



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

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **STATEMENT OF PROFIT OR LOSS**
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

		Group			Group		
		3 months ended 30 Jun		Change	6 months ended 30 Jun		Change
		2018	2017		2018	2017	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		21,949	21,725	1.0	43,559	43,300	0.6
Cost of sales		(15,341)	(15,398)	(0.4)	(30,423)	(30,726)	(1.0)
Gross profit		6,608	6,327	4.4	13,136	12,574	4.5
Other income	i	40	40	-	101	70	44.3
		6,648	6,367	4.4	13,237	12,644	4.7
Selling & distribution expenses	ii	(57)	(308)	(81.5)	(437)	(621)	(29.6)
General & administrative expenses	ii	(6,229)	(5,891)	5.7	(12,165)	(11,604)	4.8
Results from operating activities	iii	362	168	115.5	635	419	51.6
Finance income	iv	2	2	-	3	3	-
Finance costs	iv	(131)	(98)	33.7	(241)	(179)	34.6
		233	72	223.6	397	243	63.4
Share of losses of associate		-	(9)	100.0	-	(5)	100.0
Profit before tax		233	63	269.8	397	238	66.8
Tax expense	v	(59)	(23)	156.5	(148)	(74)	100.0
Profit for the period		174	40	335.0	249	164	51.8
Profit attributable to:							
Owners of the Company		146	25	484.0	181	61	196.7
Non-controlling interests		28	15	86.7	68	103	(34.0)
Profit for the period		174	40	335.0	249	164	51.8
Gross profit margin		30.1%	29.1%		30.2%	29.0%	
Net profit margin		0.8%	0.2%		0.6%	0.4%	
Effective tax rate		25.3%	39.7%		37.3%	33.6%	



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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

	<u>Group</u>			<u>Group</u>		
	<u>3 months ended 30 Jun</u>		<u>Change</u>	<u>6 months ended 30 Jun</u>		<u>Change</u>
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	174	40	335.0	249	164	51.8
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations, net of tax	93	(82)	213.4	232	(112)	307.1
Other comprehensive income for the period, net of tax	93	(82)	213.4	232	(112)	307.1
Total comprehensive income for the period	267	(42)	735.7	481	52	825.0
Total comprehensive income attributable to:						
Owners of the Company	24	29	(17.2)	219	26	742.3
Non-controlling interests	243	(71)	442.3	262	26	907.7
Total comprehensive income for the period	267	(42)	735.7	481	52	825.0

Notes to Statement of Profit or Loss

(i) **Other income**

Other income comprises:

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Jun</u>		<u>6 months ended 30 Jun</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	8	21	20	18
Sundry income	32	19	81	52
	40	40	101	70



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

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

- (ii) **Selling & distribution expenses** – decreased by \$184K or 29.6% (YTD)
decreased by \$251K or 81.5% (2Q 2018)
- General & administrative expenses** – increased by \$561 or 4.8% (YTD)
increased by \$338K or 5.7% (2Q 2018)

The net increase in operating expenses by approximately \$0.1 million or 1.4% and \$0.4 million or 3.1% in the current quarter and in the 1st half of 2018 respectively was mainly due to expenses incurred by our newly incorporated subsidiaries in the Hainan Province as well as higher personnel expenses as a result of the increase in headcount and annual salary revision.

The above increase was partially offset by the reduction in exchange loss and consultancy fees during the current reporting periods.

(iii) **Profit from operations**

This is determined after charging the following:

	Group		Group	
	3 months ended 30 Jun 2018	2017	6 months ended 30 Jun 2018	2017
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
- auditors of the Company	33	27	62	54
- other auditors	3	4	8	7
Non-audit fees				
- other auditors	-	7	7	12
Directors' fees				
- directors of the Company	30	25	52	50
Directors' remuneration				
- directors of the Company	283	283	567	567
- directors of subsidiaries	93	92	186	183
Amortisation of intangible assets	37	5	68	11
Bad trade receivables written off	22	6	61	9
Depreciation of				
- property, plant and equipment	446	409	886	821
- brooder stocks	56	48	110	95
Property, plant and equipment written off	6	-	7	-
Allowance for				
- doubtful trade receivables	1	82	2	131
- inventory obsolescence	44	-	44	-
Operating lease expenses	308	295	620	576
Personnel expenses *	4,106	3,440	7,884	6,814
Exchange (gain) loss, net	(80)	122	(73)	202
Change in fair value less estimated point-of-sale costs of breeder stocks	10	-	10	-

* Include directors' remuneration.



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

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

(iv) **Finance income**

Finance costs

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest expense				
- bank loans and overdrafts	115	85	210	156
- bills payable to banks	8	6	15	10
- finance lease liabilities	8	7	16	13
	<u>131</u>	<u>98</u>	<u>241</u>	<u>179</u>
Interest income				
- bank deposits	(2)	(2)	(3)	(3)
Net finance costs	<u>129</u>	<u>96</u>	<u>238</u>	<u>176</u>

The increase in net finance costs by approximately 34.4% and 35.2% in the current quarter and for the half year ended 30 June 2018 respectively as compared to the corresponding periods in 2017 was mainly due to higher interest rates charged by financial institutions as well as an increase in the amount of bank borrowings outstanding during the current reporting periods.

