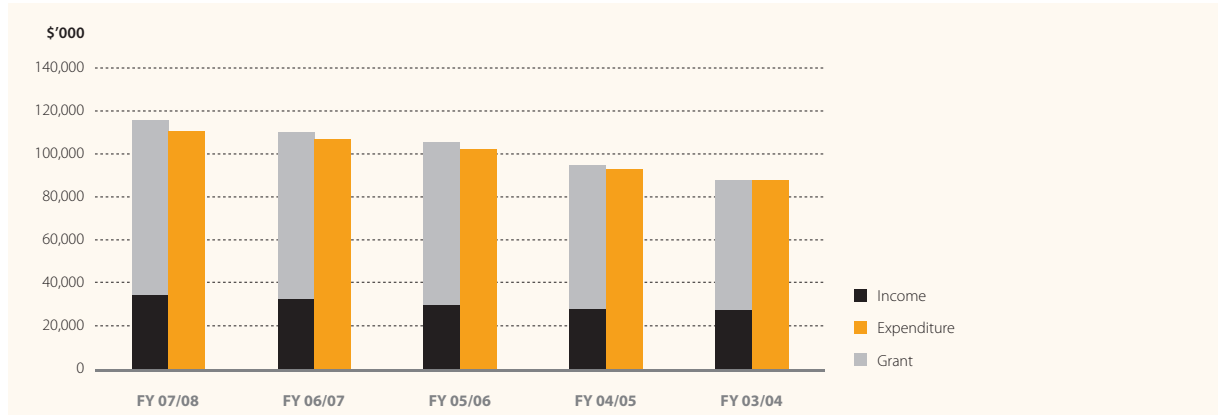


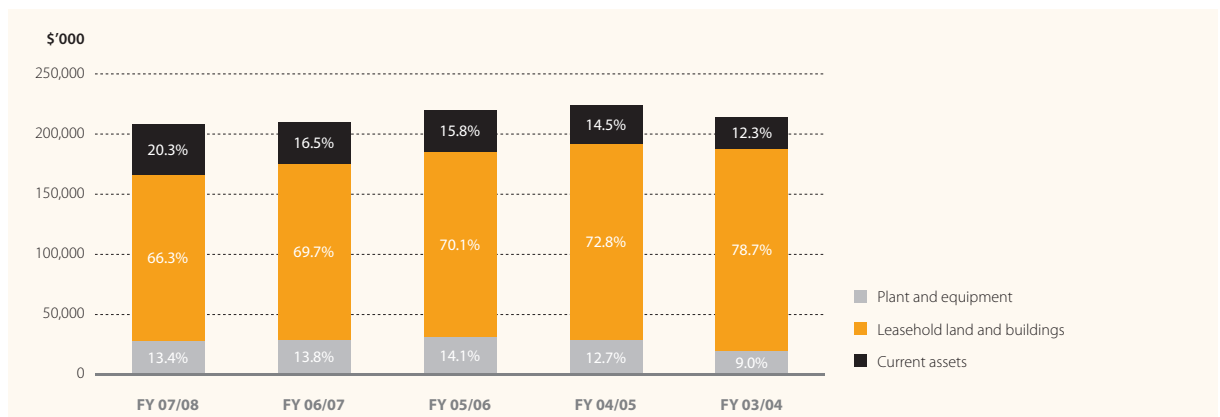
FINANCIAL SUMMARY

INCOME AND EXPENDITURE	FY 07/08 \$'000	FY 06/07 \$'000	FY 05/06 \$'000	FY 04/05 \$'000	FY 03/04 \$'000
Income	34,287	32,508	29,391	27,850	27,416
Grant	81,521	77,350	75,934	66,835	60,337
TOTAL INCOME	115,808	109,858	105,325	94,685	87,753
Expenditure	110,752	106,669	102,163	93,047	87,607
Surplus before contribution to Consolidated Fund	5,056	3,189	3,162	1,638	146
Income Tax	(5)	(6)	(6)	-	(2)
Contribution to Consolidated Fund	(898)	(628)	(615)	(332)	(27)
Surplus after contribution to Consolidated Fund	4,153	2,555	2,541	1,306	117
BALANCE SHEET					
Plant and equipment	27,965	28,809	30,975	28,476	19,370
Leasehold land and buildings	137,725	146,145	154,079	163,152	168,534
Current assets	42,163	34,633	34,708	32,520	26,287
Total assets	207,853	209,587	219,762	224,148	214,191
Accumulated surplus/(deficit)	10,191	6,038	3,484	943	(363)
Provision for pension benefits	14,307	14,418	9,841	9,296	7,356
Deferred capital grant & long-term borrowing	165,983	175,683	186,031	191,978	188,254
Other current liabilities	17,372	13,448	20,406	21,931	18,944
Total capital, reserves and liabilities	207,853	209,587	219,762	224,148	214,191

