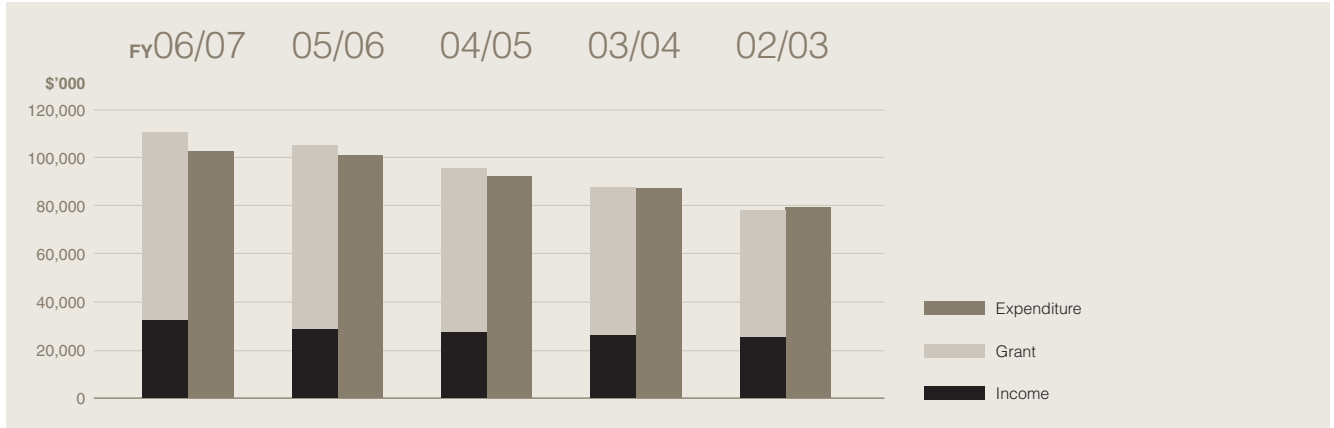


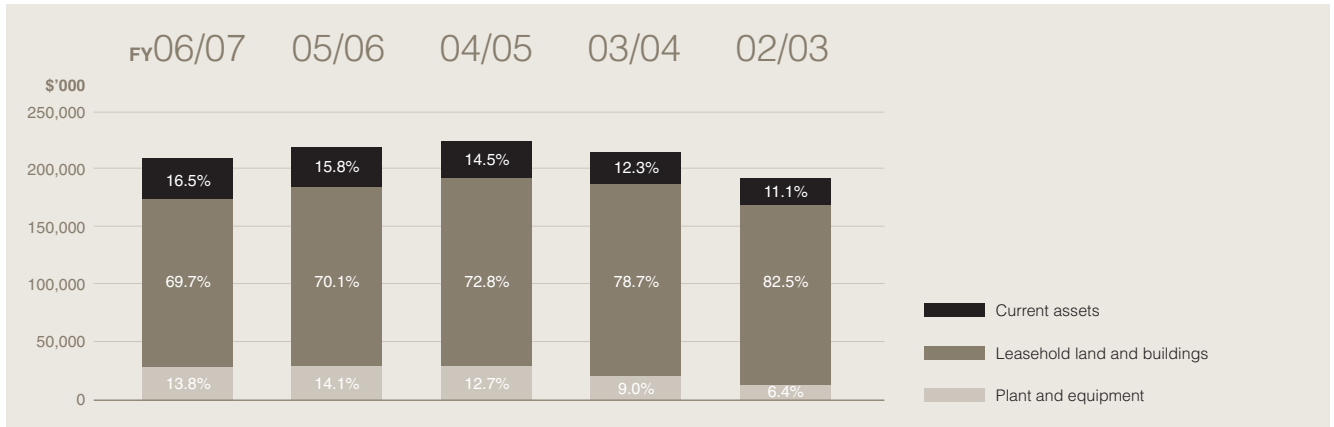
Financial Summary

INCOME AND EXPENDITURE	FY06/07	FY05/06	FY04/05	FY03/04	FY02/03
	\$'000	\$'000	\$'000	\$'000	\$'000
Income	32,508	29,391	27,850	27,416	26,216
Grant	77,350	75,934	66,835	60,337	52,259
TOTAL INCOME	109,858	105,325	94,685	87,753	78,475
Expenditure	106,669	102,163	93,047	87,607	79,027
Surplus / (deficit) before contribution to Consolidated Fund	3,189	3,162	1,638	146	(552)
Income Tax	(6)	(6)	-	(2)	(1)
(Contribution) / Writeback to Consolidated Fund	(628)	(615)	(332)	(27)	2
Surplus / (deficit) after contribution to Consolidated Fund/income tax	2,555	2,541	1,306	117	(551)
BALANCE SHEET					
Plant and equipment	28,809	30,975	28,476	19,370	12,171
Leasehold land and buildings	146,145	154,079	163,152	168,534	157,062
Current assets	34,633	34,708	32,520	26,287	21,107
Total assets	209,587	219,762	224,148	214,191	190,340
Accumulated surplus / (deficit)	6,038	3,484	943	(363)	(480)
Provision for pension benefits	14,418	9,841	9,296	7,356	5,409
Deferred capital grant & long-term borrowing	175,683	186,031	191,978	188,254	169,233
Other current liabilities	13,448	20,406	21,931	18,944	16,178
Total capital, reserves and liabilities	209,587	219,762	224,148	214,191	190,340

