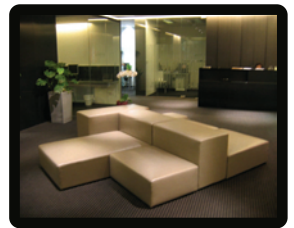
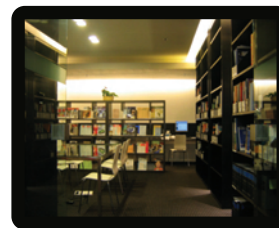
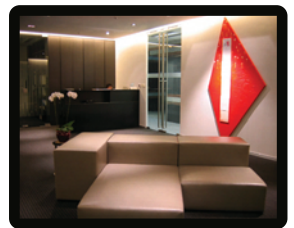
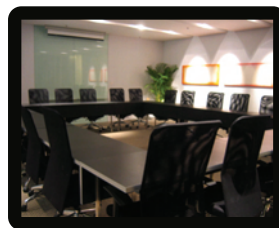


IP ACADEMY

ANNUAL REPORT 2005-2006



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our **VISION & MISSION**

“ To foster a process of continuous learning and competence building in the field of IP, where the IP Academy can be seen as a resource to industry, practitioners and academia in this regard & beyond ”

ABOUT IP ACADEMY

THE IP ACADEMY WAS ESTABLISHED IN JANUARY 2003 AS PART OF A NATIONAL INITIATIVE TO DEVELOP SINGAPORE INTO AN IP HUB.

IT AIMS TO BE THE FOCAL POINT FOR IP EDUCATION, TRAINING AND THOUGHT LEADERSHIP DEVELOPMENT IN SINGAPORE AND THE REGION.



**“Intellectual Property is the
cornerstone of today’s global
business world.”**

“Asia has long been a powerful source of innovation and commercial ingenuity. Many proprietary processes or manufacturing technologies have been developed in this part of the world. We need to turn these intellectual assets into sources of strength, harnessing the value inherent in these “assets”.

In many parts of Asia, the focus is shifting from the mere protection of IP rights to ensuring the effective exploitation of IP rights. The recognition of IP as a source of business revenue is a relatively new but growing phenomenon in this part of the world. Increasingly, companies need to integrate intellectual assets and IP into their business strategy to remain competitive.

The Academy will continue to work with other stakeholders in Singapore and the region to develop and build IP management capabilities to take advantage of such changes in the marketplace.”

A handwritten signature in black ink, reading "Hang Chang Chieh".

Professor Hang Chang Chieh
Chairman, IP Academy

OUR NEW FOCUS FOR THE YEAR: BRINGING IP INTO THE BOARDROOM

“Intellectual Property assets are worth as much as - if not more than - physical assets such as buildings.”



“As Singapore moves up the value-add curve and invests in the future, it is critical to consider the pivotal role that IPRs play in sustainable revenue generation and value creation in today’s global market economy. IPRs can break or make businesses and today have a huge, increasing but often misunderstood impact on the economy. They can also function as levers to open new markets.

Whilst some Asian businesses are already sophisticated users of IPRs, many still do not have a good appreciation of their potential value and therefore are at a significant disadvantage in today’s trading environment. IPRs should not just be left to legal departments but need to be brought into the boardroom.

Ultimately, it comes down to education: you have to change the way businesses and others view intellectual property, its creation and its management, and the need to make it an integral part of business strategy.”

A handwritten signature in black ink, appearing to read 'David Llewelyn'.

David Llewelyn
Director, IP Academy



Our Board of Governors as at 31 March 2006 comprised the following:-

PROF HANG CHANG CHIEH | Chairman, CMOST, Faculty of Engineering, National University of Singapore

MR LIEW HENG SAN | Chief Executive Officer, Central Provident Fund Board

MS LIEW WOON YIN | Director-General, Intellectual Property Office of Singapore

MR CHUA TAIK HIM | Asst Managing Director, Economic Development Board

MR PHILIP JEYARETNAM, SC | President, Law Society of Singapore

MS SERENE WEE | Director, Singapore Academy of Law

MR DAVID LLEWELYN | Director, IP Academy

PROF HELLMUT SCHUTTE | Dean, INSEAD (Asia Campus)