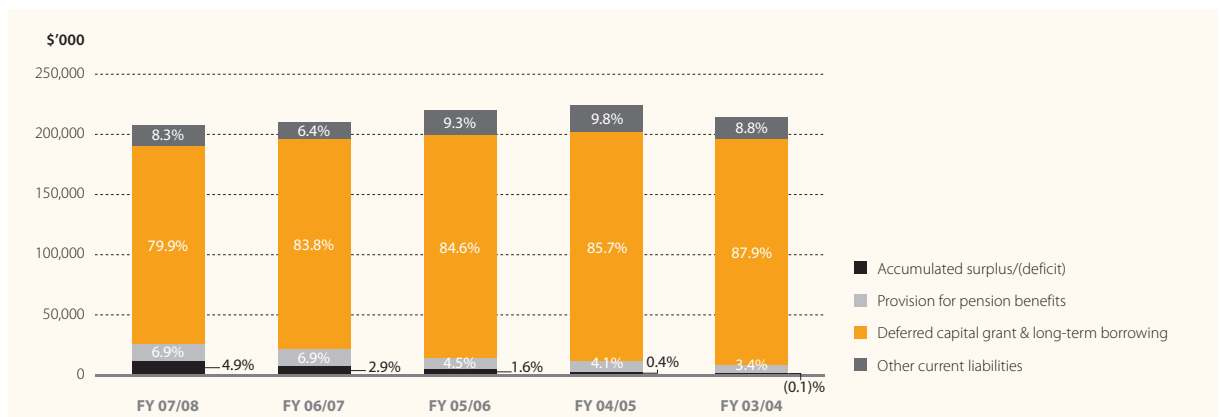
INCOME AND EXPENDITURE



ASSETS



CAPITAL, RESERVES AND LIABILITIES



FINANCIAL HIGHLIGHTS

Financial Results

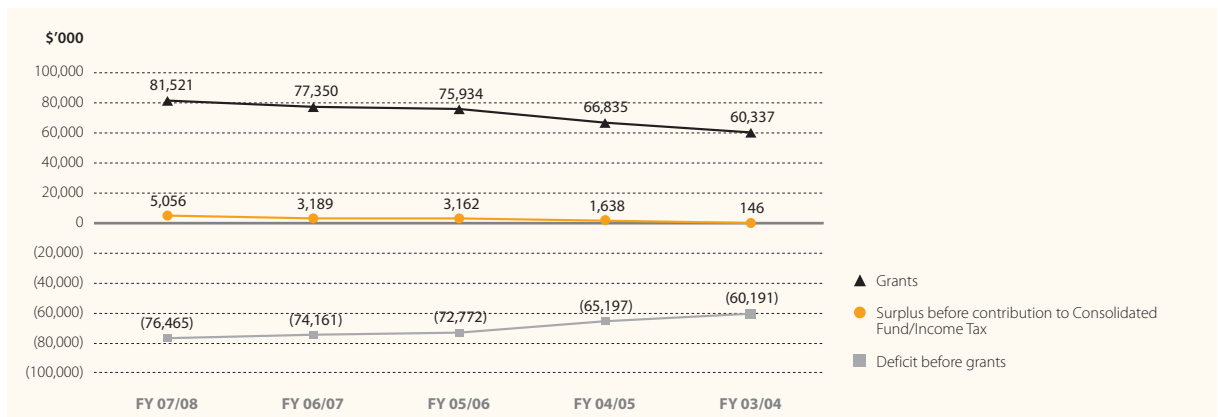
For the financial year ended 31 March 2008, the Group recorded an income of \$34.3 million which was \$1.8 million (or 5.5%) higher than previous year's income of \$32.5 million. The bulk of the Group's income came mainly from the issuance of certificates and permits, which accounted for 51.1% of the total income.

Expenditure for the year was \$110.8 million, an increase of \$4.1 million (or 3.8%) over previous year's expenditure of \$106.7 million. The increase was attributed mainly to increase in staff-related costs and public education expenditure.

The net deficit for the year before government grant was \$76.5 million. Operating grant received from Government for FY07/08 was \$81.5 million of which \$4.1 million was transferred to deferred capital grant to reflect the utilisation of operating grant for the purchase of assets. In addition, a total of \$13.6 million was transferred from the deferred capital grant to the income and expenditure statement to match the depreciation and disposal of the fixed assets to which the deferred capital grants relate.

The Group achieved a net surplus of \$4.2 million for the year, after provision for contribution to Consolidated Fund/Income Tax of \$0.9 million, as compared to a net surplus of \$2.6 million for FY06/07.

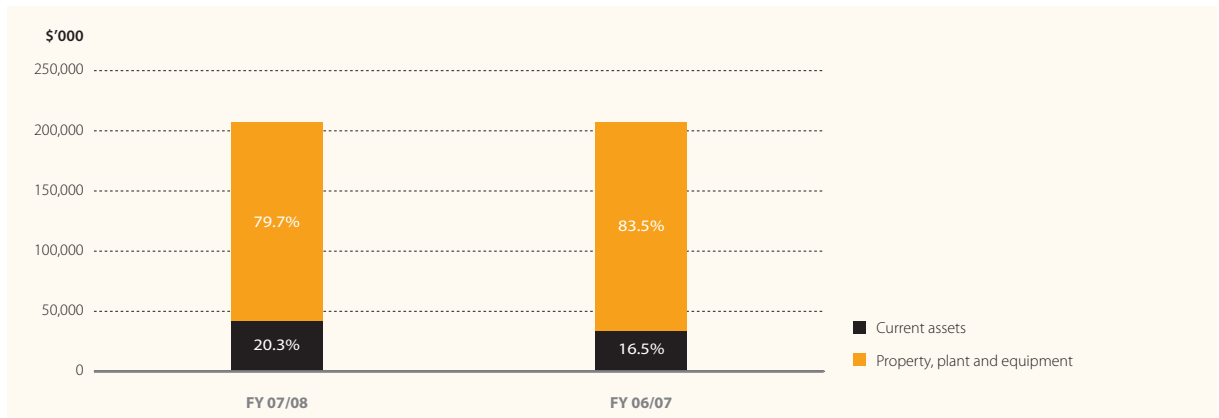
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND/INCOME TAX



FINANCIAL POSITION

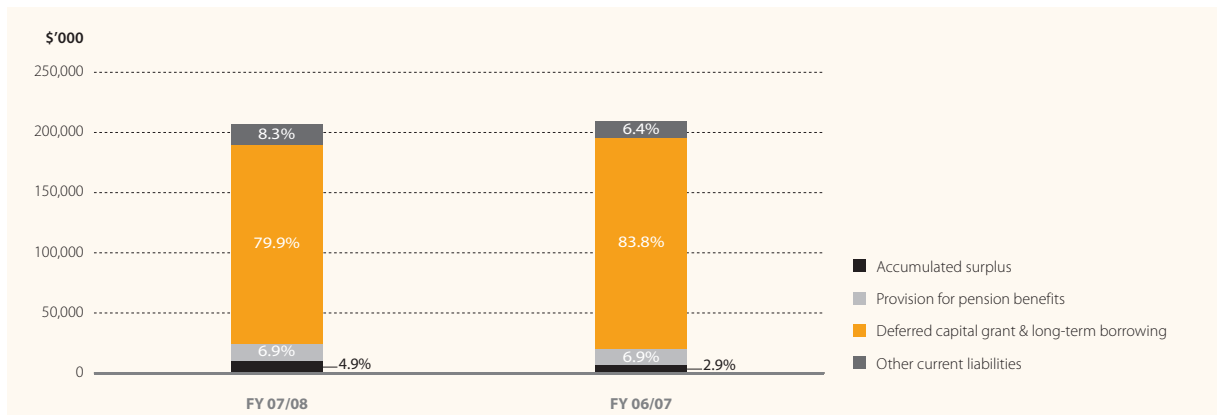
At 31 March 2008, the Group's total assets decreased by \$1.7 million to \$207.9 million (31 March 2007: \$209.6 million). Property, plant and equipment which stood at \$165.7 million accounted for 79.7% of the total assets.

ASSETS



Capital, reserves and liabilities of the Group at 31 March 2008 totalled \$207.9 million (31 March 2007: \$209.6 million). Of the \$207.9 million, the deferred capital grant and long-term borrowing stood at \$166.0 million while other current liabilities totalled \$17.4 million. Provision for pension benefits accounted for \$14.3 million, while accumulated surplus totalled \$10.2 million.

CAPITAL, RESERVES AND LIABILITIES



INCOME

The Group's income comprised mainly certificate and permit fees from regulatory functions and rental income from the fishery ports, which accounted for 51.1% and 21.4% respectively, of the Group's income.

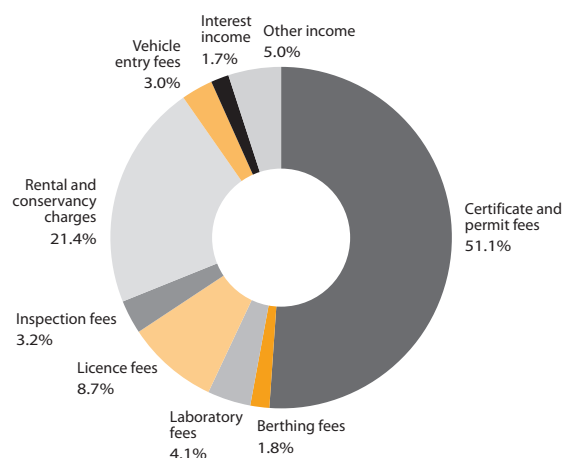
There was a net increase in income from \$32.5 million in FY06/07 to \$34.3 million in FY07/08 and this came mainly from the increase in certificate and permit fees, licence fees, rental and conservancy charges.

