

.QIAN HU CORPORATION LIMITED

Third Quarter Financial Statement Announcement

The Board of Directors of Qian Hu Corporation Limited is pleased to announce the results of the Group and of the Company for the 9 months ended 30 September 2002. These figures have not been audited.

		Group			Company		
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		30/9/2002	30/9/2001	Increase/ (Decrease)	30/9/2002	30/9/2001	Increase/ (Decrease)
1.(a)	Turnover	45,281	29,655	52.7	29,618	24,052	23.1
1.(b)	Cost of sales or classification as followed in the most recent audited annual financial statements	29,007	19,333	50.0	18,469	16,070	14.9
1.(c)	Gross profit/loss	16,274	10,322	57.7	11,149	7,982	39.7
1.(d)	Investment income	0	0	0	0	0	0
1.(e)	Other income including interest income	3	7	(57.1)	1	3	(66.7)
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	7,182	3,468	107.1	5,058	3,116	62.3
2.(b)(i)	Interest on borrowings	(73)	(50)	46.0	(59)	(43)	37.2
2.(b)(ii)	Depreciation and amortisation	(1,042)	(870)	19.8	(618)	(602)	2.7

2.(b)(iii)	Foreign exchange gain/(loss)	(50)	124	(140.3)	15	57	(73.7)
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	0	0	0	0
		Group			Company		
		S\$'000		%	S\$'000		%
		30/9/2002	30/9/2001	Increase/ (Decrease)	30/9/2002	30/9/2001	Increase/ (Decrease)
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	6,017	2,672	125.2	4,396	2,528	73.9
2.(e)	Income derived from associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)	90	28	221.4	0	0	0
2.(f)	Operating profit before income tax	6,107	2,700	126.2	4,396	2,528	73.9
2.(g)	Less income tax (Indicate basis of computation)	(1,334)	(675)	97.6	(950)	(570)	66.7
2.(g)(i)	Operating profit after tax before deducting minority interests	4,773	2,025	135.7	3,446	1,958	76.0
2.(g)(ii)	Less minority interests	30	65	(53.9)	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	4,803	2,090	129.8	3,446	1,958	76.0

2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0

		Group			Company		
		S\$'000	%	Increase/ (Decrease)	S\$'000	%	Increase/ (Decrease)
		30/9/2002	30/9/2001		30/9/2002	30/9/2001	
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v)	Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi)	Transfer to Reserve Fund	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	4,803	2,090	129.8	3,446	1,958	76.0

		Group Figures	
		Latest period	Previous corresponding period
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	10.54%	6.83%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	18.50%	13.30%
3.(c)	Earnings per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
	(i) Based on weighted average number of ordinary shares in issue	4.94 cents	2.29 cents

(ii) On a fully diluted basis 4,90 cents 2.28 cents

(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)

3.(d) Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on 25.14 cents 18.52 cents

3.(e) To provide an analysis of expenses based on their nature within the group for the current and previous corresponding period

	30/9/2002 \$'000	30/9/2001 \$'000	Increased \$'000	%
Selling and distribution	1,141	897	244	27.2
General and administration	9,044	6,714	2,330	34.7
Financial	73	50	23	46.0
	10,258	7,661	2,597	

Included in general and administration expenses is personnel expenses amounted to \$5.2 million (30/9/2001 : \$4.3 million).

Note to 3(c)(i)

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 97,176,121 (30/9/2001 : 91,072,107).

Note 3(c)(ii)

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 or dinary shares of 98,096,210 (30/9/2001 : 91,671,359).

Item 4 is not applicable to interim results	Group			Company		
	30/9/2002	30/9/2001	% Increase/ (Decrease)	30/9/2002	30/9/2001	% Increase/ (Decrease)
4.(a) Sales reported for first half year						
4.(b) Operating profit [2(g)(i) above]						

reported for first
half year

- 4.(c) Sales reported for
second half year
- 4.(d) Operating profit
[2(g)(i) above]
reported for second
half year

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

There was no adjustment for under or overprovision of tax in respect of prior years.

5.(b) Amount of any pre-acquisition profits

There was no pre-acquisition profits included in the results reported.