(v) **Tax expense**

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current year	59	25	148	80
- over provision in respect of prior years	-	(2)	-	(6)
	<u>59</u>	<u>23</u>	<u>148</u>	<u>74</u>

The effective tax rate registered for the current quarter and for the half year ended 30 June 2018 were higher than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies within the Group and the varying statutory tax rates of the different countries in which the Group operates. In addition, there were higher profit contributions from entities with a higher tax rate.



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

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

	Group			Company		
	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 * \$'000	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 * \$'000
Assets						
Property, plant and equipment	9,345	9,599	8,750	4,708	4,948	5,348
Investment property	1,586	1,586	1,586	-	-	-
Intangible assets	3,363	3,351	889	3,290	3,351	889
Brooder stocks	9,972	9,382	8,180	9,972	9,382	8,180
Investments in subsidiaries	-	-	-	4,361	3,007	2,381
Investment in associate	-	-	278	-	-	413
Trade and other receivables	9,047	9,047	9,031	9,047	9,047	9,031
Non-current assets	33,313	32,965	28,714	31,378	29,735	26,242
Breeder stocks	99	97	67	99	97	67
Inventories	16,748	15,584	15,453	6,324	6,673	6,667
Trade receivables	16,885	16,992	17,559	9,851	9,528	10,295
Other receivables, deposits and prepayments	4,453	4,872	6,298	1,522	2,100	3,903
Due from						
- subsidiaries (trade)	-	-	-	7,558	6,849	6,436
- subsidiaries (non-trade)	-	-	-	1,858	2,834	2,843
- associate (trade)	-	-	849	-	-	849
Cash and bank balances	9,565	11,124	8,723	6,149	6,218	5,236
Current assets	47,750	48,669	48,949	33,361	34,299	36,296
Total assets	81,063	81,634	77,663	64,739	64,034	62,538
Equity						
Share capital	30,773	30,773	30,773	30,773	30,773	30,773
Reserves	17,540	18,146	17,772	9,493	9,677	10,518
Equity attributable to owners of the Company	48,313	48,919	48,545	40,266	40,450	41,291
Non-controlling interests	2,978	2,716	1,948	-	-	-
Total equity	51,291	51,635	50,493	40,266	40,450	41,291
Liabilities						
Loans and borrowings	212	246	364	141	144	241
Deferred tax liabilities	58	57	50	-	-	-
Non-current liabilities	270	303	414	141	144	241
Trade payables	7,349	7,347	7,442	2,580	2,348	2,680
Other payables and accruals	4,185	5,990	3,801	2,978	4,437	2,664
Due to						
- subsidiaries (trade)	-	-	-	379	143	144
- subsidiaries (non-trade)	-	-	-	874	688	540
Loans and borrowings	17,622	16,039	15,205	17,314	15,617	14,771
Current tax payable	346	320	308	207	207	207
Current liabilities	29,502	29,696	26,756	24,332	23,440	21,006
Total liabilities	29,772	29,999	27,170	24,473	23,584	21,247
Total equity and liabilities	81,063	81,634	77,663	64,739	64,034	62,538

* The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an *opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s*. (Please refer to pages 13 and 14 for more details)



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

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

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Inventory turnover (days)	97	92	72	76
Trade receivables turnover (days)	102	103	136	137
Trade receivables turnover (days) (without GZQH balances)	66	68	67	72
Debt equity ratio	0.58	0.58	0.61	0.58

Note - With the disposal of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”), a former subsidiary, in December 2011, the Group’s and the Company’s trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a higher trade receivables turnover days.

Notes to Statements of Financial Position

(1) Intangible assets comprise:

	Group			Company		
	30 Jun 2018	31 Dec 2017	1 Jan 2017	30 Jun 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trademarks/customer acquisition costs/formulation rights	4,051	3,971	1,471	3,971	3,971	1,471
Product listing fees	196	196	196	196	196	196
	4,247	4,167	1,667	4,167	4,167	1,667
Less accumulated amortisation	(884)	(816)	(778)	(877)	(816)	(778)
	3,363	3,351	889	3,290	3,351	889

Trademarks/customer acquisition costs/formulation rights relate to costs paid to third parties in relation to: -

- acquisition of trademarks rights of certain brands of pet food. Such costs were determined to have indefinite lives and are tested for impairment annually;
- acquisition of customer base, which is amortised over three years; and
- acquisition of trademarks and formulation rights of certain products, which are amortised over 25 years.

Product listing fees relate to costs paid to third parties in relation to the entitlements to list and sell the Company’s products in certain supermarkets, and are amortised over three years.

(2) The increase in brooder stocks as at 30 June 2018 was related to brooder stocks transferred to the Group as partial settlement of the outstanding amounts due from the purchasers of Kim Kang Aquaculture Sdn Bhd (“Kim Kang”), a former subsidiary of the Group and the advances extended to Kim Kang before its disposal.



