

QIAN HU CORPORATION LIMITED

Half Year Financial Statement Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

THE GROUP	-----	3 months ended	-----	-----	6 months ended	-----
	30/6/2003 \$'000	30/6/2002 \$'000	Change %	30/6/2003 \$'000	30/6/2002 \$'000	Change %
Turnover	17,263	15,289	12.9	33,205	27,817	19.4
Cost of sales	(10,942)	(9,602)	14.0	(21,027)	(17,575)	19.6
Gross Profit	6,321	5,687	11.2	12,178	10,242	18.9
Other operating income	44	35	25.7	60	64	(6.3)
	6,365	5,722	11.2	12,238	10,306	18.8
Selling & distribution expenses	(334)	(389)	(14.1)	(830)	(705)	17.7
Personnel expenses	(2,056)	(1,727)	19.1	(4,061)	(3,338)	21.7
Exchange gain	50	8	525.0	46	9	411.1
Other general & administration expenses	(1,476)	(1,332)	10.8	(3,104)	(2,542)	22.1
Interest expenses	(60)	(44)	36.4	(101)	(86)	17.4
Interest income	0	0	NM	1	0	100.0
Operating profit before taxation	2,489	2,238	11.2	4,189	3,644	15.0
Share of associates results	-	19	(100.0)	-	24	(100.0)
	2,489	2,257	10.3	4,189	3,668	14.2
Taxation	(495)	(395)	25.3	(870)	(775)	12.3
	1,994	1,862	7.1	3,319	2,893	14.7
Minority interest	(52)	11	572.7	(68)	24	383.3
Net profit attributable to members of the Company	1,942	1,873	3.7	3,251	2,917	11.5
Depreciation & amortisation included in :						
- Cost of sales	50	13		81	19	
- General & administration expenses	337	345		662	683	

	387	358	8.1	743	702	5.8
Gross profit margin	36.6%	37.2%		36.7%	36.8%	
Net profit margin	11.2%	12.3%		9.8%	10.5%	

Explanatory notes:

For the 6 months ended 30 June 2003, the increase in personnel expenses of \$723K for the Group is due to the increase in head count and annual salary increment. In addition, Guangzhou Wan Jiang which became a subsidiary in the 4th quarter of 2002, recorded personnel expenses of \$227K for the 6 months ended 30 June 2003, contributed to the increase.

The increase in selling & distribution and other general administration expenses is in line with the expansion of the Group's operations.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group	Group	Company	Company
	30/6/2003	31/12/2002	30/6/2003	31/12/2002
	\$	\$	\$	\$
Share capital and reserves				
Share capital	10,308,970	10,297,070	10,308,970	10,297,070
Reserves	19,860,668	17,580,344	15,804,532	14,525,186
	30,169,638	27,877,414	26,113,502	24,822,256
Minority interests	415,188	348,564	-	-
	30,584,826	28,225,978	26,113,502	24,822,256
Fixed assets	7,715,488	7,818,045	4,415,295	4,468,406
Biological assets	1,357,335	1,371,930	1,357,335	1,371,930
Subsidiaries	-	-	2,679,640	2,679,640
Associate	-	-	28,722	28,722
Quoted equity investments, at cost	3,820	3,820	-	-
Trademarks/customer acquisition cost, product listing fees	69,839	87,913	59,235	74,193
Land use rights	92,543	212,653	-	-
Advance for investment	500,000	-	500,000	-
Current assets				
Stocks	13,460,454	12,876,214	5,037,523	4,438,586