The higher income from "Certificate and permit fees" was due mainly to the increase in volume of imports of frozen/chilled/processed meat product, whilst the higher income from "Licence fees" was due to a surge in issuance of dog licences following the revision to the regulations on dog licencing which took effect from 1 September 2007. The higher income from "Rental and conservancy charges" was due mainly to the increase in rental rates for some of the market lots at the Jurong Fishery Port and higher quarantine collection at the Sembawang Animal Quarantine Station.

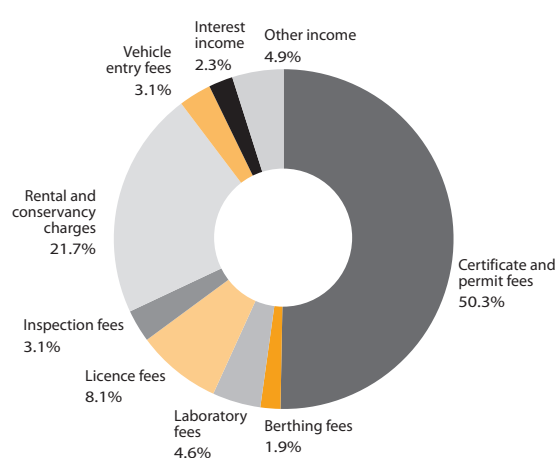
INCOME

	FY 07/08	FY 06/07	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Certificate and permit fees	17,508	16,341	1,167	7.1%
Berthing fees	613	604	9	1.5%
Laboratory fees	1,418	1,494	(76)	(5.1%)
Licence fees	2,970	2,629	341	13.0%
Inspection fees	1,109	1,026	83	8.1%
Rental and conservancy charges	7,355	7,049	306	4.3%
Vehicle entry fees	1,020	1,020	-	-
Interest income	591	740	(149)	(20.1%)
Other income	1,703	1,605	98	6.1%
	34,287	32,508	1,779	5.5%

INCOME FY07/08



INCOME FY06/07



EXPENDITURE

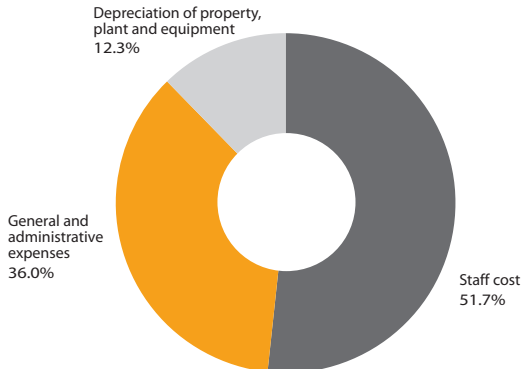
The Group's expenditure increased by \$4.1 million (3.8%) for the financial year ended 31 March 2008. The increase was attributed mainly to increase in staff costs.

Staff cost increased by \$3.9 million (7.3%), due mainly to the salary revision announced by the Government in 2007.

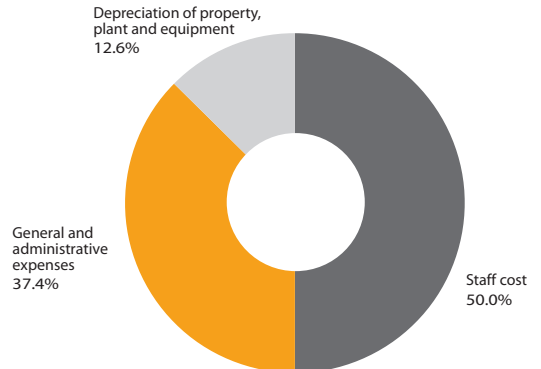
EXPENDITURE

	FY 07/08 \$'000	FY 06/07 \$'000	Increase/(Decrease) \$'000	%
Staff cost	57,287	53,386	3,901	7.3%
General and administrative expenses	39,827	39,880	(53)	(0.1%)
Depreciation of property, plant and equipment	13,638	13,403	235	1.8%
	110,752	106,669	4,083	3.8%

EXPENDITURE FY07/08



EXPENDITURE FY06/07



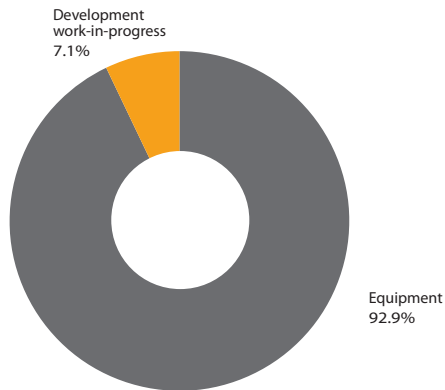
CAPITAL EXPENDITURE

The Group’s total capital expenditure for the year was \$4.4 million, representing a decrease of \$0.6 million (11.5%) over the last financial year.

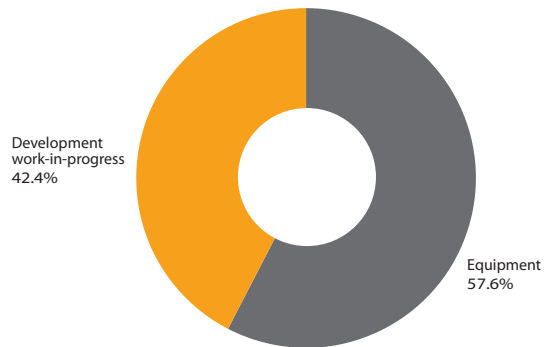
CAPITAL EXPENDITURE

	FY 07/08 \$'000	FY 06/07 \$'000	Increase/(Decrease)	
			\$'000	%
Equipment	4,115	2,885	1,230	42.6%
Development work-in-progress	315	2,120	(1,805)	(85.1%)
	4,430	5,005	(575)	(11.5%)

CAPITAL EXPENDITURE
FY07/08



CAPITAL EXPENDITURE
FY06/07



FINANCIAL STATEMENTS

CONTENTS

- 113** Statement by the Board
- 114** Independent Auditors' Report
- 116** Balance Sheets
- 117** Income and Expenditure Statements
- 118** Statements of Changes in Accumulated Surplus
- 119** Consolidated Cash Flow Statement
- 120** Notes to the Financial Statements

STATEMENT BY THE BOARD


FOR THE YEAR ENDED 31 MARCH 2008

In our opinion, the accompanying balance sheets, income and expenditure statements, statements of changes in accumulated surplus of the Agri-Food and Veterinary Authority (“the Authority”) and the Group and the cash flow statement of the Group together with the summary of significant accounting policies and other explanatory notes thereto as set out on pages 116 to 142 are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority and the Group as at 31 March 2008, and the results and changes in accumulated surplus of the Authority and the Group and changes in cash flows of the Group for the year ended on that date.