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

Notes to Statements of Financial Position (cont'd)

(3) The details of subsidiaries are as follows:

Name of subsidiary	Effective equity interest held by the Group			Cost of investment by the Company		
	30 Jun	31 Dec	1 Jan	30 Jun	31 Dec	1 Jan
	2018	2017	2017	2018	2017	2017
	%	%	%	\$'000	\$'000	\$'000
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	100	57	57	57
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	100	172	172	172
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	100	-	-	-
Qian Hu Development Sdn Bhd (Malaysia)	100	100	100	16	16	16
Beijing Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	100	172	172	172
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	100	1,087	1,087	1,087
Guangzhou Qian Hu OF Feed Co., Ltd (People's Republic of China)	100	100	100	126	126	126
Guangzhou Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	100	69	69	69
Qian Hu Aquaculture (Hainan) Co., Ltd (People's Republic of China)	51	51	51 #	626	626	-
Tian Tian Fisheries (Hainan) Co., Ltd (People's Republic of China)	60	60	-	378	-	-
		(Note i)				
Qian Hu Marketing Co Ltd (Thailand)	74	74	74	148	148	148
Thai Qian Hu Company Limited and its subsidiary: (Thailand)	60	60	60	122	122	122
- Advance Aquatic Co., Ltd (Thailand)	60	60	60	-	-	-
NNTL (Thailand) Limited (Thailand)	49 *	49 *	49 *	31	31	31
P.T. Qian Hu Joe Aquatic Indonesia (Indonesia)	97.25	90	90	1,357	381	381
	(Note ii)					
				4,361	3,007	2,381

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

Capital contribution made in April 2017.



QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

Note -

- (i) In November 2017, the Company incorporated a 60% owned subsidiary, Tian Tian Fisheries (Hainan) Co., Ltd, with a registered capital of Rmb 3 million. The Company had made full capital contribution into this subsidiary in April 2018.
- (ii) During the current quarter, the Company capitalised the outstanding loan amount of approximately \$1.0 million as its investment in P.T. Qian Hu Joe Aquatic Indonesia, which resulted in the increase in effective interest held.
- (4) Trade and other receivables (non-current) relates to amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”), a former subsidiary of the Group. Based on a repayment arrangement entered into with GZQH in FY 2017, \$1.0 million of the receivables as at 31 December 2017 is due on 31 December 2018 and the remaining amount of \$9.0 million is not expected to be repaid within the next 12 months.

The recoverability of the amount due from GZQH of approximately \$7.3 million (31/12/2017: \$7.3 million) is guaranteed by a major shareholder of the Company and a director of the Company.

- (5) Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which is determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier. The increase in breeder stocks balance as at 30 June 2018 was mainly due to difference in quantity, valuation and product mix in relation to the breeder stocks held as at both reporting dates.
- (6) Inventories comprise:

	Group			Company		
	30 Jun 2018	31 Dec 2017	1 Jan 2017	30 Jun 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fish	3,119	3,101	2,846	1,960	2,162	2,038
Accessories	13,026	11,954	12,116	4,660	4,763	4,937
Plastics products - raw materials	380	316	285	-	-	-
Plastics products - finished goods	613	559	608	-	-	-
	17,138	15,930	15,855	6,620	6,925	6,975
Less allowance for inventory obsolescence	(390)	(346)	(402)	(296)	(252)	(308)
	16,748	15,584	15,453	6,324	6,673	6,667

The increase in accessories inventory balance as at 30 June 2018 was mainly due to purchases made for orders due for delivery in the 3rd quarter of 2018.



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

Notes to Statements of Financial Position (cont'd)

(7) Trade receivables comprise:

	Group			Company		
	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000
Trade receivables	19,685	19,345	19,936	12,218	11,685	12,584
Less allowance for doubtful trade receivables	(2,800)	(2,353)	(2,377)	(2,367)	(2,157)	(2,289)
	16,885	16,992	17,559	9,851	9,528	10,295

(8) Other receivables, deposits and prepayments comprise:

	Group			Company		
	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000
Other receivables *	1,657	2,256	2,956	820	1,471	2,827
Deposits	439	306	276	40	39	45
Prepayments	1,218	1,114	1,165	271	170	171
Advances to suppliers	439	526	636	391	420	596
Deposits for purchase of property, plant and equipment	652	632	1,213	-	-	264
Tax recoverable	48	38	52	-	-	-
	4,453	4,872	6,298	1,522	2,100	3,903

* Other receivables as at 30 June 2018 consist of the balance of the outstanding amounts due from the purchasers of Kim Kang of approximately \$0.66 million (31/12/17: \$1.36 million), which were overdue. It has been agreed that the initial overdue amounts will be settled within a maximum of 24 months commencing 1 January 2017. As at 30 June 2018, the outstanding amounts were reduced by \$2.1 million since 1 January 2017 with the transfer of brooder stocks to the Group as settlement-in-kind (please refer to (2) above).

(9) Other payables and accruals comprise:

	Group			Company		
	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	30 Jun 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000
Accrued operating expenses	303	359	530	188	260	451
Accrued staff costs	1,323	1,336	1,240	974	952	808
Other payables	2,307	3,981	1,655	1,603	3,005	1,292
Advance received from customers	252	314	376	213	220	113
	4,185	5,990	3,801	2,978	4,437	2,664

The decrease in other payables and accruals as at 30 June 2018 was mainly due to settlement made in relation to the acquisition of trademarks and formulation rights of a product amounting to approximately \$1.7 million.