Trade debtors	12,919,568	12,351,805	7,033,313	7,087,826
Other debtors, deposits and prepayments	1,097,603	786,805	412,072	201,108
Due from				
- subsidiaries (trade)	-	-	7,390,346	7,181,985
- subsidiaries (non-trade)	-	-	1,772,559	1,927,720
- associates (trade)	547,353	406,452	547,353	406,452
Fixed deposits	101,116	101,116	22,568	22,568
Cash and bank balances	5,997,034	7,719,571	4,518,168	6,251,412
	34,123,128	34,241,963	26,733,902	27,517,657
Current liabilities				
Trade creditors	4,752,285	5,809,629	2,739,880	3,328,248
Bills payable to bank	2,636,175	3,204,880	2,636,175	3,204,880
Other creditors and accruals	2,566,660	3,218,628	2,010,790	2,435,455
Due to subsidiaries (trade)	-	-	88,821	84,104
Hire purchase creditors, current portion	308,521	357,549	169,665	163,635
Bank term loan (unsecured)	245,920	-	-	-
Provision for taxation	1,700,859	1,854,013	1,302,680	1,330,990
	12,210,420	14,444,699	8,948,011	10,547,312
Net current assets	21,912,708	19,797,264	17,785,891	16,970,345
Non-current liabilities				
Hire purchase creditors, non-current portion	(710,440)	(709,180)	(454,616)	(512,980)
Deferred taxation	(356,467)	(356,467)	(258,000)	(258,000)
	30,584,826	28,225,978	26,113,502	24,822,256
Stock turnover (days)	88	88	40	42
Trade debtors turnover (days)	62	62	44	46
Debt Equity Ratio	0.44	0.56	0.37	0.46

Explanatory notes:

The decrease in land use rights is mainly due to the disposal of land use rights held by one of our subsidiaries in PRC to a third party. Profit from disposal of land use rights amounted to \$9,090.

Advance for investment relates to deposit paid in accordance with the Sales and Purchase Agreement for the acquisition of Kim Kang Aquaculture Sdn Bhd, announced on 20 January 2003.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/6/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
NIL	554,441	NIL	357,549

Amount repayable after one year

As at 30/6/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
NIL	710,440	NIL	709,180

Details of any collateral

Note :

(i) The short-term bank loan is unsecured, bears interest at 5.3% per annum and is repayable on 15 June 2004.

(ii) As at 30 June 2003, there were guarantees amounting to \$250K (31/12/2002 : NIL) given by the Company to a bank for banking facilities extended to a subsidiary.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

THE GROUP	3 months ended 30/6/2003	3 months ended 30/6/2002	6 months ended 30/6/2003	6 months ended 30/6/2002
Cash flows from operating activities				
Profit before taxation and minority interest	2,489,118	2,257,501	4,189,196	3,668,166

Adjustments for:				
Depreciation of fixed assets	374,981	317,801	719,615	614,264
Profit on disposal of fixed assets	(17,597)	(30,000)	(5,844)	(30,000)
Profit on disposal of land use rights	-	-	(9,090)	-
Fixed assets written off	-	-	4,294	-
Amortisation of				
- land use rights	501	1,672	1,002	4,361
- trademarks/customer acquisition costs, product listing fees	11,304	38,481	22,415	83,623
Provision for doubtful trade debts	100,655	89,589	162,710	139,589
Share of profit of associated companies	-	(19,503)	-	(24,096)
Interest expense	60,269	43,662	101,300	86,098
Interest income	(723)	-	(1,613)	-
Net effect of exchange differences	(63,874)	64,295	(57,484)	29,345
Operating profit before working capital changes	2,954,634	2,763,498	5,126,501	4,571,350
(Increase) decrease in:				
Stocks	(207,334)	(1,161,101)	(584,240)	(1,195,475)
Trade debtors	(786,145)	(1,294,725)	(730,473)	(1,798,106)
Other debtors, deposits and prepayments	(81,161)	(158,128)	(310,798)	(29,500)
Due from				
- holding company (non-trade)	-	550	-	-
- associates (trade)	(94,549)	(15,009)	(140,901)	(499,815)
- associates (non-trade)	-	10,551	-	(145,185)
Increase (decrease) in:				
Trade creditors	(338,328)	1,461,159	(1,057,344)	933,931
Bills payable to bank	(961,419)	288,588	(568,705)	238,453
Other creditors and accruals	(33,731)	572,162	(651,968)	491,480
Due to directors (non-trade)	-	(656)	-	(656)
Cash generated from operations	451,967	2,466,889	1,082,072	2,566,477
Payment of income tax	(458,436)	(430,432)	(1,023,154)	(442,122)
Interest paid	(60,269)	(43,662)	(101,300)	(86,098)
Net cash generated from (used in) operating activities	(66,738)	1,992,795	(42,382)	2,038,257
Cash flows from investing activities				
Purchase of fixed assets	(441,463)	(325,512)	(665,090)	(961,872)
Advance for investment	-	-	(500,000)	-
Proceeds from disposal of				
- fixed assets	18,367	30,000	257,283	30,000