On Behalf of the Board



Mr Koh Soo Keong
Chairman



Dr Chua Sin Bin
Chief Executive Officer

27 June 2008

INDEPENDENT AUDITORS' REPORT TO THE AGRI-FOOD AND VETERINARY AUTHORITY

We have audited the accompanying financial statements of Agri-Food and Veterinary Authority ("the Authority") and the consolidated financial statements of the Authority and its subsidiary ("the Group"), which comprise the balance sheets as at 31 March 2008, income and expenditure statements, statement of changes in accumulated surplus and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Group as of 31 March 2007 were audited by another auditor whose report dated 22 June 2007 expressed an unqualified opinion on those statements.

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 Agri-Food and Veterinary Act Cap. 5, 2001 Revised Edition (the Act) and the Statutory Board 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 and expenditure statements and balance sheets 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' judgment, 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 controls 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 controls. 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:

- (a) the financial statements are properly drawn up in accordance with the Act and the Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority and of the Group as at 31 March 2008 and the results and changes in accumulated surplus of the Authority and the Group and cashflows of the group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Authority and its subsidiary have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the financial year have not been made in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Singapore, 27 June 2008

BALANCE SHEETS

AS AT 31 MARCH 2008

	Notes	<i>The Authority</i>		<i>The Group</i>	
		FY07/08 \$	FY06/07 \$	FY07/08 \$	FY06/07 \$
ACCUMULATED SURPLUS		10,001,384	5,910,399	10,191,429	6,038,454
		10,001,384	5,910,399	10,191,429	6,038,454
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	4	165,690,258	174,954,275	165,690,258	174,954,275
Subsidiary	5	2	2	-	-
		165,690,260	174,954,277	165,690,258	174,954,275
CURRENT ASSETS					
Cash and cash equivalents	6	40,400,504	32,947,341	40,542,563	33,072,931
Trade and other receivables	7	523,588	669,665	601,396	692,384
Prepayments		1,018,446	861,132	1,018,446	867,432
		41,942,538	34,478,138	42,162,405	34,632,747
Less:					
CURRENT LIABILITIES					
Trade and other payables	8	10,749,585	8,708,343	10,773,789	8,723,123
Amount due to Government		116,085	130,902	116,085	130,902
Rental, security and other deposits		2,004,733	1,765,329	2,004,733	1,765,329
Capital and other grants received in advance	9	1,625,702	913,764	1,625,702	913,764
Deferred income		1,947,528	1,274,500	1,947,528	1,274,500
Provision for pension benefits	10	5,564,526	3,761,000	5,564,526	3,761,000
Provision for contribution to Consolidated Fund		898,021	628,177	898,021	628,177
Provision for taxation		-	-	5,616	11,772
		22,906,180	17,182,015	22,936,000	17,208,567
NET CURRENT ASSETS		19,036,358	17,296,123	19,226,405	17,424,180
Less:					
NON-CURRENT LIABILITIES					
Provision for pension benefits	10	8,742,761	10,657,000	8,742,761	10,657,000
Deferred capital grants	11	165,424,667	174,656,586	165,424,667	174,656,586
Long-term borrowing	12	557,806	1,026,415	557,806	1,026,415
		174,725,234	186,340,001	174,725,234	186,340,001
		10,001,384	5,910,399	10,191,429	6,038,454

The accompanying notes form part of these financial statements.

INCOME AND EXPENDITURE STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	<i>The Authority</i>		<i>The Group</i>	
		FY07/08 \$	FY06/07 \$	FY07/08 \$	FY06/07 \$
INCOME					
Certificate and permit fees		17,508,136	16,341,492	17,508,136	16,341,492
Berthing fees		613,228	603,799	613,228	603,799
Laboratory fees		1,418,322	1,493,678	1,418,322	1,493,678
Licence fees		2,969,648	2,629,228	2,969,564	2,629,144
Inspection fees		1,162,099	1,092,697	1,109,169	1,025,646
Rental and conservancy charges		7,354,880	7,049,299	7,354,880	7,049,299
Vehicle entry fees		1,020,000	1,020,160	1,020,000	1,020,160
Interest income		590,504	739,831	590,536	740,449
Other income		1,502,592	1,413,686	1,702,913	1,605,072
		34,139,409	32,383,870	34,286,748	32,508,739
Less:					
EXPENDITURE					
Staff costs	13	57,287,197	53,387,926	57,287,197	53,386,406
General and administrative expenses	14	39,707,345	39,704,158	39,787,279	39,782,292
Depreciation of property, plant and equipment	4	13,637,675	13,403,215	13,637,675	13,403,215
Loss on disposal of property, plant and equipment		39,775	97,522	39,775	97,522
		110,671,992	106,592,821	110,751,926	106,669,435
DEFICIT BEFORE GRANTS		(76,532,583)	(74,208,951)	(76,465,178)	(74,160,696)
GRANTS					
Operating grants	15	63,296,698	55,936,708	63,296,698	55,936,708
Transfer from capital and other grants	9	4,579,051	6,355,808	4,579,051	6,355,808
Transfer from deferred capital grants	11	13,645,840	15,057,320	13,645,840	15,057,320
		81,521,589	77,349,836	81,521,589	77,349,836
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		4,989,006	3,140,885	5,056,411	3,189,140
CONTRIBUTION TO CONSOLIDATED FUND	17	(898,021)	(628,177)	(898,021)	(628,177)
INCOME TAX EXPENSE	18	-	-	(5,415)	(6,056)
SURPLUS FOR THE YEAR		4,090,985	2,512,708	4,152,975	2,554,907

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED 31 MARCH 2008

Accumulated surplus
\$

The Authority

Balance at 1 April 2006	3,397,691
Net surplus for the year	<u>2,512,708</u>
Balance as at 31 March 2007	5,910,399
Net surplus for the year	<u>4,090,985</u>
Balance at 31 March 2008	<u>10,001,384</u>

