

THE WORLD FISH CENTER (also known as ICLARM)
(An International Nonprofit Organization)

Financial Statements and Supplementary Schedules
December 31, 2005 and 2004

 **ERNST & YOUNG**

AF: 0039

THE WORLD FISH CENTER (also known as ICLARM)
(An International Nonprofit Organization)

Financial Statements and Supplementary Schedules
December 31, 2005 and 2004



WorldFish
C E N T E R

Statement by the Chairman of the Board

Review of Operations

During 2005, the new Director General, Dr Stephen Hall, continued to implement the structure changes initiated in 2004. These changes have helped to cement the WorldFish Centre as the international leader in fisheries and aquaculture research which supports food security and poverty alleviation for poor people.

The science areas of the Centre have been restructured during this year to effectively address the dual challenges of engaging with partners in priority regions to develop and implement projects with significant impacts and outcomes, and ensuring that the calibre of our science and scientific output are maintained to the highest of standards. Scientific management is divided into three disciplines (Natural Resource Management, Aquaculture and Genetics and Policy, Economics and Social Science) each led by a Discipline Director. Management and development of regional projects and partnerships has been assigned to Portfolio Directors covering Africa, South Asia, Southeast Asia, the Greater Mekong region, and the Pacific.

In 2005, the Center has reached a milestone in expanding its work in the Africa region when it successfully organized in collaboration with the New Partnership for Africa's Development (NEPAD), the Government of Nigeria and Food and Agriculture Organisation of the United Nations (FAO), the NEPAD-Fish for All Summit in Abuja, Nigeria on 22-25 August 2005. At the Summit, key stakeholders from 26 African countries and international organizations discussed the role of fisheries for the wider socio-economic development of Africa and identified strategies for augmenting investments in support of this role.

In 2005, an External Programme and Management Review was initiated. This review is commissioned by the CGIAR once every five years and provides comprehensive and independent report and recommendations. The review will be completed in early 2006.

The Centre's work received international recognition this year through the announcement that the Centre's former Assistant Director General, Dr Modadugu V. Gupta was awarded the World Food Prize. This prize is by some likened to the Nobel Prize for work on Poverty and Food Security.

Financial Position

The WorldFish Centre recorded total revenue of \$13.4 million in 2005, compared to \$15.0 million in the previous year, representing a decrease of \$1.6 million (11%) caused by a decrease in restricted grant (21%) and other revenue. The decrease in grant revenue was due to delays in project execution of some projects. Revenue from these projects could not therefore be fully recognised in 2005.

Unrestricted grants have increased due to additional contributions by existing donors, Department for International Development (DFID) and Canadian International Development Agency (CIDA) and new donor, New Zealand Agency for International Development (NZAID).

Net operating results was breakeven but after taking into account the Board approved spending on strategic investments, the net position was a deficit of \$1.7 million for the year compared to a surplus of \$1.0 million in 2004. This deficit was planned and budgeted for in 2005 to drawdown on the reserves thus bringing the Center in line with CGIAR guidelines. Total reserves at the end of 2005 remained at a healthy level of \$8.9 million.



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WorldFish financial position continues to be sound. WorldFish did not operate any overdraft with any of its bankers during the year. The current ratio (current assets: current liabilities) as at December 31, 2005 was 2.12 as compared to previous year of 2.38. The working capital as days of expenditure was 203 days (2004:272 days). The decrease is consistent with the actions taken by the Board and Management to utilise cash reserves for strategic investments in science and management. It is anticipated that this figure will be further reduced during 2006 as new initiatives to expand our global mandate are implemented. The financial stability index, which measures the number of days of expenditure of unrestricted net assets excluding investment in fixed assets, stands at 199 days (2004:266 days)

The ratio of liabilities (current and long term) to unrestricted net assets for 2005 was 0.87 (2004:0.75). The ratio of indirect costs to direct costs (i.e., efficiency of operations indicator) for the year was 29.82% compared to 35.04% in the previous year. The decrease was due to greater emphasis being placed on project and science development during the year.

The Cash Management on Restricted Operations (restricted donors accounts receivables: restricted donors accounts payable) ratio was 0.55 (2004:0.87) due to funds received for newly approved projects which have yet to commence as at year end.

All the above financial indications are above the CGIAR benchmarks.

Prospects, Risks and Opportunities

In 2005, \$2.75M in new project funding flowed; including project funding from two new investor sources. Pipeline tracking proved remarkably accurate with near perfect correlation between grants expected and grants that materialised. All key growth performance goals were met or exceeded; however, because progress to increase both the size of grants (average now over \$220K annually) and success rate (currently over 65%) Key Performance Goals 2005 were met with the submission of 38 proposals.

As of early February 2006, \$17M is projected (excluding revenue and any draw down on reserves). This includes core commitments of \$6.6M, secured grants of \$6.8M and expected grants of \$3.7M. This total does not take into consideration additional funding that may be forthcoming from other grant proposals whose success and/or timing Management judges to be uncertain at this stage.

In December 2005, \$4M in new project funds were projected, \$1.5M of which would relieve core funds. Discussions currently underway with donors indicate that this \$1.5M in core relief is likely to come on the books before the end of the second quarter of 2006. Due to proposal development activity in 2005, coupled with increased effort early in the year, projections for total new grant funding in 2006 has increased to \$4.3M (and \$1.8M in core relief) and already \$0.6M is secured (as of early February 2006).