- land use rights	-	-	127,200	-
Payment for trademarks/customer acquisition cost, product listing fees	(923)	(4,726)	(4,341)	(9,620)
Net cash used in investing activities	(424,019)	(300,238)	(784,948)	(941,492)
Cash flows from financing activities				
Proceeds from issue of new shares (net)	7,680	4,369,568	28,560	4,457,168
Proceeds from bank term loan	245,920	-	245,920	-
Repayment of				
- hire purchase creditors	(124,608)	(77,841)	(206,680)	(160,682)
- term loan	-	(49,998)	-	(99,996)
Payment of dividend	(964,620)	(376,860)	(964,620)	(376,860)
Interest received	723	-	1,613	-
Net cash generated from (used in) financing activities	(834,905)	3,864,869	(895,207)	3,819,630
Net increase (decrease) in cash and cash equivalents	(1,325,662)	5,557,426	(1,722,537)	4,916,395
Cash and cash equivalents at beginning of period	7,423,812	694,095	7,820,687	1,335,126
Cash and cash equivalents at end of period	6,098,150	6,251,521	6,098,150	6,251,521
Cash and cash equivalents comprises :				
Fixed deposits	101,116	597,839	101,116	597,839
Cash and bank balances	5,997,034	5,653,682	5,997,034	5,653,682
Cash and cash equivalents at end of period	6,098,150	6,251,521	6,098,150	6,251,521

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

THE GROUP	Share Capital	Share premium	Revenue reserve	Translation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 Jan 2002	8,276,200	2,083,567	6,607,103	205,170	17,172,040
Currency translation differences	-	-	-	(65,870)	(65,870)
Net profit for the period	-	-	1,043,587	-	1,043,587
Issue of new shares	36,500	51,100	-	-	87,600
Capitalisation of share premium for bonus	831,270	(831,270)	-	-	-

shares					
Balance at 31 Mar 2002	9,143,970	1,303,397	7,650,690	139,300	18,237,357
Currency translation differences	-	-	-	(70,985)	(70,985)
Net profit for the period	-	-	1,873,464	-	1,873,464
Payment of final dividend	-	-	(376,860)	-	(376,860)
Issue of new shares	1,071,800	3,600,520	-	-	4,672,320
Share issue expenses	-	(302,753)	-	-	(302,753)
Balance at 30 June 2002	10,215,770	4,601,164	9,147,294	68,315	24,032,543
Currency translation differences	-	-	-	33,004	33,004
Net profit for the period	-	-	1,885,557	-	1,885,557
Issue of new shares	2,800	3,920	-	-	6,720
Balance at 30 Sept 2002	10,218,570	4,605,084	11,032,851	101,319	25,957,824
Currency translation differences	-	-	-	(13,561)	(13,561)
Net profit for the period	-	-	1,744,751	-	1,744,751
Issue of new shares	78,500	109,900	-	-	188,400
Balance at 31 Dec 2002	10,297,070	4,714,984	12,777,602	87,758	27,877,414
Currency translation differences	-	-	-	(9,183)	(9,183)
Net profit for the period	-	-	1,308,516	-	1,308,516
Issue of new shares	8,700	12,180	-	-	20,880
Balance at 31 Mar 2003	10,305,770	4,727,164	14,086,118	78,575	29,197,627
Currency translation differences	-	-	-	(12,942)	(12,942)
Net profit for the period	-	-	1,941,893	-	1,941,893
Payment of final dividend	-	-	(964,620)	-	(964,620)
Issue of new shares	3,200	4,480	-	-	7,680
Balance at 30 June 2003	10,308,970	4,731,644	15,063,391	65,633	30,169,638