5.(c) Amount of profits on any sale of investments and/or properties

Item 5c Table

Sale of investments/properties	\$Profit/(Loss)
Not applicable	

5.(d) Any other comments relating to Paragraph 5

Not Applicable

6. Segmental Results

(i) BUSINESS SEGMENTS (The Group)

30/9/2002	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	18,329	21,984	4,968	-	45,281
Inter-segment sales	1,125	7,327	947	(9,399)	-
Total sales	19,454	29,311	5,915	(9,399)	45,281
RESULTS					
Segment results	2,029	4,795	190	(60)	6,954
Unallocated expenses					(864)
					6,090
Financial expenses - net					(73)
Share of profit of associated companies					90
Taxation					(1,334)
Minority interests					30
Net profit for the period					4,803
ASSETS & LIABILITIES					
Assets	13,690	17,164	5,375	-	36,229
Investment in associated companies					433
Unallocated assets					2,347
Total assets					39,009
Liabilities	3,861	5,732	1,331	-	10,924
Unallocated liabilities					2,096
Total liabilities					13,020
OTHER INFORMATION					
Capital expenditure	910	624	182	-	1,716
Depreciation and amortisation	475	333	234	-	1,042
Other non-cash expenses (income)	200	(10)	(30)	-	160

30/9/2001	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	13,568	11,615	4,472	-	29,655
Inter-segment sales	360	2,468	114	(2,942)	-
Total sales	13,928	14,083	4,586	(2,942)	29,655
RESULTS					
Segment results	1,468	1,593	236	(18)	3,279
Unallocated expenses					(557)
					2,722
Financial expenses - net					(50)
Share of profit of associated companies					28
Taxation					(675)
Minority interest					65
Net profit for the period					2,090
ASSETS & LIABILITIES					
Assets	10,509	8,871	5,105	-	24,485
Investment in associated companies					350
Unallocated assets					292
Total assets					25,127
Liabilities	2,942	2,931	1,806	-	7,679
Unallocated liabilities					1,735
Total liabilities					9,414
OTHER INFORMATION					
Capital expenditure	285	193	986	-	1,464
Depreciation and amortisation	358	304	208	-	870
Other non-cash expenses (income)	34	(316)	(68)	-	(350)

(ii) GEOGRAPHICAL SEGMENTS (The Group)

	Turnover	Turnover	Assets	Assets	Capital expenditure	Capital expenditure
	30/9/2002 \$'000	30/9/2001 \$'000	30/9/2002 \$'000	30/9/2001 \$'000	30/9/2002 \$'000	30/9/2001 \$'000
Singapore	25,105	17,515	28,944	19,287	1,029	1,123
Overseas	20,176	12,140	10,065	5,840	687	341
Total	45,281	29,655	39,009	25,127	1,716	1,464

7.(a) Review of the performance of the company and its principal subsidiaries

Turnover

3rd Quarter 2002 vs 3rd Quarter 2001	3rd Qtr 2002 \$'000	3rd Qtr 2001 \$'000	Increased \$'000	%
Fish	6,339	4,224	2,115	50.1
Accessories	9,424	3,908	5,516	141.2
Plastic & others	1,701	1,657	44	2.7
	17,464	9,789	7,675	

9 months 2002 vs 9 months 2001	9 mths 2002 \$'000	9 mths 2001 \$'000	Increased \$'000	%
Fish	18,329	13,568	4,761	35.1
Accessories	21,984	11,615	10,369	89.3
Plastic & others	4,968	4,472	496	11.1
	45,281	29,655	15,626	

For the 9 months ended 30 September 2002, our ornamental fish activities and distribution of accessories continued to be our core activities, which together accounted for 89% of our total turnover. Geographically, our Singapore market continued to be our main market accounting for 55% of our total turnover for the 9 months ended 30 September 2002.

Our turnover increased by \$15.6 million or 52.7% from \$29.7 million for the 9 months ended 30 September 2001 to \$45.3 million for the 9 months ended 30 September 2002. All activities registered growth in turnover. Turnover for ornamental fish, accessories, and plastics and other business increased by \$4.8 million or 35.1%, \$10.4 million or 89.3% and \$0.5 million or 11.1%, respectively for the 9 months ended 30 September 2002 as compared to its corresponding period in FY 2001. Comparing to the 3rd quarter of FY 2001, turnover for ornamental fish, accessories, and plastics and other business increased by \$2.1 million or 50.1%, \$5.5 million or 141.2% and \$44,000 or 2.7%, respectively in the 3rd quarter of FY 2002.

