



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

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Note	Group		Change %
		3 months ended 31 Mar		
		2014 \$'000	2013 \$'000	
Revenue		20,698	20,213	2.4
Cost of sales		(14,496)	(14,105)	2.8
Gross profit		6,202	6,108	1.5
Other income	i	41	58	(29.3)
		6,243	6,166	1.2
Selling & distribution expenses	ii	(293)	(335)	(12.5)
General & administrative expenses	ii	(5,543)	(5,601)	(1.0)
Results from operating activities	iii	407	230	77.0
Financial income	iv	2	2	-
Financial expenses	iv	(62)	(64)	(3.1)
		347	168	106.5
Share of losses of associates		(15)	(9)	66.7
Profit before tax		332	159	108.8
Tax expense	v	(120)	(47)	155.3
Profit for the period		212	112	89.3
Profit attributable to:				
Equity holders of the Company		115	62	85.5
Non-controlling interests		97	50	94.0
Profit for the period		212	112	89.3
Gross profit margin		30.0%	30.2%	
Net profit margin		1.0%	0.6%	
Effective tax rate		32.5%	29.6%	



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**STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED
31 MARCH 2014**

	Note	Group		Change %
		3 months ended 31 Mar		
		2014 \$'000	2013 \$'000	
Profit for the period		212	112	89.3
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign subsidiaries, net of tax		5	295	(98.3)
Other comprehensive income for the period, net of tax		5	295	(98.3)
Total comprehensive income for the period		217	407	(46.7)
Total comprehensive income attributable to:				
Equity holders of the Company		110	261	(57.9)
Non-controlling interests		107	146	(26.7)
Total comprehensive income for the period		217	407	(46.7)

Notes to Income Statement

(i) **Other income**

	Group	
	3 months ended 31 Mar	
	2014 \$'000	2013 \$'000
Gain on disposal of property, plant and equipment	1	15
Sundry income	40	43
	41	58

The decrease in other income in the current quarter as compared to the corresponding period in 2013 was mainly attributable to lower gain on disposal of property, plant and equipment.

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

Despite the broad-spectrum increase in operating costs (e.g. utilities costs) as a result of elevated inflationary pressure, the operating expenses for the current quarter is comparable to the corresponding period in 2013 mainly due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.



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Notes to Income Statement (cont'd)

(iii) Profit from operations

This is determined after charging (crediting) the following:

	Group	
	3 months ended 31 Mar	
	2014	2013
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	27	18
- other auditors	2	2
Non-audit fees		
- other auditors	4	11
Directors' fees		
- directors of the Company	20	20
Directors' remuneration		
- directors of the Company	280	278
- directors of subsidiaries	114	110
Bad trade receivables written off	16	6
Depreciation of		
- property, plant and equipment	354	506
- brooder stocks	47	47
Property, plant and equipment written off	1	-
Allowance for (Write back of allowance for)		
- doubtful trade receivables	190	188
- inventory obsolescence	(48)	-
Operating lease expenses	313	302
Personnel expenses *	3,378	3,376
Exchange gain, net	(9)	(165)
Change in fair value less estimated point-of-sale costs of breeder stocks	10	25

* Include directors' remuneration.

**(iv) Financial income
Financial expenses**

	Group	
	3 months ended 31 Mar	
	2014	2013
	\$'000	\$'000
Interest expense		
- bank loans and overdrafts	50	45
- bills payable	6	10
- finance lease liabilities	6	9
	62	64
Interest income		
- bank deposits	(2)	(2)
Net financial expenses	60	62



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Notes to Income Statement (cont'd)

(iv) **Financial income**
Financial expenses (cont'd)

Despite the decrease in the amount of bank loans outstanding during the current reporting period, the increase in bank loans interest expense in the current quarter as compared to its corresponding period in 2013 was mainly due to higher interest rates charged by the financial institutions.