Statement by the Chairman of the Board

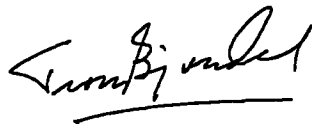
Increased activity targeting new investors and more diverse funding sources including foundations, private sector and individuals will receive focus in 2006. To improve research capacity, we will increase proposal development activity with advanced research organisations and implement an initiative targeting visiting scientists and post docs. Increased collaboration with partners from other sectors (e.g. health, environment) will improve the potential for impact of our work. The focus on new donors, diversifying funding sources, the introduction of the new CGIAR priorities and responding to the outcome of the EPMR will call for increased donor relations.

Board of Trustees

I would like to extend a warm welcome to Dr Wendy Craik who was appointed to the Board of Trustees in September 2005. I would also like to take the opportunity to express my sincere appreciation and best wishes to my predecessor, Professor Robert E. Kearney, the outgoing Board Chair who had completed his term during the year. The organisation indeed benefited from his contribution and dedication.

Appreciation

On behalf of the Board of Trustees, I would like to thank the management and staff for their dedication and perseverance in facing the significant challenges during the year. We would also like to extend our gratitude to our donors and investors and CGIAR partners for their continued support and cooperation.

A handwritten signature in black ink, appearing to read 'Trond Bjørndal', with a horizontal line underneath.

Dr Trond Bjørndal
Chairman, Board of Trustees

09 MAR 2006

Financial Statements
December 31, 2005 and 2004

Management Statement of Responsibility for Financial Reporting

The accompanying financial statements of The WorldFish Center, are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. The WorldFish Center is responsible for the substance and objectivity of the information contained therein.

Our financial reporting practices follow the *Accounting Policies and Reporting Practices Manual-Financial Guidelines Series No. 2* of the Consultative Group on International Agricultural Research. The WorldFish Center maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorization.

A system of reporting within The WorldFish Center presents management with an accurate view of the operations, enabling us to discern risk and, at the same time, providing a reliable basis for the financial statements and management reports.

The Board of Trustees exercises its responsibility for these financial statements through its Finance and Audit Committee. The Committee meets regularly with management and representatives of the external auditors to review matters relating to financial reporting, internal control, and auditing.



Stephen J. Hall
Director General



Barry K.C. Tan
Director of
Corporate Services

09 MAR 2006



FUTURE
HARVEST

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Report of Independent Auditors

**To the Board of Trustees
The WorldFish Center (also known as ICLARM)**

We have audited the accompanying statement of financial position of The WorldFish Center as at December 31, 2005 and the related statement of activities, statement of changes in net assets and statement of cash flows and the notes thereto for the year then ended, as set out from pages 1 to 10, which we have stamped for purposes of identification. These financial statements are the responsibility of the Center's management.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with International Standards on Auditing as issued by the International Federation of Accountants. 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note 2, the Center's financial statements are prepared on the basis of accounting policies and reporting practices prescribed for international agricultural research centers seeking assistance from the Consultative Group on International Agricultural Research ("CGIAR Accounting Policies and Reporting Practices").

In our opinion, the financial statements present fairly, in all material respects, the financial position of The WorldFish Center as at December 31, 2005 and its activities and its cash flows for the year then ended in accordance with the CGIAR Accounting Policies and Reporting Practices.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules as shown on Exhibit I to IV for the year ended December 31, 2005, as set out from pages 11 to 19, which we have stamped for purposes of identification, are presented for purposes of additional analysis and are not a required part of the financial statements. The information on Exhibit I to IV has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.



March 9, 2006

THE WORLD FISH CENTER
(also known as ICLARM)
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STATEMENT OF FINANCIAL POSITION
(US Dollar '000)

		As at 31 Dec 2005	As at 31 Dec 2004
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	3	4,101	7,162
Investments	3	8,452	7,061
Accounts receivable			
Donors	4	2,643	2,135
Employees		102	109
Other CGIAR Centers		37	35
Others	5	498	1,120
Other current assets	6	63	405
Total current assets		<u>15,896</u>	<u>18,027</u>
NON-CURRENT ASSETS			
Property and equipment, net	7	652	366
Other assets	8	130	104
TOTAL ASSETS		<u><u>16,678</u></u>	<u><u>18,497</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable			
Donors	9	4,122	3,127
Employees	10	130	107
Other CGIAR Centers		267	208
Others	11	1,313	2,396
Accruals and provisions	12	1,626	1,739
Total current liabilities		<u>7,458</u>	<u>7,577</u>
NON-CURRENT LIABILITIES			
Accounts payable - Employees	13	320	333
TOTAL LIABILITIES		<u>7,778</u>	<u>7,910</u>
UNRESTRICTED NET ASSETS			
Designated	14	2,492	2,998
Undesignated		6,408	7,589
TOTAL NET ASSETS		<u>8,900</u>	<u>10,587</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>16,678</u></u>	<u><u>18,497</u></u>

(Please see accompanying notes to financial statements)

THE WORLD FISH CENTER
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STATEMENT OF ACTIVITIES
(US Dollar '000)

