QIAN HU CORPORATION LIMITED

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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QIAN HU CORPORATION LIMITED

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE FOURTH QUARTER AND FINANICAL YEAR ENDED 31 DECEMBER 2005**

	Note	Group 3 months ended 31 Dec			Group Financial year ended 31 Dec		
		2005	**2004**	**Change**	**2005**	**2004**	**Change**
		$'000	$'000	%	$'000	$'000	%
Turnover		18,300	15,524	17.9	66,267	65,492	1.2
Cost of sales		(12,617)	(9,791)	28.9	(42,570)	(42,538)	0.1
Gross profit		5,683	5,733	(0.9)	23,697	22,954	3.2
Other operating income	i	4	70	(94.3)	105	170	(38.2)
		5,687	5,803	(2.0)	23,802	23,124	2.9
Selling & distribution expenses	ii	(380)	(624)	(39.1)	(2,102)	(2,465)	(14.7)
General & administration expenses	ii	(3,811)	(4,346)	(12.3)	(17,102)	(16,795)	1.8
Profit from operations	iii	1,496	833	79.6	4,598	3,864	19.0
Interest expenses	iv	(125)	(159)	(21.4)	(516)	(380)	35.8
Interest income		1	-	-	6	3	100.0
		1,372	674	103.6	4,088	3,487	17.2
Share of associates results		-	-	-	-	(66)	(100.0)
Profit before taxation		1,372	674	103.6	4,088	3,421	19.5
Taxation	v	(779)	(431)	80.7	(1,161)	(1,212)	(4.2)
		593	243	144.0	2,927	2,209	32.5
Minority interests		(57)	(97)	(41.2)	(897)	(582)	54.1
Net profit attributable to Members of the Company		536	146	267.1	2,030	1,627	24.8
Gross profit margin		31.1%	36.9%		35.8%	35.0%	
Net profit margin		2.9%	0.9%		3.1%	2.5%	
Return on equity		-	-		5.0%	4.3%	

Notes to Statement of Profit and Loss

(i) **Other operating income**

The decrease in other operating income in the 4th quarter and in 2005 as compared to 2004 was mainly due to loss incurred on the disposal of a subsidiary, PT Qian Hu Aquarium and Pets Indonesia amounting to $30,088.

(ii) **Selling & distribution expenses**
General & administration expenses

The operating expenses incurred in the current year were relatively comparable to 2004. The higher selling and distribution expenses incurred during the 4th quarter of 2004 as compared to 2005 was mainly due to promotion costs incurred in relation to the newly set up retail chain stores throughout the region last year.

Notes to Statement of Profit and Loss (cont'd)

(iii) **Profit from operations**

This is determined after charging (crediting) the following:

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Auditors' remuneration				
- auditors of the Company	13	12	66	66
- other auditors	-	4	16	12
Non-audit fees				
- auditors of the Company	6	2	23	14
- other auditors	20	15	35	15
Directors' fees				
- directors of the Company	5	15	30	30
Directors' remuneration				
- directors of the Company ^	165	163	662	531
- directors of subsidiaries	146	170	602	610
Amortisation of				
- trademarks/customer acquisition costs	3	11	3	44
- product listing fees	16	10	35	13
- goodwill on consolidation	-	60	-	91
Bad trade receivables written off	-	2	24	15
Depreciation of				
- property, plant and equipment	537	506	2,146	1,936
- brooder stocks	48	34	166	146
Property, plant and equipment written off	1	-	1	-
Loss on disposal of				
- property, plant and equipment	16	3	12	2
- subsidiaries	30	-	30	55
(Write back) Allowance for				
- doubtful trade receivables	(34)	168	260	385
- due from associates (trade)	108	80	364	80
Allowance for doubtful non-trade receivables written back	-	(6)	-	(6)
Operating lease expenses	135	157	1,083	694
Personnel expenses *	2,087	2,336	8,993	8,910
Exchange loss (gain), net	43	67	(197)	187
Gain arising from changes in fair values less estimated point-of-sale costs attributable to physical changes of breeder stocks	-	(166)	-	(228)

^ An additional director appointed with effect from November 2004.

* Included directors' remuneration.

(iv) **Interest expenses**

The increase in interest expenses in 2005 was mainly due to interest incurred on additional bank borrowings during the year. However, the amount of interest expenses reduced during the 4th quarter of 2005 as compared to its corresponding period due to lower amounts of bank borrowings outstanding during that period.

Notes to Statement of Profit and Loss (cont'd)

(v) **Taxation**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Current tax				
- current year	126	198	870	979
- (over) under provision in respect of prior year	(10)	30	(385)	30
Deferred tax				
- current year	407	232	407	232
- under (over) provision in respect of prior year	256	(29)	269	(29)
	779	431	1,161	1,212

Despite applying the concessionary tax rate of 10% from the Company's IHQ status on its qualifying income in both years, the tax charge was higher than the amount obtained by applying the statutory tax rate on profit before taxation mainly due to:

- losses incurred by some subsidiaries which cannot be offset against profits earned by other companies in the Group. However, these losses are available for set-off against future profits of the respective subsidiaries subject to the agreement of the tax authorities; and
- varying statutory tax rates of different countries in which the Group operates.

As at 31 December 2005, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $2,898,581 (2004: $1,787,570) and $385,908 (2004: $263,744) respectively available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate. The potential deferred tax assets have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

