



QIAN HU CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. : 199806124N)

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009**

	Note	Group		Change %
		3 months ended 31 Mar		
		2009 \$'000	2008 \$'000	
Revenue		23,152	23,014	0.6
Cost of sales		(15,065)	(14,601)	3.2
Gross profit		8,087	8,413	(3.9)
Other operating income		29	35	(17.1)
		8,116	8,448	(3.9)
Selling & distribution expenses	i	(520)	(825)	(37.0)
General & administrative expenses	i	(5,313)	(5,303)	0.2
Profit from operations	ii	2,283	2,320	(1.6)
Financial income	iii	1	10	(90.0)
Financial expenses	iii	(200)	(235)	(14.9)
		2,084	2,095	(0.5)
Share of profits of associate		1	31	(96.8)
Profit before taxation		2,085	2,126	(1.9)
Taxation	iv	(407)	(518)	(21.4)
Profit for the period		1,678	1,608	4.4
Attributable to:				
Equity holders of the Company		1,399	1,266	10.5
Minority interests		279	342	(18.4)
Profit for the period		1,678	1,608	4.4
Gross profit margin		34.9%	36.6%	
Net profit margin		7.2%	7.0%	

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2009

Profit for the period	1,678	1,608	4.4
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries, net of tax	63	17	270.6
Other comprehensive income for the period, net of tax	63	17	270.6
Total comprehensive income for the period	1,741	1,625	7.1
Attributable to:			
Equity holders of the Company	1,443	1,275	13.2
Minority interests	298	350	(14.9)
Total comprehensive income for the period	1,741	1,625	7.1



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Notes to Income Statement

**(i) Selling & distribution expenses
General & administrative expenses**

Despite the annual salary revision and the increase in overall headcount of the Group, we have put in place measures to contain our general and administrative expenses in the current quarter as compared to its corresponding period in 2008. Accordingly, in line with the cost saving measures in place, there was reduction in selling and distribution expenses incurred by the Group which amounted to \$0.3 million or 37.0%.

(ii) Profit from operations

This is determined after charging (crediting) the following:

	Group	
	3 months ended 31 Mar	
	2009	2008
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	18	18
- other auditors	6	6
Non-audit fees		
- other auditors	12	-
Directors' fees		
- directors of the Company	15	10
Directors' remuneration		
- directors of the Company	297	249
- directors of subsidiaries	136	109
Amortisation of product listing fees	3	7
Bad trade receivables		
- written off	-	2
- recovered	(1)	-
Depreciation of		
- property, plant and equipment	515	469
- brooder stocks	143	116
Gain on disposal of property, plant and equipment	(10)	-
Allowance for		
- doubtful trade receivables	143	8
- inventory obsolescence	47	35
Operating lease expenses	271	281
Personnel expenses *	3,080	3,182
Exchange gain, net	(245)	(54)

* Include directors' remuneration.



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Notes to Income Statement (cont'd)

**(iii) Financial income
Financial expenses**

	Group	
	3 months ended 31 Mar	
	2009	2008
	\$'000	\$'000
Interest expenses		
- bank loans and overdrafts	143	161
- bills payable	49	64
- finance lease obligation	8	10
	<hr/>	<hr/>
	200	235
Interest income		
- bank deposits	(1)	(10)
	<hr/>	<hr/>
	199	225

The reduction in interest expenses was mainly due to lower interest rates charged by the financial institutions during the current period, as the amount of bank borrowings remained relatively consistent in both periods.

(iv) Taxation

The effective tax charge was higher than the amount obtained by applying the statutory tax rate (i.e. 17%) 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.