MS ELIZABETH BADER | Managing Director, Chicago Graduate School of Business (Singapore)

PROF TAN CHENG HAN, SC | Dean, Faculty of Law, National University of Singapore

PROF TSUI KAI CHONG | Provost, SIM University

DR STANLEY LAI | Partner, Allen & Gledhill

MR JEFFERY TAN | Director, DLA Piper Rudnick Gray Cary (Singapore) Pte Ltd

MR JAN DE VISSER | General Manager, Philips Intellectual Property & Standards - Singapore/Regional

PROF ANG PENG HWA | Dean, School of Communication and Information, Nanyang Technological University

MANAGEMENT

Director

David Llewelyn

Deputy Director

Ng Lyn

REGISTERED OFFICE

6 Raffles Quay #17-01

Singapore 048580

COMPANY/ CHARITY REGISTRATION

Company Registration Number : 200300851Z

Charity Registration Number: 1691

AUDITORS

Heng Lee Seng & Co.

Certified Public Accountants

300 Beach Road #38-05

The Concourse

Singapore 199555

LAWYERS

Harry Elias and Partners

9 Raffles Place #12-01

Republic Plaza

Singapore 048619

BANKERS

DBS Bank Limited

Buona Vista Branch

Blk 43 Holland Drive

Level 1 #53-59

Singapore 270043

HIGHLIGHTS OF THE YEAR

Recognised Academic Training Provider

The Academy was awarded the “Approved Training Provider” status by the Law Society of Singapore pursuant to its Voluntary Minimum Continuing Professional Development Scheme.

New Focus of Training Programmes: Bringing IP into the Boardroom

- Strategies for Effective IP Management
- Intangible Assets Management as a Core Corporate Value and Business Capability
- Trade Secrets and Privacy: How to Protect Your Business and Private Information
- Data Privacy: A Practical Approach to Protecting your Critical Information

Expanding our Markets beyond Singapore

- Public lecture by Director, IP Academy on “Recent Developments in European Trademark Law”, Fudan University, Shanghai, Jul 2005
- A Seminar by Director, IP Academy on “Struggling for Coherence: A Review of Recent Developments in European Trademark Law”, Sydney & Melbourne, Australia, Jul 2005
(Jointly organised by AIPPI, IPRIA & IP Academy)
- Seminars by Director, IP Academy & Mr. Dimitrios Drivas, White & Case, US on “Recent Developments in US Patent Law and European Trademark Law”, Seoul & Daejeon, Korea, Oct 2005
(Jointly organised by IIPTI & IP Academy)

Inspiring International Conferences

- Fordham - IPA Second Annual Asian Intellectual Property Law and Policy Conference Apr 2005, New York
(Jointly organised by Fordham University Law School (US) & IP Academy)
- A Conference on the Legal Future of P2P File Sharing Software Nov 2005, London
(Jointly organised by Fordham University Law School (US), Queen Mary Intellectual Property Research Institute (UK) & IP Academy)

Relocation of the Academy

In Dec 2005, the Academy moved to its new offices at 6 Raffles Quay, which is in the heart of the Central Business District. This brings the Academy closer to the businesses and IP professionals. It will also enable the Academy to expand its training capabilities and offer in-house training facilities so as to build its own identity.

The Academy continues to strengthen its position as a reliable academic partner that delivers quality IP training programmes for Singapore.

POSTGRADUATE CERTIFICATION COURSES

- **Graduate Certificate in IP Law (GCIP)**
- A foundation law course for aspiring Singapore patent agents.
The Academy's flagship GCIP programme enters its fifth year.
- **Masters in Science in IP Management**
- In early 2006, a new Masters of Science in IP Management programme was unveiled by NUS (Faculty of Engineering) and the IP Academy. This new MSc in IP Management is a multi-disciplinary programme that spans across law, management, science and engineering. It is targetted at corporate executives and professionals with an engineering or science background who wish to specialise in the management of IP in a technology-related environment.