1(b) **BALANCE SHEETS**

	Note	Group		Company	
		31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
		$	$	$	$
Share capital and reserves					
Share capital	i	12,887,293	12,821,124	12,887,293	12,821,124
Reserves		27,637,492	24,808,117	22,884,875	20,628,183
		40,524,785	**37,629,241**	**35,772,168**	**33,449,307**
Minority interests		5,169,740	4,760,704	-	-
		45,694,525	**42,389,945**	**35,772,168**	**33,449,307**
Property, plant and equipment		12,665,599	14,060,956	3,199,783	3,565,915
Brooder stocks	ii	9,961,895	6,926,116	1,284,360	1,313,550
Investments in subsidiaries	iii	-	-	9,959,406	9,347,890
Investments in associates	iv	-	-	28,722	28,722
Quoted equity investments		3,647	3,564	-	-
Intangible assets	v	1,896,283	1,845,309	157,213	103,434
Current assets					
Inventories	vi	20,208,130	19,909,846	5,444,297	5,211,774
Breeder stocks		1,721,800	1,721,800	245,800	245,800
Trade receivables	vii	15,125,859	13,674,424	7,306,059	6,685,375
Other receivables, deposits and prepayments	viii	1,799,382	1,792,476	334,633	280,184
Due from					
- subsidiaries (trade)		-	-	16,213,014	15,196,986
- subsidiaries (non-trade)		-	-	2,235,930	3,130,522
- associates (trade)		264,614	794,471	264,614	563,627
Fixed deposits		23,046	23,046	23,046	23,046
Cash and bank balances		4,750,282	4,129,912	2,852,125	2,558,016
		43,893,113	42,045,975	34,919,518	33,895,330
Current liabilities					
Trade payables		4,465,515	4,182,423	2,304,616	2,020,268
Bills payable to banks	ix	2,710,354	1,289,428	1,240,704	893,716
Other payables and accruals	x	3,510,623	2,899,111	2,501,206	2,297,535
Due to					
- subsidiaries (trade)		-	-	340,605	80,716
- subsidiaries (non-trade)		-	-	410,000	-
- minority shareholders of subsidiaries (non-trade)		1,252,430	2,736,847	-	1,270,456
Finance lease obligations	xi	260,852	320,703	119,496	133,555
Bank term loans	xii	6,360,808	7,440,082	6,200,000	7,295,000
Provision for taxation		850,689	973,479	324,827	361,678
Bank overdraft	ix	437,586	-	-	-
		19,848,857	19,842,073	13,441,454	14,352,924
Net current assets		24,044,256	22,203,902	21,478,064	19,542,406
Non-current liabilities					
Finance lease obligations	xi	(214,008)	(436,572)	(100,380)	(217,610)
Bank term loans	xii	(906,307)	(1,045,891)	-	-
Deferred taxation		(1,756,840)	(1,167,439)	(235,000)	(235,000)
		45,694,525	**42,389,945**	**35,772,168**	**33,449,307**

1(b) **BALANCE SHEETS (cont'd)**

	Group		Company	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
Inventory turnover (days)	187	162	77	69
Trade receivables turnover (days)	79	75	68	63
Debt equity ratio	0.56	0.60	0.39	0.44

Notes to Balance Sheets

(i) Share capital

	Number of shares	$
Share capital		
- ordinary shares of $0.10 each		
Issued and fully paid		
Balance as at 1 Jan 2005	128,211,238	12,821,124
Issue of new shares		
- Consideration for acquisition of a subsidiary	661,696	66,169
Balance as at 31 Dec 2005	128,872,934	12,887,293

As at 31 December 2005, there were 1,218,000 (2004: 1,338,000) unissued ordinary shares of $0.10 each in the Company under options granted to eligible employees of the Group, including associates of controlling shareholders of the Company, under the Qian Hu Post-IPO Share Option Scheme ("Post-IPO Scheme") at $0.59 per share. During the financial year, there were no share options exercised pursuant to the terms of the Post-IPO Scheme, and 120,000 options were cancelled due to resignation of employees.

In October 2005, in accordance with the terms and conditions stipulated in the Sales and Purchase Agreement dated 20 January 2003 in relation to the acquisition of Kim Kang Aquaculture Sdn Bhd ("Kim Kang"), the Company allotted and issued 661,696 new ordinary shares of par value S$0.10 (the "Third Tranche Consideration Shares") in equal proportions to Mr Goh Siak Ngan and Mdm Koh Guat Lee (the "Vendors") at an issue price of S$0.96 per share on the basis that they have fulfilled their undertaking to the Company to procure certain profit contributions from Kim Kang to the Company's consolidated profit for the financial year ended 31 December 2004.

With the allotment of the Third Tranche Consideration Shares, the Company has allotted and issued a total of 4,000,947 new ordinary shares of par value S$0.10 at an issue price of S$0.96 per share and together with the payment of a cash consideration of approximately S$3.84 million to the Vendors, the Company has thus completed its obligation in fulfilling the payment of the full consideration for the acquisition of Kim Kang.

Notes to Balance Sheets (cont'd)

(ii) **Brooder stocks**

	Group		Company	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
	$	$	$	$
Cost				
Balance as at 1 Jan	7,316,075	7,587,213	1,459,500	1,459,500
Additions during the year	3,071,688	-	-	-
Translation difference	135,569	(271,138)	-	-
Balance as at 31 Dec	10,523,332	7,316,075	1,459,500	1,459,500
Accumulated depreciation and impairment losses				
Balance as at 1 Jan	389,959	249,511	145,950	116,760
Depreciation charge for the year	165,830	146,322	29,190	29,190
Translation difference	5,648	(5,874)	-	-
Balance as at 31 Dec	561,437	389,959	175,140	145,950
Net carrying value				
Balance as at 31 Dec	9,961,895	6,926,116	1,284,360	1,313,550

The brooder stocks are parent stocks of Dragon Fish, held by the Group and the Company for the use in the breeding of Dragon Fish. Due to the uniqueness of each Dragon Fish and as an active market does not exist for the brooder stocks, the brooder stocks are stated at cost less accumulated depreciation and any impairment loss.

Notes to Balance Sheets (cont'd)

(iii) Investments in subsidiaries

Name	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
	%	%	$	$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	150,451	150,451
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Kim Kang Aquaculture Sdn Bhd and its subsidiary: (Malaysia)	65	65	7,699,891	7,699,891
- Qian Hu The Pet Family (KK) Sdn Bhd (Malaysia)	65	65	-	-
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Guangzhou Qian Hu Aquarium & Pets Accessories Manufacturing Co., Ltd (formerly known as Guangzhou Wan Jiang Technology Co., Ltd) (People's Republic of China)	100 +	80	492,859	492,859
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	- #	1,086,516	-
PT Qian Hu Aquarium & Pets Indonesia (Indonesia)	- ^	55	-	475,000
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited (Thailand)	60	60	121,554	121,554
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
			9,959,406	9,347,890

+ Increased equity interest in May 2005 with no additional cost.

Incorporated in December 2004 as a wholly-owned subsidiary. However, the Company has not made any capital contribution as at 31 December 2004.

^ Disposed off in December 2005.

* The Company has voting control at general meetings & Board meetings of NNTL (Thailand) Limited.

Notes to Balance Sheets (cont'd)

(iv) Investments in associates

Name	Effective equity interest held by the Group		Cost of investment by the Group	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
	%	%	$	$
Jin Jien Hsing Enterprise Co., Ltd (Republic of China)	50	50	28,722	28,722
PLC Pet Safari (Kuala Lumpur) Sdn Bhd (Malaysia)	- *	49	-	66,444
			28,722	95,166
Share of post-acquisition losses			(28,722)	(95,166)
			-	-

* The Group disposed of its entire equity interest in this associate on 1 July 2005.

