

Financial Statements

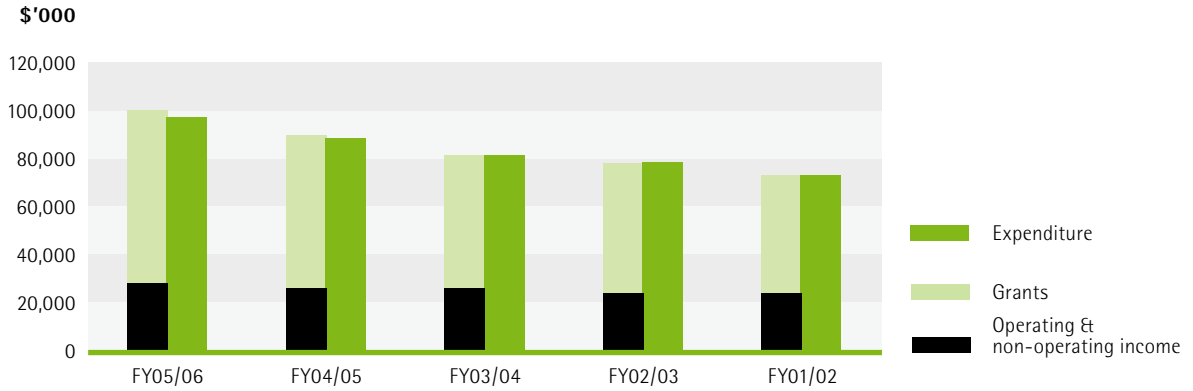
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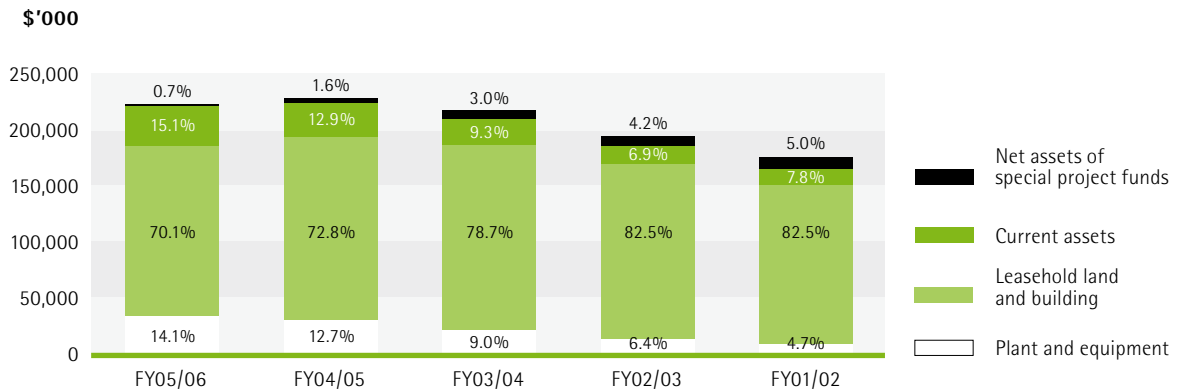
Financial Summary

	FY 05/06	FY 04/05	FY 03/04	FY 02/03	FY 01/02
Income and Expenditure	\$'000	\$'000	\$'000	\$'000	\$'000
Operating and non-operating income	29,379	27,851	27,403	26,210	25,369
Grants	70,013	63,677	55,799	51,899	46,708
Total income	99,392	91,528	83,202	78,109	72,077
Operating expenditure	95,886	89,863	83,009	78,617	72,062
Non-operating expenditure	344	27	47	44	10
Total expenditure	96,230	89,890	83,056	78,661	72,072
Surplus / (deficit) before contribution to Consolidated Fund	3,162	1,638	146	(552)	5
Taxation	(6)	-	(2)	(1)	
(Contribution) / Writeback to Consolidated Fund	(615)	(332)	(27)	2	(2)
Surplus/(deficit) after contribution to Consolidated Fund	2,541	1,306	117	(551)	3
Balance Sheet					
Plant and equipment	30,975	28,476	19,370	12,171	8,233
Leasehold land and buildings	154,079	163,152	168,534	157,062	143,036
Current assets	33,217	28,899	19,859	13,187	13,471
Net assets of special project funds	1,491	3,621	6,428	7,920	8,622
Total assets	219,762	224,148	214,191	190,340	173,362
Accumulated surplus / (deficit)	3,435	943	(363)	(480)	71
Special project fund and pension benefits	11,332	12,917	13,784	13,330	11,827
Deferred capital grant & repayable grant	186,080	191,978	188,254	169,233	151,269
Other current liabilities	18,915	18,310	12,516	8,257	10,195
Total capital, reserves and liabilities	219,762	224,148	214,191	190,340	173,362

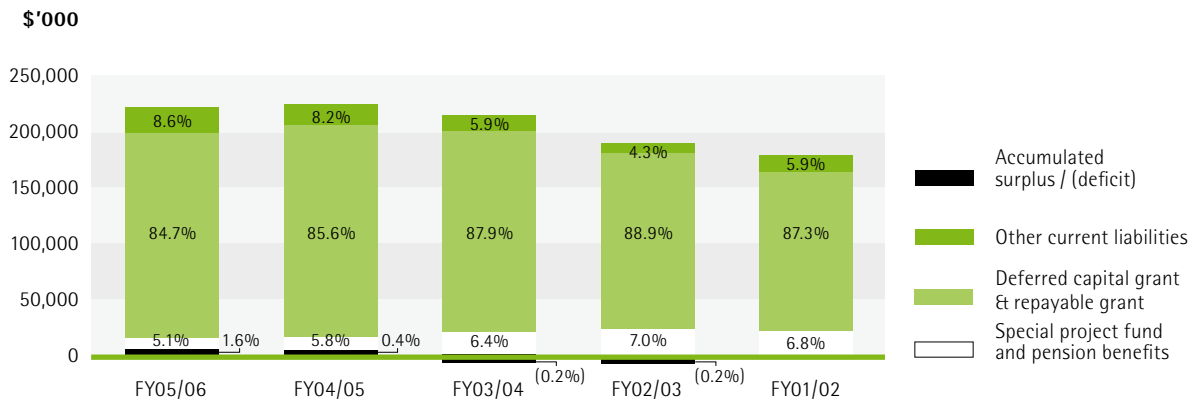
INCOME AND EXPENDITURE



ASSETS



CAPITAL, RESERVES AND LIABILITIES



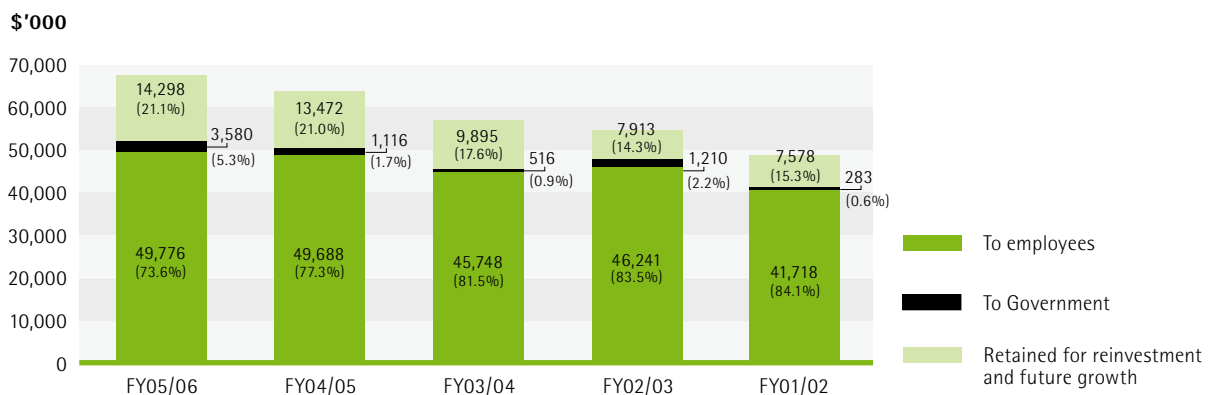
5-Year Value Added Statement

	FY 05/06 \$'000	FY 04/05 \$'000	FY 03/04 \$'000	FY 02/03 \$'000	FY 01/02 \$'000
Turnover from operations	28,977	27,747	27,376	26,189	25,310
Less:					
Purchase of goods/ services	31,394	27,225	26,996	22,701	22,488
Value added from operations	(2,417)	522	380	3,488	2,822
Grants	70,013	63,677	55,799	51,899	46,708
Non-Operating Income / (Expenditure)	58	77	(20)	(23)	49
Interest income	402	104	27	21	59
Loss on disposal of property, plant and equipment	(344)	(27)	(47)	(44)	(10)
Total value added available for distribution	67,654	64,276	56,159	55,364	49,579