		For the Years Ended December 31				
		Restricted			Total	
	Note	Unrestricted	Temporary	Challenge Programs	2005	2004
REVENUES, GAINS AND OTHER SUPPORT						
Grants	Exh. I	7,272	5,498	530	13,300	14,146
Other revenues		146	-	-	146	879
Total revenues, gains and other support		7,418	5,498	530	13,446	15,025
EXPENSES AND LOSSES						
	Exh. II					
Program related expenses		5,629	5,498	530	11,657	11,818
Management and general expenses		4,095	-	-	4,095	2,981
Sub total expenses and losses		9,724	5,498	530	15,752	14,799
Indirect cost recovery		(619)	-	-	(619)	(793)
Total expenses and losses		9,105	5,498	530	15,133	14,006
NET (DEFICIT) / SURPLUS		(1,687)	-	-	(1,687)	1,019
MEMO ITEM						
Operating expenses - By nature of classification						
Personnel costs		4,441	1,872	198	6,511	6,460
Collaborators/Partnership costs		12	1,492	140	1,644	2,485
Supplies and services		3,150	1,469	97	4,716	3,438
Operational travel		1,277	573	95	1,945	1,372
Depreciation		225	92	0	317	251
		9,105	5,498	530	15,133	14,006

(Please see accompanying notes to financial statements)

THE WORLDFISH CENTER

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STATEMENT OF CHANGES IN NET ASSETS (US Dollar '000)

	For the Years Ended December 31					Total Net Assets	
	Undesignated	Capital Invested in Fixed Assets (Center & AIC)	Capital Fund	Fund for Investment and Other Activities	Total 2005	2005	2004
	Undesignated	Capital Fund	Fund for Investment and Other Activities	Total 2005	2005	2004	
Balance at January 1	7,589	366	726	1,906	2,998	10,587	9,568
Depreciation for the year	-	(317)	317	-	-	-	-
Additions during the year	-	604	(604)	-	-	-	-
Disposal during the year	-	(1)	1	-	-	-	-
(Deficit) / Surplus of revenue over expenditure	(1,687)	-	-	-	-	(1,687)	1019
Appropriated for strategic investments	1,687	-	-	(1,687)	(1,687)	-	-
Transfer of Reserve for Investment from Undesignated to Designated	(1,200)	-	-	1,200	1,200	-	-
Transfer of excess fund for investment from Designated to Undesignated	19	-	-	(19)	(19)	-	-
Balance at December 31	6,408	652	440	1,400	2,492	8,900	10,587

(Please see accompanying notes to financial statements)

THE WORLD FISH CENTER
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STATEMENT OF CASH FLOWS
(US Dollar '000)

	For the Years Ended December 31	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(1,687)	1,019
Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities:		
Depreciation	317	251
Loss / (Gain) on disposal of property and equipment	1	(2)
Decrease / (increase) in assets		
Accounts receivable	119	1,865
Other current assets	316	(258)
(Decrease) / Increase in liabilities		
Accounts payable	(6)	(755)
Accruals and provisions	(126)	292
Net cash (used in) / provided by operating activities	<u>(1,066)</u>	<u>2,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(604)	(224)
Proceeds from disposal of property and equipment	0	3
Net cash used in investing activities	<u>(604)</u>	<u>(221)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,670)	2,191
CASH AND CASH EQUIVALENTS		
Beginning of the year	14,223	12,032
End of the year	<u>12,553</u>	<u>14,223</u>

(Please see accompanying notes to financial statements)

THE WORLD FISH CENTER

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 1 - General / Host Country Agreements

The WorldFish Center (The Center) was established in 1976 by the Rockefeller Foundation and formally incorporated under the laws of the Republic of the Philippines on January 20, 1977 as a nonstock, philanthropic and nonprofit corporation. In 1992, the Center joined the Consultative Group on International Agricultural Research (CGIAR) to become one of the fifteen agricultural research centers supported by the CGIAR. CGIAR is an informal but highly successful association consisting of 63 governments, development institutions and private sector organizations supporting the 15 international agricultural research centers.

On April 22, 1993, an international agreement was signed by a number of countries, recognizing the Center as an international organization. The Center's focus is to promote sustainable development and use of living aquatic resources based on environmentally sound management. The Center has research sites/offices in nine countries including the headquarters in Penang, Malaysia.

A. Headquarters Agreement with the Malaysian Government and Relocation to Malaysia

On January 17, 2000, the Center signed a Headquarters Agreement with the Malaysian Government for establishing The WorldFish Center (also known as ICLARM) headquarters in Batu Maung, Penang, Malaysia. The headquarters agreement granted the Center immunities and privileges that are normally granted to diplomatic and international organizations operating in Malaysia to facilitate the Center's global activities. A Headquarters Lease Agreement was also signed as a supplement to the headquarters agreement, making available to the Center a research site of 5.4 hectare at nominal annual rent for a period of 30 years with an option for renewal for another 30 years and thereafter by agreement of both parties. In the event of termination or expiration of the agreement, the land and facilities (fixed assets and fixtures) shall revert to the Malaysian Government.

On February 15, 2000, the Center commenced operations at a temporary office site in Penang, Malaysia and moved to its new headquarters in June 2001. The new headquarters was officially inaugurated on August 13, 2001.

B. Agreement with the Egyptian Government for the Establishment of The WorldFish Center's Research Center for Africa and West Asia

The Center and the Government of the Arab Republic of Egypt entered into an agreement on March 31, 1997 to establish a regional center in the Arab Republic of Egypt. The agreement was ratified by the Arab Republic of Egypt on December 8, 1997. As provided for in the agreement, the Egyptian government shall make available to the Center the utilization of the facilities and equipment currently operated by the Central Laboratory for Aquaculture Research at Abbassa, Abou Hammad-Sharkia Governorate, and at other research sites to be agreed upon within the Arab Republic of Egypt for the benefit of the international community and the people of Egypt.