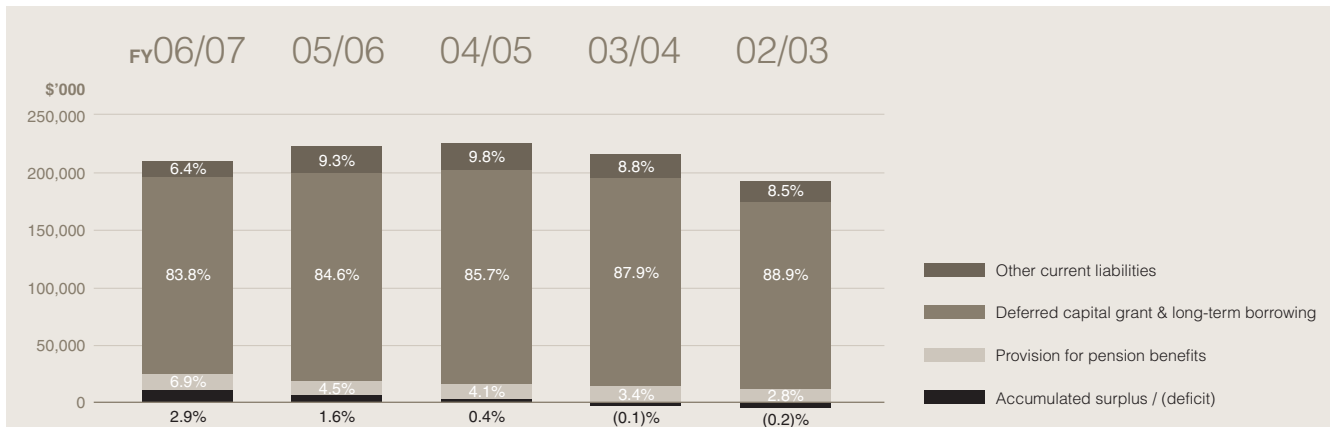
Income and expenditure



Assets



Capital, reserves and liabilities



Financial Highlights

FINANCIAL RESULTS

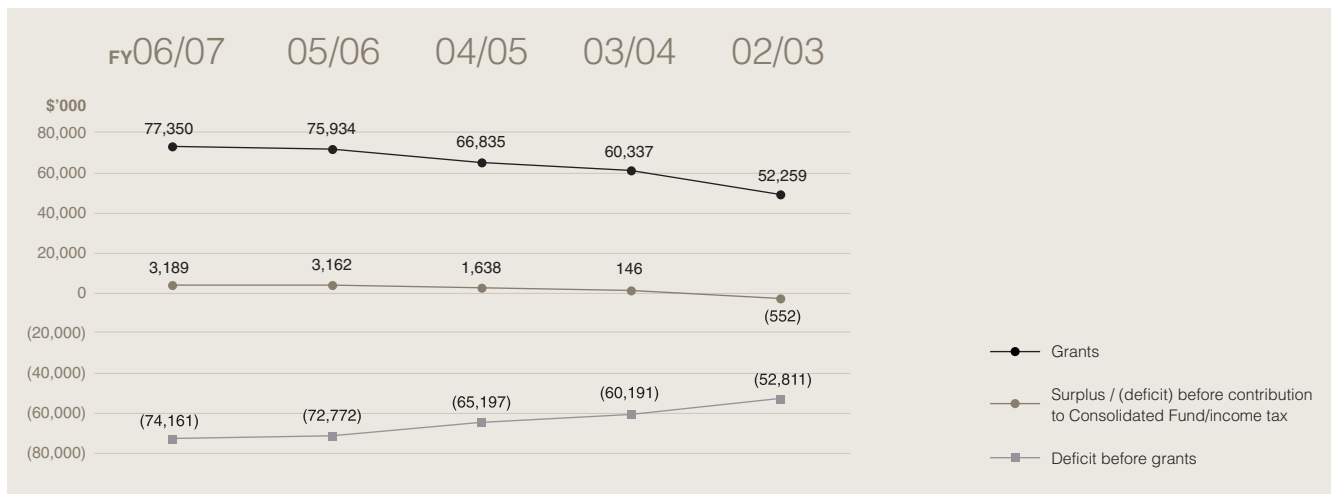
For the financial year ended 31 March 2007, the Group recorded an income of \$32.5 million which was \$3.1 million (or 10.6%) higher than previous year's income of \$29.4 million. The bulk of the Group's income came mainly from the issuance of certificates and permits, which accounted for 50.3% of the total income.

Expenditure for the year was \$106.7 million, an increase of \$4.5 million (or 4.4%) over previous year's expenditure of \$102.2 million. The increase was attributed mainly to increase in staff-related costs.

The net deficit for the year before government grant was \$74.2 million. Operating grant received from Government for FY06/07 was \$77.3 million of which \$2.6 million was transferred to deferred capital grant to reflect the utilisation of operating grant for the purchase of assets. In addition, a total of \$15.1 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 \$2.6 million for the year, after provision for contribution to Consolidated Fund/income tax of \$0.6 million, as compared to a net surplus of \$2.5 million for FY05/06.

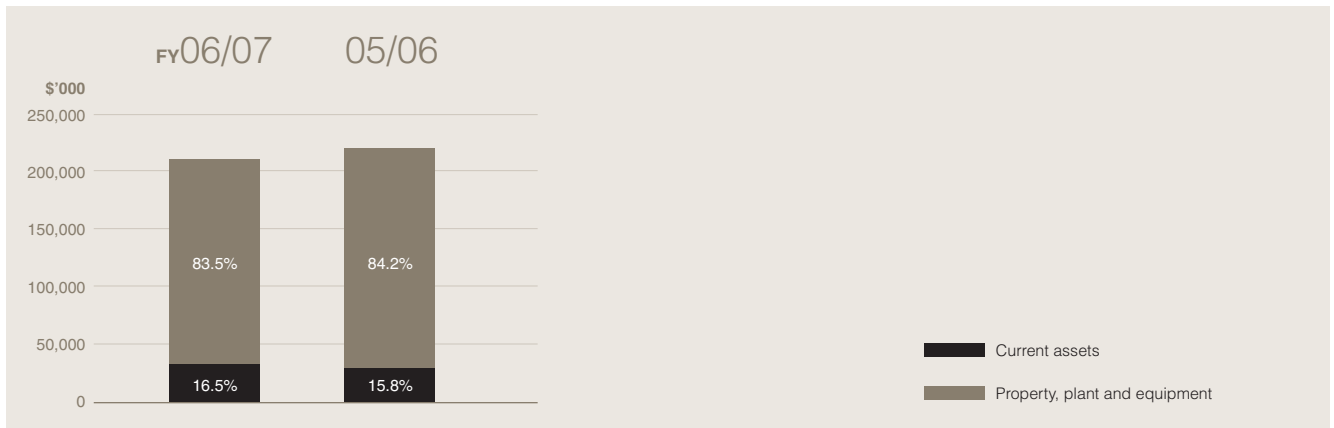
Surplus before contribution to Consolidated Fund/income tax