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

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

	Group			Company		
	30 Jun 2018	31 Dec 2017	1 Jan 2017	30 Jun 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities						
Finance lease liabilities	212	246	364	141	144	241
	<u>212</u>	<u>246</u>	<u>364</u>	<u>141</u>	<u>144</u>	<u>241</u>
Current liabilities						
Term loans						
- short-term (unsecured)	17,000	15,000	14,500	17,000	15,000	14,500
- long-term (secured)	26	65	142	-	-	-
Bills payable to banks (unsecured)	400	766	354	205	532	197
Finance lease liabilities	196	208	209	109	85	74
	<u>17,622</u>	<u>16,039</u>	<u>15,205</u>	<u>17,314</u>	<u>15,617</u>	<u>14,771</u>
Total borrowings	<u>17,834</u>	<u>16,285</u>	<u>15,569</u>	<u>17,455</u>	<u>15,761</u>	<u>15,012</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 2.34% to 3.06% (31/12/2017: 1.97% to 3.00%) per annum and are repayable within the next 12 months from the reporting date. There was additional short-term bank borrowing taken up during the 1st quarter of 2018 for the settlement of the acquisition of trademarks and formulation rights of a product made in the 4th quarter of 2017.

The long-term loan is a bank loan of Baht 8.0 million, drawdown by a subsidiary, secured by a mortgage on the subsidiary's freehold land and is callable on demand. It bears interest at 6.75% (31/12/2017: 6.75%) per annum and is payable in 50 monthly instalments commencing September 2014.

As at 30 June 2018, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2017: \$1.7 million).



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

1(c) **STATEMENT OF CASH FLOWS**
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

	Group		Group	
	3 months ended 30 Jun	2017	6 months ended 30 Jun	2017
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	233	63	397	238
Adjustments for:				
Bad trade receivables written off	22	6	61	9
Depreciation of				
- property, plant and equipment	446	409	886	821
- brooder stocks	56	48	110	95
Amortisation of intangible assets	37	5	68	11
Gain on disposal of				
property, plant and equipment	(8)	(21)	(20)	(18)
Property, plant and equipment written off	6	-	7	-
Change in fair value less estimated				
point-of-sale costs of breeder stocks	10	-	10	-
Allowance for				
- doubtful trade receivables	1	82	2	131
- inventory obsolescence	44	-	44	-
Share of losses of associate	-	9	-	5
Interest expense	131	98	241	179
Interest income	(2)	(2)	(3)	(3)
Operating profit before working capital changes	976	697	1,803	1,468
(Increase) Decrease in:				
Inventories	(830)	291	(1,144)	(114)
Breeder stocks	(10)	-	(12)	(29)
Trade receivables	(462)	119	(512)	778
Other receivables, deposits and prepayments	211	(184)	(323)	(696)
Due from associate (trade)	-	15	-	(39)
Increase (Decrease) in:				
Trade payables	135	(723)	(22)	129
Bills payable to banks	(263)	(134)	(371)	32
Other payables and accruals	476	(162)	(1,803)	(251)
Cash generated from (used in) operating activities	233	(81)	(2,384)	1,278
Tax paid	(75)	(58)	(141)	(70)
Net cash from (used in) operating activities	158	(139)	(2,525)	1,208
Cash flows from investing activities				
Purchase of				
- property, plant and equipment	(334)	(663)	(550)	(1,340)
- intangible asset	(80)	-	(80)	-
Proceeds from disposal of				
property, plant and equipment	7	20	33	26
Interest received	3	2	4	3
Net cash used in investing activities	(404)	(641)	(593)	(1,311)



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

1(c) **STATEMENT OF CASH FLOWS**
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018 (cont'd)

	Group		Group	
	3 months ended 30 Jun	2017	6 months ended 30 Jun	2017
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
Drawdown of bank term loans	1,000	-	2,200	-
Capital contribution from non-controlling interests	247	-	247	-
Repayment of				
- finance lease liabilities	(77)	(60)	(131)	(117)
- bank term loans	(169)	(19)	(239)	(39)
Payment of dividend to				
- owners of the Company	(227)	-	(227)	-
- non-controlling interests	-	(81)	(82)	(81)
Interest paid	(129)	(98)	(237)	(179)
Net cash from (used in) financing activities	645	(258)	1,531	(416)
Net increase (decrease) in cash and cash equivalents	399	(1,038)	(1,587)	(519)
Cash and cash equivalents at beginning of period	9,218	9,210	11,124	8,723
Effect of exchange rate changes				
on cash balances held in foreign currencies	(52)	5	28	(27)
Cash and cash equivalents at end of period	9,565	8,177	9,565	8,177

Notes to Statement of Cash Flows

Net cash from operating activities in the 2nd quarter of 2018 was mainly due to higher profit generated during the current quarter, coupled with our ability to better manage our cash flow by extending our terms with our non-trade suppliers, which was partially utilised for inventory purchases.

Despite higher profit generated during the period, the **net cash used in operating activities** in the 1st half of 2018 was mainly due to funds deployed into inventory purchases, as well as the settlement made in relation to the acquisition of trademarks and formulation rights of a product.

Net cash used in investing activities was mainly related to capital expenditure incurred for on-going enhancements to farm facilities in Singapore and overseas, as well as the infrastructure construction work for our new aquaculture business.

Net cash from financing activities was related to cash proceeds received from additional drawdown of bank term loans which was mainly utilised for the payment of dividend to the non-controlling shareholder of a subsidiary, the settlement of bank term loans and finance lease liabilities on a monthly basis, as well as the servicing of interest payments. In addition, there was payment of dividend made to the shareholders of the Company in April 2018.