THE COMPANY	Share Capital \$	Share premium \$	Revenue reserve \$	Total \$
Balance at 1 Jan 2002	8,276,200	2,083,567	5,381,485	15,741,252
Net profit for the period	-	-	916,775	916,775
Issue of new shares	36,500	51,100	-	87,600
Capitalisation of share premium for bonus shares	831,270	(831,270)	-	-
Balance at 31 Mar 2002	9,143,970	1,303,397	6,298,260	16,745,627
Net profit for the period	-	-	1,314,552	1,314,552
Payment of final dividend	-	-	(376,860)	(376,860)
Issue of new shares	1,071,800	3,600,520	-	4,672,320

Share issue expenses	-	(302,753)	-	(302,753)
Balance at 30 June 2002	10,215,770	4,601,164	7,235,952	22,052,886
Net profit for the period	-	-	1,214,778	1,214,778
Issue of new shares	2,800	3,920	-	6,720
Balance at 30 Sept 2002	10,218,570	4,605,084	8,450,730	23,274,384
Net profit for the period	-	-	1,359,472	1,359,472
Issue of new shares	78,500	109,900	-	188,400
Balance at 31 Dec 2002	10,297,070	4,714,984	9,810,202	24,822,256
Net profit for the period	-	-	848,909	848,909
Issue of new shares	8,700	12,180	-	20,880
Balance at 31 Mar 2003	10,305,770	4,727,164	10,659,111	25,692,045
Net profit for the period	-	-	1,378,397	1,378,397
Payment of final dividend	-	-	(964,620)	(964,620)
Issue of new shares	3,200	4,480	-	7,680
Balance at 30 Jun 2003	10,308,970	4,731,644	11,072,888	26,113,502

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of shares	\$
Share capital		
- ordinary shares of \$0.10 each		
Issued and fully paid		
Balance as at 1 January 2003	102,970,700	10,297,070
Issue of new shares		
- Exercise of employees' share options	119,000	11,900
Balance as at 30 June 2003	103,089,700	10,308,970

During the 2nd quarter of 2003, 32,000 share options were exercised at \$0.24 per share pursuant to the terms of the Qian Hu Pre-IPO Share Option Scheme ("Pre-IPO Scheme"). As at 30 June 2003, there were 483,000 unexercised share options issued pursuant to the terms of the Pre-IPO Scheme.

In addition, there were options granted to subscribe for 1,547,000 unissued ordinary shares of \$0.10 each in the Company at an exercise price of \$0.59 per share pursuant to the terms of the Qian Hu Post-IPO Share Option Scheme ("Post-IPO Scheme"). As at 30 June 2003, none of these share options were exercised pursuant to the terms of the Post-IPO Scheme.

With the completion of the acquisition of Kim Kang Aquaculture Sdn Bhd in July 2003,

the Company issued 2,923,769 new ordinary shares to the vendors as partial consideration for a 65% equity stake in that company. The new shares rank pari passu in all respect with the existing shares of the Company.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

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 2002.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not Applicable

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended 30/6/2003 (2Q 2003)	3 months ended 30/6/2002 (2Q 2002)	6 months ended 30/6/2003	6 months ended 30/6/2002
Earnings per share (EPS) (based on consolidated profit after taxation and minority interest)				
- on weighted average number of shares	1.88 cents	2.05 cents	3.16 cents	3.19 cents
- on a fully diluted basis	1.87 cents	2.03 cents	3.14 cents	3.15 cents

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 103,029,922 (30/6/2002: 91,455,774).