Financial Position

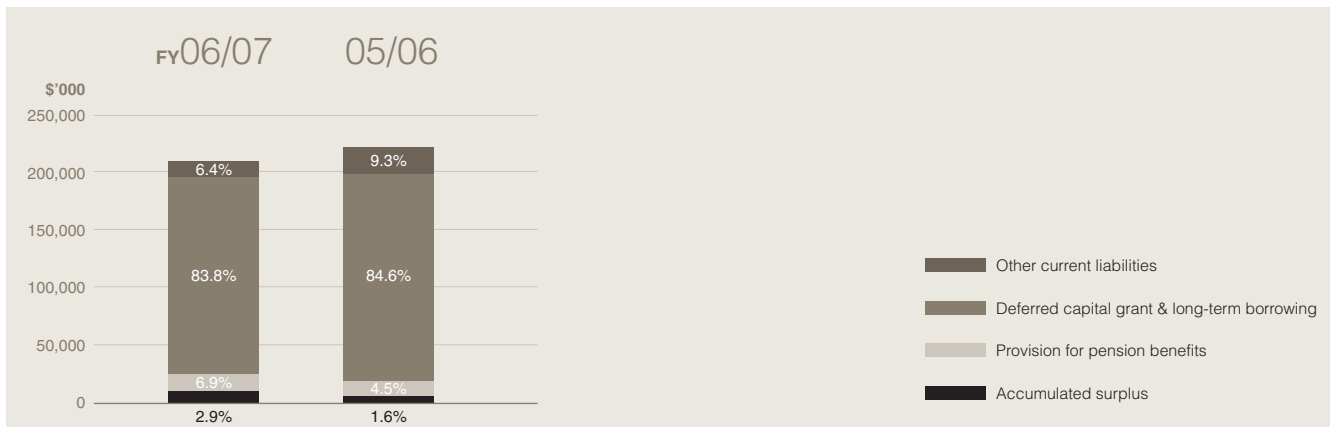
At 31 March 2007, the Group's total assets decreased by \$10.2 million to \$209.6 million (31 March 2006: \$219.8 million) due to annual depreciation charge on fixed assets. There was also no significant additions to the fixed assets. Property, plant and equipment which stood at \$175.0 million accounted for 83.5% of the total assets.

Assets



Capital, reserves and liabilities of the Group at 31 March 2007 totalled \$209.6 million (31 March 2006: \$219.8 million). Of the \$209.6 million, the deferred capital grant and long-term borrowing stood at \$175.7 million while other current liabilities totalled \$13.5 million. Provision for pension benefits accounted for \$14.4 million, while accumulated surplus totalled \$6.0 million.

Capital, Reserves and Liabilities

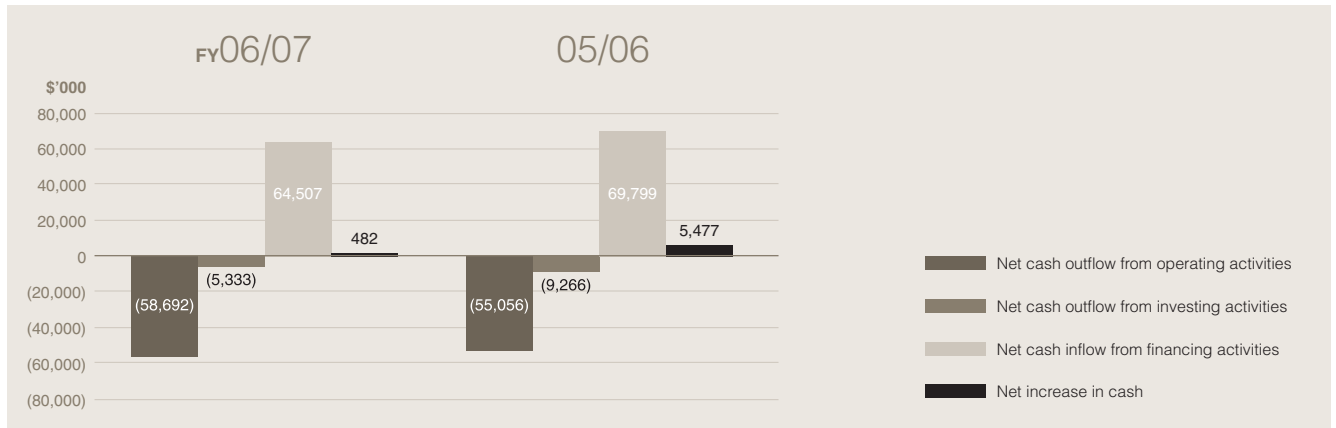


Cashflows

The Group's total cash outflows for FY06/07 was \$64.0 million. Of this, \$5.3 million was expended on investing activities (development expenditure) and \$58.7 million was utilised for operating activities (operating expenditure).

Cash received through government grants during the year amounted to \$64.5 million. The overall net cash inflow was \$0.5 million, due to the timing difference in receipts of grants and payment of expenditure.