SHORT TERM IP COURSES

During the year, the primary focus of the Academy's training programmes is the commercial and practical aspects of IP; specifically on how IP can be used as a vital business asset. In this regard, the following new courses/seminars were introduced :

- **Strategies for Effective IP Management**
- **Best practices in IP Management Strategies for Corporations**
- **Intangible Assets Management as a Core Corporate Value and Business Capability**
- **Valuation of IP and Intangible Assets**
- **Strategies for Negotiating Successful Technology Deals**
- **The Role of IP in Global Business Strategies**
- **Unlocking the Value of your IP**
- **Negotiating and Drafting of R&D Agreements**
- **Ownership and Control of IP**
- **Navigating your way through the European Patent Jungle : Practical Tips and Strategies for obtaining cost effective Patents**

RESEARCH

NEW PROJECTS

The following cross-disciplinary research projects were launched by the Academy during the year :-

- **A Creativity Benchmarking Index: The ASAT Model**
This study is to establish an index to measure, track, evaluate and benchmark the performance and potential of the creative ecosystem in Singapore and to use this as a basis for international comparison.
- **An Empirical Study on the Extension of Copyright Regime**
This study aims to be a comprehensive empirical test of the impact of copyright duration on the production of audio-visual work:
 - (i) at the aggregate level for all jurisdictions and all categories of audio-visual work;
 - (ii) at the level of individual categories of audio-visual work – movies, TV series, TV movies, videos, short; and
 - (iii) at the level of individual jurisdictions.
- **Legal Treatment of Digital Archives**
This is a research project by the Kernochian Center for Law, Media and Arts at Columbia Law School. The Academy has been invited to contribute to the Singapore portion of the research which focuses on the legal treatment of archival materials in Singapore, in particular the laws in Singapore (Copyright, Contract and other laws) that could influence the removal of material from archives and libraries.
- **Reach-Through Claims in Patents for Research Tools and Reach-Through Obligations in Agreements licensing the use or exploitation of such tools**
This project examines the impact of reach-through patent claims on indigenous biotechnology and/or pharmaceutical R&D or business in Singapore and consider whether reach-through royalty obligations on licensees are enforceable under competition law.

COMPLETED PROJECTS

The findings of the following completed research projects were shared with the public during the year :-

- **A Seminar on “Would Singapore benefit from a Utility Model Regime? An Empirical Study”, 14 Apr 2005**
- **A Seminar on “Innovation, Intellectual Property Creation & Usage in Singapore Firms”, 28 Feb 2006**

PUBLICATION BY OUR FELLOWS

- **A report on the “Economic Contribution of Copyright-Based Industries in Singapore” in the Review of Economic Research on Copyright Issues (Dec 2005 Issue).**
By Ms Chow Kit Boey, Senior Fellow and Mr Leo Kah Mun, Researcher (Economics), IP Academy
- **An article on “Trademark Dilution in Singapore: The Aftermath of McDonald’s vs MacTea” published in the Australian Intellectual Property Journal (Aug 2005 Issue).**
By Prof Susanna Leong, Senior Fellow and Mr David Llewelyn, Director

CONFERENCES, LECTURES AND ROUNDTABLES

During the year, the Academy continued to establish its reputation as a recognised IP thought leader in Asia and in the international IP community with the following activities :-

CONFERENCES

- **Second Annual Fordham-IPA Asian IP Law and Policy Day, New York City (Apr 2005):**
Recent Developments in Asian IP Law & Policy
 - Following the success of the first joint conference, the Asia IP Law & Policy Day has now become an annual affair and an integral part of the Annual Fordham Conference.
- **Scaling the Great Wall: Enhancing IP Value in China, Singapore (Aug 2005)**
 - This symposium examines the practical strategies of building and enforcing IP value in China.
- **Fordham-Queen Mary Intellectual Property Research Institute (“QMIPRI”)-IPA Conference on the “Legal Future of P2P File Sharing”-A Global Analysis, London (Nov 2005)**
 - Following the success of the first tripartite collaboration in Singapore in 2004, QMIPRI & Fordham continue to work with the Academy to organise this Second conference which examines the issues and the implications of the Grokster case on P2P sharing software.