The agreement shall remain in force for 25 years, and shall be renewed by mutual consent of the parties for another 25 years. In the event of termination or expiration of the agreement or its extensions, land and facilities thereupon as upgraded shall revert to the Arab Republic of Egypt.

The properties in the regional center include among others, the tract of land of approximately 1,480 feddans (6,216,000 square meters), administration and laboratory buildings, 12 villas, two residential buildings, workshops and stores, as well as the different types of research ponds.

Note 2 - Basis of financial statements presentation and significant accounting policies

The accompanying financial statements, expressed in US dollar, are prepared on the basis of accounting policies and reporting practices prescribed for international agricultural research centers seeking assistance from the CGIAR.

The Center's significant accounting policies are summarized below:

Cash and cash equivalents comprise cash on hand and at banks.

Investments are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of twelve months or less from the date of acquisition.

Property and equipment are stated at historical cost less accumulated depreciation. Tangible assets with an estimated useful life beyond one year and having costs in excess of US\$ 500 or its equivalent are capitalized. Depreciation of assets owned by the Center is provided from the month of capitalization and is computed on the straight-line method over estimated useful lives of the related assets as follows:

Category description	Estimated useful life in years
Physical facilities	
Buildings and improvements	50
Infrastructure and leasehold	
Aquaculture ponds	25
Furnishing and equipment	
Office equipment	5
Office furniture	5
Computers and software	2 - 3
Vehicles	5

Property and equipment acquired through the use of restricted grants for a certain project are recorded as assets in custody and remain the property of the respective donors until the expiration of the agreement/contract. Such assets have been fully depreciated and the depreciation expense charged directly to the appropriate restricted project. Assets are monitored by the Center until such time that the donor in consultation with the Center decides on the disposition of the property and equipment.

In compliance with the CGIAR accounting manual, the Center implements a no asset, no depreciation policy for capital expenditures below the capitalization limit of the Center. Only property and equipment, which were acquired during the year (with the title passing to the Center) or transferred to the Center via donations with the cost or fair market value exceeding US\$ 500, were capitalised and subject to depreciation.

The Center's immovable assets (including buildings and site development) which were made available by the host country are not capitalized and not depreciated. However, effective from 2004, immovable assets are capitalized at cost. In the event of termination or expiration of the agreement, all immovable assets will revert to the host country.

The cost of normal repairs and maintenance of existing property and equipment are treated as current operating expenses. Expenditures incurred for repair of an existing property and equipment which increase the estimated useful life or enhance the operating efficiency of the assets (owned by the Center) are capitalized.

Upon the disposal of an item of property and equipment, any gain or loss on disposal is charged as other gains or losses.

During the financial year 2005, the Center has capitalised its SAP Software amounting to USD158,024. With effect from the financial year 2005, the Center has changed the annual depreciation rate for the SAP software from 3 years to 2 years so as to better reflect their estimated useful lives. The effect on the financial statements of this change in accounting estimate is an increase in depreciation charge for the year for the Center by USD6,584 and an increase in the Center's current year's net deficit by USD6,584.

Revenue recognition: Grants are recognized as revenue upon the fulfillment of the donor-imposed conditions attached to them unless the donor has explicitly waived the conditions. Grants are classified according to the type of donor-imposed restrictions.

Restricted grants revenue are recognised to the extent of expenses actually incurred. Excess of grants received over project related expenses or received for funding of future periods are recorded as Accounts Payable - Donors in the Statement of Financial Position. Claims from donors for project expenses paid in advance are recorded as Accounts Receivable - Donors in the Statement of Financial Position.

Unrestricted grants are grants received which the Center may freely use for its mandated activities. Unrestricted grants are recognized in full when it is pledged.

Other revenues are recognised in the period in which these are earned.

Foreign currencies: Foreign currency-denominated transactions are converted into US dollars for reporting purposes at exchange rates prevailing at the dates of the transactions. All exchange rate differences resulting from (a) the collection of foreign currency-denominated receivables and (b) the settlement of foreign currency-denominated obligations at rates which are different from which they were originally booked are credited or charged to general operations in the Statement of Activities.

Outstanding assets and liabilities denominated in currencies other than US dollar at year-end or reporting date are translated into US dollar at exchange rate prevailing on the date of the Statement of Financial Position. Any gains or losses resulting from the restatement of accounts are credited or charged to general operations in the Statement of Activities.

Staff repatriation costs provisions have been made for repatriation costs for internationally recruited staff.

Indirect costs represent management functions with no direct link to the project activities and common sustenance services, which support the performance of the Center's activities on an institutional basis. The indirect cost recovery represents the overhead recovered from restricted projects based on the rates stated in the donor agreements.

Net assets are classified based on the existence or absence of donor imposed restrictions. Changes in net assets arising from exchange transactions are included in the unrestricted class except income and gains on assets that are restricted by donor or by law.

Restricted net assets are subject to donor-imposed restrictions and their use may only be permitted upon fulfillment of certain conditions or passage of time.

Unrestricted net assets are those net assets whose use is not restricted by any donor-imposed restrictions even though their use may be limited in other respects, such as by Board of Trustees designation. Unrestricted net assets may be further classified as follows:

1. Undesignated – use of assets is not designated by Board of Trustees for special purposes.
2. Designated – use of assets has been designated by Board of Trustees for specific purposes such as reserve for acquisition and replacement of property and equipment.