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1(b)(i) **STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Equity attributable to equity holders of the Company				
Share capital	29,585,711	29,411,915	29,585,711	29,411,915
Reserves	25,621,814	24,179,248	13,961,750	13,427,936
	55,207,525	53,591,163	43,547,461	42,839,851
Minority Interests	9,440,963	9,143,011	-	-
Total Equity	64,648,488	62,734,174	43,547,461	42,839,851
Non-Current Assets				
Property, plant and equipment	15,393,538	14,639,378	5,424,124	4,680,364
Brooder stocks	26,855,474	26,745,893	1,189,493	1,196,790
Investments in subsidiaries	-	-	11,991,086	11,991,086
Investment in associate	788,438	787,794	812,600	812,600
Intangible assets	2,255,199	2,205,392	289,579	239,772
Current Assets				
Inventories	23,433,928	22,385,773	7,535,848	7,512,040
Breeder stocks	1,595,170	1,595,170	444,690	444,690
Trade receivables	18,152,905	20,712,162	6,648,407	7,118,439
Other receivables, deposits and prepayments	1,879,415	2,604,894	446,463	1,103,238
Due from				
- subsidiaries (trade)	-	-	18,955,030	18,842,672
- subsidiaries (non-trade)	-	-	2,466,956	2,624,119
- associate (trade)	414,761	508,334	414,761	508,334
Fixed deposits	24,560	24,560	24,560	24,560
Cash and bank balances	8,967,072	8,302,611	5,206,812	5,469,044
	54,467,811	56,133,504	42,143,527	43,647,136
Current Liabilities				
Trade payables	7,185,224	9,189,826	3,075,004	3,383,071
Bills payable to banks (unsecured)	4,036,691	4,156,350	359,545	638,044
Other payables and accruals	3,962,709	5,182,697	2,898,943	3,992,125
Due to				
- subsidiaries (trade)	-	-	93,591	88,614
- subsidiaries (non-trade)	-	-	960,000	810,000
- minority shareholder of a subsidiary (non-trade)	67,021	122,171	-	-
Finance lease obligations	194,626	172,640	80,711	72,703
Bank term loans	10,268,215	10,268,215	10,000,000	10,000,000
Provision for taxation	1,181,220	1,058,178	615,299	535,299
Bank overdraft (unsecured)	1,820,913	1,623,138	-	-
	28,716,619	31,773,215	18,083,093	19,519,856
Net Current Assets	25,751,192	24,360,289	24,060,434	24,127,280
Non-Current Liabilities				
Finance lease obligations	(398,542)	(351,917)	(119,855)	(108,041)
Bank term loans	(2,402,615)	(2,058,459)	-	-
Deferred taxation	(3,594,196)	(3,594,196)	(100,000)	(100,000)
Net Assets	64,648,488	62,734,174	43,547,461	42,839,851



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1(b)(i) **STATEMENTS OF FINANCIAL POSITION (cont'd)**

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
Inventory turnover (days)	146	145	89	86
Trade receivables turnover (days)	76	75	53	56
Debt equity ratio	0.54	0.60	0.42	0.46

Notes to Statements of Financial Position

(1) The details of subsidiaries are as follows:

Name	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	%	%	\$	\$
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 (Malaysia)	65	65	8,538,391	8,538,391
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 (People's Republic of China)	100	100	1,686,039	1,686,039
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	1,086,516	1,086,516
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
			11,991,086	11,991,086

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



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Notes to Statements of Financial Position (cont'd)

(2) The details of associate are as follows:

Name	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Unquoted equity investment - Arcadia Product PLC	812,600	812,600	812,600	812,600
Share of post-acquisition losses	(24,162)	(24,806)	-	-
	<u>788,438</u>	<u>787,794</u>	<u>812,600</u>	<u>812,600</u>

In July 2007, the Company acquired a 20% equity interest in Arcadia Products PLC (“Arcadia”), an aquarium lamp manufacturer based in the United Kingdom, for an initial consideration of £264K (approximately S\$813K). In addition, it was agreed that if Arcadia achieves a net profit after tax (“PAT”) of not less than £400K (the “Required PAT”) in respect of Arcadia’s financial year ended 30 June 2008 (“FY 2008”), a further consideration for the acquisition amounting to 20% of six times the amount of Arcadia’s PAT less the amount of initial consideration already paid by the Company (“further consideration”) will be paid. As Arcadia did not achieve the Required PAT for FY 2008, the further consideration, calculated on the same abovementioned basis for the financial year ending 30 June 2009 (“FY 2009”), will be payable upon Arcadia achieving the Required PAT in FY 2009.

(3) Intangible assets comprise:

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Trademarks/customer acquisition costs	879,355	826,774	862,479	809,898
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,965,620	1,965,620	-	-
	<u>3,041,128</u>	<u>2,988,547</u>	<u>1,058,632</u>	<u>1,006,051</u>
Less accumulated amortisation	(785,929)	(783,155)	(769,053)	(766,279)
	<u>2,255,199</u>	<u>2,205,392</u>	<u>289,579</u>	<u>239,772</u>

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”. With the adoption of the revised FRS 38 *Intangible Assets*, trademarks/customer acquisition costs were determined to have indefinite lives and were no longer amortised but subjected to annual impairment testing.