In addition, our Fellows and Govenors were invited to speak at international IP forums and symposiums as follows :-

- **Annual Congress of the Society for Economic Research on Copyright Issues 2005 - Economic Contribution of Copyright-Based Industries in Singapore**
A paper was delivered by Ms Chow Kit Boey, Senior Fellow
7-8 Jul 2005, Montreal, Canada
- **A-TRIP Conference**
A paper on the IP Juris project was delivered by Prof Steven Ang, Senior Fellow
11-13 May 2005, Montreal, Canada
- **Stockholm Conference on “Intellectual Property in Transition”**
Organised by the University of Stockholm, Sweden
Participation by Mr David Llewelyn, Director
10 - 11 Nov 2005, Stockholm, Sweden
- **The Legal Future of P2P “File Sharing” Software: A Global Analysis**
Jointly Organised by QMIPRI, Fordham University School of Law and IP Academy
Papers were delivered by Dr. Stanley Lai, Governor and Mr David Llewelyn, Director
14 Nov 2005, London
- **Regional Diagnostics Asia Conference - From Lab to Marketplace: The IP Issues**
Presentation by Ms Audrey Yap, Adjunct Fellow
19-20 Jan 2006, Singapore

PUBLIC LECTURE SERIES

- “(a) **Partnership between Singapore & LDC’s for building IP Institutions for stimulating economic growth, and implementation of the TRIPS Agreement; and**
- (b) **Recent Developments in the Protection of Traditional Knowledge in South East Asia (Feb 2006, Singapore) ”**

His Excellency Ambassador Samuel Amehou,

Permanent Representative of the Republic of Benin to the UN and WTO; and

Prof Christoph Anton,

Professor of Comparative Law and Director, Centre for Comparative Law and Development Studies in Asia & the Pacific, University of Wollongong

The lectures examine (i) the role that Asia could play in helping the LDC’s develop their IP systems to create economic wealth; and (ii) the various forms and beneficiaries of traditional knowledge in Asia, specifically in India, Indonesia and Philippines.

ROUNDTABLES

- **Reach Through Patent Claims in the Biotech Industry**
20 Sept 2005
This roundtable discussed the applicability of reach-through patents in the Singapore Biotech industry.
- **On the Couch with Brad Smith, General Counsel, Microsoft**
Jointly Organised by Association of Singapore Patent Agents, IP Academy and IPOS
26 Sept 2005
This roundtable discussed the strategic importance of fostering a more conducive IP ecosystem that encourages innovation in Singapore.
- **Informal Experts Meeting on Traditional Knowledge (TK), Genetic Resource (GR) and Folklore (FL)**
Jointly organised by WIPO, IPOS and IP Academy
18 Oct 2005
The objective of the roundtable was to formulate a blueprint for the development of TK, GR and FL in ASEAN and to discuss the way forward for WIPO and the ASEAN countries.
- **The Future of Copyright Liabilities on the Internet: Grappling with P2P File Sharing of Digital Media**
16 Feb 2006
This roundtable discussed the issues arising from the Grokster case and considered the future of copyright law in the post Grokster era. It also considered how Grokster will affect those who advance innovation and the pitfalls in developing and marketing new technologies.

ACADEMIC INSTITUTION ENHANCEMENT PROGRAMME

The Academy also supported the local Institutes of Higher Learning (IHL) in the development of IP modules for inclusion in their curriculum. During the year, the Academy collaborated with the following IHLs as follows:-

- **A Module on IP Management (as part of the Masters of Science in Technology programme)**

IHL Partner: Faculty of Engineering, National University of Singapore, Jan 2006

Visiting Professor: Prof Liu Shang Jyh, National Chiao Tung University, Taiwan

- **IP Valuation And Finance**

IHL Partner: Singapore Management University, Jul/Aug 2005

Visiting Lecturer: Mr Gordon Smith, Chairman, AUS Inc, US

RESEARCH SCHOLARSHIPS

The Academy awards research scholarships to local and international students who wish to pursue postgraduate studies in IP law and related fields at Singapore universities.

Three scholarships have been awarded to-date.

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32	STATEMENT BY DIRECTORS

DIRECTORS' REPORT

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2006.