The turnover of ornamental fish recorded in the 3rd quarter of FY 2002 was \$6.3 million. The continuous increase in the turnover of ornamental fish is mainly due to sales of ornamental fish to the growing numbers of local fish retail outlets and to visitors patronizing our in-house retail outlet. We also managed to increase our export of ornamental fish from Singapore and China to more countries around the world. Our subsidiary in Thailand (dealing with fish) and our newly set-up fish division in Malaysia, both commenced their operations in January 2002, have contributed positively to the turnover of ornamental fish in FY 2002.

With effect from FY 2002, the Taiwanese government has allowed the import of licensed Dragon Fish. Since January 2002, we have started export Dragon Fish to Taiwan to take advantage of the change in regulation. The sales of Dragon Fish to Taiwan accounted for approximately 24% of the increase in sales of ornamental fish for the 9 months of FY 2002.

Following the healthy growth in the 1st half of FY 2002, our accessories' turnover achieved a turnover of \$9.4 million during the 3rd quarter of FY 2002. Our Malaysia & Thailand subsidiaries' sales, which have surged by almost two-fold as compared to the corresponding period in FY 2001, continued to contribute significantly to the increase in turnover of accessories as a result of market share gained from these countries in FY 2002.

In the domestic market, we continue to expand and penetrate our distribution network to more local retailers and supermarkets, which has also resulted in the increase in sales of our accessories products.

Our turnover for plastic and others experienced slower growth due to local market competitiveness. We managed to generate more through focusing on selling more high-value items and expanding our distribution channel to outside Singapore.

On a geographical basis, turnover from Singapore grew 43.3% in FY 2002 mainly as a result of improved sales of fish & aquarium accessories to local retailers and sales generated from our in-house retail outlets. Turnover from overseas grew by 66.2% for the first 9 months of FY2002 compared to the corresponding period in FY2001. Our constant effort in expanding our distribution network into overseas' untapped markets contributed to the increased in overseas turnover.

Operating profit before taxation

3rd Quarter 2002 vs 3rd Quarter 2001	3rd Qtr 2002 \$'000	3rd Qtr 2001 \$'000	Increased (Decreased) \$'000	%
Fish	380	378	2	0.5
Accessories	2,315	523	1,792	342.6
Plastic & others	27	52	(25)	(48.1)

Unallocated corporate expenses	(283)	(520)	237	(45.6)
	2,439	433	2,006	
9 months 2002 vs 9 months 2001	9 mths 2002 \$'000	9 mths 2001 \$'000	Increased (Decreased) \$'000	%
Fish	2,018	1,468	550	37.5
Accessories	4,867	1,593	3,274	205.5
Plastic & others	185	264	(79)	(29.9)
Unallocated corporate expenses	(963)	(625)	(338)	54.1
	6,107	2,700	3,407	

Our operating profit increased by \$3.4 million or 126.2% to \$6.1 million for the 9 months ended 30 September 2002 as compared to \$2.7 million for the 9 months ended 30 September 2001. Profit after taxation increased by 129.8% from \$2.1 million for the 9 months ended 30 September 2001 to approximately \$4.8 million for the 9 months ended 30 September 2002.

During the 3rd quarter of FY 2002, our operating profit from ornamental fish registered flat growth notwithstanding the increase in turnover due to a slight dip in the gross profit margin yielded in the quarter. Our operating profit from ornamental fish for the 9 months ended 30 September 2002 was \$0.6 million or 37.5% higher as compared to its corresponding period in FY 2001 as a result of improved sales volume this year.

Our accessories business is the main profit contributor during the 3rd quarter of FY 2002. Throughout the entire 9 months in FY 2002, with a higher sales volume, from both our local and overseas operations, and better gross profit margin achieved, we managed to grow our operating profit from the accessories business significantly as compared to the corresponding period in FY 2001. In addition, our Thailand subsidiary, which incurred set-up and restructuring costs in FY 2001, managed to be operationally profitable in FY 2002, has contributed to the improved in profitability.

Despite the increase in turnover, our plastics and other business recorded a dip in profitability. This was as a result of lower gross profit margin, higher operating costs experienced, coupled with losses incurred by one of our subsidiaries in PRC.

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. The increase in the first 9 months of FY 2002 was in line with additional headcount and corporate expenses.

7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders,

the issuer must explain any variance between the forecast or prospect statement and the actual results
Not Applicable

7.(c) A statement by the Directors of the Company whether any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on which the report is issued. If none, to give a negative statement.

In the opinion of the Directors, no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial period under review to the date of this report which will substantially affect the results of the Group and of the Company for the 9 months ended 30 September 2002.