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 103,650,912 (30/6/2002: 92,482,207).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group	Group	Company	Company
	30/6/2003	31/12/2002	30/6/2003	31/12/2002
Net asset value per share based on existing issued share capital as at the respective period	29.67 cents	27.41 cents	25.33 cents	24.11 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

COMMENTARY

Turnover

First half 2003 vs First half 2002	1st Half 2003 \$'000	1st Half 2002 \$'000	Increased (Decreased) \$'000	%
Fish	13,074	11,990	1,084	9.0
Accessories	16,875	12,560	4,315	34.4
Plastics	3,256	3,267	(11)	(0.3)
	33,205	27,817	5,388	

For the first half of 2003, our ornamental fish activities and distribution of accessories continued to be our core activities, which together accounted for 90% of our total turnover. Our turnover increased by \$5.4 million or 19.4% from \$27.8 million for the 6 months ended 30 June 2002 to \$33.2 million for the 6 months ended 30 June 2003.

2Q 2003 vs 2Q 2002

2nd Quarter 2003 vs 2nd Quarter 2002	2Q 2003 \$'000	2Q 2002 \$'000	Increased (Decreased) \$'000	%
Fish	6,767	6,512	255	3.9
Accessories	8,871	7,015	1,856	26.5
Plastics	1,625	1,762	(137)	(7.8)

	17,263	15,289	1,974	
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Our turnover increased by approximately \$2 million or 12.9% from \$15.3 million for the quarter ended 30 June 2002 to \$17.3 million for the quarter ended 30 June 2003.

Turnover for ornamental fish and accessories increased by \$0.3 million or 3.9% and \$1.9 million or 26.5% respectively, while plastics activities registered a reduction of \$0.1 million or 7.8% in the 2nd quarter of 2003 as compared to its corresponding period in 2002.

As compared to the corresponding period in 2002, our subsidiary in Thailand (dealing with fish) and the fish division in Malaysia, both commenced their operations in the first quarter of 2002, achieved higher turnover in the 2nd quarter of 2003. The sales contributions from local fish retails outlets have remained relatively consistent in the current quarter.

Our conscientious effort to increase our accessories export from Singapore to more countries has accounted for approximately 51% of the increase in sales of accessories this quarter as compared to its corresponding period in 2002. In addition, with Guangzhou Wan Jiang became our subsidiary in the 4th quarter of 2002, its sales has constituted to the increase in accessories turnover in the 2nd quarter of 2003. However, the above-mentioned increase was partially offset by lower turnover from Singapore domestic market due to lower demand for accessories products during the SARS period.

Our turnover for plastics recorded a lower turnover in the 2nd quarter of 2003 due to local market competitiveness. We continued to focus on generating sales through selling more high-yielded items and expanding our distribution channel to outside Singapore.

On a geographical basis, turnover from Singapore dipped by 7.5% mainly as a result of decrease in sales of aquarium accessories to local retailers. Turnover from overseas grew by 52.2% this quarter as compared to the corresponding period in 2002. Both the Singapore and overseas operations' constant effort in expanding our distribution network into overseas untapped markets contributed to the increased in overseas turnover.

2Q 2003 vs 1Q 2003

2nd Quarter 2003 vs 1st Quarter 2003	2Q 2003 \$'000	1Q 2003 \$'000	Increased (Decreased) \$'000	%
Fish	6,767	6,307	460	7.3
Accessories	8,871	8,004	867	10.8
Plastics	1,625	1,631	(6)	(0.4)
	17,263	15,942	1,321	

Our turnover for the 2nd quarter of 2003 was \$1.3 million or 8.3% higher than the 1st quarter of 2003 arising from both fish and accessories activities.

Fish turnover was \$0.5 million or 7.3% higher in the 2nd quarter of 2003 as compared to the 1st quarter of 2003 largely due to the continuous growth recorded by Thai Qian Hu, our subsidiary in Thailand (dealing with fish) and the fish division under Guan Guan, Malaysia.

As compared to 1st quarter of 2003, the increase in accessories turnover by \$0.9 million or 10.8% in the 2nd quarter of 2003 was mainly due to increase sales contribution from our China operations.