Cashflows



Net cash outflow from operating activities
 Net cash outflow from investing activities
 Net cash inflow from financing activities
 Net increase in cash

FY06/07 \$'000	FY05/06 \$'000
(58,692)	(55,056)
(5,333)	(9,266)
64,507	69,799
482	5,477

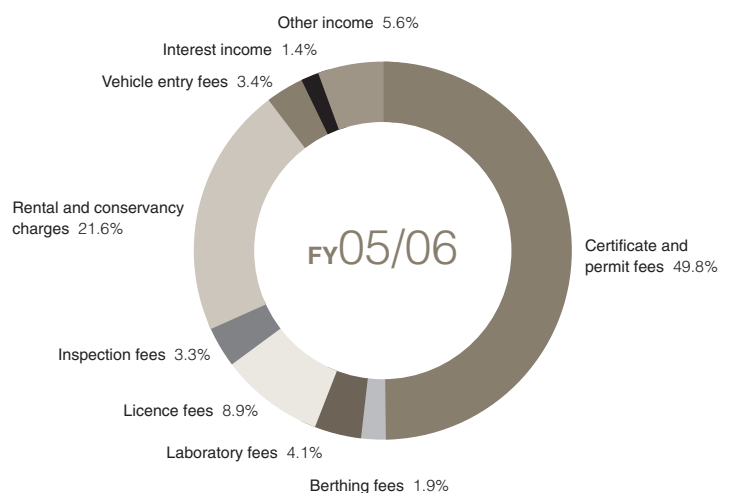
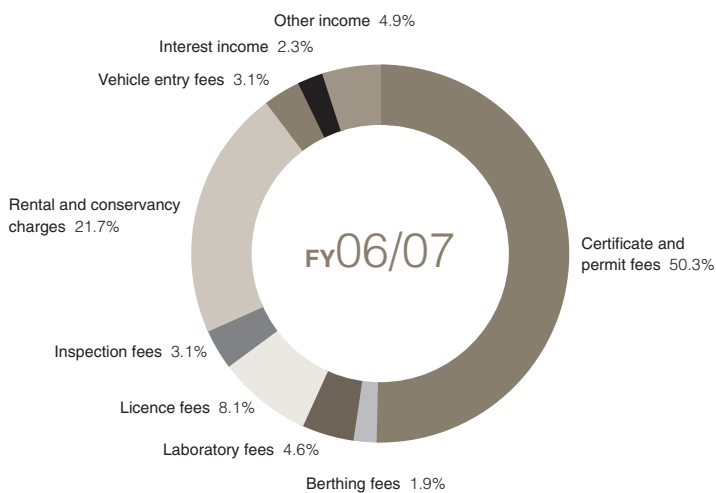
Income

The Group's income comprised mainly certificate and permit fees from regulatory functions and rental income from the fishery ports, which accounted for 50.3% and 21.7% respectively, of the Group's income.

There was a net increase in income from \$29.4 million in FY05/06 to \$32.5 million in FY06/07 and this came mainly from the increase in certificate and permit fees, laboratory fees, rental and conservancy charges.

The higher income from "Certificate and permit fees" was due mainly to the increase in fees and volume of imports of frozen/chilled meat product, whilst the higher income from "Laboratory fees" was due mainly to higher demand for export health certifications to the European countries. The higher income from "Rental and conservancy charges" was due to the quarantine charges collected at Sembawang Animal Quarantine Station (SAQS) since its operation in February 2006.

INCOME	FY06/07	FY05/06	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Certificate and permit fees	16,341	14,629	1,712	11.7%
Berthing fees	604	565	39	6.9%
Laboratory fees	1,494	1,193	301	25.2%
Licence fees	2,629	2,622	7	0.3%
Inspection fees	1,026	984	42	4.3%
Rental and conservancy charges	7,049	6,363	686	10.8%
Vehicle entry fees	1,020	995	25	2.5%
Interest income	740	402	338	84.1%
Other income	1,605	1,638	(33)	(2.0%)
	32,508	29,391	3,117	10.6%



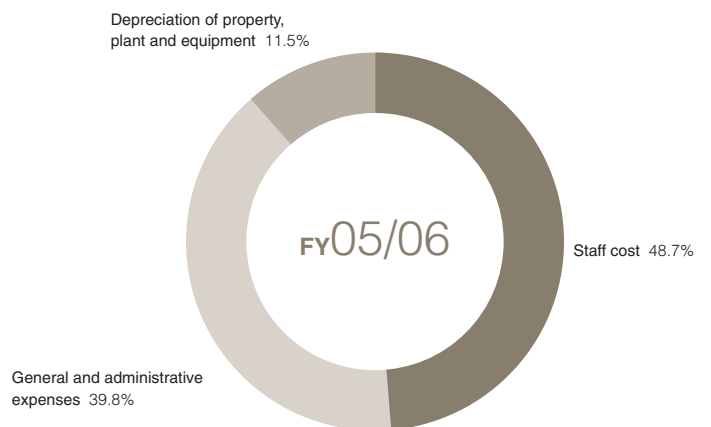
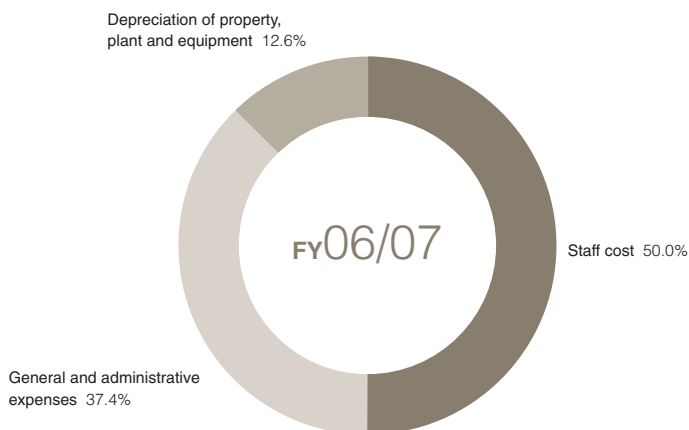
Expenditure

The Group's expenditure increased by \$4.5 million (4.4%) for the financial year ended 31 March 2007. The increase was attributed mainly to increase in staff costs and depreciation of property, plant and equipment.

Staff cost increased by \$3.6 million (7.3%), due mainly to a higher provision for pension benefits.

The increase in depreciation expense of \$1.7 million (14.0%) was due mainly to the depreciation charge of the newly constructed SAQS and other completed work-in-progress during the year.