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

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

Group	Attributable to owners of the Company				Non-Controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Retained earnings \$'000	Translation reserve \$'000	Total \$'000		
Balance at 1 Jan 2017 (FRS)	30,773	18,810	(1,037)	48,546	1,948	50,494
Effect of transition to SFRS(I)s (Note 1)	-	(1,037)	1,037	-	-	-
Balance at 1 Jan 2017 (SFRS(I))	30,773	17,773	-	48,546	1,948	50,494
Total comprehensive income for the year						
Profit for the year	-	329	-	329	220	549
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	44	44	(55)	(11)
Total other comprehensive income	-	-	44	44	(55)	(11)
Total comprehensive income for the year	-	329	44	373	165	538
Transactions with owners, recognised directly in equity						
Changes in ownership interests						
Incorporation of subsidiary with non-controlling interests	-	-	-	-	603	603
Total transactions with owners	-	-	-	-	603	603
Balance at 31 Dec 2017	30,773	18,102	44	48,919	2,716	51,635
Effect on adoption of SFRS(I) 9 (Note 2)	-	(598)	-	(598)	-	(598)
Total comprehensive income for the period						
Profit for the period	-	181	-	181	68	249
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	38	38	194	232
Total other comprehensive income	-	-	38	38	194	232
Total comprehensive income for the period	-	181	38	219	262	481
Transactions with owners, recognised directly in equity						
Changes in ownership interests in subsidiaries						
Payment of first and final dividend	-	(227)	-	(227)	-	(227)
Total transactions with owners	-	(227)	-	(227)	-	(227)
Balance at 30 Jun 2018	30,773	17,458	82	48,313	2,978	51,291

Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and the adoption of SFRS(I) 9

Note 1 –

The Group has adopted SFRS(I) for the financial year ending 31 December 2018 (“FY 2018”) and has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company.

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve (“FCTR”) for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR of approximately \$1.0 million as at 1 January 2017 as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.



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

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

Note 2 –

SFRS(I) 9 replaces the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

In compliance with SFRS(I) 9, the Group has applied the simplified approach and has recorded the amount of loss allowance on all trade and other receivables by ascertaining the amount of ECLs that would result from all possible default events over the expected life of a financial instrument (lifetime ECLs). Based on the assessment made, there was an increase in impairment for trade and other receivables of approximately \$0.6 million and \$0.2 million for the Group and for the Company respectively as at 1 January 2018 with the adoption of SFRS(I) 9.

The changes in accounting policies resulting from the adoption of SFRS(I) 9 should be applied by the Group and the Company retrospectively. However, the Group and the Company have adopted the exemption in SFRS(I) 1 allowing it not to restate the comparative information in the FY 2018 financial statements. The differences in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

	Share capital	Retained earnings	Translation reserve	Total
	\$'000	\$'000	\$'000	\$'000
Company				
Balance at 1 Jan 2017 (FRS)	30,773	10,537	(19)	41,291
Effect of transition to SFRS(I)s (Note 1)	-	(19)	19	-
Balance at 1 Jan 2017 (SFRS(I))	30,773	10,518	-	41,291
Total comprehensive income for the year				
Loss for the year	-	(850)	-	(850)
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	9	9
Total other comprehensive income	-	-	9	9
Total comprehensive income for the year	-	(850)	9	(841)
Balance at 31 Dec 2017	30,773	9,668	9	40,450
Effect on adoption of SFRS(I) 9 (Note 2)	-	(211)	-	(211)
Total comprehensive income for the period				
Profit for the period	-	257	-	257
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	(3)	(3)
Total other comprehensive income	-	-	(3)	(3)
Total comprehensive income for the period	-	257	(3)	254
Transactions with owners, recognised directly in equity				
Distributions to owners				
Payment of first and final dividend	-	(227)	-	(227)
Total transactions with owners	-	(227)	-	(227)
Balance at 30 Jun 2018	30,773	9,487	6	40,266



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

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

	Number of shares	\$'000
Share capital		
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2018 and 30 Jun 2018	<u>113,526,467</u>	<u>30,773</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2017.

There were no outstanding convertibles as at 30 June 2018 (30/6/2017: Nil).

The Company did not hold any treasury shares as at 30 June 2018 (30/6/2017: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2018.

1(e) **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) 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 second quarter and six months ended 30 June 2018 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
16 July 2018

1(f) **CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

2 **AUDIT**

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

3 **AUDITORS' REPORT**

Not applicable



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

4 **ACCOUNTING POLICIES**

The Group’s financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) issued by the Accounting Standards Council (“ASC”) and International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

Other than the adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, 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 2017.

5 **CHANGES IN ACCOUNTING POLICIES**

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) *Clarifications to SFRS(I) 15*
- Amendments to SFRS(I) 1-28 *Measuring an Associate or Joint Venture at Fair Value*
- Amendments to SFRS(I) 1-40 *Transfers of Investment Property*
- Amendments to SFRS(I) 1 *Deletion of short-term exemptions for first-time adopters*

Except for SFRS(I) 1 and SFRS(I) 9, the adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2018.

Please refer to the Statements of Changes in Equity for the Group and for the Company on pages 13 and 14 for further details on the quantum of the respective adjustments made in relation to SFRS(I) 1 and SFRS(I) 9.