(v) Intangible assets

	Group		Company	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
	$	$	$	$
Trademarks/customer acquisition costs	673,770	638,906	655,924	621,464
Less elimination of accumulated amortisation	(578,449)	-	(578,449)	-
	95,321	638,906	77,475	621,464
Product listing fees	162,863	108,342	162,863	108,342
Goodwill on consolidation	1,870,865	1,870,865	-	-
Less elimination of accumulated amortisation	(131,795)	-	-	-
	1,739,070	1,870,865	-	-
	1,997,254	2,618,113	240,338	729,806
Less accumulated amortisation	(100,971)	(772,804)	(83,125)	(626,372)
	1,896,283	1,845,309	157,213	103,434

Trademarks/customer acquisition costs relate to costs paid to third parties in relation to the acquisition of trademarks rights and existing customer base of two brands of pet food, namely "ARISTO-CATS YI HU" and "Nature's Gift".

Product listing fees relate to cost paid to third parties in relation to the entitlements to list and sell the Company's products in certain supermarkets.

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of subsidiaries acquired.

Notes to Balance Sheets (cont'd)

(vi) Inventories

At cost	Group 31 Dec 2005 $	Group 31 Dec 2004 $	Company 31 Dec 2005 $	Company 31 Dec 2004 $
Fish	6,907,068	4,002,706	2,292,445	1,484,260
Accessories and gift items	13,103,720	15,842,868	3,482,171	4,057,833
Finished goods - plastic products	413,224	382,232	-	-
Raw materials - plastic products	208,227	106,149	-	-
	20,632,239	20,333,955	5,774,616	5,542,093
Less allowance for inventory obsolescence	(424,109)	(424,109)	(330,319)	(330,319)
	20,208,130	19,909,846	5,444,297	5,211,774

The increase in inventory balance was due to additional purchases of Dragon Fish made at the end of the year in anticipation of the increasing demand of Dragon Fish in the next quarter. In addition, more inventories were held for the retail chain store business which commenced in 2004. Accordingly, it has resulted in the increase in trade payables and bills payable as at 31 December 2005.

(vii) Trade receivables

	Group 31 Dec 2005 $	Group 31 Dec 2004 $	Company 31 Dec 2005 $	Company 31 Dec 2004 $
Trade receivables	16,217,578	14,673,808	8,120,935	7,386,046
Less allowance for doubtful trade receivables	(1,091,719)	(999,384)	(814,876)	(700,671)
	15,125,859	13,674,424	7,306,059	6,685,375

(viii) Other receivables, deposits and prepayments

	Group 31 Dec 2005 $	Group 31 Dec 2004 $	Company 31 Dec 2005 $	Company 31 Dec 2004 $
Other receivables	584,436	659,642	196,465	169,035
Deposits	426,399	346,759	65,995	34,330
Prepayments	285,044	247,836	72,173	76,819
Advances to employees	3,502	2,631	-	-
Advances to suppliers	-	535,608	-	-
Tax recoverable	500,001	-	-	-
	1,799,382	1,792,476	334,633	280,184

Notes to Balance Sheets (cont'd)

(ix) Bills payable and bank overdraft

Bills payable	Group		Company	
	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
	$	$	$	$
Secured	1,469,650	395,712	-	-
Unsecured	1,240,704	893,716	1,240,704	893,716
	2,710,354	1,289,428	1,240,704	893,716

The bills payable and bank overdraft are secured by a mortgage on a subsidiary's freehold land.

(x) Other payables and accruals

	Group		Company	
	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
	$	$	$	$
Accrued operating expenses	1,520,602	1,250,377	1,039,661	902,817
Other payables	1,990,021	1,648,734	1,461,545	1,394,718
	3,510,623	2,899,111	2,501,206	2,297,535

(xi) Finance lease obligations

Group 31 Dec 2005	Payments	Interest	Principal
	$	$	$
Payable:			
After 1 year but within 5 years	253,580	(39,572)	214,008
Within 1 year	305,669	(44,817)	260,852
	559,249	(84,389)	474,860
31 Dec 2004			
Payable:			
After 1 year but within 5 years	522,240	(85,668)	436,572
Within 1 year	375,727	(55,024)	320,703
	897,967	(140,692)	757,275

Notes to Balance Sheets (cont'd)

(xi) **Finance lease obligations (cont'd)**

Company			
31 Dec 2005	**Payments**	**Interest**	**Principal**
	$	$	$
Payable:			
After 1 year but within 5 years	121,254	(20,874)	100,380
Within 1 year	144,408	(24,912)	119,496
	265,662	(45,786)	219,876
31 Dec 2004			
Payable:			
After 1 year but within 5 years	265,933	(48,323)	217,610
Within 1 year	161,909	(28,354)	133,555
	427,842	(76,677)	351,165

(xii) **Bank term loans**

	Group		**Company**	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
	$	$	$	$
Due within 1 year:				
- Short term loans (unsecured)	6,200,000	7,295,000	6,200,000	7,295,000
- Long-term loans, current portion (secured)	160,808	145,082	-	-
	6,360,808	7,440,082	6,200,000	7,295,000
Due after 1 year:				
- Long-term loans (secured)	906,307	1,045,891	-	-
	7,267,115	8,485,973	6,200,000	7,295,000

The unsecured short-term loans are revolving bank loans which bear interest at rates ranging from 3.81% to 5.31% (2004: 3.13% to 3.94%) per annum.

The secured long-term loans comprise:

- an 8-year bank loan of RM2.65 million which bears interest at 7.5% (2004: 7.9%) per annum and is repayable in 96 monthly instalments commencing July 2003; and
- a 7-year bank loan of RM0.5 million which bears interest at 7.75% (2004: 7.75%) per annum and is repayable in 84 instalments commencing January 2005.

The above loans are secured by a mortgage on a subsidiary's freehold land.

The decrease in bank term loans balances as at 31 December 2005 was due to repayment made to financial institutions during the financial year.

(xiii) **Contingent liabilities**

As at 31 December 2005, there were corporate guarantees given by the Company to banks for banking facilities extended to subsidiaries amounting to $5.1 million (2004: $4.0 million).