Note 3 - Cash, cash equivalents and investments

Cash, cash equivalents and investments at December 31 consisted of :

	2005	2004
	(US Dollar '000)	
Cash on hand and in bank	3,673	6,163
Outreach operating funds	428	999
	4,101	7,162
Short term investments	8,452	7,061
	12,553	14,223

Short-term investments were held in fixed-term deposits with reputable and highly rated banks.

Note 4 - Accounts receivable - donors

Accounts receivable - donors consisted of unreleased balances of approved grants and expenses advanced at December 31 as follows:

		2005	2004
	Exhibit	(US Dollar '000)	
Unrestricted	I	1,090	746
Temporary Restricted	I	1,909	1,636
Challenge Program	I	146	255
Provision for doubtful debts		(502)	(502)
		2,643	2,135

Provision for doubtful debts is in respect of the amount due from European Union on the FishBase project.

Note 5 - Accounts receivable - others

Accounts receivable - others at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Advances to projects	410	966
Others	88	154
	498	1,120

There have been no doubtful or bad debts during the year.

Note 6 - Other current assets

Other current assets at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Deposits	63	405
	63	405

Note 7 - Property and equipment, net

Property and equipment at December 31 were as follows:

	2005	2004
	(US Dollar '000)	
Furnishing and equipment	1,692	1,092
Accumulated depreciation Furnishing and equipment	(1,040)	(726)
Net book value	652	366

Included in furnishing and equipment are assets in custody amounting to US\$ 148 thousand depreciated at a rate of 100% per annum.

Note 8 - Other assets

Other assets at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Employee provident fund - Philippines	130	104
	130	104

Note 9 - Accounts payable - donors

Accounts payable - donors amounting to US\$ 4,122 thousand at December 31, 2005 (2004: US\$ 3,127 thousand) consisted of grants received for which conditions have not been met yet.

Note 10 - Accounts payable - employees

Accounts payable - employees at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Employee provident fund payable to Nationally Recruited Staff-Philippines	130	107
	130	107

Note 11 - Accounts payable - others

Accounts payable - others at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Amounts payable to suppliers and other institutions	1,313	2,396
	1,313	2,396

Note 12 - Accruals and provisions

This account consisted of liabilities to suppliers and staff amounting to US\$ 1,626 thousand (2004: US\$ 1,739 thousand).

Note 13 - Accounts payable - employees

Accounts payable - employees at December 31 consisted of:

	2005	2004
	(US Dollar '000)	
Repatriation costs	320	333
	320	333

Note 14 - Unrestricted net assets

Designated net assets amounting to US\$ 2,492 thousand and US\$ 2,998 thousand as of December 31, 2005 and 2004, respectively, represent the portion designated by the Center's management for specific purpose.

Undesignated net assets amounting to US\$ 6,408 thousand and US\$ 7,589 thousand as of December 31, 2005 and 2004, respectively, represent the portion not designated by the Center's management for any specific purpose.

The Center's Board of Trustees approved a transfer of US\$1.2 million from Undesignated to Designated Reserves in year 2005 for investment purpose.

The Center's Board of Trustees approved an adjustment of US\$19 thousand from Designated to the Undesignated Net Reserves in excess of the amount required to support the Board approved management activities and capital investment plans

Note 15 - Capital commitment

	2005	2004
	(US Dollar '000)	
<u>Approved and contracted for :</u>		
SAP Software Installation and Implementation Project	-	345
	-	345

Note 16 - Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

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SUPPLEMENTARY INFORMATION
December 31, 2005 and 2004

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THE WORLD FISH CENTER
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SCHEDULE OF GRANTS REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2005
(US Dollar '000)

DONORS	Total Funds Available	Accounts Receivable	Advance Payment	Grant	
				Current Year	Prior Year
<u>Unrestricted</u>					
Australia	709	-	383	326	295
Belgium	-	-	-	-	98
Canada	543	-	-	543	655
Denmark	316	-	-	316	330
Egypt	(250)	500	-	250	250
European Commission	-	-	-	-	15
FAO	40	10	-	50	-
Germany	457	-	-	457	308
India	-	38	-	38	38
Japan	-	-	-	-	142
Netherlands	1,831	-	572	1,259	1,170
New Zealand-NZAID	-	213	-	213	100
Norway	826	8	-	834	662
Philippines	-	21	-	21	17
Sweden	469	-	148	321	366
Thailand	-	-	-	-	-
United Kingdom-DFID	844	-	-	844	300
USAID	600	200	-	800	730
World Bank	1,100	100	200	1,000	1,000
Sub-Total	7,485	1,090	1,303	7,272	6,476

Temporary Restricted

ACIAR	342	36	10	368	222
ADB	448	22	129	341	978
AIMS	57	-	30	27	36
BAR-PHIL	16	16	-	32	47
BMZ/GTZ	1,251	3	981	273	220
CA	119	25	80	64	91
CGIAR	(17)	22	-	5	31
CIDA	51	-	41	10	30
DANIDA	145	-	145	-	-
DAVID & LUCILLE PACKARD	-	-	-	-	(29)
DFID	2,169	22	89	2,102	2,579
DSE	-	-	-	-	59
EC	-	878	-	878	966
FAO	20	-	1	19	-
FORD FOUNDATION	97	0	-	97	83
FRANCE	20	0	-	20	23
GLOBAL ENVIRONMENT FUND	(0)	0	-	-	91
GTZ	(5)	5	-	-	3
Balance carried forward	4,713	1,029	1,506	4,236	5,430