Distribution

To Employees					
Salaries and staff welfare/benefits	49,776	49,688	45,748	46,241	41,718
To Government	3,580	1,116	516	1,210	283
Contribution to Consolidated Fund / Taxation	621	332	29	(1)	2
Property and other taxes	2,959	784	487	1,211	281
Retained for reinvestment and future growth	14,298	13,472	9,895	7,913	7,578
Depreciation	11,757	12,166	9,778	8,464	7,575
Surplus / (deficit)	2,541	1,306	117	(551)	3
Total value added	67,654	64,276	56,159	55,364	49,579

TOTAL VALUE ADDED



Financial Review

Financial Results

The Group recorded a total operating income of \$29.0 million in FY05/06 which was \$1.23 million (or 4.4%) higher than FY04/05's operating income of \$27.7 million. The bulk of the Group's operating income came mainly from the issuance of certificates and permits, which accounted for 50.5% of the total operating income.

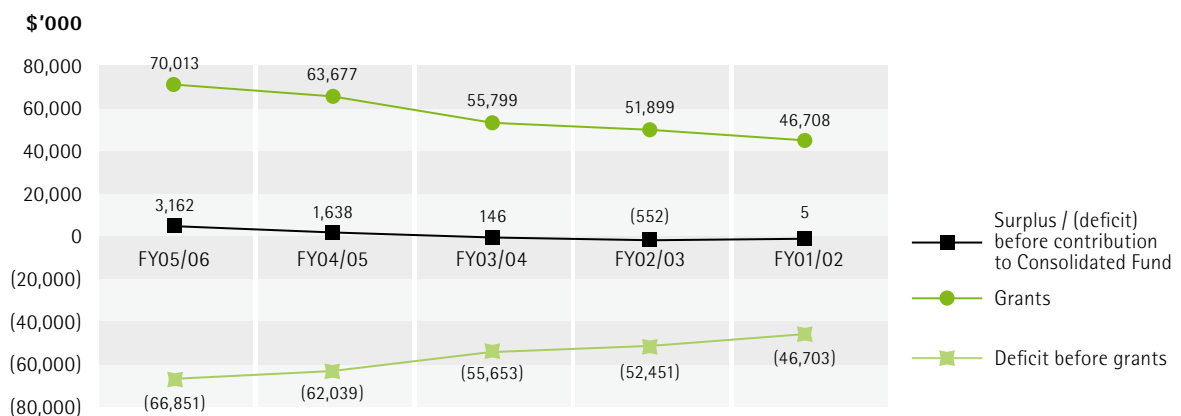
Total operating expenditure for the year was \$95.9 million, an increase of \$6.0 million (or 6.7%) over last year's operating expenditure of \$89.9 million. The increase was largely due to increase in laboratory fees, property tax, and estate management fee.

Interest income on bank deposits totalled \$0.4 million in FY05/06 and the Group recorded a loss of \$0.3 million in disposal of fixed assets.

The net deficit for the year before government grant was \$66.8 million. Operating grant received from Government for FY05/06 was \$57.5 million of which \$1.1 million was transferred to deferred capital grant to reflect the utilisation of operating grant for the purchase of depreciable assets. In addition, a total of \$13.5 million was transferred from the deferred capital grants to the income and expenditure statement to match the depreciation and disposal of the fixed assets to which the deferred capital grants relate.

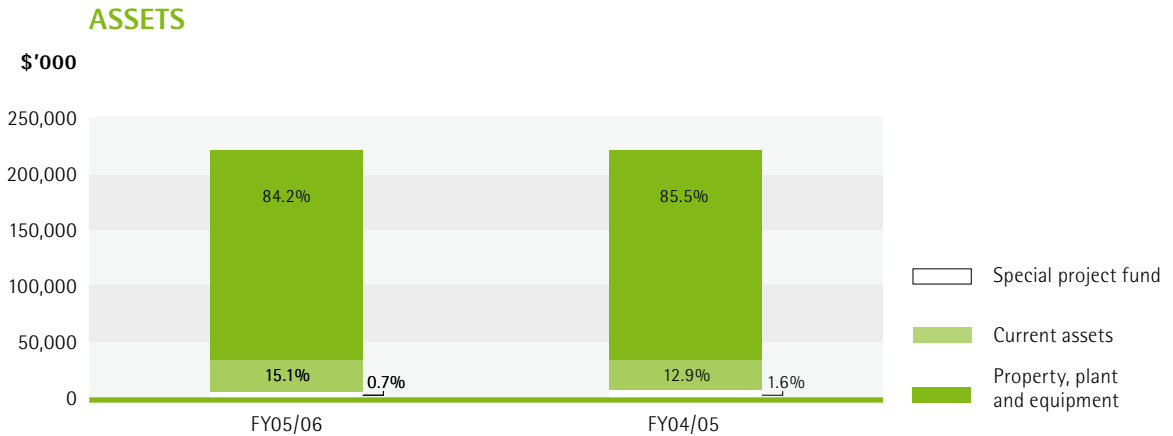
The Group achieved a net surplus of \$2.5 million for the year, after provision for contribution to Consolidated Fund/Taxation of \$0.6 million, as compared to a net surplus of \$1.3 million for FY04/05.

SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND/TAXATION

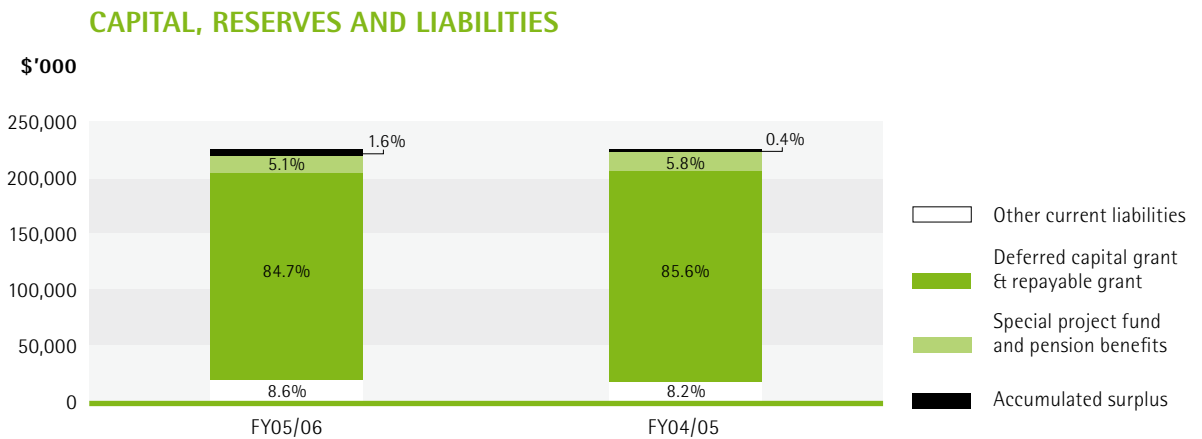


Financial Position

At 31 March 2006, the Group's total assets decreased by \$4.3 million to \$219.8 million (31 March 2005: \$224.1 million) due to the normal depreciation charge on fixed assets. There were also no significant additions to the fixed assets. Property, plant and equipment which stood at \$185.1 million accounted for 84.2% of the total assets.