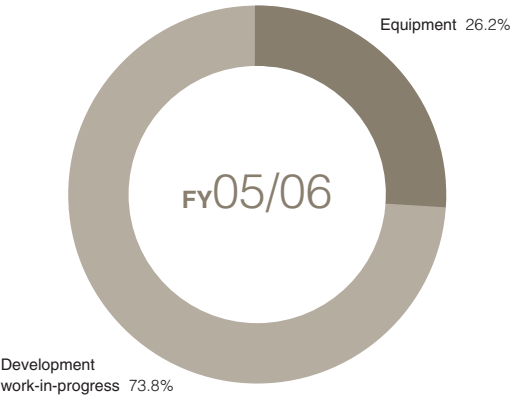
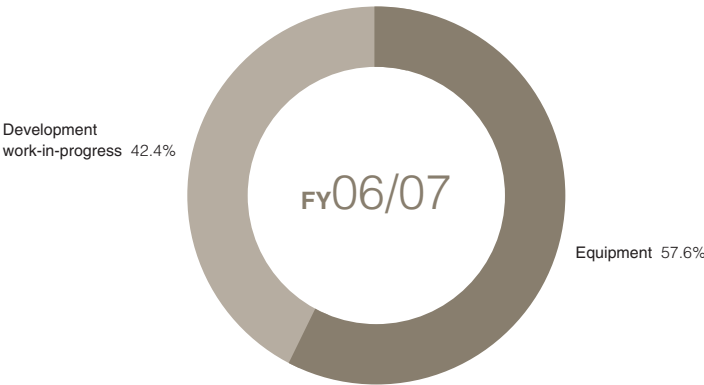
EXPENDITURE	FY06/07	FY05/06	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Staff cost	53,386	49,776	3,610	7.3%
General and administrative expenses	39,880	40,630	(750)	(1.8%)
Depreciation of property, plant & equipment	13,403	11,757	1,646	14.0%
	106,669	102,163	4,506	4.4%



Capital Expenditure

The Group's total capital expenditure for the year was \$5.0 million, representing a decrease of \$1.9 million (27.5%) over the last financial year as there was no new development projects during the year.

CAPITAL EXPENDITURE	FY06/07	FY05/06	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Equipment	2,885	1,808	1,077	59.6
Development work-in-progress	2,120	5,100	(2,980)	(58.4)
	5,005	6,908	(1,903)	(27.5)



Financial Statements

CONTENTS

82	Statement by the Board
83	Auditors' Report
84	Balance Sheets
85	Income and Expenditure Statements
86	Statements of Changes in Accumulated Surplus
87	Consolidated Cash Flow Statement
88	Notes to the Financial Statements

Statement by the Board

FOR THE YEAR ENDED 31 MARCH 2007

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 84 to 102 are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Singapore 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 2007, 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 Poh Tiong
Chairman



Dr Chua Sin Bin
Chief Executive Officer

22 June 2007

Report on the Audit of the Financial Statements of the Agri-Food and Veterinary Authority For the Year Ended 31 March 2007

The accompanying financial statements of the Agri-Food and Veterinary Authority ("the Authority") and its subsidiary, set out on pages 84 to 102, have been audited under my directions and in accordance with the provisions of the Agri-Food and Veterinary Authority (AVA) Act (Cap. 5, 2001 Revised Edition). These financial statements comprise the balance sheets of the Authority and the Group as at 31 March 2007, the income and expenditure statements and statements of changes in accumulated surplus of the Authority and the Group, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board Members' responsibility for the financial statements

The Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with the AVA Act and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with the AVA Act and Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

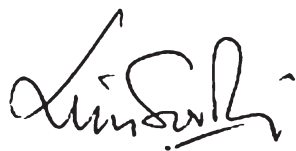
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the AVA Act and Singapore 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 2007, and the results and changes in accumulated surplus of the Authority and the Group, and the cash flows of the Group for the year ended on that date;
- b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the AVA Act.



LIM SOO PING
AUDITOR-GENERAL
SINGAPORE

22 Jun 2007

Balance Sheets

AS AT 31 MARCH 2007

Notes	The Authority		The Group	
	FY06/07 \$	FY05/06 \$	FY06/07 \$	FY05/06 \$
ACCUMULATED SURPLUS	5,910,399	3,397,691	6,038,454	3,483,547
	5,910,399	3,397,691	6,038,454	3,483,547
Represented by:				
NON-CURRENT ASSETS				
Property, plant and equipment	4 174,954,275	185,053,654	174,954,275	185,053,654
Subsidiary	5 2	2	-	-
	174,954,277	185,053,656	174,954,275	185,053,654
CURRENT ASSETS				
Cash and cash equivalents	6 32,947,341	32,445,416	33,072,931	32,591,073
Trade and other receivables	7 669,665	1,028,959	692,384	985,841
Operating grant receivable from Government	-	392,900	-	392,900
Prepayments	861,132	738,123	867,432	738,832
	34,478,138	34,605,398	34,632,747	34,708,646
Less:				
CURRENT LIABILITIES				
Trade and other payables	8 8,708,343	12,476,855	8,723,123	12,488,529
Amount due to Government	130,902	337,747	130,902	337,747
Rental, security and other deposits	1,765,329	1,907,198	1,765,329	1,907,198
Capital and other grants received in advance	9 913,764	3,800,920	913,764	3,800,920
Deferred income	1,274,500	1,250,125	1,274,500	1,250,125
Provision for pension benefits	10 3,761,000	1,898,125	3,761,000	1,898,125
Provision for contribution to Consolidated Fund	628,177	615,629	628,177	615,629
Provision for taxation	-	-	11,772	5,716
	17,182,015	22,286,599	17,208,567	22,303,989
NET CURRENT ASSETS	17,296,123	12,318,799	17,424,180	12,404,657
Less:				
NON-CURRENT LIABILITIES				
Provision for pension benefits	10 10,657,000	7,943,445	10,657,000	7,943,445
Deferred capital grants	11 174,656,586	185,004,904	174,656,586	185,004,904
Long-term borrowing	12 1,026,415	1,026,415	1,026,415	1,026,415
	186,340,001	193,974,764	186,340,001	193,974,764
	5,910,399	3,397,691	6,038,454	3,483,547

The accompanying notes form part of these financial statements.