1(c) **STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2005**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2005	2004	2005	2004
	$	$	$	$
Cash flows from operating activities				
Profit before taxation and minority interests	1,372,534	674,752	4,088,338	3,421,755
Adjustments for:				
Bad trade receivables written off	367	2,133	24,195	15,463
Depreciation of				
- property, plant and equipment	536,647	506,301	2,145,890	1,936,165
- brooder stocks	48,307	33,734	165,830	146,322
Property, plant and equipment written off	1,059	-	1,059	-
Loss on disposal of				
- property, plant and equipment	15,643	2,914	11,935	2,384
- subsidiaries	30,088	-	30,088	55,221
Gain arising from changes in fair values less estimated point-of-sale costs attributable to physical changes of breeder stocks	-	(166,110)	-	(228,110)
Amortisation of				
- land use rights	-	-	-	328
- trademarks/customer acquisition costs	2,870	10,781	2,870	43,602
- product listing fees	16,127	10,088	35,202	13,176
- goodwill on consolidation	-	60,403	-	91,000
(Write back) Allowance for				
- doubtful trade receivables	(34,075)	167,612	259,885	384,659
- due from associates (trade)	107,682	80,000	364,081	80,000
Allowance for doubtful non-trade receivables written back	-	(6,179)	-	(6,179)
Share of associates results	-	-	-	66,444
Interest expenses	125,210	158,793	516,357	379,607
Interest income	(1,081)	-	(6,084)	(2,916)
Net effect of exchange differences	29,478	(38,223)	8,115	(21,556)
Operating profit before working capital changes	2,250,856	1,496,999	7,647,761	6,377,365
(Increase) decrease in:				
Inventories	1,987,933	(183,720)	(220,207)	(5,465,481)
Trade receivables	(2,846,132)	(655,004)	(2,172,439)	(1,143,407)
Other receivables, deposits and prepayments	2,072	905,502	48,643	(93,083)
Due from associates (trade)	3,912	(82,631)	89,268	(213,493)
Increase (decrease) in:				
Trade payables	(171,926)	(1,781,890)	326,663	(198,348)
Bills payable to banks	1,107,805	251,578	1,411,766	(660,995)
Other payables and accruals	178,314	509,557	619,136	(259,652)
Cash generated from (used in) operations	2,512,834	460,391	7,750,591	(1,657,094)
Payment of income tax	(76,239)	(142,734)	(549,901)	(1,110,061)
Interest paid	(109,909)	(143,475)	(501,056)	(353,036)
Net cash generated from (used in) operating activities	2,326,686	174,182	6,699,634	(3,120,191)

1(c) **STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2005 (cont'd)**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2005	2004	2005	2004
	$	$	$	$
Cash flows from investing activities				
Purchase of				
- property, plant and equipment	(635,534)	(713,547)	(1,645,607)	(2,852,794)
- brooder stocks	(1,070,719)	-	(3,071,688)	-
Proceeds from disposal of				
- property, plant and equipment	195,263	51,858	254,099	364,341
- land use rights	-	-	-	89,487
Payment for trademarks/customer acquisition costs and product listing fees	(31,084)	(70,679)	(88,981)	(77,335)
Acquisition of a subsidiary (Note i)	-	-	-	(718,805)
Disposal of subsidiaries (Note ii)	509,265	180,000	509,265	332,279
Net cash used in investing activities	(1,032,809)	(552,368)	(4,042,912)	(2,862,827)
Cash flows from financing activities				
Proceeds from issuance of new shares (net)	-	-	-	54,720
Drawdown of				
- bank term loans	-	1,794,066	405,000	7,589,066
- loans from minority shareholders of subsidiaries	-	12,666	177,840	204,389
Repayment of				
- finance lease obligations	(75,288)	(102,542)	(382,261)	(355,650)
- bank term loans	(137,013)	(100,228)	(1,651,427)	(425,565)
- loans from minority shareholders of subsidiaries	(83,020)	-	(1,029,174)	(547,085)
Payment of dividends to shareholders	-	-	-	(511,183)
Interest received	1,081	-	6,084	2,916
Net cash (used in) generated from financing activities	(294,240)	1,603,962	(2,473,938)	6,011,608
Net increase in cash and cash equivalents	999,637	1,225,776	182,784	28,590
Cash and cash equivalents at beginning of period/year	3,336,105	2,927,182	4,152,958	4,124,368
Cash and cash equivalents at end of period/year (Note iii)	4,335,742	4,152,958	4,335,742	4,152,958

Notes to Statement of Cash Flows

(i) Acquisition of a subsidiary

The attributable assets and liabilities of the subsidiary acquired and the cash flow effect of the acquisition is set out as follows:-

	2005 $	2004 $
Property, plant and equipment	-	994,183
Inventories	-	822,983
Trade receivables	-	275,200
Other receivables	-	243,715
Cash and bank balances	-	24,173
Trade payables	-	(86,928)
Other payables and accruals	-	(13,359)
Due to holding company	-	(1,156,294)
Bank term loan	-	(47,096)
Net assets acquired	-	1,056,577
Less:		
Minority interest	-	(388,636)
Goodwill on consolidation	-	50,864
Net cash outflow from acquisition of a subsidiary	-	718,805

(ii) Disposal of subsidiaries

The attributable assets and liabilities of the subsidiaries disposed and the cash flow effect of the disposals are set out as follows:-

	2005 $	2004 $
Property, plant and equipment	908,800	-
Inventories	192,203	-
Trade receivables	408,911	-
Other receivables	58,678	27,991
Due from related companies	66,093	575,557
Due from holding company	-	651,630
Cash and bank balances	46,352	23,278
Trade payables	(82,165)	-
Other payables	(23,555)	-
Due to minority shareholders	(205,017)	-
Net assets disposed	1,370,300	1,278,456
Less: Minority interest	(616,635)	-
	753,665	1,278,456
Loss on disposal of subsidiaries	(30,088)	(55,221)
Total consideration	723,577	1,223,235
Less:		
Cash and bank balances disposed	(46,352)	(23,278)
Due from a subsidiary	(82,786)	(647,678)
Deferred cash settlement	(85,174)	(220,000)
Net cash inflow from disposal of subsidiaries	509,265	332,279

Notes to Statement of Cash Flows (cont'd)

(iii) Cash and cash equivalents comprise:

	Group	
	31 Dec 2005	**31 Dec 2004**
	$	$
Fixed deposits	23,046	23,046
Cash and bank balances	4,750,282	4,129,912
Bank overdraft (secured)	(437,586)	-
	4,335,742	4,152,958

(iv) There was significant improvement in our Group's **net cash generated from operating activities** on a quarter-on-quarter basis as well as for the year ended 31 December 2005 as the Group managed to reduce the amount of inventory holding as compared to its corresponding period in 2004. In addition, the amount of income tax paid in 2005 was lower due to lower profit recorded for the financial year ended 31 December 2004.