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

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Jun</u>	<u>2017</u>	<u>6 months ended 30 Jun</u>	<u>2017</u>
	2018	2017	2018	2017
Earnings Per Ordinary Share (based on consolidated net profit attributable to owners)				
- on weighted average number of ordinary shares on issue (cents)	0.13	0.02	0.16	0.05
- on a fully diluted basis (cents)	0.13	0.02	0.16	0.05



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

6 **EARNINGS PER ORDINARY SHARE (EPS) (cont'd)**

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue of 113,526,467 for both periods.

There is no difference between the basic and diluted earnings per share.

7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	45.18	45.48	35.47	35.63

Net asset value per share for both periods is computed based on the number of shares in issue of 113,526,467.

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

6 months 2018 vs 6 months 2017

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>6 months ended 30 Jun</u>		<u>\$'000</u>	<u>%</u>
	<u>2018</u>	<u>2017</u>		
Fish	18,436	17,483	953	5.5
Accessories	19,584	20,038	(454)	(2.3)
Plastics	5,539	5,779	(240)	(4.2)
	<u>43,559</u>	<u>43,300</u>	<u>259</u>	<u>0.6</u>

For the six months ended 30 June 2018, the ornamental fish and accessories activities continued to be our core business segments, which together accounted for approximately 87.3% of the total revenue. Our overall revenue registered of \$43.6 million for the six months ended 30 June 2018 was approximately \$0.3 million or 0.6% higher than that of its corresponding period in 2017.

On a geographical basis, revenue from Singapore grew by approximately 2.7% in the 1st half of 2018, while revenue from overseas remained relatively consistent, as compared to its corresponding period in 2017.

2Q 2018 vs 2Q 2017

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>2Q</u>		<u>\$'000</u>	<u>%</u>
	<u>2018</u>	<u>2017</u>		
Fish	8,968	8,216	752	9.2
Accessories	10,058	10,568	(510)	(4.8)
Plastics	2,923	2,941	(18)	(0.6)
	<u>21,949</u>	<u>21,725</u>	<u>224</u>	<u>1.0</u>



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

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

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

2Q 2018 vs 2Q 2017 (cont'd)

Although the revenue from our ornamental fish activities registered growth in the 2nd quarter of 2018 as compared to its corresponding period in 2017, the reduction in our accessories revenue has sliced off the increase in overall revenue in the current quarter as compared to its corresponding period in 2017.

Fish

Our Dragon Fish sales continue to grow in tandem with the other ornamental fish revenue in the current quarter. We have since strived to gradually increase our export of ornamental fish by diversifying to more customers and more countries around the world from our export hubs in Singapore, Malaysia, Thailand and Indonesia, which have given rise to the improved ornamental fish revenue. Coupled with the sales generated from our newly incorporated subsidiary in the Hainan Province (China), which deals in the farming of antibiotic-free edible fish, we saw an increase in revenue contribution during the current quarter from this business segment, which was approximately \$0.8 million or 9.2% higher than its corresponding period in 2017.

Accessories

With our accessories business being more export-oriented, we managed to leverage on our Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential.

During the 2nd quarter of 2018, we saw a dip in revenue contribution from our accessories business by approximately \$0.5 million or 4.8% as we experienced the loss of sales due to the announcement made on 16 May 2018 in relation to the abolishment of the implementation of Goods and Services Tax (GST) in Malaysia with effect from 1 June 2018. This has affected the sentiment of the retailers in Malaysia during the month of May, with a majority of our customers deferring buying until on or after 1 June. Nonetheless, the sales orders rebounded in June 2018 following the aftermath of the abolishment of the GST.

Plastics

Revenue from our plastic business remained relatively consistent in the current quarter, comparable to that of the corresponding period in 2017.

2Q 2018 vs 1Q 2018

	Group		Increase (Decrease)	
	2Q 2018	1Q 2018		
Fish	8,968	9,468	(500)	(5.3)
Accessories	10,058	9,526	532	5.6
Plastics	2,923	2,616	307	11.7
	21,949	21,610	339	1.6



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

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

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

2Q 2018 vs 1Q 2018 (cont'd)

Although the revenue from our ornamental fish activities registered a reduction of \$0.5 million or 5.3% quarter-on-quarter, the increase in our accessories and plastics revenue by approximately \$0.5 million and \$0.3 million respectively has resulted in an increase in overall revenue by approximately \$0.3 million or 1.6% in the current quarter as compared to the previous quarter.

Fish

Moving into 2nd quarter of 2018, despite the sales generated from our newly incorporated subsidiary in the Hainan Province (China), we saw a reduction in our ornamental fish revenue contribution by \$0.5 million or 5.3% as compared to the previous quarter. This is mainly due to the summer holidays in Europe, which started in June and will extend till early September. Our ornamental fish export was affected as it has been the norm that our European customers will mostly take off for their own vacation and do not actively make ornamental fish related purchases during the duration of the holiday season. This year, the FIFA World Cup football tournament, which was held in June and July, also constituted to the lower ornamental fish purchases made by customers from many countries over the world.