8. A commentary at the date of this 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

Since the announcement on our last quarter's results, we have increased our equity stake in Guangzhou Wan Jiang to 60% in October 2002. The other factors which we have previously announced in our last quarter's results will continue to apply in the next quarter. We will announce any new developments that may have an impact on our Group's performance, as and when they arise.

Looking at the results in last three quarters, we are confident that the Group will be able to increase its turnover and profit for the entire FY 2002.

Risk factors

Normal business risk

Like in all other businesses, setting up new entities suffers losses initially due to depreciation, low turnover, and competition. However, we do not foresee any new business entity being set up in FY 2002 and we are going to concentrate in expanding our

overseas market shares and distribution network in our overseas subsidiaries.

Although collectibility and high inventory is part of the normal business risk, our Group's has adopted prudent policies to make 10% general provision for all trade debts overdue for more than 120 days and a full provision for all non-moving stocks for duration of more than 6 months.

Suppliers and customers risk

None of our suppliers or customers contributes more than 5% of our total turnover.

Outbreak of diseases and infection

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fish are vulnerable to different types of diseases. While as 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. With good health management, we have to-date not encountered any outbreak of diseases or infection in our farm.

Reliant on Asian Market for the sales of Dragon Fish

The sales for Dragon Fish contributed around 8% and 6% of our total Group's turnover and PBT respectively during the first 9 months of FY 2002. With the import deregulation moves in Taiwan, we export our Dragon Fish mainly to Japan and Taiwan, as well as distributing them to local retailers. Since the second half of FY 2002, we also export more Dragon Fish to China, Malaysia and Thailand and distribute them through our own subsidiaries.

Currently, we export over 500 species and varieties of ornamental fish directly to more than 60 countries and different countries require different types and varieties of fish.

Reliant on the sales of Flower Horn Fish ("Luo Han")

Based on the first 9 months of FY 2002, Luo Han sales contributed approximately 6% of our fish sales and less than 3% of our Group total turnover. We are conscious about the danger of relying on one product, one customer, or one supplier. We hedges such risk by having our own domestic distribution networks, to have more products offering and to export to as many countries as possible.

Fluctuation in foreign exchange currencies against the S\$

During the first 9 months of FY 2002, approximately 90% of our sales are dominated in S\$. Around 50% of our purchases are dominated in S\$, the rest are in Euro, US\$, and Yen. Although we do not entered into any hedging contracts, we do have an unstructured internal policy to hedge the fluctuation in certain currency when the management deems

necessary.

9. Dividend

- (a) Any dividend **declared** for the present financial period? **None**
 (b) Any dividend declared for the previous corresponding period? **None**
 (c) Total Annual Dividend (if applicable)

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

- (d) Date payable
Not Applicable

- (e) Books closure date
Not Applicable

- (f) Any other comments relating to Paragraph 9
Not Applicable

10.(a) Balance sheet

	Group	Group	Company	Company
	30/9/2002	30/6/2002	30/9/2002	30/6/2002
	\$	\$	\$	\$
Share capital and reserves				
Share capital	10,218,570	10,215,770	10,218,570	10,215,770
Reserves	15,739,255	13,816,774	13,055,814	11,837,038
	25,957,825	24,032,544	23,274,384	22,052,808
Minority interest	31,026	39,565	-	-
	25,988,851	24,072,109	23,274,384	22,052,808
Fixed assets	8,444,602	8,403,073	5,597,898	5,520,519
Subsidiaries	-	-	2,450,844	2,450,844
Associates	433,295	367,767	356,653	356,653
Quoted equity investments,	3,828	3,828	-	-