Net cash used in investing activities mainly relate to the purchase of brooder stocks in Kim Kang and capital expenditure incurred for farm facilities by the overseas entities, as well as for the setting up of retail chain stores throughout the region.

Net cash used in financing activities was for loan repayment made to financial institutions and minority shareholders of subsidiaries and the settlement of finance lease obligations on a monthly basis.

1(d) **STATEMENT OF CHANGES IN EQUITY**

Group	**Share capital** $	**Share premium** $	**Revenue reserve** $	**Translation reserve** $	**Minority interests** $	**Total** $
Balance at 1 Jan 2004	10,626,847	7,281,785	18,828,755	(186,303)	4,180,208	40,731,292
Minority interest arising from acquisition of a subsidiary	-	-	-	-	189,330	189,330
Currency translation differences	-	-	-	(491,526)	(191,111)	(682,637)
Net profit for the year	-	-	1,627,282	-	582,277	2,209,559
Payment of final dividend	-	-	(511,183)	-	-	(511,183)
Bonus issue of shares via capitalisation of share premium account	2,129,929	(2,129,929)	-	-	-	-
Issue of new shares	64,348	389,236	-	-	-	453,584
Balance at 31 Dec 2004	12,821,124	5,541,092	19,944,854	(677,829)	4,760,704	42,389,945
Currency translation differences	-	-	-	76,191	33,998	110,189
Net profit for the period	-	-	470,717	-	98,261	568,978
Balance at 31 Mar 2005	12,821,124	5,541,092	20,415,571	(601,638)	4,892,963	43,069,112
Currency translation differences	-	-	-	138,092	63,567	201,659
Net profit for the period	-	-	479,896	-	18,048	497,944
Balance at 30 Jun 2005	12,821,124	5,541,092	20,895,467	(463,546)	4,974,578	43,768,715
Currency translation differences	-	-	-	123,417	52,773	176,190
Net profit for the period	-	-	542,786	-	724,387	1,267,173
Balance at 30 Sep 2005	12,821,124	5,541,092	21,438,253	(340,129)	5,751,738	45,212,078
Minority interest relating to disposal of a subsidiary	-	-	-	-	(616,635)	(616,635)
Currency translation differences	-	-	-	(107,673)	(22,083)	(129,756)
Net profit for the period	-	-	536,890	-	56,720	593,610
Issue of new shares	66,169	569,059	-	-	-	635,228
Balance at 31 Dec 2005	12,887,293	6,110,151	21,975,143	(447,802)	5,169,740	45,694,525

1(d) **STATEMENT OF CHANGES IN EQUITY (cont'd)**

Company	**Share capital** $	**Share premium** $	**Revenue reserve** $	**Total** $
Balance at 1 Jan 2004	10,626,847	7,281,785	13,559,124	31,467,756
Net profit for the year	-	-	2,039,150	2,039,150
Payment of final dividend	-	-	(511,183)	(511,183)
Bonus issue of shares via capitalisation of share premium account	2,129,929	(2,129,929)	-	-
Issue of new shares	64,348	389,236	-	453,584
Balance at 31 Dec 2004	12,821,124	5,541,092	15,087,091	33,449,307
Net profit for the period	-	-	745,455	745,455
Balance at 31 Mar 2005	12,821,124	5,541,092	15,832,546	34,194,762
Net profit for the period	-	-	144,232	144,232
Balance at 30 Jun 2005	12,821,124	5,541,092	15,976,778	34,338,994
Net profit for the period	-	-	81,033	81,033
Balance at 30 Sep 2005	12,821,124	5,541,092	16,057,811	34,420,027
Net profit for the period	-	-	716,913	716,913
Issue of new shares	66,169	569,059	-	635,228
Balance at 31 Dec 2005	12,887,293	6,110,151	16,774,724	35,772,168

2 **AUDIT**

The full year financial statements have been audited by the Company's auditors.

3 **AUDITORS' REPORT**

See attached auditors' report.

4 **ACCOUNTING POLICIES**

Other than the adoption of the new Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2004.

5 **CHANGES IN ACCOUNTING POLICIES**

With effect from 1 January 2005, the Group and the Company adopted the following revised and new FRSs issued by the Council on Corporate Disclosure and Governance (CCDG):

(i) FRS 103 – Business Combinations
Revised FRS 36 – Impairment of Assets
Revised FRS 38 – Intangible Assets

The above FRSs, which took effect from financial years beginning on or after 1 July 2004, require goodwill acquired in a business combination and intangible assets with indefinite life to be measured at cost less accumulated impairment losses. Goodwill and intangible assets with indefinite life shall no longer be amortised. Instead, impairment is tested annually; or more frequently if events or changes in circumstances indicate that the goodwill or intangible assets might be impaired. This replaced FRS 22 and the earlier FRS 38 which required a company's acquired goodwill and intangible asset to be systematically amortised over their useful lives, and included a rebuttable presumption that their useful lives could not exceed 20 years from initial recognition.

For the financial year ended 31 December 2005, the annual goodwill amortisation to the profit and loss statement of approximately $91K relating to the acquisition of Kim Kang and the amortisation of trademarks/customer acquisition costs of $51K were not required. Instead, their carrying amounts were reviewed as at balance sheet date to ensure that there was no indication of impairment.

(ii) FRS 39 – Financial Instruments: Recognition and Measurement
FRS 102 – Share-based Payment

The adoption of the above FRSs, which took effect from financial years beginning on or after 1 January 2005, are assessed to have no material financial impact on the results and retained earnings of the Group and of the Company for the year ended 31 December 2005.

6 **EARNINGS PER ORDINARY SHARE (EPS)**

	Group		**Group**	
	3 months ended 31 Dec		**Financial year ended 31 Dec**	
	2005	**2004**	**2005**	**2004**
EPS (based on consolidated net profit attributable to shareholders)				
- on weighted average number of ordinary shares on issue	0.42 cents	0.11 cents	1.58 cents	1.27 cents
- on a fully diluted basis	0.42 cents	0.11 cents	1.58 cents	1.27 cents

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the financial year of 128,345,390 (2004: 128,016,740).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the financial year adjusted to assume conversion of all potential dilutive ordinary shares of 128,345,390 (2004: 128,027,827).