THE WORLD FISH CENTER
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SCHEDULE OF GRANTS REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2005
(US Dollar '000)

DONORS	Total Funds Available	Accounts Receivable	Advance Payment	Grant	
				Current Year	Prior Year
Balance brought forward	4,713	1,029	1,506	4,236	5,430
IDRC	1	-	1	-	17
IFAD	190	-	71	119	104
IST TAIWAN	-	-	-	-	24
JAPANESE MINISTRY OF ENVIRONMENT	(0)	0	-	-	60
MACARTHUR FOUNDATION	205	-	79	126	18
MRC	15	-	2	13	-
NOAA	40	-	17	23	12
NORAD	38	-	38	-	9
NZAID	200	-	128	72	-
NZODA	-	-	-	-	18
OPEC	25	29	-	54	-
OTHERS *	19	182	144	57	17
OXFAM AMERICA	40	0	-	40	19
PROVINCES OF NEW CALEDONIA	-	46	-	46	171
ROCK FOUNDATION	-	-	-	-	(2)
SIDA	72	9	62	19	180
UBC	-	-	-	-	4
UNDP	28	6	-	34	31
UNEP	45	-	0	45	12
UNFIP	75	-	75	-	1
UNIVERSITY OF KIEL	-	-	-	-	10
UNIVERSITY OF STIRLING	50	-	16	34	19
USAID	474	106	7	573	1,306
WAGENINGEN UNIVERSITY	3	-	2	1	33
WESTERN PACIFIC COMMISSION	-	-	-	-	8
WORLDBANK	172	-	166	6	(7)
WWF INDONESIA	-	-	-	-	2
Sub-Total	6,405	1,407	2,314	5,498	7,496
Challenge Program					
WATER AND FOOD	889	146	505	530	174
Total Grants	14,779	2,643	4,122	13,300	14,146

- * Included in OTHERS is a forex revaluation of open items amounting to US\$ 163 thousand

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Acronyms:

The following acronyms have been used in the preceding schedules:

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
AIMS	Australian Institute of Marine Science
BAR-PHIL	Bureau Of Agricultural Research-Philippines
BMZ	Bundesministerium fur Wirtschaftliche Zusammenarbeit und Entwicklung
CA	Comprehensive Assessment
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
DANIDA	Danish International Development Assistance
DFID	Department for International Development
DSE	German Foundation for International Development
EC	European Commission
FAO	Food and Agriculture Organization of the United Nations
GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit GmbH
IDRC	International Development Research Centre
IFAD	International Fund for Agricultural Development
IST TAIWAN	Ichthyology Society of Taiwan
MRC	Mekong River Commission
NFR	The Research Council of Norway
NOAA	National Oceanic and Atmospheric Administration
NORAD	Norwegian Agency for Development Cooperation
NZAID	New Zealand Agency For International Development
NZODA	New Zealand Official Development Assistance
OPEC	Organization of Petroleum Exporting Countries
Sida	Swedish International Development Cooperation Agency
UBC	University of British Columbia
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFIP	United Nations Fund for International Partnerships
USAID	United States Agency for International Development
WWF INDONESIA	World Wildlife Fund Indonesia

THE WORLD FISH CENTER
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SCHEDULE OF RESTRICTED GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(US Dollar '000)

Donors and Projects	Grant period		Grants Pledged	Expenditures		Total
	MM/DD/YY	MM/DD/YY		Prior Year	Current Year	
Restricted						
Australian Centre for International Agricultural Research (ACIAR)						
Determination of optimal release strategies for restocking and stock enhancement of the tropical sea cucumber, sandfish.	07/01/2002	06/30/2006	792	451	219	670
Sustainable aquaculture development in the Pacific.	01/01/2004	12/31/2006	152	55	43	98
Improving Sustainability and Profitability of Village Sea Cucumber Fisheries in Solomon Islands	01/01/2005	12/31/2006	308	-	60	60
Economic & Market Analysis Of Live Reef Fish Trade	04/01/2005	12/31/2006	43	-	15	15
Fisheries rehabilitatoin in tsunami-affected Indonesia: community needs assessment and resource status.	06/24/2005	12/31/2006	133	-	31	31
Asian Development Bank (ADB)						
Supply & Demand of Fish	03/01/2001	02/28/2005	1,100	1,061	39	1,100
Achieving greater food security and eliminating poverty through dissemination of improved Carp strains to fish farmers (Carp 2). ADB-RETA 6136	01/01/2004	12/31/2006	950	254	235	489
Capacity Building of the Inland fisheries Research and Development Institute II ADB TA 4563-CAM	08/22/2005	02/21/2006	300	-	66	66
Australian Institute of Marine Science (AIMS)						
Global Coral Reef Monitoring Network Regional Coordinator	12/30/2003	06/30/2006	96	39	26	65
Bureau of Agricultural Research-Philippines (BAR)						
Dissemination and adoption of Milkfish aquaculture technology in the Philippines	07/01/2004	07/31/2007	160	47	31	78
German Federal Ministry for Economic Cooperation (BMZ/GTZ)						
Determination of High-Potential Aquaculture Development Areas & Impact in Africa and Asia.	10/01/2002	10/31/2007	1,126	254	184	438
German PostDoc Position at ICLARM:Agricultural Economist to Contribute Key Inputs Within the "Aquaculture Recommendation Domains" Team of the FRRP	02/01/2003	12/31/2006	215	64	34	98
Food Security and Poverty Alleviation through Improved Valuation and governance of River Fisheries in Africa	07/01/2005	06/30/2008	960	-	42	42
Regional Console Workshop in FFOFR	02/01/2005	07/31/2005	13	-	13	13
Consultative Group of International Agricultural Research (CGIAR)						
Global Symposium Gender & Fisheries	01/01/2004	12/31/2005	5	-	5	5
Comprehensive Assessment						
Comprehensive Assessment	02/01/2003	12/31/2006	240	79	56	135
SWIM 2	02/01/2003	09/30/2005	104	95	9	104
Canadian International Development Agency (CIDA)						
Lake Chilwa CCLF	07/01/2002	06/30/2005	104	93	11	104
Flexible, low inputs,Production Strategies and Feeds for Inland and Coastal Tilapia Aquaculture in Asia	01/01/2005	12/31/2007	128	-	0	0
Department for International Development UK (DFID)						
Genetic Improvement of Nile Tilapia	04/01/2001	03/31/2005	474	400	74	474
Community Based Fisheries Management 2	09/01/2001	08/31/2006	7,560	4,075	1,409	5,484
IAA System in Cameroon	08/15/2000	08/14/2005	1,600	1,384	126	1,510
Mekong Valuation	01/01/2003	03/31/2005	621	418	196	614
Impact of Production & Marketing of freshwater aquatic products on rural livelihoods	03/01/2003	04/30/2006	229	107	70	177
Fisheries Conflicts Management	07/01/2003	06/30/2005	315	175	140	315
Adaptive Learning	04/01/2003	09/30/2005	80	27	53	80
Better Options - Uptake Promotions	05/01/2003	09/30/2005	49	24	26	50
Promotion of Data Collection Guidelines	04/01/2005	10/31/2005	10	-	10	10