01 DIRECTORS

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

Mr Gordon Ionwy David Llewelyn
 Prof. Hang Chang Chieh
 Mr Liew Heng San
 Ms Liew Woon Yin
 Prof. Tan Cheng Han, SC
 Mr Chua Taik Him
 Dr Stanley Lai Tze Chang
 Mr Jeffery Tan Eng Heong
 Ms Elizabeth Anne Bader
 Prof. Ang Peng Hwa
 Prof. Hellmut Schutte
 Prof Tsui Kai Chong
 Mr Philip Antony Jeyaretnam
 Ms Serene Wee Kheng Lian
 Mr Jan De Visser

02 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debenture of the Company or any other body corporate.

03 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Company is a company limited by guarantee. Accordingly, Section 201(6)(g) of the Singapore Companies Act is not applicable.

04 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

05 SHARE OPTIONS

During the financial year, there were:

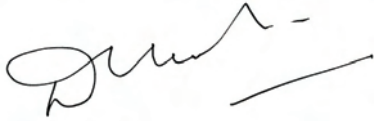
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

06 AUDITORS

Heng Lee Seng & Co have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



GORDON IONWY DAVID LLEWELYN
DIRECTOR



PROFESSOR HANG CHANG CHIEH
CHAIRMAN

SINGAPORE: 15 JUNE 2006

AUDITORS' REPORT TO THE MEMBERS OF IP ACADEMY

We have audited the financial statements of the IP Academy (the "Company") set out on pages 19 to 31 for the financial year ended 31 March 2006. These financial statements are the responsibility of the Company's directors. 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 directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of:-
 - (i) the state of affairs of the Company as at 31 March 2006 and the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 201 of the Act to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Certified Public Accountants

Singapore: 15 June 2006

BALANCE SHEET **31 MARCH 2006**

	NOTE	2006 \$	2005 \$
Government Grants	4	406,490	554,388
Represented by:			
Non-Current Assets			
Property, plant and equipment	5	256,758	87,197
Current Assets			
Trade receivables	6	29,125	11,345
Other receivables and prepayments	7	161,387	19,610
Cash and cash equivalents	8	270,383	969,992
		460,895	1,000,947
Deduct:			
Current Liabilities			
Trade payables	9	224,403	449,256
Deferred income	10	86,760	84,500
		311,163	533,756
Net Current Assets		149,732	467,191
Net Assets		406,490	554,388

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

PROFIT AND LOSS ACCOUNT for the financial year ended 31 March 2006

	NOTE	2006 \$	2005 \$
Revenue	11	589,489	611,328
Programme expenditure		(728,952)	(1,443,088)
Deficit of revenue over programme expenditure		(139,463)	(831,760)
Other operating income	11	1,623	-
Finance income	12	1,839	275
Other operating expenses		(1,704,713)	(1,686,927)
Excess of expenditure over income before government grants	13	(1,840,714)	(2,518,412)
Amount transferred from government grants		1,840,714	2,518,412
Net profit/(loss) for the year		-	-

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

CASH FLOW STATEMENT for the financial year ended 31 March 2006

	NOTE	2006 \$	2005 \$
Cash flows from operating activities			
Excess of expenditure over income before government grants		(1,840,714)	(2,518,412)
Adjustments for:			
Depreciation of property, plant and equipment	5	120,032	142,411
Gain on disposal of property, plant and equipment	11	(1,623)	-
Property, plant and equipment written off		1,936	-
Interest income	12	(1,839)	(275)
Operating loss before working capital changes		(1,722,208)	(2,376,276)
Net (increase)/decrease in working capital	16	(382,150)	61,486
Net cash used in operating activities		<u>(2,104,358)</u>	<u>(2,314,790)</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2,068	-
Purchase of property, plant and equipment	5	(291,974)	(8,355)
Interest received		1,839	275
Net cash used in investing activities		<u>(288,067)</u>	<u>(8,080)</u>
Cash flows from financing activities			
Grants received from government	4	1,692,816	1,909,693
Net cash from financing activities		1,692,816	1,909,693
Net decrease in cash and cash equivalents		(699,609)	(413,177)
Cash and cash equivalents at beginning of year		969,992	1,383,169
Cash and cash equivalents at end of year	8	<u>270,383</u>	<u>969,992</u>

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

NOTES TO FINANCIAL STATEMENTS

31 March 2006

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

01 GENERAL

IP Academy (the "Company") is domiciled and incorporated in the Republic of Singapore as a company limited by guarantee with its registered office at 6 Raffles Quay #17-01 Singapore 048580.