7 **NET ASSET VALUE PER SHARE**

	Group		Company	
	31 Dec 2005	**31 Dec 2004**	**31 Dec 2005**	**31 Dec 2004**
Net asset value per share based on existing issued share capital as at the respective dates	35.46 cents	33.06 cents	27.76 cents	26.09 cents

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Turnover**

Financial year 2005 vs financial year 2004

	Group Financial year ended 31 Dec 2005 $'000	Group Financial year ended 31 Dec 2004 $'000	Increase (Decrease) $'000	Increase (Decrease) %
Fish	33,461	31,180	2,281	7.3
Accessories	25,635	27,307	(1,672)	(6.1)
Plastics	7,171	7,005	166	2.4
	66,267	65,492	775	1.2

For the year ended 31 December 2005, our ornamental fish and accessories activities continued to be our core activities, which together accounted for 89% of our total turnover. Our turnover increased marginally by $0.8 million or 1.2% from $65.5 million for the year ended 31 December 2004 to $66.3 million for the year ended 31 December 2005.

On a geographical basis, turnover from Singapore dipped by 6.1% mainly as a result of decrease in sales of ornamental fish and aquarium accessories to local retailers due to lower demand coupled with keen competition. Turnover from overseas grew by 5% in FY 2005 as compared to FY 2004. Both the Singapore and overseas operations’ constant effort in expanding our distribution network into overseas untapped markets contributed to the increase in overseas turnover.

4Q 2005 vs 4Q 2004

	Group 4Q 2005 $'000	Group 4Q 2004 $'000	Increase (Decrease) $'000	Increase (Decrease) %
Fish	8,686	7,360	1,326	18.0
Accessories	7,777	6,379	1,398	21.9
Plastics	1,837	1,785	52	2.9
	18,300	15,524	2,776	17.9

Our turnover increased by approximately $2.8 million or 17.9% from $15.5 million in the 4th quarter of 2004 to $18.3 million in the 4th quarter of 2005. All business activities registered growth in turnover during the current quarter as compared to its corresponding period in 2004.

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(a) **Turnover (cont'd)**

4Q 2005 vs 4Q 2004 (cont'd)

Fish
Our Dragon Fish sales continue to dominate the growth in our ornamental fish turnover in the current quarter, coupled with our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore and Thailand, has given rise to the improved ornamental fish turnover in the current quarter as compared to the corresponding period in 2005. This increase is partially offset by the reduction in sales of other ornamental fish recorded by our Malaysia fish division during this quarter.

Accessories
With the operational efficiency of our Guangzhou factory gradually restored since the beginning of 2005, more production orders were received and delivered in the current quarter as compared to its corresponding period. In addition, the improved demand from the Malaysia market, which led to the improved accessories sales in our Malaysia subsidiary, has resulted in the improved accessories turnover in the 4th quarter of 2005.

Plastics
Our plastics turnover recorded slight growth in the current quarter as compared to its corresponding period in 2005.

4Q 2005 vs 3Q 2005

	Group		Increase (Decrease)	
	4Q 2005 $'000	3Q 2005 $'000	$'000	%
Fish	8,686	8,626	60	0.7
Accessories	7,777	5,564	2,213	39.8
Plastics	1,837	1,807	30	1.7
	18,300	15,997	2,303	14.4

As mentioned above, with the operational efficiency of our Guangzhou factory gradually restored since the beginning of 2005, more production orders were received and delivered in the current quarter, resulting in the surge in accessories turnover in the 4th quarter of 2005 as compared to the previous quarter.

With market stability, the turnover registered from both our ornamental fish and plastic activities remained consistent in the current quarter, comparable to the previous quarter.

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability**

Financial year 2005 vs financial year 2004

	Group Financial year ended 31 Dec 2005 $'000	Group Financial year ended 31 Dec 2004 $'000	Increase (Decrease) $'000	Increase (Decrease) %
Fish	4,433	4,303	130	3.0
Accessories	572	287	285	99.3
Plastics	430	309	121	39.2
Unallocated corporate expenses	(1,347)	(1,412)	65	4.6
	4,088	3,487	601	17.2

The better performance from all our business activities in 2005 has resulted in the overall increase in operating profit achieved by $0.6 million or 17.2% as compared to the previous year. Our fish business was the main profit contributor in 2005.

4Q 2005 vs 4Q 2004

	Group 4Q 2005 $'000	Group 4Q 2004 $'000	Increase (Decrease) $'000	Increase (Decrease) %
Fish	1,772	719	1,053	146.5
Accessories	(289)	133	(422)	(317.3)
Plastics	106	75	31	41.3
Unallocated corporate expenses	(217)	(253)	36	14.2
	1,372	674	698	103.6

Fish
Our operating profit from the ornamental fish activities increased by $1.1 million or 146.5% from $0.7 million to $1.8 million in the 4th quarter of 2005 as compared to its corresponding period in 2004, which is in line with the higher sales recorded and better margins yielded from the sales of our self-bred Dragon Fish. The increase, however, was partially offset by the lower profit recorded by our Malaysia fish division due to lower sales recorded for other ornamental fish in this quarter.

Accessories
The improvement in profitability due to the operational efficiency achieved by our Guangzhou factory in the 4th quarter of 2005 as compared to the corresponding period in 2004 was offset by the lower profit margin registered resulting from our conscientious effort made to reduce our inventory level during the 4th quarter of 2005.

Plastics
Operating profit from our plastics activities continued to experience growth on a quarter-on-quarter basis due to selling of products with better margin yield.

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability (cont'd)**

4Q 2005 vs 4Q 2004 (cont'd)

The amount of unallocated corporate expenses, which relate to staff costs and administrative expenses incurred in relation to the overseeing of the Group's operations both locally and overseas, remained relatively stable for both periods.

4Q 2005 vs 3Q 2005

	Group			
	4Q 2005 $'000	3Q 2005 $'000	Increase (Decrease) $'000	%
Fish	1,772	1,161	611	52.6
Accessories	(289)	415	(704)	(169.6)
Plastics	106	162	(56)	(34.6)
Unallocated corporate expenses	(217)	(327)	110	33.6
	1,372	1,411	(39)	(2.8)

Fish
Despite registering flat growth in turnover, the operating profit from our ornamental fish activities increased by $0.6 million or 52.6% in the current quarter as compared to the previous quarter due to better margins yielded from the sales of our self-bred Dragon Fish. The increase, however, was partially offset by the lower profit recorded by our Malaysia fish division due to the difference in sales mix recorded in the current quarter.

Accessories
Although with a higher turnover recorded from our Guangzhou factory, our accessories business registered a loss of approximately $0.3 million in the current quarter as our conscientious effort made to reduce our inventory level has affected the profitability of our accessories business during the quarter as compared to its previous quarter.