Capital, reserves and liabilities of the Group at 31 March 2006 totalled \$219.8 million (31 March 2005: \$224.1 million). Of the \$219.8 million, the deferred capital grant and repayable grant stood at \$186.1 million while other current liabilities totalled \$18.9 million. Special project fund and pension benefits accounted for \$11.3 million, while accumulated surplus totalled \$3.4 million.

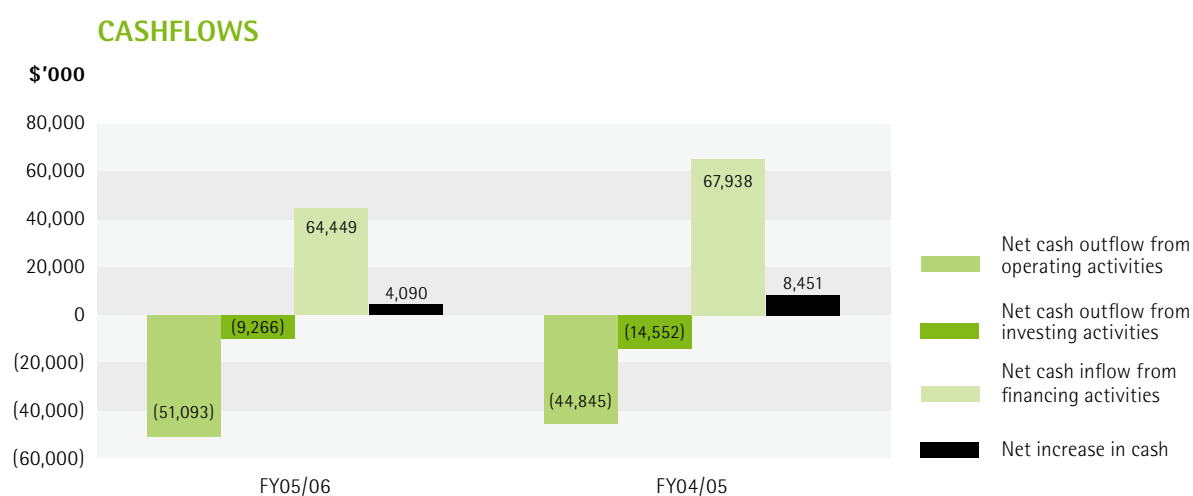


Cashflows

The Group's total cash outflows for FY05/06 was \$60.4 million. Of this, \$9.3 million was expended on investing activities (development expenditure) and \$51.1 million was utilised for operating activities (operating expenditure).

Cash received through government grants during the year amounted to \$64.4 million.

The overall net cash inflow was \$4.1 million which arose as a result of the timing difference in receipt of grants and payment of expenditure, and repayable grant received during the year.



	FY 05/06	FY 04/05
	\$'000	\$'000
Net cash outflow from operating activities	(51,093)	(44,845)
Net cash outflow from investing activities	(9,266)	(14,552)
Net cash inflow from financing activities	64,449	67,938
Net increase in cash	4,090	8,541

Operating Income

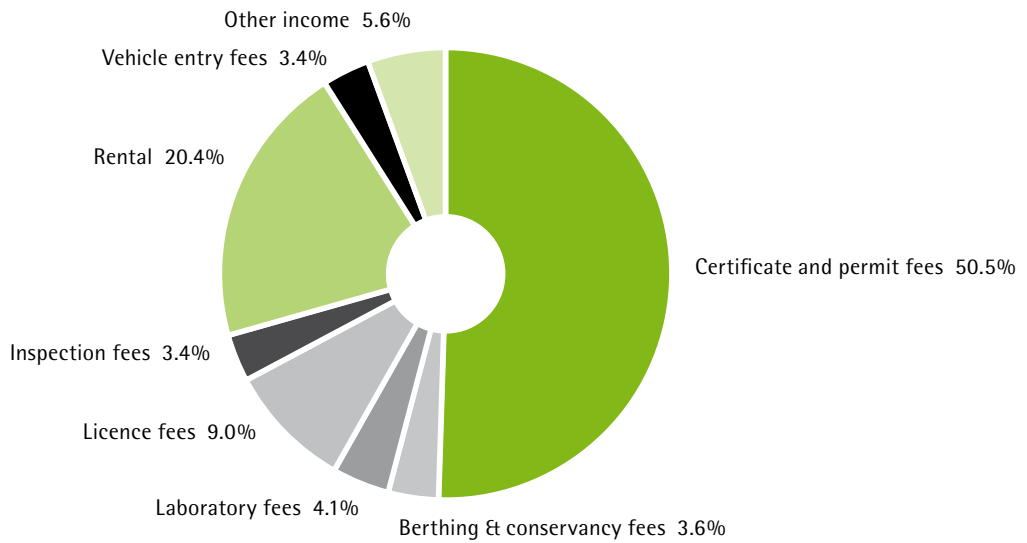
The Group's operating income comprised mainly certificate and permit fees from regulatory functions; and rental income from the fishery ports. These accounted for 50.5% and 20.4% of the Group's total operating income.

There was a net increase in operating income from \$27.7 million in FY04/05 to \$29.0 million in FY05/06 and this came mainly from the increase in certificate and permit fees and rental income.

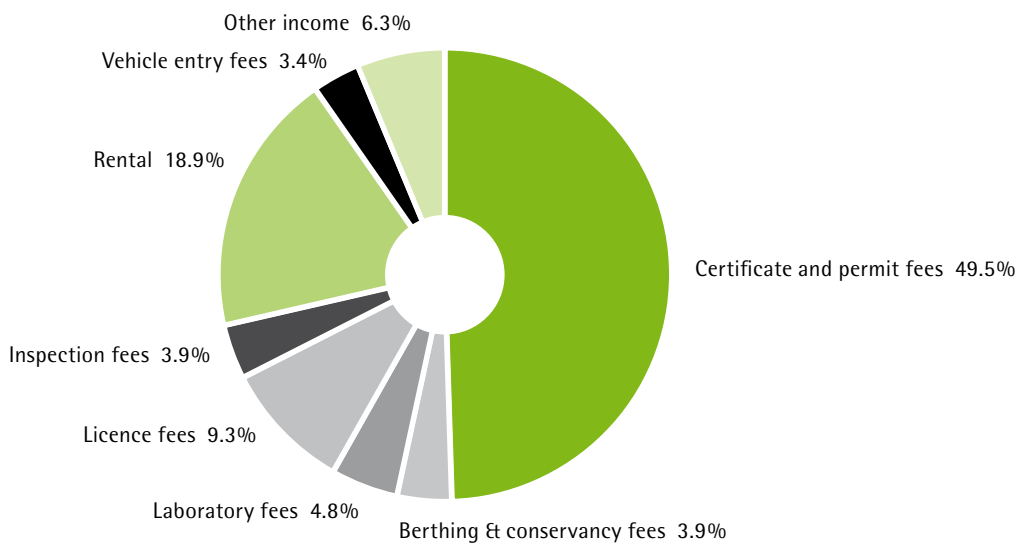
The higher income from "Certificate and permit fees" was due mainly to the increase in the volume of frozen/chilled/processed meat imports and the change in regulation for plant imports, whilst the higher rental income arose from the withdrawal of rental rebates given to the tenants of both the Jurong and Senoko Fishery Ports.