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, and are amortised over 3 years.

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. It was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. With the adoption of FRS 103 *Business Combinations*, the Group discontinued amortisation of goodwill on consolidation. The remaining goodwill balance is subject to annual impairment testing.



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Notes to Statements of Financial Position (cont'd)

(4) Inventories comprise:

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Fish	7,555,541	6,700,278	3,331,270	3,206,189
Accessories	15,649,279	15,416,961	4,552,378	4,606,851
Plastics products - raw materials	234,635	243,516	-	-
Plastics products - finished goods	436,063	419,808	-	-
	<u>23,875,518</u>	<u>22,780,563</u>	<u>7,883,648</u>	<u>7,813,040</u>
Less allowance for inventory obsolescence	(441,590)	(394,790)	(347,800)	(301,000)
	<u>23,433,928</u>	<u>22,385,773</u>	<u>7,535,848</u>	<u>7,512,040</u>

The increase in inventory balance was due to additional purchases of Dragon Fish made in anticipation of its increasing demand, so as to ensure that there is a consistent supply of Dragon Fish in the following quarters.

(5) Trade receivables comprise:

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Trade receivables	20,542,300	22,958,865	8,691,580	9,018,920
Less allowance for doubtful trade receivables	(2,389,395)	(2,246,703)	(2,043,173)	(1,900,481)
	<u>18,152,905</u>	<u>20,712,162</u>	<u>6,648,407</u>	<u>7,118,439</u>

Our conscientious effort made in monitoring and collection of trade receivables balances has resulted in the decrease in the amount of trade receivables as at 31 March 2009. The trade receivables turnover days have remained relatively consistent during both periods. The Group typically grants existing customers credit terms of 30 to 90 days.

(6) Other receivables, deposits and prepayments comprise:

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Other receivables	350,067	322,899	125,542	86,074
Deposits	299,407	313,762	44,710	56,398
Prepayments	576,603	453,125	197,051	124,319
Advances to suppliers	59,636	451,347	-	365,615
Deposit for purchase of property, plant and equipment	79,160	470,832	79,160	470,832
Tax recoverable	514,542	592,929	-	-
	<u>1,879,415</u>	<u>2,604,894</u>	<u>446,463</u>	<u>1,103,238</u>



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Notes to Statements of Financial Position (cont'd)

The higher amount of other receivables, deposits and prepayments balances as at 31 December 2008 was mainly due to advances made to suppliers in relation to the on-going infrastructure construction work in our Singapore farm and the deposits placed for the purchase of related equipment. These amounts have since been capitalised under plant, property and equipment as at 31 March 2009.

- (7) The cash received from trade receivables during the 1st quarter of 2009 were used for the settlement of trade payables so as to secure better trade discounts with our regular suppliers for purchases made.
- (8) Other payables and accruals comprise:

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Accrued operating expenses	424,374	329,191	104,879	218,268
Accrued staff costs	1,033,243	2,139,748	732,718	1,555,234
Other payables	2,504,474	2,545,918	2,061,346	2,218,623
Advance received from customers	618	167,840	-	-
	3,962,709	5,182,697	2,898,943	3,992,125

The reduction of other payables and accruals as at 31 March 2009 was mainly due to the decrease in accrued staff costs as a result of bonus payment made in January 2009.

- (9) The increase in finance lease obligations as at 31 March 2009 was due to the purchase of two motor vehicles under hire purchase arrangements during the 1st quarter of 2009.

1(b)(ii) **GROUP BORROWINGS**

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	\$	\$	\$	\$
Due within 1 year:				
Short term loans (unsecured)	10,000,000	10,000,000	10,000,000	10,000,000
Long-term loans, current portion				
- secured	31,113	31,113	-	-
- unsecured	237,102	237,102	-	-
	268,215	268,215	-	-
	10,268,215	10,268,215	10,000,000	10,000,000
Due after 1 year:				
Long-term loans				
- secured	68,105	75,853	-	-
- unsecured	2,334,510	1,982,606	-	-
	2,402,615	2,058,459	-	-
	12,670,830	12,326,674	10,000,000	10,000,000



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1(b)(ii) **GROUP BORROWINGS**

The proceeds from the additional bank borrowings were mainly utilised for capital expenditure in relation to the expansion of our Dragon Fish breeding and farming facilities in Malaysia.