at cost				
Trademarks/customer acquisition cost, product listing fees	84,389	23,388	80,199	18,568
Land use rights	216,780	214,884	-	-
Current assets				
Stocks	8,873,178	7,840,564	4,451,166	4,267,262
Trade debtors	11,028,343	10,464,029	7,282,987	6,902,056
Other debtors, deposits and prepayments	698,761	866,848	292,886	408,579
Due from				
- subsidiaries (trade)	-	-	4,267,437	3,511,245
- subsidiaries (non-trade)	-	-	1,131,109	1,089,353
- associates (trade)	1,455,411	915,734	1,455,411	915,734
- associates (non-trade)	709,282	702,322	709,282	702,322
Fixed deposits	1,097,839	597,839	1,021,393	521,393
Cash and bank balances	5,962,984	5,653,682	4,760,130	4,639,626
	29,825,798	27,041,018	25,371,801	22,957,570
Current liabilities				
Trade creditors	4,945,062	4,486,480	3,795,691	3,132,835
Bills payable to bank	1,545,094	1,391,452	1,545,094	1,391,452
Other creditors and accruals	3,221,937	2,983,195	2,614,928	2,253,537
Due to				
- subsidiaries (trade)	-	-	42,543	77,118
- directors (non-trade)	-	1,653	-	-
Hire purchase creditors, current portion	331,181	325,429	150,985	146,559
Term loan, current portion	200,000	200,000	200,000	200,000
Provision for taxation	1,493,602	1,322,136	1,153,633	973,123
	11,736,876	10,710,345	9,502,874	8,174,624
Net current assets	18,088,922	16,330,673	15,868,927	14,782,946
Non-current liabilities				
Hire purchase creditors, non-current portion	(754,643)	(692,647)	(603,055)	(549,105)
Term loan, non-current portion	(253,082)	(303,617)	(253,082)	(303,617)
Deferred taxation	(275,240)	(275,240)	(224,000)	(224,000)

	25,988,851	24,072,109	23,274,384	22,052,808
--	------------	------------	------------	------------

10.(b) Cash flow statement

THE GROUP	1/1/2002 to 30/9/2002 \$	1/1/2001 to 30/9/2001 \$
Cash flows from operating activities		
Profit before taxation and minority interest	6,107,134	2,699,608
Adjustments for:		
Depreciation of fixed assets	944,754	717,028
Profit on disposal of land use rights	-	(48,703)
Profit on disposal of fixed assets	(40,333)	(35,093)
Amortisation of land use rights	5,407	16,546
Amortisation of trademarks/customer acquisition costs, product listing fees	92,302	136,276
Provision for doubtful trade debts	199,589	34,000
Provision for stock obsolescence written back	-	(300,000)
Share of profit of associated companies	(89,624)	(27,677)
Interest expense	75,996	56,854
Interest income	(3,012)	(6,684)
Net effect of exchange differences	(39,167)	41,107
Operating profit before working capital changes	7,253,046	3,283,262
(Increase) decrease in:		
Stocks	(2,228,089)	(1,033,967)
Trade debtors	(2,422,420)	(2,399,297)
Other debtors, deposits and prepayments	138,587	205,533
Due from		
- associates (trade)	(1,039,492)	(171,647)
- associates (non-trade)	(152,145)	(315,256)
Increase (decrease) in:		
Trade creditors	1,392,513	191,387
Bills payable to bank	392,095	198,288
Other creditors and accruals	730,222	582,810
Due to directors (non-trade)	(2,309)	(299,170)
Cash generated from operations	4,062,008	241,943
Income tax paid	(829,656)	(768,289)
Interest paid	(75,996)	(56,854)

Interest received	3,012	6,684
Net cash generated from (used in) operating activities	3,159,368	(576,516)
Cash flows from investing activities		
Purchase of fixed assets	(1,089,280)	(1,135,463)
Proceeds from disposal of fixed assets	41,000	201,455
Advance for investment	-	(92,280)
Payment for land use rights	-	(31,937)
Payment for trademarks/customer acquisition cost, product listing fees	(78,019)	(51,468)
Net cash used in investing activities	(1,126,299)	(1,109,693)
Cash flows from financing activities		
Repayment of hire purchase creditors	(243,869)	(189,525)
Repayment of term loan	(150,531)	(144,117)
Payment of dividend	(376,860)	(312,426)
Proceeds from issue of new shares (net)	4,463,888	2,880
Net cash generated from (used in) financing activities	3,692,628	(643,188)
Net increase (decrease) in cash and cash equivalents	5,725,697	(2,329,397)
Cash and cash equivalents at beginning of period	1,335,126	3,230,972
Cash and cash equivalents at end of period	7,060,823	901,575
Cash and cash equivalents comprises :		
Fixed deposits	1,097,839	95,541
Cash and bank balances	5,962,984	806,034
Cash and cash equivalents at end of period	7,060,823	901,575

10.(c) Statement of changes in equity

	Share Capital \$	Share premium \$	Revenue reserve \$	Translation reserve \$	Total \$
Balance 1 Jan 2001	8,275,000	2,081,887	3,361,160	25,546	13,743,593
Currency translation differences	-	-	-	87,275	87,275
Net profit for the period	-	-	601,299	-	601,299
Issue of new shares	1,200	1,680	-	-	2,880
Balance at 31 Mar 2001	8,276,200	2,083,567	3,962,459	112,821	14,435,047