Our plastics turnover recorded in the current quarter was comparable to that of the previous quarter.

Profitability

First half 2003 vs First half 2002	1st Half 2003 \$'000	1st Half 2002 \$'000	Increased (Decreased) \$'000	%
Fish	1,956	1,638	318	19.4
Accessories	2,745	2,552	193	7.6
Plastics	192	158	34	21.5
Unallocated corporate expenses	(704)	(680)	(24)	(3.5)
	4,189	3,668	521	

Our operating profit increased by \$0.5 million or 14.2% to \$4.2 million for the 6 months ended 30 June 2003 as compared to \$3.7 million for the 6 months ended 30 June 2002. Our accessories business, which contributed approximately 66% of profit, was the main profit contributor in the first half of 2003.

2Q 2003 vs 2Q 2002

2nd Quarter 2003 vs 2nd Quarter 2002	2Q 2003 \$'000	2Q 2002 \$'000	Increased (Decreased) \$'000	%
Fish	1,339	939	400	42.6
Accessories	1,334	1,551	(217)	(14.0)
Plastics	132	102	30	29.4
Unallocated corporate expenses	(316)	(335)	19	5.7
	2,489	2,257	232	

During the 2nd quarter of 2003, our operating profit from ornamental fish was \$0.4 million or 42.6% higher than that achieved in the 2nd quarter of 2002, mainly due to the increase in the sales of own-bred Dragon Fish, which yielded a higher gross profit margin as compared to the sales mix in the corresponding period in 2002.

Our operating profit from accessories dipped in the current quarter by \$0.2 million or

14% as a result of reduction in gross profit margin yielded from our both local and overseas operations due to keener competition and more promotions during the SARS period.

The slight increase in profitability from our plastics business in the 2nd quarter of 2003 as compared to the corresponding period in 2002 was due to more sales generated from high value items. The business was able to improve its margins yield and managed to contain its operating costs in spite of the stiff market condition.

Unallocated corporate expenses relate to staff costs and administrative expenses incurred in relation to the overseeing of the Group's operations both locally and overseas.

2Q 2003 vs 1Q 2003

2nd Quarter 2003 vs 1st Quarter 2003	2Q 2003 \$'000	1Q 2003 \$'000	Increased (Decreased) \$'000	%
Fish	1,339	617	722	117.0
Accessories	1,334	1,411	(77)	(5.5)
Plastics	132	60	72	120.0
Unallocated corporate expenses	(316)	(388)	72	18.6
	2,489	1,700	789	

Our operating profit for the 2nd quarter of 2003 was \$0.8 million or 46.4% higher than the 1st quarter of 2003 due to better performance from our fish business.

Compared to 1st quarter of 2003, our operating profit from the fish activities surged \$0.7 million or 117% as a result of increase in profit derived from the sales of own-bred Dragon Fish in the 2nd quarter of 2003. The low sales of Dragon Fish (due to shortage in the supply) have affected the profit margin of our fish business in the previous quarter.

Notwithstanding the increase in turnover, the flat growth in profitability of accessories business in the current quarter as compared to that of the 1st quarter of 2003 was due to reduction in gross profit margin yielded.

Our operating profit from plastics activities registered growth in the current quarter as a result of better product mix and improved profit margins.

Lower unallocated corporate expenses recorded in the 2nd quarter of 2003 was largely due to certain non-recurring expenses incurred during the 1st quarter of 2003.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not Applicable

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

We expect our Group to maintain a healthy growth in turnover and overall profitability for the current year in our sales of ornamental fish and accessories in Singapore and to the export markets. We, however, expect bulk of our growth to be from our overseas operations in the PRC, Malaysia and Thailand, as our regional distribution networks are now fully operational and well established.