Operating Income	FY 05/06	FY 04/05	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Certificate and permit fees	14,629	13,736	893	6.5%
Berthing & conservancy fees	1,029	1,094	(65)	(5.9%)
Laboratory fees	1,193	1,337	(144)	(10.8%)
Licence fees	2,622	2,583	39	1.5%
Inspection fees	984	1,085	(101)	(9.3%)
Rental	5,898	5,232	666	12.7%
Vehicle entry fees	995	945	50	5.3%
Other income	1,626	1,735	(109)	(6.3%)
	28,976	27,747	1,229	4.4%

OPERATING INCOME FY05/06



OPERATING INCOME FY04/05



Operating Expenditure

The Group's operating expenditure increased by \$6.0 million (6.7%) for the financial year ended 31 March 2006. The increase was attributed mainly to the laboratory fees, estate management fee and property tax.

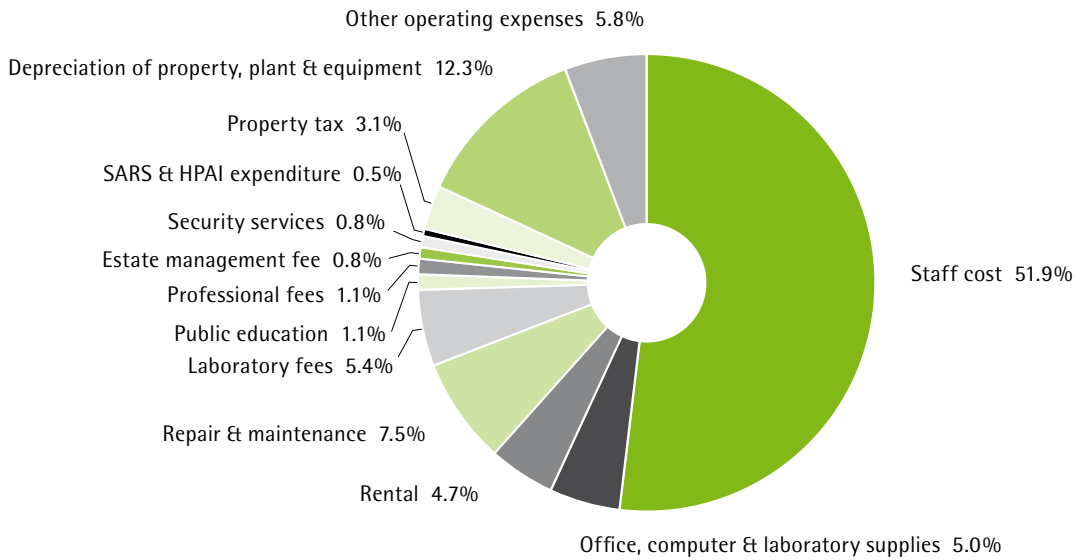
To pre-empt any possible food scares in Singapore, ad-hoc surveys were conducted in response to food safety alerts issued by overseas authorities. This resulted in the increase in laboratory fees by \$1.4 million (38.6%).

Estate management fee of \$0.8 million was incurred, as the operation of both the Jurong and Senoko Fishery Ports was outsourced to United Premas Limited with effect from 1 November 2005.

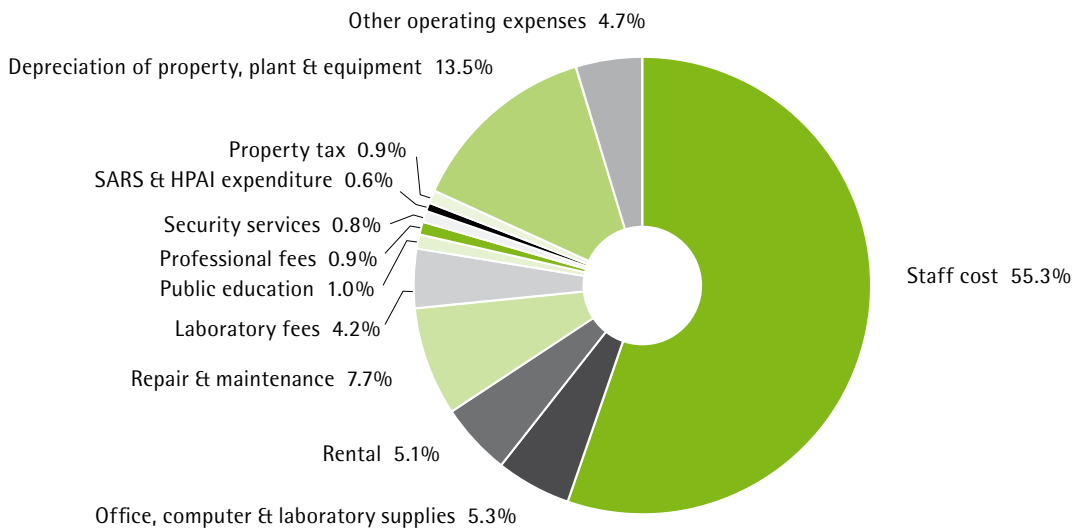
Property tax increased by \$2.2 million (277.4%), due mainly to the finalisation of the property tax of Jurong Fishery Port, Senoko Fishery Port, Centre for Animal Welfare & Control, Marine Aquaculture Centre and Animal & Plant Health Centre by the Inland Revenue Authority of Singapore, for the tax period from 1 April 2000 to 31 March 2006.

Operating Expenditure	FY05/06	FY04/05	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Staff cost	49,776	49,689	87	0.2%
Office, computer & laboratory supplies	4,810	4,731	79	1.7%
Rental	4,472	4,573	(101)	(2.2%)
Repair & maintenance	7,189	6,949	240	3.5%
Laboratory fees	5,195	3,747	1,448	38.6%
Public education	1,029	884	145	16.4%
Professional fees	1,029	837	192	22.9%
Estate management fee	824	-	824	-
Security services	753	756	(3)	(0.4%)
SARS & HPAI expenditure	546	507	39	7.7%
Property tax	2,959	784	2,175	277.4%
Depreciation of property, plant & equipment	11,757	12,166	(409)	(3.4%)
Other operating expenses	5,547	4,240	1,307	30.8%
	95,886	89,863	6,023	6.7%

OPERATING EXPENDITURE FY05/06



OPERATING EXPENDITURE FY04/05



Capital Expenditure

The Group's total capital expenditure for the year was \$6.9 million, representing a decrease of \$9.4 million (57.7%) over the last financial year. Of the \$6.9 million, \$3.5 million was for the construction of the Sembawang Animal Quarantine Station, \$1.6 million was related to the construction of the Veterinary Public Health Centre and Animal & Plant Health Centre, while the remaining \$1.8 million was for the purchase of equipment.

Capital Expenditure	FY05/06	FY04/05	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Equipment	1,808	6,879	(5,071)	(73.7)
Development work-in-progress	5,100	9,444	(4,344)	(46.0)
	6,908	16,323	(9,415)	(57.7)

CAPITAL EXPENDITURE FY05/06



CAPITAL EXPENDITURE FY04/05



Auditors' Report

To the Agri-Food and Veterinary Authority

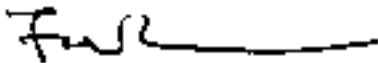
We have audited the accompanying financial statements of the Agri-Food and Veterinary Authority ("the Authority") and the consolidated financial statements of the Authority and its subsidiary ("the Group") for the year ended 31 March 2006. These financial statements are the responsibility of the Authority's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accompanying financial statements of the Authority and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act 2000 (the "Act") and the accounting standards as specified by the Ministry of Finance 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 2006 and of the results and changes in accumulated fund of the Authority and of the Group, and cash flows of the Group for the year then 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
Certified Public Accountants

Singapore, 13 July 2006

Balance Sheets

As at 31 March 2006

	Notes	The Authority		The Group	
		FY 2005/2006 \$	FY 2004/2005 \$	FY 2005/2006 \$	FY 2004/2005 \$
Accumulated surplus		3,348,941	935,174	3,434,797	942,965
Vegetable Project Fund	4	-	1,547,467	-	1,547,467
Other Trust and Agency Funds	5	1,491,524	2,073,776	1,491,524	2,073,776
		4,840,465	4,556,417	4,926,321	4,564,208

Represented by:

Non-Current Assets

Property, plant and equipment	6	185,053,654	191,627,617	185,053,654	191,627,617
Subsidiary	7	2	2	-	-
		185,053,656	191,627,619	185,053,654	191,627,617

Current Assets

Cash and cash equivalents	8	30,953,892	26,656,290	31,099,549	27,009,922
Trade and other receivables	9	1,028,959	1,187,019	985,841	903,432
Operating grant receivable from Government		392,900	-	392,900	-
Capital grant receivable from Government		-	16,526	-	16,526
Prepayments		738,123	969,007	738,832	969,589
		33,113,874	28,828,842	33,217,122	28,899,469

Less:

Current Liabilities

Trade and other payables	10	12,476,855	13,335,400	12,488,529	13,396,434
Amount due to Government		337,747	159,494	337,747	159,494
Rental, security and other deposits		1,740,685	1,559,274	1,740,685	1,559,274
Capital Grants	11	2,309,396	1,538,758	2,309,396	1,538,758
Non-Government Grant	12	166,513	177,842	166,513	177,842
Deferred income		1,250,125	1,145,084	1,250,125	1,145,084
Provision for pension benefits	13	1,898,125	2,009,227	1,898,125	2,009,227
Provision for contributions to Consolidated Fund		615,629	331,891	615,629	331,891
Provision for taxation		-	-	5,716	1,800
		20,795,075	20,256,970	20,812,465	20,319,804

Net Current Assets

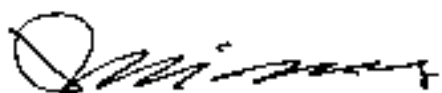
		12,318,799	8,571,872	12,404,657	8,579,665
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Less:

Non-Current Liabilities

Provision for pension benefits	13	7,943,445	7,286,700	7,943,445	7,286,700
Deferred capital grants	14	185,053,654	191,627,617	185,053,654	191,627,617
Repayable grant	15	1,026,415	350,000	1,026,415	350,000
		194,023,514	199,264,317	194,023,514	199,264,317

Net assets of Vegetable Project Fund	4	-	1,547,467	-	1,547,467
Net assets of Other Trust and Agency Funds	5	1,491,524	2,073,776	1,491,524	2,073,776
		4,840,465	4,556,417	4,926,321	4,564,208



MR KOH POH TIONG
Chairman

Dated: 13 July 2006



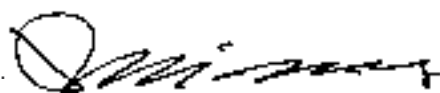
DR CHUA SIN BIN
Chief Executive Officer

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Income and Expenditure Statements

For the financial year ended 31 March 2006

	Notes	The Authority		The Group	
		FY 2005/2006 \$	FY 2004/2005 \$	FY 2005/2006 \$	FY 2004/2005 \$
Operating income					
Certificate and permit fees		14,629,028	13,735,561	14,629,028	13,735,561
Berthing and conservancy fees		1,029,326	1,093,812	1,029,326	1,093,812
Laboratory fees		1,193,186	1,336,791	1,193,186	1,336,791
Licence fees		2,622,521	2,583,179	2,622,437	2,583,179
Inspection fees		1,045,982	1,084,928	983,602	1,084,928
Rental		5,897,913	5,232,015	5,897,913	5,232,015
Vehicle entry fees		994,500	945,458	994,500	945,458
Other income		1,403,061	1,734,612	1,626,461	1,735,012
		28,815,517	27,746,356	28,976,453	27,746,756
Less:					
Operating expenditure					
Staff costs	16	49,775,609	49,688,440	49,775,609	49,688,440
General and administrative expenses	17	34,275,797	27,986,343	34,353,028	28,008,375
Depreciation of property, plant and equipment	6	11,757,407	12,166,273	11,757,407	12,166,273
		95,808,813	89,841,056	95,886,044	89,863,088
		(66,993,296)	(62,094,700)	(66,909,591)	(62,116,332)
Finance Income					
Interest income		402,341	103,700	402,426	103,700
Operating deficit		(66,590,955)	(61,991,000)	(66,507,165)	(62,012,632)
Non-operating expenditure					
Loss on disposal of property, plant and equipment		(343,768)	(26,540)	(343,768)	(26,540)
Operating deficit before grants		(66,934,723)	(62,017,540)	(66,850,933)	(62,039,172)
Grants					
Operating grants	18	56,473,170	51,058,594	56,473,170	51,058,594
Transfer from Non-Government grants	12	11,781	-	11,781	-
Transfer from Capital grants	11	-	19,184	-	19,184
Transfer from deferred capital grants	14	13,527,918	12,599,215	13,527,918	12,599,215
		70,012,869	63,676,993	70,012,869	63,676,993
Surplus before contribution to Consolidated Fund and taxation					
Contribution to Consolidated Fund	20	3,078,146	1,659,453	3,161,936	1,637,821
Taxation	21	(615,629)	(331,891)	(615,629)	(331,891)
		-	-	(5,725)	-
Net surplus for the year		2,462,517	1,327,562	2,540,582	1,305,930



MR KOH POH TIONG
Chairman

Dated: 13 July 2006



DR CHUA SIN BIN
Chief Executive Officer

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of Changes in Accumulated Surplus

For the financial year ended 31 March 2006

	Note	Accumulated (deficit)/surplus \$
The Authority		
Balance at 1 April 2004		(392,388)
Net surplus for the year		1,327,562
Balance as at 31 March 2005		935,174
Net surplus for the year		2,462,517
Transfer to Deferred Capital Grant	14	(48,750)
Balance at 31 March 2006		3,348,941
The Group		
Balance at 1 April 2004		(362,965)
Net surplus for the year		1,305,930
Balance as at 31 March 2005		942,965
Net surplus for the year		2,540,582
Transfer to Deferred Capital Grant	14	(48,750)
Balance at 31 March 2006		3,434,797

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 March 2006

	FY 2005/2006 \$	FY 2004/2005 \$
Cash Flows from Operating Activities		
Deficit before grants	(66,850,933)	(62,039,172)
Adjustments for:		
Depreciation of property, plant and equipment	11,757,407	12,166,273
Loss on disposal of property, plant and equipment	343,768	26,540
Property, plant and equipment written off	1,400,549	392,409
Adjustments to property, plant and equipment charged to other operating expenses	(46,242)	-
Interest income	(402,426)	(103,700)
Provision for impairment of trade receivables	21,499	15,282
Provision for pension benefits	2,082,829	2,652,358
Operating deficit before working capital changes	(51,693,549)	(46,890,010)
Increase in trade and other receivables	(65,208)	(328,441)
Decrease/(increase) in prepayments	230,757	(144,985)
Increase in trade and other payables	1,840,638	3,147,319
Increase in amount due to government	178,253	18,306
Increase in rental, security and other deposits	181,411	86,651
Increase in deferred income	105,041	6,588
Cash used in operations	(49,222,657)	(44,104,572)
Payment of contribution to Consolidated Fund	(331,891)	(26,924)
Payment of pension benefits	(1,537,186)	(712,297)
Payment of income tax	(1,809)	(940)
Net cash used in operating activities	(51,093,543)	(44,844,733)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(9,656,256)	(14,653,041)
Proceeds from disposal of property, plant and equipment	26,194	13,993
Interest income received	364,178	87,074
Net cash used in investing activities	(9,265,884)	(14,551,974)
Cash Flows from Financing Activities		
Repayable grant received	676,415	-
Government grants received	63,772,639	67,938,313
Cash generated from financing activities	64,449,054	67,938,313
Net increase in cash and cash equivalents	4,089,627	8,541,606
Cash and cash equivalents at beginning of year	27,009,922	18,468,316
Cash and cash equivalents at end of year (Note 8)	31,099,549	27,009,922

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2006

1 General information

The financial statements of the Agri-Food and Veterinary Authority ("the Authority") and its subsidiary for the year ended 31 March 2006 were authorised for issue by board members of the Authority on 13 July 2006.