Income and Expenditure Statements

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	The Authority		The Group	
		FY06/07 \$	FY05/06 \$	FY06/07 \$	FY05/06 \$
INCOME					
Certificate and permit fees		16,341,492	14,629,028	16,341,492	14,629,028
Berthing fees		603,799	564,541	603,799	564,541
Laboratory fees		1,493,678	1,193,186	1,493,678	1,193,186
Licence fees		2,629,228	2,622,521	2,629,144	2,622,437
Inspection fees		1,092,697	1,045,982	1,025,646	983,602
Rental and conservancy charges		7,049,299	6,362,698	7,049,299	6,362,698
Vehicle entry fees		1,020,160	994,500	1,020,160	994,500
Interest income		739,831	402,341	740,449	402,426
Other income		1,413,686	1,414,842	1,605,072	1,638,242
		32,383,870	29,229,639	32,508,739	29,390,660
Less:					
EXPENDITURE					
Staff costs	13	53,387,926	49,775,609	53,386,406	49,775,609
General and administrative expenses	14	39,704,158	40,208,717	39,782,292	40,285,948
Depreciation of property, plant and equipment	4	13,403,215	11,757,407	13,403,215	11,757,407
Loss on disposal of property, plant and equipment		97,522	343,768	97,522	343,768
		106,592,821	102,085,501	106,669,435	102,162,732
DEFICIT BEFORE GRANTS		(74,208,951)	(72,855,862)	(74,160,696)	(72,772,072)
GRANTS					
Operating grants	15	55,936,708	56,473,170	55,936,708	56,473,170
Transfer from capital and other grants	9	6,355,808	5,932,920	6,355,808	5,932,920
Transfer from deferred capital grants	11	15,057,320	13,527,918	15,057,320	13,527,918
		77,349,836	75,934,008	77,349,836	75,934,008
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		3,140,885	3,078,146	3,189,140	3,161,936
CONTRIBUTION TO CONSOLIDATED FUND	17	(628,177)	(615,629)	(628,177)	(615,629)
INCOME TAX EXPENSE	18	-	-	(6,056)	(5,725)
SURPLUS FOR THE YEAR		2,512,708	2,462,517	2,554,907	2,540,582

The accompanying notes form part of these financial statements.

Statements of Changes in Accumulated Surplus

FOR THE YEAR ENDED 31 MARCH 2007

	Accumulated surplus
	<u> </u>
	\$
<i>The Authority</i>	
Balance at 1 April 2005	935,174
Net surplus for the year	<u>2,462,517</u>
Balance as at 31 March 2006	3,397,691
Net surplus for the year	<u>2,512,708</u>
Balance at 31 March 2007	<u>5,910,399</u>
 <i>The Group</i>	
Balance at 1 April 2005	942,965
Net surplus for the year	<u>2,540,582</u>
Balance as at 31 March 2006	3,483,547
Net surplus for the year	<u>2,554,907</u>
Balance at 31 March 2007	<u>6,038,454</u>

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2007

	FY06/07 \$	FY05/06 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(74,160,696)	(72,772,072)
Adjustments for:		
Depreciation of property, plant and equipment	13,403,215	11,757,407
Loss on disposal of property, plant and equipment	97,522	343,768
Property, plant and equipment written off (Note 14)	1,546,231	1,400,549
Adjustments to property, plant and equipment charged to other operating expenses	-	(46,242)
Interest income	(740,449)	(402,426)
Provision for impairment of trade receivables (Note 7)	(14,027)	21,499
Provision for pension benefits (Note 10)	5,807,292	2,082,829
Operating deficit before working capital changes	(54,060,912)	(57,614,688)
Changes in working capital excluding cash and cash equivalents:		
Trade and other receivables	311,078	1,933,429
Prepayments	(128,600)	230,757
Trade and other payables	(2,642,804)	1,811,528
Amount due to Government	(206,845)	178,253
Rental, security and other deposits	(141,869)	170,082
Deferred income	24,375	105,041
	(56,845,577)	(53,185,598)
Payment of contribution to Consolidated Fund	(615,629)	(331,891)
Payment of pension benefits (Note 10)	(1,230,862)	(1,537,186)
Payment of income tax	-	(1,809)
Net cash used in operating activities	(58,692,068)	(55,056,484)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,127,294)	(9,656,256)
Proceeds from disposal of property, plant and equipment	57,103	26,194
Interest income received	736,855	363,726
Net cash used in investing activities	(5,333,336)	(9,266,336)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowing received	-	676,415
Government grants received	64,507,262	69,123,307
Cash generated from financing activities	64,507,262	69,799,722
Net increase in cash and cash equivalents	481,858	5,476,902
Cash and cash equivalents at beginning of year	32,591,073	27,114,171
Cash and cash equivalents at end of year (Note 6)	33,072,931	32,591,073

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

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

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 2007 were authorised for issue by the Board Members of the Authority on 22 June 2007.

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.

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 Singapore Financial Reporting Standards ("FRS"), including related Interpretations. They are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting 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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(a) Basis of preparation – (continued)

FRS 1 (revised)	Presentation of Financial Statements
FRS 16 (revised)	Property, Plant and Equipment
FRS 19 (revised)	Employee Benefits
FRS 21 (revised)	The Effect of Changes in Foreign Exchange Rates
FRS 24 (revised)	Related Party Disclosures
FRS 32 (revised)	Financial Instruments: Disclosure and Presentation
FRS 37 (revised)	Provisions, Contingent Liabilities and Contingent Assets
FRS 38 (revised)	Intangible Assets
FRS 39 (revised)	Financial Instruments: Recognition and Measurement

The Authority and the Group have not yet adopted the new or revised FRSs and INT 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 FRSs and INT FRSs in future periods will not have a material impact on the Authority and the Group's financial statements.

(b) 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.

(c) 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

During the year under review, the useful lives of Furniture and fittings have been revised from "8" years to "5 to 8" years, and Laboratory tools and equipment from "8 to 10" years to "3 to 10" years to better reflect the lifespan of these assets. These changes do not have a material impact on the financial statements.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(d) *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.

(e) *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.

(f) *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.

The Authority and the Group do not designate any financial assets as fair value through profit or loss, 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 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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(g) Cash and cash equivalents

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

(h) Financial liabilities

The financial liabilities include trade and other payables, rental, security and other deposits received and grants 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.

(i) 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.