Fish

We envisage an increasing demand for Dragon Fishes in our regional markets, particularly in our new markets in Taiwan and the PRC, in the coming years. With the completion of the acquisition of Kim Kang Aquaculture Sdn Bhd ("Kim Kang") in July 2003, our Group is able to strengthen our position as an integrated fish service provider by further backward integrating our fish operations and optimizing our sales and profit margins of ornamental fish. It will also enhance our Group's ability to ride the growth in demand for Dragon Fish in the current year as well as in the coming years.

In addition, we have obtained a CITES II licence for successfully breeding the second generation of Araipaima - the world's largest freshwater fish. This would improve our sales and profit margin deriving from ornamental fish.

The ornamental fish division in Guan Guan, our subsidiary in Malaysia, and Thai Qian Hu, our subsidiary in Thailand, both set up in early 2002, are now fully operational. We will commence export fish in Malaysia this year, and will also export more fish to increasing number of countries from Thailand, adding a further positive contribution to our fish turnover from overseas.

Accessories

Guan Guan, which managed to increase its turnover and profitability significantly in FY 2002, is expected to maintain the growth of its accessories sales this year. We have expanded our distribution network in Malaysia and this should facilitate our growth in the sales of accessories. Guan Guan is also expected to receive a long-term boost from a newly incorporated joint venture company, PLC Pet Safari (Kuala Lumpur) Sdn Bhd, dealing with the provision of pet food, pet accessories and other ancillary services in Malaysia. However, the joint venture company, which should be operational by this year end, is not expected to contribute significantly to our Group's results this year.

Qian Hu Marketing in Thailand became operationally profitable in 2002. In June 2003, we started a retail cum wholesale concept in Bangkok by setting up a showroom in the Jautijak distribution center (weekend market). This should enable us to further expand our domestic distribution network in Thailand.

We are also in the process of executing a marketing plan to increase the market sales of accessories in the PRC. This is undertaken through the establishment of an accessories

marketing and distribution center in Shanghai which will actively promote and drive our accessories sales to the municipalities surrounding Shanghai (central PRC) and supported by Wan Jiang in Guangzhou (the southern region of the PRC) and Qian Yang in Beijing (the northern region of the PRC). We believe this will enhance our growth and profitability in our accessories business in the PRC.

International Headquarters ("IHQ") Award

In July 2003, the Economic Development Board has granted a Development and Expansion Incentive ("DEI") under the International Headquarters ("IHQ") Award to the Company. With the incentive, the Company will enjoy a concessionary tax rate of 10% on its qualifying income for a period of five years commencing 1 January 2003.

With the steady performance from our Singapore operations, coupled with positive contributions from our overseas operations in Malaysia, Thailand and China, accordingly, our directors envisage our Group's turnover and profit will continue to increase in the second half of 2003.

Risk factors

Outbreak of diseases and infection

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

We will also institutionalize our comprehensive health management and quarantine system in the newly acquired Kim Kang to minimize any problems regarding health care and hygiene. It should be noted that Kim Kang breeds mainly Dragon Fish which is a very robust and hardy fish existing since pre-historic times. Any disease or bacteria strong enough to affect the Dragon Fish is expected to be very rare.

Suppliers and customers and general business risks

None of our suppliers or customers contribute more than 5% of our Group's turnover. While our Group faces the normal business risks associated with ageing collections and slow moving stocks, we have adopted a prudent accounting policy of a general 10% provision for all trade debts overdue for more than 120 days and a full provision for all non-moving stocks of a duration of more than 6 months.

Not reliant on the sale of any particular type of fish

For the 6 months ended 30 June 2003, our Dragon Fish sales contributed approximately 15% of the fish sales and 6% of the Group total turnover. We sell over 500 species and varieties of ornamental fishes to more than 60 countries and are not reliant on the sale of any particular type or specimen of fish. Even after the acquisition of Kim Kang, our Group will not be reliant on the sale of the Dragon Fish because of our critical spread of fishes that we sell.