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.95% to 2.61% (31/12/2008: 2.31% to 3.58%) per annum and are repayable within the next 12 months from the balance sheet date.

The long-term loans, taken by a subsidiary, comprise:

- a 7-year bank loan of RM0.5 million, secured by a mortgage on a subsidiary's freehold land, bears interest at 8.25% (31/12/2008: 7.75%) per annum and is repayable in 84 monthly instalments commencing January 2005;
- a 5-year unsecured bank loan of RM1.85 million, bears interest at 8.25% (31/12/2008: 8.00%) per annum and is repayable in 60 monthly instalments commencing August 2006;
- a 10-year unsecured bank loan of RM2.5 million, bears interest at 8.25% (31/12/2008: 8.00%) per annum and is repayable in 120 monthly instalments commencing March 2007; and
- a 5-year unsecured bank loan of RM3.0 million, bears interest at 7.75% (31/12/2008: 7.50%) per annum and is repayable in 60 monthly instalments commencing May 2009.

As at 31 March 2009, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$10.5 million (31/12/2008: \$10.5 million). As announced previously, the adoption of the amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Financial Guarantee Contracts* (effective from financial years beginning on or after 1 January 2006), which required the Company to measure the financial guarantees given to financial institutions for bank borrowings of its subsidiaries at fair value upon inception of the guarantees, was assessed to have no material financial impact on the Group's financial statements.



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2009**

	Group	
	3 months ended 31 Mar	
	2009	2008
	\$	\$
Cash flows from operating activities		
Profit before taxation and minority interests	2,084,299	2,126,093
Adjustments for:		
Bad trade receivables written off		
- written off	27	1,684
- recove red	(755)	-
Depreciation of		
- property, plant and equipment	514,478	469,104
- brooder stocks	143,309	116,098
(Gain) Loss on disposal of property, plant and equipment	(9,915)	275
Property, plant and equipment written off	18,454	-
Amortisation of product listing fees	2,774	6,922
Allowance for		
- doubtful trade receivables	143,385	7,500
- inventory obsolescence	46,800	34,739
Share of profits of associate	(644)	(30,889)
Financial expenses	200,546	235,575
Financial income	(1,118)	(10,344)
Operating profit before working capital changes	3,141,640	2,956,757
(Increase) Decrease in:		
Inventories	(1,316,663)	203,198
Trade receivables	2,715,456	146,561
Other receivables, deposits and prepayments	714,289	273
Due from associate (trade)	93,573	763,228
Increase (Decrease) in:		
Trade payables	(2,094,868)	(831,521)
Bills payable to banks	(119,659)	(226,967)
Other payables and accruals	(1,225,916)	(742,432)
Cash generated from operations	1,907,852	2,269,097
Payment of income tax	(214,855)	(198,049)
Net cash generated from operating activities	1,692,997	2,071,048
Cash flows from investing activities		
Purchase of		
- property, plant and equipment	(1,182,641)	(1,401,464)
- brooder stocks	(252,890)	(1,892,250)
Proceeds from disposal of property, plant and equipment	14,153	14,692
Payment for trademarks/customer acquisition costs	(52,581)	(6,188)
Interest received	1,118	10,344
Net cash used in investing activities	(1,472,841)	(3,274,866)



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2009 (cont'd)**

	Group	
	3 months ended 31 Mar	
	2009	2008
	\$	\$
Cash flows from financing activities		
Proceeds from issuance of new shares	173,796	65,003
Drawdown of bank term loans	418,000	500,000
Repayment of		
- finance lease obligations	(50,910)	(118,122)
- bank term loans	(73,844)	(62,486)
- loans from minority shareholder of a subsidiary	(55,150)	(83,332)
Interest paid	(204,357)	(229,697)
Net cash generated from financing activities	207,535	71,366
Net increase (decrease) in cash and cash equivalents	427,691	(1,132,452)
Cash and cash equivalents at beginning of period	6,704,033	5,449,943
Effect of exchange rate changes on cash balances held in foreign currencies	38,995	18,565
Cash and cash equivalents at end of period (Note i)	7,170,719	4,336,056

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

	Group	
	31 Mar 2009	31 Mar 2008
	\$	\$
Fixed deposits	24,560	23,706
Cash and bank balances	8,967,072	6,614,725
Bank overdrafts	(1,820,913)	(2,302,375)
	7,170,719	4,336,056

(ii) The reduction of the Group's **net cash generated from operating activities** on a quarter-on-quarter basis was mainly due to the increase in the purchase of Dragon Fish during the 1st quarter of 2009 in anticipation of the increasing demand of such fish. However, we were able to realise our receivables balances into cash balances for the settlement of trade and other payables.