(j) 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 2007

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(k) *Income recognition*

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

(l) *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.

(m) *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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

3 SIGNIFICANT ACCOUNTING POLICIES – *(continued)*

(n) 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 and the Group are predominantly denominated in Singapore dollars.

(o) 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 2007

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 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
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
<i>Accumulated depreciation</i>							
At 1 April 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
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
<i>Net book value</i>							
At 31 March 2007	145,253,476	1,022,548	12,336,502	1,899,776	13,550,005	891,968	174,954,275
At 31 March 2006	147,377,308	920,688	13,765,438	2,212,492	14,076,175	6,701,553	185,053,654

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

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 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
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
<i>Accumulated depreciation</i>							
At 1 April 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
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
<i>Net book value</i>							
At 31 March 2007	145,253,476	1,022,548	12,336,502	1,899,776	13,550,005	891,968	174,954,275
At 31 March 2006	147,377,308	920,688	13,765,438	2,212,492	14,076,175	6,701,553	185,053,654

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

5 SUBSIDIARY

<i>The Authority</i>	FY06/07	FY05/06
	\$	\$
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	
		FY06/07	FY05/06	FY06/07	FY05/06
		\$	\$	%	%
Agrifood Technologies Pte Ltd	Consultancy services	2	2	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>	
	FY06/07	FY05/06	FY06/07	FY05/06
	\$	\$	\$	\$
Cash and bank balances	12,889,559	14,387,962	13,015,149	14,533,619
Fixed deposits with financial institutions	20,057,782	18,057,454	20,057,782	18,057,454
	32,947,341	32,445,416	33,072,931	32,591,073

The fixed deposits with financial institutions mature on varying dates within 12 months (FY05/06 - 6 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 March 2007 was 2.98% (FY05/06 - 3.25%) per annum.

7 TRADE AND OTHER RECEIVABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY06/07	FY05/06	FY06/07	FY05/06
	\$	\$	\$	\$
Trade receivables	367,327	859,972	390,046	866,852
Less:				
Provision for impairment				
Balance at beginning	(24,081)	(2,582)	(24,081)	(2,582)
Provision for the year	14,027	(21,499)	14,027	(21,499)
Balance at end	(10,054)	(24,081)	(10,054)	(24,081)
Net trade receivables	357,273	835,891	379,992	842,771
Amount due from subsidiary - non-trade	-	49,998	-	-
Amount recoverable from Government	226,154	69,673	226,154	69,673
Other receivables	86,238	73,397	86,238	73,397
	669,665	1,028,959	692,384	985,841

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 \$1,200 (FY05/06 - \$17,470) due from subsidiary.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

8 TRADE AND OTHER PAYABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY06/07	FY05/06	FY06/07	FY05/06
	\$	\$	\$	\$
Trade payables	4,304,994	2,651,811	4,319,774	2,663,485
Amount payable with respect to capital expenditure	39,749	1,162,351	39,749	1,162,351
Accrued operating expenses	4,363,600	8,662,693	4,363,600	8,662,693
	<u>8,708,343</u>	<u>12,476,855</u>	<u>8,723,123</u>	<u>12,488,529</u>

9 CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

<i>The Authority and the Group</i>	FY06/07	FY05/06
	\$	\$
<u>Government Grants</u>		
Balance at the beginning of the financial year	3,800,920	3,612,534
Received during the financial year	5,877,977	12,126,635
Transfer to Deferred Capital Grants (Note 11)	(2,119,901)	(5,854,675)
Transfer to income and expenditure statements	(6,355,808)	(5,932,920)
Transfer to Operating Grants (Note 15)	(288,809)	-
Return of Grants	(615)	(150,654)
Balance at the end of the financial year	<u>913,764</u>	<u>3,800,920</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

<i>The Authority and the Group</i>	FY06/07	FY05/06
	\$	\$
Balance at the beginning of the financial year	9,841,570	9,295,927
Provision for the financial year (Note 13)	5,807,292	2,082,829
Payments during the financial year	(1,230,862)	(1,537,186)
Balance at the end of the financial year	<u>14,418,000</u>	<u>9,841,570</u>

The provision for pension benefits is payable as follows:

	FY06/07	FY05/06
	\$	\$
Within one year	3,761,000	1,898,125
After one year	10,657,000	7,943,445
	<u>14,418,000</u>	<u>9,841,570</u>

The provision has been estimated by management based on the valuation of the pension scheme as at 31 March 2007 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

11 DEFERRED CAPITAL GRANTS

The Authority and the Group

	FY06/07 \$	FY05/06 \$
<u>Government Grants</u>		
Balance at beginning of the financial year	185,004,904	191,627,617
Transfer from Capital and Other Grants (Note 9)	2,119,901	5,854,675
Transfer from Operating Grants (Note 15)	2,589,101	1,050,530
	<u>189,713,906</u>	<u>198,532,822</u>
Grants taken to income and expenditure statements		
- to match depreciation	(13,356,464)	(11,757,407)
- to match disposals	(154,625)	(369,962)
- to match write-off	(1,546,231)	(1,400,549)
	<u>(15,057,320)</u>	<u>(13,527,918)</u>
Balance at the end of the financial year	<u>174,656,586</u>	<u>185,004,904</u>

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 2007 amounted to \$1,026,415 (FY05/06 – \$1,026,415).

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.