Fluctuations in foreign exchange currencies against the Sing Dollar

For the first half of 2003, approximately 70% of our sales were denominated in Singapore Dollars. Around 50% of our supplies were purchased in Sing Dollars, while the rest were in Euros, US dollars and the Yen. While our Group does not have any formal hedging policy against foreign exchange fluctuations, we continuously monitor the exchange rates of the major currencies and enter into hedging contracts with our banks from time to time whenever we detect any movements in the respective exchange rates which may impact on our profitability.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect

Not Applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(i) BUSINESS SEGMENTS (The Group)

30/6/2003	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	13,074	16,875	3,256	-	33,205
Inter-segment sales	1,161	6,223	609	(7,993)	-
Total sales	14,235	23,098	3,865	(7,993)	33,205
RESULTS					
Segment results	1,965	2,832	196	36	5,029
Unallocated expenses					(740)
					4,289
Financial expenses - net					(100)
Share of profit of associated company					-
Taxation					(870)
Minority interests					(68)
Net profit for the period					3,251
Net profit margin	15.0%	16.8%	6.0%		9.8%
ASSETS & LIABILITIES					
Assets	13,176	23,412	4,752	-	41,340
Investment in associated company					-
Unallocated assets					2,522
Total assets					43,862
Liabilities	3,365	7,047	1,116	-	11,528
Unallocated liabilities					1,749
Total liabilities					13,277

OTHER INFORMATION					
Capital expenditure	225	501	98	-	824
Depreciation and amortisation	307	278	158	-	743
Other non-cash expenses (income)	160	(13)	5	-	152

30/6/2002	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	11,990	12,560	3,267	-	27,817
Inter-segment sales	585	3,767	636	(4,988)	-
Total sales	12,575	16,327	3,903	(4,988)	27,817
RESULTS					
Segment results	1,645	2,569	163	(82)	4,295
Unallocated expenses					(565)
					3,730
Financial expenses - net					(86)
Share of profit of associated companies					24
Taxation					(775)
Minority interest					24
Net profit for the period					2,917
Net profit margin	13.7%	20.2%	5.0%		10.5%
ASSETS & LIABILITIES					
Assets	12,348	15,480	5,418	-	33,246
Investment in associated companies					368
Unallocated assets					2,440
Total assets					36,054
Liabilities	3,466	5,151	1,470	-	10,087
Unallocated liabilities					1,895
Total liabilities					11,982

OTHER INFORMATION					
Capital expenditure	751	525	162	-	1,438
Depreciation and amortisation	298	249	155	-	702
Other non-cash expenses (income)	140	-	(30)	-	110

(ii) GEOGRAPHICAL SEGMENTS (The Group)

	Turnover	Turnover	Assets	Assets	Capital expenditure	Capital expenditure
	30/6/2003 \$'000	30/6/2002 \$'000	30/6/2003 \$'000	30/6/2002 \$'000	30/6/2003 \$'000	30/6/2002 \$'000
Singapore	15,813	15,549	26,813	27,352	356	737
Other Asian countries	13,164	8,429	17,049	8,702	468	701
Europe	3,058	2,973	-	-	-	-
Others	1,170	866	-	-	-	-
Total	33,205	27,817	43,862	36,054	824	1,438

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not Applicable

15. A breakdown of sales

TURNOVER	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
2Q 2003				
Singapore (including domestic sales & sales to Singapore)	3,035	3,240	1,625	7,900
Overseas (including export to & sales in overseas)	3,732	5,631	-	9,363
Total sales	6,767	8,871	1,625	17,263
2Q 2002				
Singapore	3,014	3,785	1,738	8,537
Overseas	3,498	3,230	24	6,752

Total sales	6,512	7,015	1,762	15,289
TURNOVER	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
6 months ended 30/6/2003				
Singapore	6,097	6,460	3,256	15,813
Overseas	6,977	10,415	-	17,392
Total sales	13,074	16,875	3,256	33,205
6 months ended 30/6/2002				
Singapore	5,558	6,762	3,229	15,549
Overseas	6,432	5,798	38	12,268
Total sales	11,990	12,560	3,267	27,817

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference	0	0
Total:		

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
21/07/2003