The Group

Balance at 1 April 2006	3,483,547
Net surplus for the year	<u>2,554,907</u>
Balance as at 31 March 2007	6,038,454
Net surplus for the year	<u>4,152,975</u>
Balance at 31 March 2008	<u>10,191,429</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	FY07/08 \$	FY06/07 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(76,465,178)	(74,160,696)
Adjustments for:		
Depreciation of property, plant and equipment	13,637,675	13,403,215
Loss on disposal of property, plant and equipment	39,775	97,522
Property, plant and equipment write-off (Note 14)	1,370	1,546,231
Interest income	(590,536)	(740,449)
Writeback of allowance for impairment of trade receivables	(9,662)	(14,027)
Provision for pension benefits (Note 10)	1,602,500	5,807,292
Operating deficit before working capital changes	(61,784,056)	(54,060,912)
Changes in working capital excluding cash and cash equivalents:		
Trade and other receivables	69,213	311,078
Prepayments	(151,014)	(128,600)
Trade and other payables	2,026,711	(2,642,804)
Amount due to Government	(14,817)	(206,845)
Rental, security and other deposits	239,404	(141,869)
Deferred income	673,028	24,375
	(58,941,531)	(56,845,577)
Payment of contribution to Consolidated Fund	(628,177)	(615,629)
Payment of pension benefits (Note 10)	(1,713,213)	(1,230,862)
Payment of income tax	(11,571)	-
Net cash used in operating activities	(61,294,492)	(58,692,068)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note A)	(4,406,316)	(6,127,294)
Proceeds from disposal of property, plant and equipment	15,468	57,103
Increase in short term fixed deposit	(6,556,371)	(2,000,328)
Interest income received	621,973	736,855
Net cash used in investing activities	(10,325,246)	(7,333,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Return of unutilised grant (Note 12)	(468,609)	-
Government grants received	73,001,608	64,507,262
Cash generated from financing activities	72,532,999	64,507,262
Net increase/(decrease) in cash and cash equivalents	913,261	(1,518,470)
Cash and cash equivalents at beginning of year	13,015,149	14,533,619
Cash and cash equivalents at end of year (Note 6)	13,928,410	13,015,149

Note A:

During the financial year, the group acquired property, plant and equipment with an aggregate cost of \$4,430,271 (FY06/07 - \$5,004,692) of which \$63,704 (FY06/07 - \$39,749) is yet to be paid as at the end of the financial year. Cash payments of \$4,406,316 (FY06/07 - \$6,127,294) were made to purchase property, plant and equipment.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

1 GENERAL INFORMATION

The Agri-Food and Veterinary Authority (“the Authority”) is a statutory board established under the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) under the purview of the Ministry of National Development (MND). As a statutory board, the Authority is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervising ministry and other government ministries and departments such as the Ministry of Finance (MOF).

The registered office is at 5 Maxwell Road, #02/03-00 Tower Block, MND Complex, Singapore 069110.

The financial statements of the Authority and its subsidiary for the year ended 31 March 2008 were authorised for issue by the Board Members of the Authority on 27 June 2008.

2 PRINCIPAL ACTIVITIES

The principal activities of the Authority are:

- (a) to regulate the safety and wholesomeness of food for supply to Singapore;
- (b) to promote and regulate animal and fish health, animal welfare and plant health;
- (c) to promote, facilitate and regulate the production, processing and trade of food and products related to or connected with the agri-food and veterinary sectors;
- (d) to develop, manage and regulate any agrotechnology park, agri-biotechnology park, mari-culture park, fishing harbour, and any other agri-food and veterinary centre or establishment;
- (e) to promote the development of the agri-food and veterinary sectors;
- (f) to advise and make recommendations to the Government on matters, measures and regulations related to or connected with the agri-food and veterinary sectors;
- (g) to represent the Government internationally on matters related to or connected with the agri-food and veterinary sectors; and
- (h) to carry out such other functions as are imposed upon the Authority by or under the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) or any other written law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements of the Authority are prepared in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Statutory Board Financial Reporting Standards ("SB-FRS"), including related Interpretations. They are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SB-FRS requires the use of judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a high degree of judgements are described below:

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

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 - 30 years. The carrying amount of the Authority and Group's property, plant and equipment as at 31 March 2008 is \$165,690,258. 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) *Provision for pension benefits*

The defined retirement benefits obligations due to pensionable officers are determined based on the last drawn salaries of the respective pensionable officers and the pensionable officers' cumulative service period served with the Authority at the time of retirement, assuming that all pensionable officers work till the age of 60 years and opt for fully commuted gratuity on retirement. The provision for pension liability is estimated by management based on the valuation of the pension scheme as at 31 March 2008 performed by an independent firm of professional actuaries. Changes in the actuarial assumptions used in computing the pension benefits could result in a revision of the provision for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

(b) Interpretation and amendments to published standards effective in 2007

During the year under review, the Authority and the Group adopted the new or revised SB-FRSs and Interpretations to SB-FRS ("INT SB-FRS") which are applicable in the current financial year. The adoption of the new/revised SB-FRSs has no significant impact on the Authority and the Group other than those disclosed in the financial statements.

SB-FRS 10 (revised)	Events after the Balance Sheet Date
SB-FRS 12 (revised)	Income Taxes
SB-FRS 19 (revised)	Employee Benefits
SB-FRS 24 (revised)	Related Party Disclosures
SB-FRS 40 (revised)	Investment Property

(c) New SB-FRS and INT SB-FRS not effective

The Authority and the Group have not yet adopted the following new or revised SB-FRSs and INT SB-FRSs that have been issued as of the balance sheet date but are not yet effective. The Authority and the Group anticipate that the adoption of these SB-FRSs and INT SB-FRSs in future periods will not have a material impact on the Authority and the Group's financial statements.

SB-FRS 1 (revised)	Presentation of Financial Statements
SB-FRS 7 (revised)	Cashflows
SB-FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors
SB-FRS 19 (revised)	Employee Benefits
SB-FRS 27 (revised)	Consolidated and Separate Financial Statements
SB-FRS 36 (revised)	Impairment of Assets
INT SB-FRS 29 (revised)	Disclosure – Service Concession Arrangements
INT SB-FRS 104 (revised)	Determining whether an Arrangement contains a Lease
INT SB-FRS 112 (revised)	Service Concession Arrangements

(d) Consolidation

The financial statements of the Group include the financial statements of the Authority and its subsidiary made up to the end of the financial year. Details on its subsidiary are given in Note 5.

All inter-company balances and significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. All items of property, plant and equipment are initially recorded at cost. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

	<u>Years</u>
Leasehold land and buildings	10 - 30 (over the period of the lease)
Motor vehicles and vessels	10
Mechanical, electrical and micrographic equipment	8 - 10
Furniture and fittings	5 - 8
Laboratory tools and equipment	3 - 10

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

No depreciation is provided on development work-in-progress.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income and expenditure statements.

(f) Subsidiary

A subsidiary is defined as a company in which the Authority has a long-term equity interest of more than 50% and over whose financial and operating policy decisions the Group controls.

Shares in the subsidiary are stated at cost less allowance for any impairment losses in the Authority's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(g) *Impairment of non-financial assets*

The carrying amounts of the non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use or net-selling price.

Any impairment loss is charged to the income and expenditure statements.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

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 if no impairment loss had been recognised.

A reversal of an impairment loss is credited as income in the income and expenditure statements.

(h) *Financial assets*

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by the Authority and the Group on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Authority and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in income and expenditure when received, regardless of how the related carrying amount of financial assets is measured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(h) *Financial assets-(continued)*

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

An allowance for impairment of receivables is recognised when objective evidence is received that the Authority and the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Receivables are included in trade and other receivables at the balance sheet date.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and fixed deposits with financial institutions.

(j) *Financial liabilities*

The financial liabilities include trade and other payables, rental, security and other deposits received as reflected in the balance sheet.