Net cash used in investing activities was mainly related to the purchase of brooder stocks in Kim Kang Aquaculture Sdn Bhd and capital expenditure incurred for the construction and expansion of our Dragon Fish breeding facilities in Singapore, as well as on-going enhancement to the infrastructure and farm facilities in overseas entities.

Net cash generated from financing activities in the 1st quarter of 2009 was related to cash proceeds from the issuance of new shares arising from exercise of warrants and the additional drawdown of bank loans granted by a financial institution mainly to finance the capital expenditure incurred. The amount was partially offset by repayment made to minority shareholder of a subsidiary and the settlement of finance lease obligations on a monthly basis, as well as the servicing of interest payments.



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

Group	Equity attributable to equity holders of the Company					Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Minority interests \$	
Balance at 1 Jan 2008	29,295,961	19,295,700	(594,050)	47,997,611	7,635,185	55,632,796
Changes in equity for the period:						
Issue of new shares	65,003	-	-	65,003	-	65,003
Total comprehensive income for the period	-	1,265,593	9,524	1,275,117	349,875	1,624,992
Balance at 31 Mar 2008	29,360,964	20,561,293	(584,526)	49,337,731	7,985,060	57,322,791
Changes in equity for the period:						
Issue of new shares	47,661	-	-	47,661	-	47,661
Capital contribution	-	-	-	-	451,500	451,500
Total comprehensive income for the period	-	1,508,810	(519,429)	989,381	66,171	1,055,552
Balance at 30 Jun 2008	29,408,625	22,070,103	(1,103,955)	50,374,773	8,502,731	58,877,504
Changes in equity for the period:						
Issue of new shares	3,290	-	-	3,290	-	3,290
Total comprehensive income for the period	-	1,532,511	25,767	1,558,278	360,149	1,918,427
Balance at 30 Sep 2008	29,411,915	23,602,614	(1,078,188)	51,936,341	8,862,880	60,799,221
Changes in equity for the period:						
Total comprehensive income for the period	-	1,735,833	(81,011)	1,654,822	280,131	1,934,953
Balance at 31 Dec 2008	29,411,915	25,338,447	(1,159,199)	53,591,163	9,143,011	62,734,174
Changes in equity for the period:						
Issue of new shares	173,796	-	-	173,796	-	173,796
Total comprehensive income for the period	-	1,398,460	44,106	1,442,566	297,952	1,740,518
Balance at 31 Mar 2009	29,585,711	26,736,907	(1,115,093)	55,207,525	9,440,963	64,648,488



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

Company	Share capital \$	Accumulated profits \$	Total \$
Balance at 1 Jan 2008	29,295,961	10,859,010	40,154,971
Changes in equity for the period:			
Issue of new shares	65,003	-	65,003
Total comprehensive income for the period	-	460,312	460,312
Balance at 31 Mar 2008	29,360,964	11,319,322	40,680,286
Changes in equity for the period:			
Issue of new shares	47,661	-	47,661
Total comprehensive income for the period	-	255,031	255,031
Balance at 30 Jun 2008	29,408,625	11,574,353	40,982,978
Changes in equity for the period:			
Issue of new shares	3,290	-	3,290
Total comprehensive income for the period	-	1,172,815	1,172,815
Balance at 30 Sep 2008	29,411,915	12,747,168	42,159,083
Changes in equity for the period:			
Total comprehensive income for the period	-	680,768	680,768
Balance at 31 Dec 2008	29,411,915	13,427,936	42,839,851
Changes in equity for the period:			
Issue of new shares	173,796	-	173,796
Total comprehensive income for the period	-	533,814	533,814
Balance at 31 Mar 2009	29,585,711	13,961,750	43,547,461

1(d)(ii) **CHANGES IN COMPANY'S SHARE CAPITAL**

	Number of shares	\$
Share capital		
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2009	415,224,269	29,411,915
Issue of new shares		
- Exercise of warrants issued	4,965,603	173,796
Balance as at 31 Mar 2009	420,189,872	29,585,711

As at 31 March 2009, there were no (31/12/2008: Nil) unissued ordinary shares 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.