Currency translation differences	-	-	-	9,008	9,008
Net profit for the period	-	-	1,124,896	-	1,124,896
Payment of final dividend	-	-	(312,426)	-	(312,426)
Balance at 30 June 2001	8,276,200	2,083,567	4,774,929	121,829	15,256,525
Currency translation differences	-	-	-	(41,603)	(41,603)
Net profit for the period	-	-	497,302	-	497,302
Balance at 30 Sept 2001	8,276,200	2,083,567	5,272,231	80,226	15,712,224
Currency translation differences	-	-	-	124,944	124,944
Net profit for the period	-	-	1,334,872	-	1,334,872
Balance at 31 Dec 2001	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 shares	831,270	(831,270)	-	-	-
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	-	(302,752)	-	-	(302,752)
Balance at 30 June 2002	10,215,770	4,601,165	9,147,294	68,315	24,032,544
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	4,605,085	11,032,851	101,319	25,957,825

10.(d) Explanatory notes that are material to an understanding of the information provided in

10.(a), (b) and (c) above

Accounting policies

Statement of Accounting Standards ("SAS") 39, Agriculture

SAS 39 which took effect for financial years beginning on or after 1 October 2001, establishes accounting and reporting standards for recognizing, measuring and disclosing information relating to agricultural activity, including biological assets. It requires biological asset, which meet recognition criteria, to be measured on initial recognition and at each balance sheet date at its fair value less estimated point-of-sales costs. Gain and loss arising from these measurements should be included in the net profit or loss for the period in which it arises. However, where fair value of the biological asset cannot be measured reliably, the biological asset should be stated at cost less accumulated depreciation and any accumulated impairment losses.

Included in fixed assets of the Group and of the Company as at 30 September 2002 were brooder stocks, which are parent stocks of Dragon Fish, held for the use in the breeding of Dragon Fish, amounting to \$1.38 million. Due to the uniqueness of each Dragon Fish, we believe that its fair value cannot be determined reliably. In compliance with SAS 39, these brooder stocks were carried at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis so as to write off the cost of these brooder stocks over their estimated lives of 50 years.

SAS 12, Income Taxes

SAS 12, which took effect for financial years beginning on or after 1 April 2001, requires deferred tax to be calculated using the balance sheet liability method. Deferred tax assets should be recognized when it is probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized.

With effect from 1 January 2002, the Group changed its accounting policy with respect to the treatment of deferred taxation in order to conform to the new requirements of SAS 12. The change in accounting policy has no material impact to the retained earnings of the Group and of the Company as at 31 December 2001.

11. Details of any changes in the company's issued share capital

During the 3rd quarter of FY 2002, 28,000 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 September 2002, there were 1,399,000 unexercised share options issued pursuant to the terms of the Pre-IPO Scheme.

In addition, there were options granted to employees to subscribe for 1,620,000 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 September 2002, none of these share options were exercised pursuant to the terms of the Post-IPO Scheme.

Use of Placement Proceeds

The net proceeds from the Placement exercise announced on 9 May 2002, after deducting expenses, was approximately \$4.2 million. As at 30 September 2002, the amount has been partially utilized by our Group's local and overseas operations as working capital set out as follows :

	\$'000
Repayment of bank borrowings	1,400
Farm enhancement, including expansion of packing room	162
Singapore plastics operations	180
China plastics operations	36
Thailand accessories operations	25
China fish & accessories operations	145
	1,948

12. The group's borrowings and debt securities as at the end of the financial period reported

on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/9/2002		As at 30/6/2002	
Secured	Unsecured	Secured	Unsecured
Nil	531,181	525,429	Nil

(b) Amount repayable after one year

As at 30/9/2002		As at 30/6/2002	
Secured	Unsecured	Secured	Unsecured
Nil	1,007,725	996,264	Nil

(c) Any other comments relating to Paragraph 12

The Group's borrowings, previously secured by a second legal mortgage on certain properties held by certain shareholders of the Company, has been discharged during the 3rd quarter of FY 2002.

13. A statement that the same accounting polices and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

Other than the adoption of new SAS as mentioned in paragraph 10(d) above, 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 2001.

14. Contingent Liabilities

As at 30 September 2002, the Group and the Company have no contingent liabilities.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
14/10/2002