The principal activities of the Company during the financial year are to promote education, research and scholarship in the field of intellectual property.

These financial statements were authorised for issue in accordance with a resolution of the directors on 15 June 2006.

02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **BASIS OF PREPARATION OF FINANCIAL STATEMENTS** - The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and provisions of the Singapore Companies Act. The Company has adopted all the applicable new/revised FRS that is applicable in the current financial year. The adoption of the new/revised FRS does not affect the results of the Company for the current or prior periods.

The financial statements which relate to the financial statements of the Company, are prepared on the historical cost basis except financial assets and financial liabilities which are stated at fair value or amortised costs. Amounts are expressed in Singapore dollar unless stated otherwise.

- (b) **FUNCTIONAL CURRENCY** - As grants and expenditure are denominated primarily in Singapore dollar and receipts from operations are usually retained in Singapore dollar, the directors are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the Company and consequently Singapore dollar is the functional currency of the Company.

- (c) **PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight line method on the following bases:-

	% per annum
Leasehold improvements	50
Furniture and fittings	33
Office equipment	33
Computers	50

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

(c) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

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

(d) INVESTMENTS IN FINANCIAL ASSETS**(i) Classification**

The Company classifies its investments in financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date in which case they are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet [Note 2 (e)].

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(iv) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

(v) Determination of fair value

If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(vi) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company of financial assets is impaired.

- (e) **TRADE RECEIVABLES** - Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.
- (f) **CASH AND CASH EQUIVALENTS** - Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents includes bank overdrafts.

- (g) **IMPAIRMENT OF ASSETS** - The carrying amounts of the assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. 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. Impairment loss is charged to profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.
- (h) **TRADE PAYABLES** - Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.
- (i) **FAIR VALUE ESTIMATION** - The carrying amount of current receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.
- (j) **LEASES** - When the Company is lessee:

Operating lease

Lease where a significant portion of the risks and rewards of ownership are retained by the lessor is classified as an operating lease.

Rental on operating lease is charged to profit or loss on a straight-line basis over the term of the relevant 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.

- (k) **PROVISIONS** - A provision is recognised when the Company has 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 can be made of the amount of the obligation.

- (l) **REVENUE RECOGNITION** - Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from training course

Revenue from training course fees is recognised at the time when services are rendered. Accordingly, revenue from courses that run over a longer duration is recognised over the period of such courses. Advance billings made to customers are included in “deferred income” in Notes to the financial statements.

Income from organising of research project conference

Income generated from the organising of research project conference is recognised at the time when services are rendered.

Interest income

Interest is recognised on a time proportion basis.

- (m) **EMPLOYEE BENEFITS** -

Defined contribution plan

Payments to defined contribution retirement benefit plans such as Singapore Central Provident Fund are charged as an expense when incurred.

Short-term benefits

All short-term employee benefits including accumulating compensated absences are recognised in profit or loss in the period in which the employees rendered their services to the Company.

- (n) **GOVERNMENT GRANTS** - Government grants are accounted for on an actual basis. The grants are amortised to the profit or loss to match the related expenditure when incurred. Interest income earned from placement of funds from grants received are credited to the profit or loss.

- (o) **FOREIGN CURRENCY TRANSACTIONS** - Transactions in foreign currencies are translated into the functional currency using the exchange rates approximating those ruling at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are taken to profit or loss. Foreign currency monetary assets and liabilities are translated into Singapore dollar at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to profit or loss.

03 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS requires the use of 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 ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company does not make any critical accounting estimates and judgements.