The Company issued 64,965,868 warrants in September 2007, of which 25,428,467 were exercised by warrant holders to subscribe for 25,428,477 new ordinary shares of the Company at the exercise price of \$0.035 per share as at 31 December 2008. During the 1st quarter of 2009, an additional 4,965,603 warrants issued were exercised by warrant holders to subscribe for 4,965,603 new shares of the Company. Accordingly, there were 34,571,798 warrants outstanding as at 31 March 2009.



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1(e) **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS
PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the first quarter ended 31 March 2009 to be false or misleading in any material aspect.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman and
Managing Director

ALVIN YAP AH SENG
Deputy Managing Director

Singapore
20 April 2009

2 **AUDIT**

The financial statements have not been audited or reviewed by the Company's auditors.

3 **AUDITORS' REPORT**

Not applicable

4 **ACCOUNTING POLICIES**

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 2008.

The new and revised Financial Reporting Standards (FRSs) which took effect from the current financial year are now assessed to have no material impact to the results or the opening balances of the accumulated profit of the Group and of the Company for the year ending 31 December 2009.

5 **CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	Group	
	3 months ended 31 Mar	
	2009	2008
EPS (based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares on issue (cents)	0.34	0.31
- on a fully diluted basis (cents)	0.32	0.28

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 417,269,003 (31/3/2008: 413,396,196).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all potential dilutive ordinary shares of 437,410,539 (31/3/2008: 444,927,685).



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7 **NET ASSET VALUE PER SHARE**

	Group		Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
Net asset value per share based on existing issued share capital as at the respective dates (cents)	15.39	15.11	10.36	10.32

Net asset value per share is computed based on the number of shares in issue as at 31 March 2009 of 420,189,872 (31/12/2008: 415,224,269).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

1Q 2009 vs 1Q 2008

	Group		Increase (Decrease)	
	1Q 2009	1Q 2008	\$'000	%
Fish	11,852	11,644	208	1.8
Accessories	8,882	8,749	133	1.5
Plastics	2,418	2,621	(203)	(7.7)
	23,152	23,014	138	0.6

Our revenue increased marginally by approximately \$0.1 million or 0.6% in the 1st quarter of 2009 as compared to its corresponding period in 2008.

On a geographical basis, revenue from Singapore dipped 11.8% while overseas revenue grew by 5.6% in the 1st quarter of 2009 as compared to its corresponding period in 2008. Both the Singapore and overseas operations' constant effort in expanding our distribution network into overseas untapped markets contributed to the increase in overseas revenue.

Fish

As the consistent supply of Dragon Fish resumed in the current quarter, our Dragon Fish sales continue to grow in tandem with other ornamental fish revenue in the current quarter. Our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore, Malaysia and Thailand, has given rise to the improved ornamental fish revenue in the current quarter as compared to its corresponding period in 2008.

Accessories

The marginal increase in accessories revenue in the 1st quarter of 2009 by \$0.1 million or 1.5% as compared to its corresponding period in 2008 was mainly due to improved revenue contribution from the sales of new OEM products manufactured by our Guangzhou factory. The production of these new products commenced in mid-October 2008 with regular delivery and revenue recorded in the current quarter.



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

(a) **Revenue (cont'd)**

1Q 2009 vs 1Q 2008 (cont'd)

Plastics

Revenue from plastics activities registered a marginal decline of \$0.2 million or 7.7% in the current quarter as compared to its corresponding period in 2008 mainly due to adjustments made to the selling prices of our plastic products following the significant reduction in the costs of our raw materials (resins – which fluctuate with the oil prices). Despite the reduction in revenue, we were able to command a better profit margin in the current quarter (please refer to commentary on profitability below).

1Q 2009 vs 4Q 2008

	Group		Increase (Decrease)	
	1Q 2009 \$'000	4Q 2008 \$'000		
Fish	11,852	10,483	1,369	13.1
Accessories	8,882	9,585	(703)	(7.3)
Plastics	2,418	2,791	(373)	(13.4)
	23,152	22,859	293	1.3

Although the revenue from our ornamental fish activities registered healthy growth in the 1st quarter of 2009 as compared to the 4th quarter of 2008, the decrease in our accessories and plastic revenue totaling \$1.1 million has resulted in merely a marginal increase in our overall revenue of \$0.3 million or 1.3% in the current quarter as compared to the previous quarter.