Financial liabilities are recognised when the Authority and the Group become parties to the contractual agreements of the instrument. All interest related charges, if any, are recognised as expense in the income and expenditure statements.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(k) Provisions

Provisions are recognised when the Authority and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Authority and the Group review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

(l) Employee benefits

(i) Short-term employees benefits

Salaries and bonuses are recognised when the services giving rise to the payment obligation have been satisfactorily rendered by the employees.

(ii) Defined contribution plans

The Authority and the Group contribute to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to the income and expenditure statements in the period to which the contributions relate.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

(iv) Defined benefits plans

The Authority operates an unfunded defined benefit scheme for certain employees under the provisions of the Pension Act (Cap. 225, 2004 Revised Edition). Defined retirement benefit obligations due to pensionable officers are recognised in the balance sheet in accordance with the Pensions Act (Chapter 225, 2004 Revised Edition). The pension liability is determined based on the last drawn salaries of the respective pensionable officers and the pensionable officers' cumulative service period served with the Authority at the time of retirement, assuming that all pensionable officers work till the age of 60 years and opt for fully commuted gratuity on retirement. The Authority does not need to bear any medical liabilities for pensionable officers upon their retirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(m) *Income recognition*

Certificate, permit fee is recognised as income when certificate or permits are issued.

Licence fees are recognised as income on time proportion basis.

Income from the rendering of services which comprises berthing fees, laboratory fees and inspection fees, is recognised when the service is rendered.

Rental and conservancy charges and vehicle entry fees are recognised as income on a straight-line basis over the period of the lease.

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

Other income comprises mainly fines which are accounted for when received.

Deferred income relates to annual licence fees received in advance from licensees and is recognised in the income and expenditure statements over the remaining period of the licences.

(n) *Grants*

Government grants and contributions from other parties utilised for the purchase or construction of property, plant and equipment are taken to the Deferred Capital Grants Account.

Non-monetary grants related to assets are taken at their fair values to the Deferred Capital Grants Account.

Deferred capital grants are recognised in the income and expenditure statements over the periods necessary to match the depreciation of the assets purchased or received with the related grants. On disposal of the property, plant and equipment, the balance of the related grants is taken to the income and expenditure statements to match the net book value of the property, plant and equipment disposed.

Grants and contributions received for the purchase or construction of property, plant and equipment but which are not yet utilised are taken to the Capital and Other Grants Received in Advance Account.

Operating grants whose purpose is to meet the current financial year's operating expenses are recognised as income in the same financial year.

Grants are recognised only when there is reasonable assurance that the Authority would comply with the conditions attaching to those grants, and the grants would be received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

3 SIGNIFICANT ACCOUNTING POLICIES-(continued)

(o) Leases

(i) Operating leases – 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 taken to the income and expenditure statements 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 period in which termination takes place.

(ii) Operating leases – lessor

Assets leased out under operating leases are included in land and building and are stated at cost. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(p) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements of the Group and the financial statements of the Authority are presented in Singapore dollars, which is also the functional currency of the Authority.

(q) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

4 PROPERTY, PLANT AND EQUIPMENT

The Authority

	<i>Leasehold land and buildings</i>	<i>Motor vehicles and vessels</i>	<i>Mechanical, electrical and micrographic equipment</i>	<i>Furniture and fittings</i>	<i>Laboratory tools and equipment</i>	<i>Development work-in- progress</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
<i>Cost</i>							
At 1 April 2006	180,024,787	2,522,915	19,477,611	6,620,202	32,547,606	6,701,553	247,894,674
Additions	17,638	233,972	447,547	123,066	2,062,618	2,119,851	5,004,692
Disposals	(150,654)	(95,670)	(265,341)	(622,245)	(1,859,981)	(1,499,065)	(4,492,956)
Transfers	5,619,785	110,602	48,181	68,843	582,960	(6,430,371)	-
At 31 March 2007	185,511,556	2,771,819	19,707,998	6,189,866	33,333,203	891,968	248,406,410
Additions	324,397	1,006,295	89,656	126,644	2,568,268	315,011	4,430,271
Disposals	-	(464,709)	(33,038)	(98,207)	(427,088)	(1,370)	(1,024,412)
Transfers	(735,519)	-	10,479	(15,370)	914,521	(174,111)	-
At 31 March 2008	185,100,434	3,313,405	19,775,095	6,202,933	36,388,904	1,031,498	251,812,269
<i>Accumulated Depreciation</i>							
At 1 April 2006	32,647,479	1,602,227	5,712,173	4,407,710	18,471,431	-	62,841,020
Depreciation for the year	7,714,799	211,607	1,923,954	504,625	3,048,230	-	13,403,215
Disposals	(104,198)	(64,563)	(264,631)	(622,245)	(1,736,463)	-	(2,792,100)
At 31 March 2007	40,258,080	1,749,271	7,371,496	4,290,090	19,783,198	-	73,452,135
Depreciation for the year	7,117,739	228,011	1,937,659	519,727	3,834,539	-	13,637,675
Disposals	-	(424,527)	(30,765)	(94,227)	(418,280)	-	(967,799)
At 31 March 2008	47,375,819	1,552,755	9,278,390	4,715,590	23,199,457	-	86,122,011
<i>Net Book Value</i>							
At 31 March 2008	137,724,615	1,760,650	10,496,705	1,487,343	13,189,447	1,031,498	165,690,258
At 31 March 2007	145,253,476	1,022,548	12,336,502	1,899,776	13,550,005	891,968	174,954,275

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

4 PROPERTY, PLANT AND EQUIPMENT-(continued)

The Group

	<i>Leasehold land and buildings</i>	<i>Motor vehicles and vessels</i>	<i>Mechanical, electrical and micrographic equipment</i>	<i>Furniture and fittings</i>	<i>Laboratory tools and equipment</i>	<i>Development work-in- progress</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
<i>Cost</i>							
At 1 April 2006	180,024,787	2,522,915	19,477,611	6,620,202	32,552,411	6,701,553	247,899,479
Additions	17,638	233,972	447,547	123,066	2,062,618	2,119,851	5,004,692
Disposals	(150,654)	(95,670)	(265,341)	(622,245)	(1,859,981)	(1,499,065)	(4,492,956)
Transfers	5,619,785	110,602	48,181	68,843	582,960	(6,430,371)	-
At 31 March 2007	185,511,556	2,771,819	19,707,998	6,189,866	33,338,008	891,968	248,411,215
Additions	324,397	1,006,295	89,656	126,644	2,568,268	315,011	4,430,271
Disposals	-	(464,709)	(33,038)	(98,207)	(427,088)	(1,370)	(1,024,412)
Transfers	(735,519)	-	10,479	(15,370)	914,521	(174,111)	-
At 31 March 2008	185,100,434	3,313,405	19,775,095	6,202,933	36,393,709	1,031,498	251,817,074
<i>Accumulated Depreciation</i>							
At 1 April 2006	32,647,479	1,602,227	5,712,173	4,407,710	18,476,236	-	62,845,825
Depreciation for the year	7,714,799	211,607	1,923,954	504,625	3,048,230	-	13,403,215
Disposals	(104,198)	(64,563)	(264,631)	(622,245)	(1,736,463)	-	(2,792,100)
At 31 March 2007	40,258,080	1,749,271	7,371,496	4,290,090	19,788,003	-	73,456,940
Depreciation for the year	7,117,739	228,011	1,937,659	519,727	3,834,539	-	13,637,675
Disposals	-	(424,527)	(30,765)	(94,227)	(418,280)	-	(967,799)
At 31 March 2008	47,375,819	1,552,755	9,278,390	4,715,590	23,204,262	-	86,126,816
<i>Net Book Value</i>							
At 31 March 2008	137,724,615	1,760,650	10,496,705	1,487,343	13,189,447	1,031,498	165,690,258
At 31 March 2007	145,253,476	1,022,548	12,336,502	1,899,776	13,550,005	891,968	174,954,275