13 STAFF COSTS

	<i>The Authority</i>		<i>The Group</i>	
	FY06/07 \$	FY05/06 \$	FY06/07 \$	FY05/06 \$
Salaries, allowances and bonus	41,410,349	39,852,419	41,410,349	39,852,419
Central Provident Fund contributions	3,470,842	3,570,666	3,470,842	3,570,666
Provision for pension benefits (Note 10)	5,807,292	2,082,829	5,807,292	2,082,829
Other staff costs	2,699,443	2,663,559	2,697,923	2,663,559
Termination benefits	-	1,606,136	-	1,606,136
	<u>53,387,926</u>	<u>49,775,609</u>	<u>53,386,406</u>	<u>49,775,609</u>

Included in staff costs is key management remuneration as follows:

	FY06/07 \$	FY05/06 \$
Short term employee benefits	1,382,890	1,492,759
Post-employment benefits	424,652	165,484
	<u>1,807,542</u>	<u>1,658,243</u>

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 2007

14 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>The Authority</i>		<i>The Group</i>	
	FY06/07 \$	FY05/06 \$	FY06/07 \$	FY05/06 \$
Transport and travel	652,103	620,115	661,403	620,115
Office, computer and laboratory supplies	5,235,782	4,808,487	5,240,750	4,810,315
Rental – operating leases	3,783,821	4,108,395	3,783,821	4,108,395
Rental – others	383,490	353,642	383,490	363,640
Repairs and maintenance	7,080,934	7,188,905	7,080,934	7,188,905
Auditors' remuneration	120,000	55,000	121,890	56,800
Laboratory fees	4,433,035	5,195,095	4,433,035	5,195,095
Public education	1,261,349	1,028,608	1,261,349	1,028,608
Professional fees	857,323	992,835	897,821	1,028,927
Estate management fee	1,952,217	823,933	1,952,217	823,933
Board honorarium	42,500	39,167	45,000	39,167
Goods and services tax	490,282	1,150,414	490,282	1,150,414
Security services	927,738	753,298	927,738	753,298
SARS & HPAI expenditures	318,105	545,934	318,105	545,934
Research & development expenditure	6,355,808	5,932,920	6,355,808	5,932,920
Property tax	1,263,350	2,958,595	1,263,350	2,958,595
Property, plant and equipment written off	1,546,231	1,400,549	1,546,231	1,400,549
Other operating expenses	3,000,090	2,252,825	3,019,068	2,280,338
	39,704,158	40,208,717	39,782,292	40,285,948

15 OPERATING GRANTS

<i>The Authority and the Group</i>	FY06/07 \$	FY05/06 \$
Received/receivable during the financial year	58,237,000	57,523,700
Transfer to Deferred Capital Grants (Note 11)	(2,589,101)	(1,050,530)
Transfer from Capital and Other Grants (Note 9)	288,809	-
Transfer to income and expenditure statements	55,936,708	56,473,170

16 TOTAL GOVERNMENT GRANTS

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

<i>The Authority and the Group</i>	FY06/07 \$	FY05/06 \$
Capital and Other Grants	272,619,204	266,741,227
Operating Grants	333,694,420	275,457,420
	606,313,624	542,198,647

17 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

18 INCOME TAX EXPENSE

<i>The Group</i>	FY06/07	FY05/06
	\$	\$
Current income tax expense	3,893	5,716
Underprovision of current income tax expense in respect of prior years	2,163	9
	<u>6,056</u>	<u>5,725</u>

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:

	FY06/07	FY05/06
	\$	\$
Surplus before contribution to Consolidated Fund and income tax expense	3,189,140	3,161,936
Less:		
The Authority's surplus before contribution to Consolidated Fund and income tax expense	3,140,885	3,078,146
The subsidiary's surplus before income tax expense	<u>48,255</u>	<u>83,790</u>
Income tax at statutory rate of 18% (FY05/06: 20%)	8,686	16,758
Utilisation of deferred tax assets on temporary differences not recognised in previous year	-	(4,326)
Singapore statutory stepped income exemption	(4,793)	(6,716)
	<u>3,893</u>	<u>5,716</u>

19 COMMITMENTS FOR CAPITAL EXPENDITURE

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$1,333,439 (FY05/06 – \$2,353,879) 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:

<i>The Authority and the Group</i>	FY06/07	FY05/06
	\$	\$
Not later than one financial year	4,189,040	3,173,477
Later than one financial year but not later than five financial years	6,229,772	1,388,110
	<u>10,418,812</u>	<u>4,561,587</u>

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:

<i>The Authority and the Group</i>	FY06/07	FY05/06
	\$	\$
Not later than one financial year	5,409,780	5,469,836
Later than one financial year but not later than five financial years	4,155,257	7,842,383
	<u>9,565,037</u>	<u>13,312,219</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

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.

	FY06/07	FY05/06
	\$	\$
Expenditure paid to:		
Ministry of National Development	2,201,886	2,347,353
Health Sciences Authority	4,190,881	5,036,975
Subsidiary	1,520	-
Grants/Income received from:		
Ministry of National Development	59,612,957	63,759,126
Ministry of Trade and Industry	4,913,859	5,095,752
Subsidiary	67,134	63,964
Amount due to:		
Ministry of National Development	130,902	337,747
Health Sciences Authority	364,581	598,482
Amount due from:		
Ministry of National Development	226,154	462,573
Subsidiary	1,200	17,740

22 FINANCIAL RISK MANAGEMENT

(a) Foreign exchange risk

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

(b) Interest rate risk

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

(c) 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 and the Group's maximum exposure to credit risk.

(d) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

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.

24 RECLASSIFICATION AND COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation following the Authority and the Group's adoption of the FRS that became effective during the year.

The items were reclassified as follows:

	<i>The Authority</i>		<i>The Group</i>	
	After reclassification FY05/06 \$	Previously reported FY05/06 \$	After reclassification FY05/06 \$	Previously reported FY05/06 \$
Accumulated Surplus	3,397,691	3,348,941	3,483,547	3,434,797
Deferred Capital Grants (Note 11)	185,004,904	185,053,654	185,004,904	185,053,654
	<u>188,402,595</u>	<u>188,402,595</u>	<u>188,488,451</u>	<u>188,488,451</u>
Other Trust and Agency Funds	-	1,491,524	-	1,491,524
Cash and Cash Equivalents (Note 6)	32,445,416	30,953,892	32,591,073	31,099,549
Capital and Other Grants Received in Advance (Note 9)	3,800,920	2,309,396	3,800,920	2,309,396
Net Assets of Other Trust and Agency Funds	-	1,491,524	-	1,491,524
Rental, Security and Other Deposits	1,907,198	1,740,685	1,907,198	1,740,685
Non-Government Grant	-	166,513	-	166,513
	<u>38,153,534</u>	<u>38,153,534</u>	<u>38,299,191</u>	<u>38,299,191</u>