Fish

During the 1st quarter of 2009, our ornamental fish export sales from Singapore, Malaysia and Thailand continued to generate higher revenue with sales to more new markets. In addition, as the Dragon Fish sales in the previous quarter were affected by the shortage in its supply; with the consistent supply of our Dragon Fish in the current quarter, we were able to record stable revenue from the sales of Dragon Fish in both the domestic and overseas markets as compared to that of the previous quarter.

Accessories

Traditionally, during the 1st quarter of each year, there is lower revenue contribution from our China operations, especially from our Guangzhou factory, as they are closed for production during the week-long Chinese New Year holidays. This has attributed to the reduction in accessories revenue in the current quarter as compared to the previous quarter, despite that our subsidiaries in Malaysia and Thailand has managed to expand their distribution network in those countries to capture more sales in the current quarter.

Plastics

As mentioned above, our plastic business has experienced a drop in revenue of \$0.4 million or 13.4% in the current quarter as compared to that of the previous quarter as we were more selective in our customer base and our product mix so as to focus on selling plastic products with better margins.



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

(b) **Profitability**

1Q 2009 vs 1Q 2008

	Group		Increase (Decrease)	
	1Q 2009 \$'000	1Q 2008 \$'000		
Fish	1,773	2,307	(534)	(23.1)
Accessories	602	446	156	35.0
Plastics	372	158	214	135.4
Unallocated corporate expenses	(662)	(785)	123	(15.7)
	2,085	2,126	(41)	(1.9)

Despite the overall increase in revenue, our operating profit in the 1st quarter of 2009 registered flat growth as compared to its corresponding period in 2008, with contribution mainly from the ornamental fish business.

Fish

Notwithstanding the higher revenue recorded, our operating profit from ornamental fish decreased by approximately \$0.5 million or 23.1% from \$2.3 million to \$1.8 million in the 1st quarter of 2009 as compared to its corresponding period in 2008 mainly due to lower sales of our self-bred Dragon Fish which yielded better margin as compared to the sales of Dragon Fish sourced from third parties. With the completion of the new breeding facilities in our Malaysia farm in end 2008, we have managed to increase our production of self-bred Dragon Fish in the 1st quarter of 2009 which would generate sales in the coming quarters.

(P.S. Dragon Fish off-springs need 3 to 6 months to grow into marketable size)

The reliant of our export of ornamental fish business continued to turn in consistent revenue and respectable profit margins.

Accessories

With improved revenue generated and better profit margin contributions from our export of accessories, operating profit from our accessories business increased by approximately \$0.2 million or 35.0% in the 1st quarter of 2009 as compared to its corresponding period in 2008. In addition, the operational efficiency achieved by our Guangzhou factory with more production activities, has enhanced the profitability of the accessories business.

Plastics

During the current quarter, operating profit from our plastics activities increased significantly by \$0.2 million or 135.4% on a quarter-on-quarter basis despite a marginal reduction in revenue as it has since managed to recoup its profit margin which was eroded in early 2008 as a result of increasing raw material (resins) prices. In addition, its profitability was further lifted with cost-saving measures put in place as compared to its corresponding period in 2008.

Unallocated corporate expenses

These were staff costs and administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The lower corporate expenses reported were due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.



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

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

1Q 2009 vs 4Q 2008

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>4Q</u>	<u>(Decrease)</u>	
	<u>2009</u>	<u>2008</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	1,773	2,175	(402)	(18.5)
Accessories	602	604	(2)	(0.3)
Plastics	372	213	159	74.6
Unallocated corporate expenses	(662)	(650)	(12)	1.8
	<u>2,085</u>	<u>2,342</u>	<u>(257)</u>	<u>(11.0)</u>

Fish

Although with a much higher revenue, the operating profit from our ornamental fish activities dipped by \$0.4 million or 18.5% in the current quarter as compared to the previous quarter mainly due to lower sales of our self-bred Dragon Fish which yielded better margin as compared to the sales of Dragon Fish sourced from third parties as mentioned earlier.

Accessories

Despite registering reduction in revenue contribution in the current quarter as compared to the previous quarter, the operating profit from our accessories remained relatively consistent for both periods as we were able to generate better profit margin contributions from our export of accessories and that our Guangzhou factory was able to achieve operational efficiency to boost its profitability.

Plastics

Even with a reduction in revenue contribution in the current quarter as compared to the previous quarter, the operating profit from our plastics activities improved by \$0.2 million or 74.6% as we were able to contain operating costs to enhance its profitability. In addition, we have focused on the sales of more plastic products with better margins and to a broader and extensive customer base.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

Our Group's growth in FY 2009 depends on:

- increase in our export of ornamental fish;
- escalation of our export of aquarium and pet accessories;
- continued growth in our breeding and sales of Dragon Fish;
- increase in our profit margins; and
- expansion of our domestic distribution network in the various countries we operate in.