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**SCHEDULE OF RESTRICTED GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(US Dollar '000)**

Donors and Projects	Grant period		Grants Pledged	Expenditures		Total
	MM/DD/YY	MM/DD/YY		Prior Year	Current Year	
EUROPEAN UNION - restate based on area and activity						
EC-ASIA Conservation of Aquatic Biodiversity	01/01/2005	12/31/2005	343	-	343	343
EC-ASIA Genetic Enhancement and Breeding	01/01/2005	12/31/2005	83	-	83	83
EC-ACP Conservation of Aquatic Biodiversity	01/01/2005	12/31/2005	343	-	343	343
EC-ACP Genetic Enhancement and Breeding	01/01/2005	12/31/2005	108	-	108	108
Donor -Food and Agricultural Organisation (FAO)						
Conflict Management	12/15/2004	3/31/2006	11	-	7	7
TrashFish Project	01/01/2005	08/31/2005	12	-	12	12
Ford Foundation						
Fish Fights over Fish Rights	01/01/2003	07/31/2005	200	103	97	200
Fishbase Information and Research Group						
FishBase Country Checklist	01/03/2005	06/30/2006	13	-	2	2
Government of France						
Equipment for Sea Cucumber New Caledonia	07/01/2002	12/31/2005	106	86	20	106
International Fund for Agricultural Development (IFAD)						
Community based fisheries management for South & Southeast Asia	01/23/2002	03/31/2007	650	275	119	394
IFAR						
Nguenga's IFAR Grant - Cameroon	01/07/2005	31/12/2005	10	-	10	10
Japan International Cooperation Agency (JICA)						
New Partnership for Aquatic Development in Malawi	01/01/2005	03/31/2005	44	-	44	44
National Oceanographic and Atmospheric Administration (NOAA)						
Output of Belagio Conference. Sea Turtle - NOAA	08/10/2004	04/30/2006	25	4	20	24
Data Collection on Coastal fisheries and Sea Turtles Conservation in Malaysia	07/01/2005	09/30/2007	20	-	3	3
Mekong River Commission (MRC)						
Mekong Migration Triggers	05/30/2005	09/30/2005	15	-	13	13
New Zealand's Agency for International Development (NZAID)						
Creating Rural livelihoods in Solomon Islands Through Environmentally Friendly Aquaculture and Trade of Marine Ornamentals	06/01/2005	06/01/2008	525	-	72	72
MacArthur Foundation						
PCE Project Extension	07/01/2002	08/31/2005	175	165	10	175
MacArthur - Reefbase	01/01/2005	05/31/2006	195	-	106	106
Organisation of Petroleum Exporting Countries (OPEC)						
Famine Mitigation and Food Security	07/01/2005	06/30/2006	100	-	54	54
OXFAM						
Mekong Learning Initiative - MLI Phase II	01/01/2004	03/31/2005	59	19	40	59
Provinces Of New Caledonia						
Evaluation and pilot-testing of the Co-culture of Sea Cucumbers and Shrimp	04/01/2005	06/30/2005	46	-	46	46
Swedish International Development Cooperation Agency (Sida)						
SIDA Wetland Alliance proposal preparation	05/01/2005	12/31/2005	20	-	19	19
Species 2000 Consortium						
Species 2000	01/01/2005	12/31/2005	14	-	14	14
United Nations Development Programme (UNDP)						
GIFT to Africa Phase II	08/01/2003	07/31/2005	80	45	33	78

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**SCHEDULE OF RESTRICTED GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(US Dollar '000)**