04 GOVERNMENT GRANTS

	2006	2005
	\$	\$
At beginning of year	554,388	1,163,107
Grants received during the year	1,692,816	1,909,693
Grants amortised	(1,840,714)	(2,518,412)
At end of year	<u>406,490</u>	<u>554,388</u>

05 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Furniture & Fittings	Renovations	Office Equipment	Computers	Total
	\$	\$	\$	\$	\$	\$
2006						
Cost						
At 1 Apr 2005	52,000	62,834	-	90,244	196,593	401,671
Additions	-	27,906	231,218	10,846	22,004	291,974
Disposals	(52,000)	(60,631)	-	(12,610)	(16,980)	(142,221)
At 31 Mar 2006	<u>-</u>	<u>30,109</u>	<u>231,218</u>	<u>88,480</u>	<u>201,617</u>	<u>551,424</u>
Accumulated Depreciation						
At 1 Apr 2005	36,833	54,456	-	53,871	169,314	314,474
Charge for the year (Note 13)	15,167	10,037	38,536	26,013	30,279	120,032
Disposals	(52,000)	(59,190)	-	(11,670)	(16,980)	(139,840)
At 31 Mar 2006	<u>-</u>	<u>5,303</u>	<u>38,536</u>	<u>68,214</u>	<u>182,613</u>	<u>294,666</u>
Net Carrying Amount						
At 31 Mar 2006	-	24,806	192,682	20,266	19,004	256,758

05 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold Improvements	Furniture & Fittings	Office Equipment	Computers	Total
	\$	\$	\$	\$	\$
2005					
Cost					
At 1 Apr 2004	52,000	62,834	85,624	192,858	393,316
Additions	-	-	4,620	3,735	8,355
At 31 Mar 2005	52,000	62,834	90,244	196,593	401,671
Accumulated Depreciation					
At 1 Apr 2004	10,833	43,628	26,117	91,485	172,063
Charge for the year (Note 13)	26,000	10,828	27,754	77,829	142,411
At 31 Mar 2005	36,833	54,456	53,871	169,314	314,474
Net Carrying Amount					
At 31 Mar 2005	15,167	8,378	36,373	27,279	87,197

06 TRADE RECEIVABLES

	2006	2005
	\$	\$
Amount due from Intellectual Property Office of Singapore	-	150
Outside Parties	29,125	11,195
	29,125	11,345

(a) Trade receivables are denominated in Singapore dollar.

(b) The carrying amounts of current trade receivables approximate their fair value.

07 OTHER RECEIVABLES AND PREPAYMENTS

	2006	2005
	\$	\$
Other deposits	18,300	150
Prepayments of operating expenses	115,142	19,460
Deferred expenses	27,945	-
	161,387	19,610
(a) Other receivables and prepayments are denominated in the following currencies:-		
Singapore dollar	136,417	19,610
United States dollar	24,970	-
	161,387	19,610

(b) The carrying amount of current other receivables approximate their fair value.

08 CASH AND CASH EQUIVALENTS

	2006 \$	2005 \$
Cash and bank balances	223,510	969,992
Fixed Deposits with financial institutions	46,873	-
	<u>270,383</u>	<u>969,992</u>

- (a) Cash and cash equivalents are denominated in Singapore dollar.
 (b) The carrying amounts of cash and cash equivalents approximate their fair value.
 (c) Short-term fixed deposits at the balance sheet date have an average maturity of 30 months (2005: Nil months) from the end of the financial year with the following weighted average effective interest rates:-

	2006	2005
Singapore dollar	1.8%	

- (d) The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 17.

09 TRADE PAYABLES

	2006 \$	2005 \$
Outside parties	53,059	125,383
Accrued operating expenses	171,344	323,873
	<u>224,403</u>	<u>449,256</u>

- (a) Trade payables are denominated in the following currencies:-

Singapore dollar	183,739	373,236
United States dollar	28,124	55,915
Others	12,540	20,105
	<u>224,403</u>	<u>449,256</u>

- (b) The carrying amounts of current trade payables approximate their fair value.

10 DEFERRED INCOME

	2006 \$	2005 \$
Deferred income	86,760	84,500

- (a) Deferred income is denominated in Singapore dollar
 (b) The carrying amounts of current deferred income approximate their fair value.