The Authority is a statutory board established in The Republic of Singapore under the Agri-Food and Veterinary Authority Act 2000.

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

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 2000 or any other written law.

3(a) Basis of preparation

The financial statements are prepared in accordance with the accounting standards as specified by the Ministry of Finance and the provisions of the Agri-Food and Veterinary Authority Act 2000. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

As specified by the Ministry of Finance, Statutory Boards are to comply with all the Singapore Financial Reporting Standards ("FRS"), except for disclosure of related party transactions as required by FRS 24 Related Party Disclosures.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with 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 revenues and expenses 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.

Notes to the Financial Statements

For the financial year ended 31 March 2006

3(b) Change in accounting policies

During 2004, the Council on Corporate Disclosure and Governance issued a series of new and revised FRSs for which the Authority applies these new and revised standards from 1 January 2005. This includes the following new and revised standards, which are relevant to the Authority:

FRS 1 (revised 2004)	Presentation of Financial Statements
FRS 8 (revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004)	Events after Balance Sheet Date
FRS 16 (revised 2004)	Property, Plant and Equipment
FRS 17 (revised 2004)	Leases
FRS 21 (revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 27 (revised 2004)	Consolidated and Separate Financial Statements
FRS 32 (revised 2004)	Financial Instruments: Disclosures and Presentation
FRS 36 (revised 2004)	Impairment of Assets
FRS 39	Financial Instruments: Recognition and Measurement
FRS 103	Business Combinations

The adoption of the above FRS did not result in substantial changes to the Authority's accounting policies.

3(c) FRS not effective

At the date of authorisation of these financial statements, the following FRSs and Interpretations ("INT FRS") were issued but not effective:

FRS 39(revised)	Amendments to hedge accounting provisions of FRS 39
FRS 40	Investment Property
FRS 106	Exploration for and Evaluation of Mineral Resources
FRS 107	Financial Instruments: Disclosures
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Authority anticipates that the adoption of these FRSs and INT FRSs in future periods will have no material impact on its financial statements.

3(d) Summary of significant accounting policies

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 is given in Note 7.

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

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:

Notes to the Financial Statements

For the financial year ended 31 March 2006

3(d) Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

	Years
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	8
Laboratory tools and equipment	8 - 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 books of accounts until they are no longer in use.

Cost of assets not exceeding \$2,000 each are fully depreciated in the month of purchase and those not exceeding \$500 each are written off in the income and expenditure statements.

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.

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

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 impairment loss is credited as income and expenditure statements.

Notes to the Financial Statements

For the financial year ended 31 March 2006

3(d) Summary of significant accounting policies (continued)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through income and expenditure, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by the Authority on initial recognition, depending on the purpose for which the investments 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 income and expenditure is not revocable.

All financial assets are recognised on their trade date - the date on which the Authority commits 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 income and expenditure, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments 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.

The Authority and the Group do not designate any financial assets as fair value through income and expenditure, held-to-maturity or available-for-sale.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides 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 provided against when objective evidence is received that the Authority 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and bank deposits.

Financial liabilities

The financial liabilities include trade and other payables, rental, security and other deposits received, grants received and provision for pension benefits 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 financial year ended 31 March 2006

3(d) Summary of significant accounting policies (continued)

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.

Employee benefits

Pension obligations

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 Authority's and the Group's contributions to CPF are charged to the income and expenditure statements in the period to which the contributions relate.

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.

Pension benefits

The Authority operates an unfunded defined benefit scheme for certain employees under the provisions of the Pensions Act (Chapter 225).

The provision for pension is recognised based on the commuted pension gratuity for each pensionable employee accrued from 1 April 2000 up to 31 March 2006. The commuted pension gratuity for each pensionable officer and the Authority's share of the gratuity is computed based on existing guidelines found in the Pension Act and relevant circulars issued by the Public Service Division.

This accounting policy does not depart from the basic principles outlined by the applicable provisions of the FRS 19, Employee benefits.

Notes to the Financial Statements

For the financial year ended 31 March 2006

3(d) Summary of significant accounting policies (continued)

Revenue recognition

Certificate, permit and licence fees are recognised as revenue on an accrual basis.

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

Rental 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 and farm sales. Fines are accounted for when received and farm sales are recognised upon delivery of goods to customers.

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

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 Grants 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.

Other Trust and Agency funds are government grants and contributions from other organisations where the Authority is not the owner and beneficiary of the funds. Income and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 March 2006

3(d) Summary of significant accounting policies (continued)

Leases

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.

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 leasees) is recognised on a straight-line basis over the lease term.

Functional 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.

The transactions and balances of the Authority are predominantly denominated in Singapore dollars.

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 23.

4 Vegetable Project Fund

The Authority and the Group

The Authority was awarded a repayable grant not exceeding \$19.9 million by the Economic Development Board ("EDB") for the transfer of up-to-date farming technology to farmers overseas to enable them to produce quality vegetables for export to Singapore.

The Authority had exit from the project on 1 May 2005 and on 19 January 2006, EDB agreed to waive the remaining net expenditure.

Notes to the Financial Statements

For the financial year ended 31 March 2006

4 Vegetable Project Fund (continued)

The Income and Expenditure Statement and Balance Sheet of the Vegetable Project Fund are set out below:

	FY 2005/2006 \$	FY 2004/2005 \$
(a) Income and Expenditure Statement		
Income		
Bank interest	606	16,971
Operating Expenditure		
General and administrative expenses	(614,228)	(645,733)
Loss on disposal of property, plant and equipment	-	(48,139)
Depreciation of property, plant and equipment	-	(35,540)
	(614,228)	(729,412)
Operating deficit	(613,622)	(712,441)
Grants - Transfer from Deferred Capital Grant	52,258	35,540
Net expenditure waived by EDB	2,961,639	-
Surplus/(deficit) for the year	2,400,275	(676,901)
Accumulated deficit at beginning of financial year	(2,400,275)	(1,723,374)
Accumulated deficit at end of financial year	-	(2,400,275)
(b) Balance Sheet		
Accumulated deficit	-	(2,400,275)
<u>Non-current liabilities</u>		
Loan payable	-	4,000,000
Deferred Capital Grant	-	(52,258)
	-	1,547,467
Represented by:		
<u>Non-current assets</u>		
Property, plant and equipment	-	461,074
<u>Current Assets</u>		
Cash and bank balances	-	1,076,050
Other receivables	-	20,000
	-	1,096,050
Less:-		
<u>Current Liability</u>		
Creditors	-	9,657
Net Current Assets	-	1,086,393
Total Net Assets	-	1,547,467

Notes to the Financial Statements

For the financial year ended 31 March 2006

5 Other Trust and Agency Funds

The Authority and the Group

The income and expenditure statement and balance sheet of the Other Trust and Agency Funds for the financial year ended 31 March 2006 are as follows:

	FY 2005/2006	FY 2004/2005
	\$	\$
(a) Income and Expenditure Statement		
Contributions received	5,350,668	5,062,909
Expenditure		
Agrobiotechnology Research & Development	(5,607,222)	(2,922,255)
Hatchery Technology Advancements	(273,640)	(229,636)
AVA-IMA Joint Aquaculture	(52,058)	(5,628)
	(5,932,920)	(3,157,519)
Net (deficit)/surplus for the year	(582,252)	1,905,390
Accumulated surplus at beginning of financial year	2,073,776	168,386
Accumulated surplus at end of financial year	1,491,524	2,073,776
 (b) Balance Sheet		
Accumulated surplus	1,491,524	2,073,776
Represented by:		
<u>Current Assets</u>		
Cash and bank balances	1,491,542	104,249
Receivables	-	1,998,637
	1,491,542	2,102,886
<u>Current Liability</u>		
Creditors and accruals	(18)	(29,110)
Net Current Assets	1,491,524	2,073,776
Total Net Assets	1,491,524	2,073,776