Accessories

Traditionally, during the 1st quarter of each year, revenue contribution is lower from our China operations as they are closed for operations during the week-long Chinese New Year holidays. This had attributed to the lower accessories revenue in the previous quarter. In the current quarter, our accessories export business continued its leverage on the Group's existing overseas distribution bases & network and infrastructure available to explore more untapped markets with growth potential. This had resulted in an increase in revenue contribution registered by this business segment of approximately \$0.5 million or 5.6% in the current quarter as compared to the previous quarter.

The above increase was partially offset by the loss in sales due to the timing of the announcement on the abolishment of the implementation of GST in Malaysia as mentioned earlier.

Plastics

With the enlarged customer base and product mix, our revenue contribution from our plastic activities managed to register a steady increase of approximately \$0.3 million or 11.7% in the 2nd quarter of 2018 as compared to the previous quarter.

(b) **Profitability**

6 months 2018 vs 6 months 2017

	Group		Increase	
	6 months ended 30 Jun 2018	2017	(Decrease)	
	\$'000	\$'000	\$'000	%
Fish	743	405	338	83.5
Accessories	893	717	176	24.5
Plastics	340	423	(83)	(19.6)
Unallocated corporate expenses	(1,579)	(1,307)	(272)	(20.8)
	397	238	159	66.8



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

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

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

6 months 2018 vs 6 months 2017 (cont'd)

In line with the higher revenue contribution registered, our overall operating profit increased by approximately \$0.2 million or 66.8% for the six months ended 30 June 2018 as compared to its corresponding period in 2017, mainly due to the considerable improvement in profit margins generated from our core businesses.

2Q 2018 vs 2Q 2017

	<u>Group</u>		<u>Increase</u>	
	<u>2Q</u>	<u>2Q</u>	<u>(Decrease)</u>	
	<u>2018</u>	<u>2017</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	378	23	355	1,543.5
Accessories	583	432	151	35.0
Plastics	162	222	(60)	(27.0)
Unallocated corporate expenses	(890)	(614)	(276)	(45.0)
	<u>233</u>	<u>63</u>	<u>170</u>	<u>269.8</u>

Fish

The surge in the operating profit from our ornamental fish business in the current quarter as compared to its corresponding period in 2017 was in line with the higher revenue recorded and the better margin yielded from the sales of our self-bred Dragon Fish and our ornamental fish export business, notwithstanding the initial start-up costs incurred in relation the Group's second aquaculture farm in the Hainan Province.

Accessories

Despite the lower revenue contribution in the 2nd quarter of 2018, the better profit yielded from our accessories activities in the current quarter was primarily due to our conscientious efforts made to capture more markets through the selling of more proprietary brand of innovative products with better margins.

Plastics

The consistent revenue registered by the plastic activities, coupled with the gradual increase in overall operational costs has affected its probability in the 2nd quarter of 2018, as compared to its corresponding period in 2017.

Unallocated corporate expenses

These were staff costs and corporate/administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations.



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

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

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

2Q 2018 vs 1Q 2018

	<u>Group</u>		<u>Increase</u>	
	<u>2Q</u>	<u>1Q</u>	<u>(Decrease)</u>	
	2018	2018	\$'000	%
	\$'000	\$'000		
Fish	378	365	13	3.6
Accessories	583	310	273	88.1
Plastics	162	178	(16)	(9.0)
Unallocated corporate expenses	(890)	(689)	(201)	(29.2)
	<u>233</u>	<u>164</u>	<u>69</u>	<u>42.1</u>

Fish

The flat growth in profitability despite a reduction in revenue registered by the ornamental fish business in the 2nd quarter of 2018 as compared to its previous quarter was a result of the difference in sales mix, coupled with the reliance and resilience of our ornamental fish export business, which continued to turn in stable revenue and generate respectable profit margins.

Accessories

The better profit yielded from our accessories activities were in accordance with the steady increase in revenue from 1st quarter 2018 to 2nd quarter of 2018 as well as the sales of more proprietary brand of innovative products with better margins.

Plastics

Notwithstanding the higher revenue registered by the plastic business in the current quarter, the profitability of the plastics business was affected by the gradual increase in overall operational costs quarter-on-quarter.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

The visions of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to breed Ornamental Fish of the highest value;
- to establish our "Ocean Free" and "OF" brands as the most recognisable amongst Aquarium Accessories brands in Asia;
- to be an innovative technology company; and
- to produce antibiotic-free, sustainable edible fish for the benefit of our consumers and the environment.

The above-mentioned visions of the Group were announced in detail in our Full Year Financial Statements and Dividend Announcement dated 12 January 2018.



QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. : 199806124N)

10 PROSPECTS (cont'd)

The business landscape continues to be challenging, requiring us to be continually innovative, nimble and agile. Over the years, we have shown ourselves to be resilient, sparing no effort to transform ourselves so as to stay ahead of the competition and to strengthen our business fundamentals. We will continue to focus on innovation to expand our pipeline of compelling products particularly in the areas of filtration, fish nutrition and genetic breeding of unique Dragon Fish. It is also our intention to excel in the sustainable farming of edible fish for the consumer market so as to build our new aquaculture business to be many times bigger than our existing businesses. Barring unforeseen circumstances, the Group will continue to grow its revenue and be profitable in the current financial year.

11 DIVIDEND

No interim dividend for the quarter ended 30 June 2018 is recommended.