11 REVENUE

	Note	2006 \$	2005 \$
Training course income		562,177	573,364
Research project funding		20,000	-
Conference income		7,312	37,964
Total revenue		<u>589,489</u>	<u>611,328</u>
Other operating income:			
- gain on disposal of property, plant and equipment	13	1,623	-
Interest income	12	1,839	275
		<u>592,951</u>	<u>611,603</u>

12 FINANCE INCOME

	Note	2006 \$	2005 \$
Interest income on bank accounts	11	<u>1,839</u>	<u>275</u>

13 EXCESS OF EXPENDITURE OVER INCOME BEFORE GOVERNMENT GRANTS

The following items have been included in arriving at excess of expenditure over income before government grants:-

	Note	2006 \$	2005 \$
Charging/(crediting):			
Depreciation of property, plant and equipment	5	120,032	142,411
Gain on disposal of property, plant and equipment	11	(1,623)	-
Key management personnel compensation		227,500	226,146
Staff costs (including those of working directors) which include costs of defined contribution plans of \$74,064 (2005: \$61,773)		<u>1,087,917</u>	<u>987,228</u>

14 INCOME TAX EXPENSE

The Company has been registered as a charity under the Charities Act, 1994 with effect from 10 May 2004. Under such status, the Company on compliance with certain conditions of the Income Tax Act is exempted from income tax.

15 LEASE COMMITMENTS***Operating lease commitments - where the company is the lessee***

Rental expense in respect of lease of office for the year was \$102,136 (2005: \$77,695).

The Company leases its office under operating leases. The leases are generally entered into for a period of 2 to 5 years, with an option to renew the lease after that date. None of the lease includes contingent rentals. Future minimum rentals under non-cancellable leases are as follows:-

	2006 \$	2005 \$
Not later than 1 year	187,490	58,800
Later than 1 year but no later than 5 years	328,107	-
	<u>515,597</u>	<u>58,800</u>

16 CHANGES IN WORKING CAPITAL

	2006 \$	2005 \$
<i>(Increase)/decrease in working capital:</i>		
Trade receivables	(17,780)	10,980
Other receivables and prepayments	(141,777)	(17,945)
Trade payables	(224,853)	42,951
Deferred income	2,260	25,500
<i>Net (Increase)/decrease in working capital</i>	<u>(382,150)</u>	<u>61,486</u>

17 FINANCIAL RISKS AND MANAGEMENT

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised as follows:

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed deposits accounts. The Company manages this exposure by performing ongoing evaluation of its fixed deposits to obtain the most favourable rates.

Credit risk

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Cash and fixed deposits are held with credit worthy financial institutions.

17 FINANCIAL RISKS AND MANAGEMENT (CONT'D)***Liquidity risk***

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Foreign currency risk

The Company has exposure to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal trading activities. The directors believe that the foreign currency risk is manageable. Hence, the Company does not use derivative financial instruments to mitigate this risk.

Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair value.

18 COMPARATIVE INFORMATION

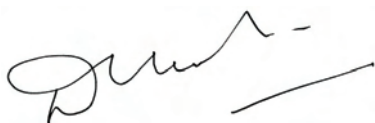
The financial statements for prior year were audited by another firm of public accountants and are presented for comparative purposes.

STATEMENT BY DIRECTORS
(pursuant to Section 201 (15) of the Companies Act, Cap. 50)

We, the undersigned, being two of the directors of IP Academy (the "Company") hereby state that, in the opinion of the directors:-

- (a) the accompanying financial statements set out on pages 19 to 31 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2006 and the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS



GORDON IONWY DAVID LLEWELYN
DIRECTOR



PROFESSOR HANG CHANG CHIEH
CHAIRMAN

SINGAPORE: 15 JUNE 2006



**CREATING AN EDGE IN
THE KNOWLEDGE ECONOMY**

IP ACADEMY

Company Registration No: 200300851Z

Charity Registration No: 1691

6 Raffles Quay, #17-01 Singapore 048580

Tel : 65 6536 3630

Fax: 65 6536 9334

Email: info@ipacademy.com.sg

Web : www.ipacademy.com.sg