Notes to the Financial Statements

For the financial year ended 31 March 2006

6 Property, plant and equipment

The Authority

	Leasehold land and buildings	Motor vehicles and vessels	Mechanical, electrical and micrographic equipment	Furniture and fittings	Laboratory tools and equipment	Development work-in- progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2004	156,641,412	2,814,910	13,059,390	5,401,040	22,612,229	31,611,254	232,140,235
Additions	-	43,514	226,811	228,110	6,381,065	9,443,758	16,323,258
Disposals	-	(90,205)	(218,282)	(260,983)	(1,507,510)	(392,409)	(2,469,389)
Transfers	19,780,829	-	4,501,219	372,644	2,961,308	(27,616,000)	-
At 31 March 2005	176,422,241	2,768,219	17,569,138	5,740,811	30,447,092	13,046,603	245,994,104
Additions	-	187,550	3,108	40,355	676,807	5,999,893	6,907,713
Disposals	-	(427,665)	(262,698)	(123,351)	(2,900,677)	(1,312,878)	(5,027,269)
Transfers	3,602,546	-	2,143,181	963,175	4,323,163	(11,032,065)	-
Adjustments	-	(5,189)	24,882	(788)	1,221	-	20,126
At 31 March 2006	180,024,787	2,522,915	19,477,611	6,620,202	32,547,606	6,701,553	247,894,674

Accumulated depreciation

At 1 April 2004	19,718,706	1,672,606	3,127,818	2,998,569	16,718,962	-	44,236,661
Depreciation for the year	6,598,607	254,011	1,848,008	633,565	2,832,082	-	12,166,273
Disposals	-	(78,970)	(206,921)	(254,741)	(1,495,815)	-	(2,036,447)
At 31 March 2005	26,317,313	1,847,647	4,768,905	3,377,393	18,055,229	-	54,366,487
Depreciation for the year	6,330,166	50,014	1,210,418	1,124,805	3,042,004	-	11,757,407
Disposals	-	(295,434)	(245,899)	(92,433)	(2,622,992)	-	(3,256,758)
Adjustments	-	-	(21,251)	(2,055)	(2,810)	-	(26,116)
At 31 March 2006	32,647,479	1,602,227	5,712,173	4,407,710	18,471,431	-	62,841,020

Net book value

At 31 March 2006	147,377,308	920,688	13,765,438	2,212,492	14,076,175	6,701,553	185,053,654
At 31 March 2005	150,104,928	920,572	12,800,233	2,363,418	12,391,863	13,046,603	191,627,617

Notes to the Financial Statements

For the financial year ended 31 March 2006

6 Property, plant and equipment (continued)

The Group

	Leasehold land and buildings	Motor vehicles and vessels	Mechanical, electrical and micrographic equipment	Furniture and fittings	Laboratory tools and equipment	Development work-in- progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2004	156,641,412	2,814,910	13,059,390	5,401,040	22,617,034	31,611,254	232,145,040
Additions	-	43,514	226,811	228,110	6,381,065	9,443,758	16,323,258
Disposals	-	(90,205)	(218,282)	(260,983)	(1,507,510)	(392,409)	(2,469,389)
Transfers	19,780,829	-	4,501,219	372,644	2,961,308	(27,616,000)	-
At 31 March 2005	176,422,241	2,768,219	17,569,138	5,740,811	30,451,897	13,046,603	245,998,909
Additions	-	187,550	3,108	40,355	676,807	5,999,893	6,907,713
Disposals	-	(427,665)	(262,698)	(123,351)	(2,900,677)	(1,312,878)	(5,027,269)
Transfers	3,602,546	-	2,143,181	963,175	4,323,163	(11,032,065)	-
Adjustments	-	(5,189)	24,882	(788)	1,221	-	20,126
At 31 March 2006	180,024,787	2,522,915	19,477,611	6,620,202	32,552,411	6,701,553	247,899,479
Accumulated depreciation							
At 1 April 2004	19,718,706	1,672,606	3,127,818	2,998,569	16,723,767	-	44,241,466
Depreciation for the year	6,598,607	254,011	1,848,008	633,565	2,832,082	-	12,166,273
Disposals	-	(78,970)	(206,921)	(254,741)	(1,495,815)	-	(2,036,447)
At 31 March 2005	26,317,313	1,847,647	4,768,905	3,377,393	18,060,034	-	54,371,292
Depreciation for the year	6,330,166	50,014	1,210,418	1,124,805	3,042,004	-	11,757,407
Disposals	-	(295,434)	(245,899)	(92,433)	(2,622,992)	-	(3,256,758)
Adjustments	-	-	(21,251)	(2,055)	(2,810)	-	(26,116)
At 31 March 2006	32,647,479	1,602,227	5,712,173	4,407,710	18,476,236	-	62,845,825
Net book value							
At 31 March 2006	147,377,308	920,688	13,765,438	2,212,492	14,076,175	6,701,553	185,053,654
At 31 March 2005	150,104,928	920,572	12,800,233	2,363,418	12,391,863	13,046,603	191,627,617

Notes to the Financial Statements

For the financial year ended 31 March 2006

7 Subsidiary

The Authority	FY 2005/2006	FY 2004/2005
	\$	\$
Unquoted equity investment	2	2

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

Name of company	Principal activity	Cost of investment		Equity holding	
		FY05/06	FY04/05	FY05/06	FY04/05
		\$	\$	%	%
Agrifood Technologies Pte Ltd#	Consultancy services	2	2	100	100

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

8 Cash and cash equivalents

	The Authority		The Group	
	FY 2005/2006	FY 2004/2005	FY 2005/2006	FY 2004/2005
	\$	\$	\$	\$
Cash and bank balances	12,896,438	14,643,124	13,042,095	14,996,756
Fixed deposits with financial institutions	18,057,454	12,013,166	18,057,454	12,013,166
	30,953,892	26,656,290	31,099,549	27,009,922

The fixed deposits with financial institutions mature on varying dates within 6 months (FY 2004/2005 - 6 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 March 2006 was 3.25 % (FY 2004/2005 - 1.77%) per annum.

9 Trade and other receivables

	The Authority		The Group	
	FY 2005/2006	FY 2004/2005	FY 2005/2006	FY 2004/2005
	\$	\$	\$	\$
Trade receivables	859,972	831,078	866,852	852,418
Less:				
Provision for impairment				
Balance at beginning	(2,582)	-	(2,582)	-
Provision for the year	(21,499)	(2,582)	(21,499)	(2,582)
Balance at end	(24,081)	(2,582)	(24,081)	(2,582)
Net trade receivables	835,891	828,496	842,771	849,836
Amount due from subsidiary - non-trade	49,998	304,927	-	-
Amount recoverable from government	69,673	-	69,673	-
Other receivables	73,397	53,596	73,397	53,596
	1,028,959	1,187,019	985,841	903,432

The non-trade amount due from subsidiary is unsecured, interest-free and has no fixed repayment terms.

Included in trade receivables is an amount of \$17,470 (FY2004/2005 - \$315) due from subsidiary.

Notes to the Financial Statements

For the financial year ended 31 March 2006

10 Trade and other payables

	The Authority		The Group	
	FY 2005/2006	FY 2004/2005	FY 2005/2006	FY 2004/2005
	\$	\$	\$	\$
Trade payables	2,651,811	3,081,883	2,663,485	3,142,917
Amount payable with respect to capital expenditure	1,162,351	3,910,894	1,162,351	3,910,894
Accrued operating expenses	8,662,693	6,342,623	8,662,693	6,342,623
	12,476,855	13,335,400	12,488,529	13,396,434

11 Capital Grants

The Authority and the Group	FY 2005/2006	FY 2004/2005
	\$	\$
Government Grants		
Balance at the beginning of the financial year	1,538,758	984,955
Received during the financial year	6,625,313	15,398,768
Transfer to Deferred Capital Grants (note 14)	(5,854,675)	(14,825,781)
Transfer to income and expenditure statements *	-	(19,184)
Balance at the end of the financial year	2,309,396	1,538,758

* The transfer to income and expenditure statement during the financial year is for the purpose of matching against assets which individually cost \$500 and below that are expensed off in the month of purchase in accordance with the financial regulations of the Authority.