12 INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

During the financial period, there were interested person transactions based on terms agreed between the parties as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
	\$	\$	\$	\$
Guarantee fee paid to a major shareholder of the Company *	18,100	18,900	18,100	18,900
Consultancy fees paid to a company in which a director has a substantial interest	8,300	8,300	8,300	8,300

* The Group and the Company are charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH, a former subsidiary. The guarantee fee is payable to a major shareholder of the Company, for guaranteeing the payment of the outstanding amounts.

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the second quarter and the six months ended 30 June 2018.



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

13 **SEGMENT INFORMATION**

(a) **Business segments**

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

- (i) Fish - includes fish farming, breeding, distribution and trading of ornamental and edible fish;
- (ii) Accessories - includes manufacturing and distribution of aquarium and pet accessories;
- (iii) Plastics - includes manufacturing and distribution of plastic bags; and
- (iv) Others - includes Corporate Office and consolidation adjustments which are not directly attributable to a particular business segment above.

Group	6 months ended 30 Jun 2018				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	18,436	19,584	5,539	-	43,559
Inter-segment revenue	1,225	2,700	82	(4,007)	-
Total Revenue	19,661	22,284	5,621	(4,007)	43,559
Results					
EBITDA *	1,434	1,189	447	(1,371)	1,699
Depreciation and amortisation	(684)	(274)	(106)	-	(1,064)
Interest expense	(9)	(23)	(1)	(208)	(241)
Interest income	2	1	-	-	3
Profit before tax	743	893	340	(1,579)	397
Tax expense	(62)	(86)	-	-	(148)
Profit for the period	681	807	340	(1,579)	249
Net profit margin	3.7%	4.1%	6.1%		0.6%
Assets and Liabilities					
Segment assets	38,714	37,119	5,013	217	81,063
Segment liabilities	4,999	5,317	2,166	17,290	29,772
Other Segment Information					
Expenditures for non-current assets **	77	260	375	-	712
Other non-cash items:					
Bad trade receivables written off	61	-	-	-	61
Gain on disposal of property, plant and equipment	(16)	(4)	-	-	(20)
Property, plant and equipment written off	-	7	-	-	7
Allowance for (Write back of allowance for)					
- doubtful trade receivables	(1)	3	-	-	2
- inventory obsolescence	-	44	-	-	44
Change in fair value less estimated point-of-sale costs of breeder stocks	10	-	-	-	10

* EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

** This includes capital expenditure and additions to other non-current assets.



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

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

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

Group	6 months ended 30 Jun 2017				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	17,483	20,038	5,779	-	43,300
Inter-segment revenue	926	2,382	64	(3,372)	-
Total Revenue	18,409	22,420	5,843	(3,372)	43,300
Results					
EBITDA *	1,016	977	508	(1,155)	1,346
Depreciation and amortisation	(606)	(238)	(83)	-	(927)
Interest expense	(7)	(18)	(2)	(152)	(179)
Interest income	2	1	-	-	3
	405	722	423	(1,307)	243
Share of losses of associate	-	(5)	-	-	(5)
Profit before tax	405	717	423	(1,307)	238
Tax expense	(62)	(12)	-	-	(74)
Profit for the period	343	705	423	(1,307)	164
Net profit margin	2.0%	3.5%	7.3%		0.4%
Assets and Liabilities					
Segment assets	32,064	39,356	4,452	1,606	77,478
Investment in associate	-	272	-	-	272
Segment liabilities	4,418	5,920	1,833	14,761	26,932
Other Segment Information					
Expenditures for non-current assets **	1,210	183	13	-	1,406
Other non-cash items:					
Bad trade receivables written off	4	5	-	-	9
(Gain) Loss on disposal of property, plant and equipment	(21)	8	(5)	-	(18)
Allowance for doubtful trade receivables	43	88	-	-	131

(b) **Geographical segments**

Geographical segments are analysed by four principal geographical areas, namely Singapore, Asia, Europe and Others (i.e. the rest of the world).

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and total assets are based on the geographical location of the assets.



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

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

(b) **Geographical segments (cont'd)**

Group	Revenue		Segment non-current assets		Segment assets	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	12,140	11,816	27,694	23,925	53,497	51,735
Other Asian countries	23,958	24,040	5,619	5,628	27,566	25,471
Europe	4,266	4,412	-	272	-	272
Others	3,195	3,032	-	-	-	-
Total	43,559	43,300	33,313	29,825	81,063	77,478

(c) **Major customers**

There is no customers contributing more than 10 percent to the revenue of the Group.

14 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
2Q 2018				
Singapore (including domestic sales & sales to Singapore)	1,176	2,304	2,751	6,231
Overseas (including export to & sales in overseas)	7,792	7,754	172	15,718
Total revenue	8,968	10,058	2,923	21,949
2Q 2017				
Singapore	1,012	2,089	2,825	5,926
Overseas	7,204	8,479	116	15,799
Total revenue	8,216	10,568	2,941	21,725
6 months ended 30 Jun 2018				
Singapore (including domestic sales & sales to Singapore)	2,455	4,326	5,359	12,140
Overseas (including export to & sales in overseas)	15,981	15,258	180	31,419
Total revenue	18,436	19,584	5,539	43,559
6 months ended 30 Jun 2017				
Singapore	2,102	4,107	5,607	11,816
Overseas	15,381	15,931	172	31,484
Total revenue	17,483	20,038	5,779	43,300

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
16 July 2018