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

5 SUBSIDIARY

The Authority

Unquoted equity investment

FY07/08	FY06/07
\$	\$
2	2

The subsidiary, which is incorporated in Singapore, is as follows:

<u>Name of company</u>	<u>Principal activity</u>	<u>Equity holding</u>	
		FY07/08	FY06/07
		%	%
Agrifood Technologies Pte Ltd	Consultancy services	100	100

The financial statements of the subsidiary are audited by Lee Seng Chan & Co.

6 CASH AND CASH EQUIVALENTS

	<i>The Authority</i>		<i>The Group</i>	
	FY07/08	FY06/07	FY07/08	FY06/07
	\$	\$	\$	\$
Cash and bank balances	13,786,351	12,889,559	13,928,410	13,015,149
Fixed deposits with financial institutions	26,614,153	20,057,782	26,614,153	20,057,782
	40,400,504	32,947,341	40,542,563	33,072,931

The fixed deposits with financial institutions mature on varying dates within 12 months (FY06/07 - 12 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 March 2008 was 1.3% (FY06/07 - 2.98%) per annum.

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

<i>The Group</i>	FY07/08	FY06/07
	\$	\$
Cash and bank balances	13,928,410	13,015,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

7 TRADE AND OTHER RECEIVABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY07/08	FY06/07	FY07/08	FY06/07
	\$	\$	\$	\$
Trade receivables	478,892	367,327	566,044	390,046
Less:				
Impairment for doubtful debts	(392)	(10,054)	(392)	(10,054)
Net trade receivables	478,500	357,273	565,652	379,992
Amount recoverable from Government	-	226,154	-	226,154
Other receivables	45,088	86,238	35,744	86,238
	523,588	669,665	601,396	692,384

Included in trade receivables is an amount of \$16,677 (FY06/07 - \$1,200) due from subsidiary

8 TRADE AND OTHER PAYABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY07/08	FY06/07	FY07/08	FY06/07
	\$	\$	\$	\$
Trade payables	5,746,572	4,304,994	5,765,819	4,319,774
Amount payable with respect to capital expenditure	63,704	39,749	63,704	39,749
Accrued operating expenses	4,939,309	4,363,600	4,944,266	4,363,600
	10,749,585	8,708,343	10,773,789	8,723,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

9 CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

The Authority and the Group

Government Grants

	FY07/08	FY06/07
	\$	\$
Balance at the beginning of the financial year	913,764	3,800,920
Received during the financial year	5,642,755	5,877,977
Transfer to Deferred Capital Grants (Note 11)	(315,011)	(2,119,901)
Transfer to income and expenditure statements	(4,579,051)	(6,355,808)
Transfer to Operating Grants (Note 15)	(15,608)	(288,809)
Return of Grants	(21,147)	(615)
Balance at the end of the financial year	<u>1,625,702</u>	<u>913,764</u>

The transfer to income and expenditure statements during the financial year is for the purpose of matching expenditure incurred in relation to research and development funded from various Government agencies.

10 PROVISION FOR PENSION BENEFITS

The Authority and the Group

	FY07/08	FY06/07
	\$	\$
Balance at the beginning of the financial year	14,418,000	9,841,570
Provision for the financial year (Note 13)	1,602,500	5,807,292
Payments during the financial year	(1,713,213)	(1,230,862)
Balance at the end of the financial year	<u>14,307,287</u>	<u>14,418,000</u>

The provision for pension benefits is payable as follows:

	FY07/08	FY06/07
	\$	\$
Within one year	5,564,526	3,761,000
After one year	8,742,761	10,657,000
	<u>14,307,287</u>	<u>14,418,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

10 PROVISION FOR PENSION BENEFITS-(continued)

The provision has been estimated by management based on the valuation of the pension scheme as at 31 March 2008 performed by an independent firm of professional actuaries.

The actuarial assumptions used in computing the pension benefits are:

- discount rate of 3% per annum, and
- salary inflation of 3% per annum for employees age 55 and below, and 0% for employees age above 55.

11 DEFERRED CAPITAL GRANTS

The Authority and the Group

Government Grants

	FY07/08 \$	FY06/07 \$
Balance at beginning of the financial year	174,656,586	185,004,904
Transfer from Capital and Other Grants (Note 9)	315,011	2,119,901
Transfer from Operating Grants (Note 15)	4,098,910	2,589,101
	<u>179,070,507</u>	<u>189,713,906</u>
Grants taken to income and expenditure statements		
- to match depreciation	(13,601,864)	(13,356,464)
- to match disposals	(55,244)	(154,625)
- to match write-back/(write-off)	11,268	(1,546,231)
	<u>(13,645,840)</u>	<u>(15,057,320)</u>
Balance at the end of the financial year	<u>165,424,667</u>	<u>174,656,586</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

12 LONG-TERM BORROWING

The Authority was awarded a repayable grant not exceeding \$3.5 million from the Economic Development Board (EDB) to develop a commercial-scale hatchery on St. John's Island to demonstrate the feasibility of quality frys production to help expand the aquaculture industry in the region. The accumulated amount of the grant received from the EDB as at 31 March 2008 amounted to \$557,806 (FY06/07 - \$1,026,415), after the unutilised amount of \$468,609 was returned on 12 Sep 07. The grant is unsecured and repayable from 2 January 2009. The grant is interest-free except for overdue payments that are subject to an interest of 3% per annum above the prevailing Monetary Authority of Singapore prime rate on the overdue amount.