12 Non-Government Grant

The Authority and the Group	FY 2005/2006	FY 2004/2005
	\$	\$
Balance at the beginning of the financial year	177,842	177,778
Transfer to income and expenditure statements	(11,781)	-
Bank interest earned	452	64
Balance at the end of the financial year	166,513	177,842

Notes to the Financial Statements

For the financial year ended 31 March 2006

13 Provision for pension benefits

The Authority and the Group	Note	FY 2005/2006 \$	FY 2004/2005 \$
Balance at the beginning of the financial year		9,295,927	7,355,866
Provision for the financial year	16	2,082,829	2,652,358
Payments during the financial year		(1,537,186)	(712,297)
Balance at the end of the financial year		9,841,570	9,295,927

The provision for pension benefits is payable as follows:

	FY 2005/2006 \$	FY 2004/2005 \$
Within one year	1,898,125	2,009,227
After one year	7,943,445	7,286,700
Total	9,841,570	9,295,927

14 Deferred Capital Grants

The Authority and the Group	FY 2005/2006 \$	FY 2004/2005 \$
<u>Government Grants</u>		
Balance at beginning of the financial year	191,627,617	187,903,574
Transfer from Capital Grants (note 11)	5,854,675	14,825,781
Transfer from Operating Grants (note 18)	1,050,530	1,497,477
Transfer from accumulated surplus	48,750	-
Total	198,581,572	204,226,832
Grants taken to income and expenditure statements		
- to match depreciation	(11,757,407)	(12,166,273)
- to match disposals	(369,962)	(40,533)
- to match write-off	(1,400,549)	(392,409)
	(13,527,918)	(12,599,215)
Balance at the end of the financial year	185,053,654	191,627,617

Notes to the Financial Statements

For the financial year ended 31 March 2006

15 Repayable Grant

The Authority was awarded a repayable grant not exceeding \$3.5 million from Economic Development Board ("EDB") to develop a commercial-scale hatchery on St. John Island to demonstrate the feasibility of quality frays production to help expand the aquaculture industry in the region. The accumulated amount of the grant received from EDB as at 31 March 2006 amounted to \$1,026,415 (FY 2004/2005 - \$350,000).

The grant is unsecured and repayable in annual instalments of \$700,000 each commencing 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.

16 Staff costs

The Authority and the Group	Note	FY 2005/2006 \$	FY 2004/2005 \$
Salaries, allowances and bonus		39,523,058	39,335,800
Central Provident Fund contributions		3,570,666	3,941,467
Provision for pension benefits	13	2,082,829	2,652,358
Other staff costs		2,992,920	3,695,648
Termination benefits		1,606,136	63,167
		49,775,609	49,688,440
		FY 2005/2006 \$	FY 2004/2005 \$

Included in staff costs is key management's remuneration as follows:

Short term employee benefits	1,492,759	1,629,453
Post-employment benefits	411,712	-
	1,904,471	1,629,453

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 financial year ended 31 March 2006

17 General and administrative expenses

	The Authority		The Group	
	FY 2005/2006	FY 2004/2005	FY 2005/2006	FY 2004/2005
	\$	\$	\$	\$
Transport and travel	620,115	606,858	620,115	606,858
Office, computer and laboratory supplies	4,808,487	4,725,347	4,810,315	4,730,996
Rental - operating leases	4,108,395	4,405,465	4,108,395	4,405,465
Rental - others	353,642	167,855	363,640	167,855
Repairs and maintenance	7,188,905	6,949,256	7,188,905	6,949,256
Auditors' remuneration	55,000	70,000	56,800	71,902
Laboratory fees	5,195,095	3,746,967	5,195,095	3,746,967
Public education	1,028,608	884,337	1,028,608	884,337
Professional fees	992,835	834,760	1,028,927	836,436
Estate management fee	823,933	-	823,933	-
Board honorarium	39,167	40,000	39,167	40,000
Goods and services tax	1,150,414	1,033,888	1,150,414	1,033,888
Security services	753,298	755,989	753,298	755,989
SARS & HPAI expenditures	545,934	507,096	545,934	507,096
Property tax	2,958,595	784,078	2,958,595	784,078
Property, plant and equipment written off	1,400,549	392,409	1,400,549	392,409
Other operating expenses	2,252,825	2,082,038	2,280,338	2,094,843
	34,275,797	27,986,343	34,353,028	28,008,375

18 Operating grants

The Authority and the Group	FY 2005/2006	FY 2004/2005
	\$	\$
Received/receivable during the financial year	57,523,700	52,556,071
Transfer to Deferred Capital Grants (Note 14)	(1,050,530)	(1,497,477)
Transfer to income and expenditure statements	56,473,170	51,058,594

19 Total government grants

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

	FY 2005/2006	FY 2004/2005
	\$	\$
Deferred capital grants and capital grants	251,196,371	244,571,058
Operating grants	275,457,420	217,933,720
	526,653,791	462,504,778

Notes to the Financial Statements

For the financial year ended 31 March 2006

20 Contribution to Consolidated Fund

This represents the contribution to Consolidated Fund pursuant to the amendment to the requirements of the Ministry of Finance which states that such contribution is payable by the Authority with effect from the financial year beginning 1 April 2003. This contribution is based on 20% of accounting surplus of the Authority.

21 Taxation

The Group	FY 2005/2006	FY 2004/2005
	\$	\$
Current taxation	5,716	-
Underprovision of current taxation in respect of prior years	9	-
	5,725	-

The 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:

	FY 2005/2006	FY 2004/2005
	\$	\$
Surplus before contribution to Consolidate Fund and taxation	3,161,936	1,637,821
Less:		
The Authority's surplus before contribution to Consolidated Fund and taxation	3,078,146	1,659,453
The subsidiary's surplus/(deficit) before taxation	83,790	(21,632)
Tax at statutory rate of 20%	16,758	(4,326)
Deferred tax assets on temporary differences not recognised in previous year	-	4,326
Utilisation of deferred tax assets on temporary differences not recognised in previous year	(4,326)	-
Singapore statutory stepped income exemption	(6,716)	-
	5,716	-

Notes to the Financial Statements

For the financial year ended 31 March 2006

22 Commitments for expenditure

The Authority and the Group

(a) Capital commitments

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$2,353,879 (FY 2004/2005 - \$8,715,634) at the balance sheet date.

(b) Operating lease commitments

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

	FY 2005/2006	FY 2004/2005
	\$	\$
Not later than one financial year	2,921,082	3,843,454
Later than one financial year but not later than five financial years	1,135,680	2,354,388
	4,056,762	6,197,842

The leases on the Authority's office premises and state land on which rentals are payable will expire between May 2006 and March 2009, subject to an option to renew. The current rent payable on the leases range from \$1,513 to \$176,020 per month which are subject to revision on renewal.

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

	FY 2005/2006	FY 2004/2005
	\$	\$
Not later than one financial year	5,469,836	5,803,742
Later than one financial year but not later than five financial years	7,842,383	3,000,770
	13,312,219	8,804,512

The leases on the Authority's Fishing Port premises on which rentals are receivable will expire between May 2006 and May 2009, subject to an option to renew. The current rent receivable on the leases range from \$83 to \$15,750 per month which are subject to revision on renewal.

23 Financial risk management

23.1 *Foreign exchange risk*

The Authority and the Group have minimal exposure to foreign exchange risk as they transact mainly in Singapore dollars.

23.2 *Interest rate risk*

The income of the Authority and the Group and the operating cash flows of 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. The Authority and the Group place their surplus funds with reputable banks.

23.3 *Credit risk*

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

23.4 *Liquidity risk*

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.

24 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.