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10 **PROSPECTS (cont'd)**

The long term prospects of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to improve revenue contribution from pet accessories;
- to export our aquarium and pet accessories to more countries;
- to have the widest distribution network in China;
- to continue our investment in research and development;
- to be able to change in accordance with the changing environment and to continue to differentiate ourselves; and
- to stay focused in whatever we do.

The above-mentioned prospects of the Group, which we have previously announced in detail in our Full Year Financial Statements and Dividend Announcement dated 12 January 2009 and as set out on pages 10 to 13 of our Annual Report 2008, are expected to continue to apply in the next quarter.

In spite of the lingering global economic situation, we envisage – barring any unforeseen circumstances – continued growth in our revenue and profitability in the current financial year.

11 **DIVIDEND**

No interim dividend for the quarter ended 31 March 2009 is recommended.

12 **INTERESTED PERSON TRANSACTION**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the quarter ended 31 March 2009.



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13 **SEGMENT INFORMATION**

(a) **Business segments**

Group	3 months ended 31 Mar 2009				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	11,852	8,882	2,418	-	23,152
Inter-segment revenue	1,163	1,852	37	(3,052)	-
Total Revenue	13,015	10,734	2,455	(3,052)	23,152
Results					
Segment results	1,856	613	372	(10)	2,831
Unallocated expenses					(548)
					2,283
Financial expenses - net					(199)
					2,084
Share of profits of associate					1
Profit before taxation					2,085
Taxation					(407)
Profit for the period					1,678
Net profit margin	15.7%	6.9%	15.4%		7.2%
Assets and Liabilities					
Segment assets	62,695	30,672	3,394	-	96,761
Investment in associate					1,203
Unallocated assets					1,796
Total Assets					99,760
Segments liabilities	10,887	3,371	1,226	-	15,484
Unallocated liabilities					19,628
Total Liabilities					35,112
Other Segment Information					
Capital expenditure	827	663	11	-	1,501
Depreciation and amortisation	414	209	38	-	661
Other non-cash expenses	161	37	-	-	198



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

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

Group	3 months ended 31 Mar 2008				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
Revenue					
External revenue	11,644	8,749	2,621	-	23,014
Inter-segment revenue	1,581	2,284	50	(3,915)	-
Total Revenue	13,225	11,033	2,671	(3,915)	23,014
Results					
Segment results	2,426	439	158	(8)	3,015
Unallocated expenses					(695)
					2,320
Financial expenses - net					(225)
					2,095
Share of profits of associate					31
Profit before taxation					2,126
Taxation					(518)
Profit for the period					1,608
Net profit margin	20.8%	5.0%	6.0%		7.0%
Assets and Liabilities					
Segment assets	55,421	27,424	3,572	-	86,417
Investment in associate					1,759
Unallocated assets					1,242
Total Assets					89,418
Segment liabilities	11,133	4,151	1,255	-	16,539
Unallocated liabilities					15,556
Total Liabilities					32,095
Other Segment Information					
Capital expenditure	3,293	40	11	-	3,344
Depreciation and amortisation	359	191	42	-	592
Other non-cash expenses	2	34	8	-	44



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

(b) **Geographical segments**

Group	Revenue		Assets		Capital expenditure	
	3 months ended 31 Mar		3 months ended 31 Mar		3 months ended 31 Mar	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	5,836	6,619	30,603	27,087	946	1,203
Other Asian countries	9,634	9,858	67,954	60,572	555	2,141
Europe	5,201	4,412	1,203	1,759	-	-
Others	2,481	2,125	-	-	-	-
Total	23,152	23,014	99,760	89,418	1,501	3,344

14 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
3 months ended 31 Mar 2009				
Singapore (including domestic sales & sales to Singapore)	1,602	1,892	2,342	5,836
Overseas (including export to & sales in overseas)	10,250	6,990	76	17,316
Total Revenue	11,852	8,882	2,418	23,152
3 months ended 31 Mar 2008				
Singapore	2,052	2,014	2,553	6,619
Overseas	9,592	6,735	68	16,395
Total Revenue	11,644	8,749	2,621	23,014

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
20/04/2009