13 STAFF COSTS

	<i>The Authority</i>		<i>The Group</i>	
	FY07/08	FY06/07	FY07/08	FY06/07
	\$	\$	\$	\$
Salaries, allowances and bonus	48,005,105	41,410,349	48,005,105	41,410,349
Central Provident Fund contributions	4,267,526	3,470,842	4,267,526	3,470,842
Provision for pension benefits (Note 10)	1,602,500	5,807,292	1,602,500	5,807,292
Other staff costs	3,369,114	2,699,443	3,369,114	2,697,923
Termination benefits	42,952	-	42,952	-
	57,287,197	53,387,926	57,287,197	53,386,406

Included in staff costs is key management remuneration as follows:

	FY07/08	FY06/07
	\$	\$
Short term employee benefits	1,790,173	1,382,890
Post-employment benefits	520,977	424,652
	2,311,150	1,807,542

Key management refers to employees designated as Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

14 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>The Authority</i>		<i>The Group</i>	
	FY07/08	FY06/07	FY07/08	FY06/07
	\$	\$	\$	\$
Transport and travel	614,663	652,103	620,315	661,403
Office, computer and laboratory supplies	5,346,576	5,235,782	5,349,520	5,240,750
Rental – operating leases	3,931,951	3,783,821	3,931,951	3,783,821
Rental – others	337,288	383,490	337,288	383,490
Repairs and maintenance	7,225,753	7,080,934	7,225,753	7,080,934
Auditors' remuneration	58,000	120,000	60,000	121,890
Laboratory fees	4,144,044	4,433,035	4,144,044	4,433,035
Public education	2,820,855	1,261,349	2,820,855	1,261,349
Professional fees	1,012,509	857,323	1,048,642	897,821
Estate management fee	1,906,396	1,952,217	1,906,396	1,952,217
Board honorarium	75,000	42,500	77,500	45,000
Goods and services tax	1,909,327	490,282	1,909,327	490,282
Security services	1,081,530	927,738	1,081,530	927,738
HPAI expenditure	926,315	318,105	926,315	318,105
Research & development expenditure	4,579,051	6,355,808	4,579,051	6,355,808
Property tax	1,258,100	1,263,350	1,258,100	1,263,350
Property, plant and equipment written off	1,370	1,546,231	1,370	1,546,231
Other operating expenses	2,478,617	3,000,090	2,509,322	3,019,068
	39,707,345	39,704,158	39,787,279	39,782,292

15 OPERATING GRANTS

The Authority and the Group

	FY07/08	FY06/07
	\$	\$
Received/receivable during the financial year	67,380,000	58,237,000
Transfer to Deferred Capital Grants (Note 11)	(4,098,910)	(2,589,101)
Transfer from Capital and Other Grants (Note 9)	15,608	288,809
Transfer to income and expenditure statements	63,296,698	55,936,708

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

16 TOTAL GOVERNMENT GRANTS

Total grants received/receivable from the Government since the establishment of the Authority are as follows:

The Authority and the Group

	FY07/08 \$	FY06/07 \$
Capital and Other Grants	278,240,813	272,619,204
Operating Grants	401,074,420	333,694,420
	679,315,233	606,313,624

17 CONTRIBUTION TO CONSOLIDATED FUND

The contribution to the Consolidated Fund is required under section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

The contribution is based on 18% (FY06/07: 20%) of the surplus for the year.

18 INCOME TAX EXPENSE

The Group

	FY07/08 \$	FY06/07 \$
Current income tax expense	5,616	3,893
(Overprovision)/Underprovision of current income tax expense in respect of prior years	(201)	2,163
	5,415	6,056

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

18 INCOME TAX EXPENSE-(continued)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the subsidiary's surplus as a result of the following differences:

	FY07/08 \$	FY06/07 \$
Surplus before contribution to Consolidated Fund and income tax expense	5,056,411	3,189,140
Less:		
The Authority's surplus before contribution to Consolidated Fund and income tax expense	4,989,006	3,140,885
The subsidiary's surplus before income tax expense	67,405	48,255
Income tax at statutory rate of 18%	12,132	8,686
Singapore statutory stepped income exemption	(6,516)	(4,793)
	5,616	3,893

19 COMMITMENTS FOR CAPITAL EXPENDITURE

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$2,716,950 (FY06/07 - \$1,333,439) at the balance sheet date.

20 OPERATING LEASE COMMITMENTS

Payments

The future aggregate minimum lease payments under operating leases for office premises and office equipment contracted for at the reporting date but not recognised as liabilities, are as follows:

The Authority and the Group

	FY07/08 \$	FY06/07 \$
Not later than one financial year	3,739,921	4,189,040
Later than one financial year but not later than five financial years	2,377,477	6,229,772
	6,117,398	10,418,812

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

20 OPERATING LEASE COMMITMENTS-(continued)

Receipts

The future aggregate minimum lease receipts receivable under operating leases for the Authority's Fishery Ports' premises contracted for at the reporting date but not recognised as receivables, are as follows:

The Authority and the Group

	FY07/08 \$	FY06/07 \$
Not later than one financial year	4,739,481	5,409,780
Later than one financial year but not later than five financial years	1,581,225	4,155,257
	6,320,706	9,565,037

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Agri-Food and Veterinary Authority is a statutory board incorporated under the Agri-Food and Veterinary Act (Note 1). As a statutory board, all Government ministries and departments, statutory boards and government-linked companies are deemed related parties of the Authority.

During the year, the Authority has significant transactions with its supervisory ministry, the Ministry of National Development, and other related parties listed below, other than statutory charges and transactions disclosed elsewhere in the financial statements.

	FY07/08 \$	FY06/07 \$
Expenditure paid to:		
Ministry of National Development	2,342,798	2,201,886
Health Sciences Authority	4,111,948	4,190,881
Subsidiary	-	1,520
Grants/Income received from:		
Ministry of National Development	68,479,525	59,612,957
Ministry of Trade and Industry	4,584,503	4,913,859
Subsidiary	53,014	67,134

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

21 SIGNIFICANT RELATED PARTY TRANSACTIONS-(continued)

	FY07/08 \$	FY06/07 \$
Amount due to:		
Ministry of National Development	116,085	130,902
Health Sciences Authority	207,853	364,581
Amount due from:		
Ministry of National Development	-	226,154
Subsidiary	16,677	1,200

22 FINANCIAL RISK MANAGEMENT

The Authority and Group's activities expose it to market risk including currency risk, interest rate risk and price risk, credit risk and liquidity risk. The Authority and Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority and Group's financial performance.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates. The Authority and the Group have minimal exposure to foreign exchange risk as they transact mainly in Singapore dollars.

(b) Cashflow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The income and the operating cash flows of the Authority and the Group are substantially independent of changes in market interest rates. The Authority and the Group have no significant interest-bearing assets or liabilities other than investments in fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

22 FINANCIAL RISK MANAGEMENT-(continued)

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Authority and the Group have no significant concentrations of credit risk. The Authority and the Group have policies in place to ensure that sales of products and services are made to customers with appropriate credit history.

The Authority and the Group place their surplus funds with reputable banks.

The carrying amounts of the financial assets recorded in the balance sheets represent the Authority and the Group's maximum exposure to credit risk.

(d) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Authority and the Group ensure that they maintain sufficient cash and flexibility in funding. In addition, the Authority is financially supported by grants primarily from the Government.

23 FINANCIAL INSTRUMENTS

Fair Values

The carrying amount of financial assets and liabilities in the financial statements with a maturity of less than one year is assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

24 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation in relation to the consolidated cash flow statement.

Consolidated Cash Flow Statement

	Restated FY06/07 \$	Reported FY06/07 \$
Increase in short term fixed deposits	(2,000,358)	-
Cash and cash equivalents at beginning of year	14,533,619	32,591,073