Plastics
Operating profit from our plastics activities dipped in the 4th quarter of 2005 as compared to the previous quarter due to higher raw material cost (resin) which has eroded its profit margin slightly. The raw material prices have since stabilized towards the end of the quarter.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

Our Group's future growth depends on:

- increase export of ornamental fish;
- continuous growth of our breeding and sales of Dragon Fish;
- ability to expand our distribution capabilities from owning the business to owning the customers; and
- enhance efficiency and ability in manufacturing accessories products.

Increase export of ornamental fish

Ornamental fish will continue to be an important core business activity of our Group. We are the only ornamental fish company in the world which is able to supply ornamental fish from 4 countries, namely Singapore, Malaysia, Thailand, and China. By exporting more fish to more customers and countries all over the world, while continuing to expand the domestic distribution network of ornamental fish in the 4 countries mentioned above, we believe that there will be a positive contribution to our ornamental fish turnover moving forward.

Continuous growth of our breeding and sales of Dragon Fish

China is a huge market for dragon fish, so is Taiwan and Japan. Based on the improved sales recorded in FY 2005, we envisage that our dragon fish sales will continue to increase in the coming years. Our collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish will also enable us to increase the production of Dragon Fish in our farms, and hence, enhance our Group's ability to meet the future growth in demand of Dragon Fish.

Our ability to expand our distribution capabilities from owning the business to owning the customers

We are in the process of professionalizing a highly fragmented ornamental fish and aquarium & pets accessories retail market by setting up our retail chain stores throughout the region under the name, *"Qian Hu – The Pet Family"*, which provide better services, a wider product range in a visually-stimulating shopping environment, and thereby offering hobbyists and customers a different and more enjoyable shopping experience. Although this process needs continuous experimentation and a slightly longer gestation period to conclude results, it is extremely essential for our Group to undertake such initiative so as to enhance our market position. With 12 retail chain stores set up as at 31 December 2005, we will continue to set up more chain stores this year, especially in Malaysia.

In addition, we will enhance our presence in China by increasing our distribution points there for our Dragon Fish and accessories products. Currently, we have appointed approximately 50 distribution agents in China. The number of distribution points will continue to increase in Year 2006.

Enhance efficiency and ability in manufacturing accessories products

In order to capture a larger extend within the value chain as well as to build up our own brand of accessories products, our Group has increased the production capacity of our Guangzhou factory, which produces aquarium accessories products for our suppliers, our subsidiaries and our customers. With the increasing demand supported by our subsidiaries' distribution network in 4 countries and with more of our suppliers and new customers from other parts of the world engaging our factory to produce their aquarium products (OEM), we are able to enhance our factory's production efficiency and hence, further increase the turnover and profit contributions from our Guangzhou factory.

In view of the expansion process, the continuous experimentation and gestation period required for our retail chain stores to be profitable, we expect our Group will continue to be profitable in Year 2006 despite possible fluctuations in our operating profit from quarter to quarter.

11 RISK FACTORS AND RISK MANAGEMENT

Business risk

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds is uncommon. We have institutionalized a comprehensive health management and quarantine system for all our domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for our fishes. Currently, all our domestic and overseas fish operations have attained ISO 9002 certification.

Operational risk

Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The operational risk management process is to minimise unexpected losses and manage expected losses. Our Group currently operates in 5 countries with assets and activities spreading across the Asia Pacific. As at 31 December 2005, 65% of our Group's assets are located overseas as compared to 63% in FY 2004. Turnover from our overseas' customers has also increased from 66% in FY 2004 to 68% in FY 2005.

In view of our Group's expansion plan, the percentage of its overseas assets and activities will continue to increase moving forward, giving rise to greater geographical diversification. Hence, a broader base of significant customers reduces the risk of concentration in a single operation.

Product risk

For the year ended 31 December 2005, our Dragon Fish sales contributed approximately 35% of our ornamental fish sales and approximately 20% of our Group total turnover. We sell over 500 species and varieties of ornamental fishes to more than 60 countries and are not reliant on the sale of any particular type or specimen of fish.

Investment risk

Our Group grows businesses through organic growth of our existing activities, development of new capabilities (e.g. setting up retail chain stores) and through acquisitions of operating business entities. Investment activities are evaluated through performing of due diligence exercise and are supported by external professionals' advices. All business proposals are reviewed by the Company's Board of Directors and its senior management before obtaining final Board approval.

Foreign exchange risk

The foreign exchange risk of our Group arises from sales, purchases and borrowings that are denominated in foreign currencies. The currencies giving rise to this risk are primarily US dollar, Euro and Japanese Yen.

Our Group does not have any formal hedging policy against foreign exchange fluctuations. However, we continuously monitor the exchange rates of the major currencies and enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact on the Group's profitability.

Foreign currencies received are kept in foreign currencies accounts and are converted to the respective measurement currencies of the group companies on a need-to basis so as to minimise the foreign exchange exposure.

11 **RISK FACTORS AND RISK MANAGEMENT (cont'd)**

Credit risk

Credit risk is managed through the application of credit approvals, setting credit limits and monitoring procedures. Our Group's cash balances are placed with banks and financial institutions which are regulated.

None of our customers or suppliers contributes more than 5% of our Group's turnover and purchases. It is our Group's policy to sell to a diversity of creditworthy customers, who are internationally dispersed, so as to reduce concentration of credit risk. Cash terms, advance payments are required for customers with lower credit standing. While our Group faces normal business risks associated with ageing collections and slow moving stocks, our historical experience in the collection of trade receivables and realisation of inventory falls within the recorded allowances. Accordingly, our Group does not expect to incur material credit losses on its risk management or other financial instruments.

Interest rate risk

Our Group's exposure to changes in interest rates relates primarily to interest-bearing financial assets and liabilities. Interest rate risk is managed on an on-going basis with the objective of limiting the extent to which net interest expenses could be affected by an adverse movement in interest rates.

Our Group obtains additional financing through bank borrowings and finance lease arrangements. It is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Liquidity Risk

The objective of liquidity management is to ensure that our Group has sufficient funds to meet its contractual and financial obligations. To manage liquidity risk, our Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows.

Derivative Financial Instrument Risk

Our Group does not hold or issue derivative financial instruments for trading purposes.

12 **DIVIDEND**

(a) **Present period**

Name of dividend	First & final
Dividend type	Cash
Dividend rate	0.5 cents per ordinary share (less tax)
Par value of shares	$0.10
Tax rate	20.0%

12 **DIVIDEND (cont'd)**

(b) **Previous corresponding period**

Name of dividend	Nil
Dividend type	-
Dividend rate	-
Par value of shares	-
Tax rate	-

(c) **Total annual dividend**

	Latest year ($'000)	Previous year ($'000)
Ordinary	515	-
Preference	-	-
Total:	515	-

(d) **Date payable**

Subject to shareholders' approval in the Annual General Meeting to be held on 10 March 2006, the dividends will be paid on 3 April 2006.