Donors and Projects	Grant period		Grants Pledged	Expenditures		Total
	MM/DD/YY	MM/DD/YY		Prior Year	Current Year	
United Nations Environment Programme (UNEP)						
GEF Lesson Learned PDF	04/14/2004	04/30/2005	25	12	4	16
STAP Workshop	10/01/2005	12/15/2005	43	-	41	41
University Of Stirling						
Cordinator Freshwater Fish Seed Quality	01/01/2002	03/31/2006	111	61	34	95
United States Agency for International Development (USAID)						
Development of Sustainable Aquaculture Project	06/01/2000	07/01/2005	5,500	4,928	572	5,500
Wageningen University						
INREF POND	11/01/2003	10/31/2006	83	82	1	83
WORLD BANK						
Aquaculture and HIV/AIDS	07/01/2005	06/30/2006	20	-	2	2
Rainforest Fishing Communities	06/30/2005	06/30/2007	150	-	4	4
Challenge Program Water and Food (CPWF)						
Water and Food Challenge Program - Support for Coordinator	01/01/2005	12/31/2005	183	-	183	183
Managing water and land resources for sustainable livelihoods at the interface between fresh and saline water environments	06/01/2004	05/31/2007	131	-	55	55
Community based fish culture in irrigation systems and seasonal floodplains (CPWF-PN35)	04/01/2005	03/31/2010	1,698	-	130	130
Improved Fisheries Productivity and Management in Tropical Reservoirs (PN34).	03/01/2005	08/31/2008	1,297	-	85	85
Strengthening Fisheries Management Institutions in the Lower Mekong River Basin through Collaborative research and Data Synthesis across Multiple Sites. (CPWF PN52)	02/01/2005	01/31/2007	182	-	75	75
Total Grants			30,486	14,882	6,028	20,910

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DETAILS OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
 (US Dollar '000)

	Program Related			Management and General				
	Research	Research Support	Sub Total	Management	General Admin	Sub Total	Total 2005	Total 2004
1. Unrestricted								
Personnel costs	1,757	1,342	3,099	628	715	1,343	4,442	4,038
Supplies and services	353	1,175	1,528	1,207	1,045	2,252	3,780	2,159
Operational Travel	569	311	880	318	79	397	1,277	748
Depreciation	10	112	122	18	85	103	225	184
Total operating expenses	2,689	2,940	5,629	2,171	1,924	4,095	9,724	7,129
Indirect cost recovery	-	-	-	-	(619)	(619)	(619)	(793)
Sub-total	2,689	2,940	5,629	2,171	1,305	3,476	9,105	6,336
2. Restricted								
Personnel costs	1,872	-	1,872	-	-	-	1,872	2,329
Supplies and services	2,961	-	2,961	-	-	-	2,961	4,535
Operational Travel	574	-	574	-	-	-	574	564
Depreciation	91	-	91	-	-	-	91	67
Sub-total	5,498	-	5,498	-	-	-	5,498	7,495
3 Challenge Programs								
Personnel costs	198	-	198	-	-	-	198	93
Supplies and services	237	-	237	-	-	-	237	22
Operational Travel	95	-	95	-	-	-	95	60
Depreciation	0	-	0	-	-	-	0	-
Sub-total	530	-	530	-	-	-	530	175
Total	8,717	2,940	11,657	2,171	1,305	3,476	15,133	14,006

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**SCHEDULE OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**
(US Dollar '000)

	Balance January 1	Additions	Disposal	Balance December 31
I. COST				
A. Infrastructure and Leasehold	<u>-</u>	<u>47</u>	<u>-</u>	<u>47</u>
B. Furnishing and Equipment				
Office equipment	186	71	-	257
Office furniture	117	18	-	135
Computers and software	641	412	(4)	1,049
Vehicles	148	56	-	204
Sub-total	<u>1,092</u>	<u>557</u>	<u>(4)</u>	<u>1,645</u>
TOTAL COST	1,092	604	(4)	1,692
II. ACCUMULATED DEPRECIATION				
Infrastructure and leasehold	-	(1)	-	(1)
Furnishing and equipment	(726)	(316)	3	(1,039)
TOTAL ACCUMULATED DEPRECIATION	(726)	(317)	3	(1,040)
III. NET BOOK VALUE				
Infrastructure and leasehold	-	46	-	46
Furnishing and equipment	366	241	(1)	606
TOTAL NET BOOK VALUE	366	287	(1)	652

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CALCULATION OF INDIRECT COST RATIOS
(US Dollar '000)

	For the Years Ended December 31	
	2005	2004
Direct operating expenses		
Research	8,364	6,550
Research Support	1,765	2,157
Operations	1,528	1,662
	11,657	10,369
Indirect operating expenses		
Management	3,211	3,511
Common Sustenance Services	265	126
	3,476	3,637
Total operating expenses	15,133	14,006
Cost Ratios		
Direct operating expenses/Total operating expenses	77.03%	74.03%
Indirect operating expenses/Total operating expenses	22.97%	25.97%
Indirect operating expenses/Direct operating expenses	29.82%	35.08%

Explanation

The 3% increase in direct cost ratio is due to an increased emphasis being put on project development and science development.

The ratio of indirect operating expenses / direct operating expenses in year 2005 was 29.82% reflecting a decrease of 5.26% as compared to year 2004 corresponding to the increase in the direct cost ratio.

Definition as per Financial Guidelines Series No.2

Indirect expenses refer to a grouping of non-allocatable expenses incurred by central cost centers in the normal course of the Center's operations which cannot be allocated directly to the Center's main research programs and activities. These expenses are usually referred to as overheads.