(e) **Books closure date**

Registrable Transfers received by the Company's Registrar, M&C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5 pm on 21 March 2006 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 22 March 2006 for the payment of dividend.

13 **SEGMENT INFORMATION**

(a) Business segments

Group	Fish $'000	Accessories $'000	Plastics $'000	Eliminations $'000	Total $'000
	Financial year ended 31 Dec 2005				
Turnover					
External sales	33,461	25,635	7,171	-	66,267
Inter-segment sales	6,678	7,393	154	(14,225)	-
Total sales	40,139	33,028	7,325	(14,225)	66,267
Results					
Segment results	4,593	621	434	134	5,782
Unallocated expenses					(1,184)
					4,598
Financial expenses - net					(510)
Share of associates results					-
Taxation					(1,161)
Minority interests					(897)
Net profit for the year					2,030
Net profit margin	**13.7%**	**2.4%**	**6.1%**		**3.1%**
Assets and liabilities					
Assets	36,781	26,283	3,152	-	66,216
Unallocated assets					2,205
Total assets					68,421
Liabilities	8,098	2,803	1,119	-	12,020
Unallocated liabilities					10,706
Total liabilities					22,726
Other Information					
Capital expenditure	3,902	673	78	-	4,653
Depreciation and amortisation	1,074	923	353	-	2,350
Other non-cash expenses	541	39	111	-	691

13 **SEGMENT INFORMATION (cont'd)**

(a) **Business segments (cont'd)**

	Financial year ended 31 Dec 2004				
	Fish	**Accessories**	**Plastics**	**Eliminations**	**Total**
Group	$'000	$'000	$'000	$'000	$'000
Turnover					
External sales	31,180	27,307	7,005	-	65,492
Inter-segment sales	6,449	6,082	145	(12,676)	-
Total sales	37,629	33,389	7,150	(12,676)	65,492
Results					
Segment results	4,422	406	313	(10)	5,131
Unallocated expenses					(1,267)
					3,864
Financial expenses - net					(377)
Share of associates results					(66)
Taxation					(1,212)
Minority interests					(582)
Net profit for the year					1,627
Net profit margin	**14.2%**	**1.5%**	**4.5%**		**2.5%**
Assets and liabilities					
Assets	32,953	26,317	3,605	-	62,875
Unallocated assets					2,007
Total assets					64,882
Liabilities	6,151	3,099	1,093	-	10,343
Unallocated liabilities					12,149
Total liabilities					22,492
Other Information					
Capital expenditure	1,251	1,594	172	-	3,017
Depreciation and amortisation	1,153	759	319	-	2,231
Other non-cash expenses	38	113	72	-	223

13 **SEGMENT INFORMATION (cont'd)**

(b) **Geographical segments**

Group	Turnover Financial year ended 31 Dec 2005 $'000	Turnover 2004 $'000	Assets Financial year ended 31 Dec 2005 $'000	Assets 2004 $'000	Capital expenditure Financial year ended 31 Dec 2005 $'000	Capital expenditure 2004 $'000
Singapore	21,079	22,436	24,262	24,141	281	291
Other asian countries	30,496	29,213	44,159	40,741	4,372	2,726
Europe	11,547	10,881	-	-	-	-
Others	3,145	2,962	-	-	-	-
Total	66,267	65,492	68,421	64,882	4,653	3,017

14 **BREAKDOWN OF SALES**

Turnover (Group)	Fish $'000	Accessories $'000	Plastics $'000	Total $'000
4Q 2005				
Singapore (including domestic sales & sales to Singapore)	1,730	1,570	1,755	5,055
Overseas (including export to & sales in overseas)	6,956	6,207	82	13,245
Total sales	8,686	7,777	1,837	18,300
4Q 2004				
Singapore	1,810	846	1,778	4,434
Overseas	5,550	5,533	7	11,090
Total sales	7,360	6,379	1,785	15,524

Turnover (Group)	Fish $'000	Accessories $'000	Plastics $'000	Total $'000
Financial year ended 31 Dec 2005				
Singapore (including domestic sales & sales to Singapore)	7,554	6,551	6,973	21,078
Overseas (including export to & sales in overseas)	25,907	19,084	198	45,189
Total sales	33,461	25,635	7,171	66,267
Financial year ended 31 Dec 2004				
Singapore	7,511	8,015	6,910	22,436
Overseas	23,669	19,292	95	43,056
Total sales	31,180	27,307	7,005	65,492

16 **QUARTERLY ANALYSIS**

	2005	2004	Change
	$'000	$'000	%
Turnover			
1st Quarter	16,328	16,249	0.5
2nd Quarter	15,642	18,010	(13.1)
3rd Quarter	15,997	15,709	1.8
4th Quarter	18,300	15,524	17.9
	66,267	65,492	1.2
Profit (loss) before tax			
1st Quarter	715	1,509	(52.6)
2nd Quarter	590	1,976	(70.1)
3rd Quarter	1,411	(738)	291.2
4th Quarter	1,372	674	103.6
	4,088	3,421	19.5
Net profit (loss) after tax and minority interests			
1st Quarter	471	1,194	(60.6)
2nd Quarter	480	969	(50.5)
3rd Quarter	543	(682)	179.6
4th Quarter	536	146	267.1
	2,030	1,627	24.8

- **Turnover**

  Following the consolidation process in both the domestic (Singapore) and Malaysia markets for the ornamental fish and accessories products, our Group's turnover grew steadily in 2005. The slight dip in turnover during the 2nd quarter of 2005 was due to lower turnover contributions from the sales of Dragon Fish as a result of the shortage in its supply caused by the drought season in that quarter.

  In addition, our continuous effort in increasing our export market for ornamental fish to more customers and more countries around the world, coupled with the rising demand of Dragon Fish during the year, has resulted in the improved turnover.

- **Profitability**

  The increase in our Group's overall profitability during the year was due to:

  - increase in sales of self-bred Dragon Fish with better margin yield
  - operational efficiency of our Guangzhou factory being gradually restored since the beginning of the year as compared to losses incurred by the factory due to production inefficiency and down-time as a result of its relocation to a new site and the continuous expansion in 2004
  - no significant amounts of pre-operational costs incurred by our newly set up retail chain stores were written off in the current year
  - improved profitability from our retail chain stores throughout the region which commenced operations mostly in the 2nd half of 2004

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
12/01/2006