(v) **Tax expense**

	Group	
	3 months ended 31 Mar	
	2014	2013
	\$'000	\$'000
Current tax		
- current year	108	47
- under provision in respect of prior year	12	-
	120	47

Despite the tax incentives granted for qualifying expenditures, the effective tax rate registered for the current quarter and its corresponding period in 2013 were higher than the amount obtained by applying the statutory tax rate of 17% on profit before taxation was mainly due to the varying statutory tax rates of different countries in which the Group operates.



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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Equity attributable to equity holders of the Company				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	18,846,208	18,736,426	11,646,086	11,548,179
	49,618,996	49,509,214	42,418,874	42,320,967
Non-Controlling Interests	1,436,477	1,485,309	-	-
Total Equity	51,055,473	50,994,523	42,418,874	42,320,967
Non-Current Assets				
Property, plant and equipment	7,176,989	7,061,647	5,123,292	4,977,460
Brooder stocks	8,697,207	8,744,582	8,697,207	8,744,582
Investments in subsidiaries	-	-	2,169,615	2,169,615
Investments in associates	596,408	611,213	815,200	815,200
Intangible assets	343,048	343,048	343,048	343,048
Other receivables	2,480,000	2,480,000	2,480,000	2,480,000
Current Assets				
Inventories	16,336,221	16,636,069	7,434,120	7,410,321
Breeder stocks	68,340	71,750	68,340	71,750
Trade receivables	26,518,050	27,413,331	20,467,631	21,278,890
Other receivables, deposits and prepayments	5,828,081	5,432,655	4,058,262	3,851,181
Due from				
- subsidiaries (trade)	-	-	6,244,563	6,380,750
- subsidiaries (non-trade)	-	-	1,174,727	1,171,377
- associates (trade)	362,236	380,001	362,236	380,001
Fixed deposits	-	25,446	-	25,446
Cash and bank balances	6,336,505	6,686,903	3,206,950	3,595,438
	55,449,433	56,646,155	43,016,829	44,165,154
Current Liabilities				
Trade payables	6,587,382	6,742,660	3,162,349	3,147,320
Bills payable to banks (unsecured)	745,647	700,138	690,492	638,929
Other payables and accruals	4,145,723	4,280,911	3,345,442	3,522,248
Due to				
- subsidiaries (trade)	-	-	84,326	133,615
- subsidiaries (non-trade)	-	-	1,264,947	1,239,277
Finance lease liabilities	131,929	131,955	47,014	50,516
Bank term loans	11,000,000	12,000,000	11,000,000	12,000,000
Current tax payable	476,934	432,500	207,457	207,457
	23,087,615	24,288,164	19,802,027	20,939,362
Net Current Assets	32,361,818	32,357,991	23,214,802	23,225,792
Non-Current Liabilities				
Finance lease liabilities	(189,997)	(193,958)	(44,290)	(54,730)
Deferred tax liabilities	(410,000)	(410,000)	(380,000)	(380,000)
Net Assets	51,055,473	50,994,523	42,418,874	42,320,967



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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Inventory turnover (days)	103	102	79	70
Trade receivables turnover (days)	115	120	156	153
Trade receivables turnover (days) (without GZQH balances)	74	75	83	82
Debt equity ratio	0.46	0.49	0.48	0.51

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 trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a significant surge in trade receivables turnover days.

Notes to Statements of Financial Position

(1) The details of subsidiaries are as follows:

Name of subsidiary	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	%	%	\$	\$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)				
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	1,086,516	1,086,516
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited and its subsidiary: (Thailand)				
- Advance Aquatic Co., Ltd (Thailand)	60	60	-	-
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
P.T. Qian Hu Joe Aquatic Indonesia (Indonesia)	90	90	381,459	381,459
			2,169,615	2,169,615

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



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Notes to Statements of Financial Position (cont'd)

(2) The details of associates are as follows:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Unquoted equity investments				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
- Qian Hu Aquasstar (India) Private Limited	402,600	402,600	402,600	402,600
	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>
Share of post-acquisition losses	(397,013)	(382,208)	-	-
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
	<u>596,408</u>	<u>611,213</u>	<u>815,200</u>	<u>815,200</u>

Name of associate	Principal activities	Effective equity held by the Group	
		31 Mar 2014	31 Dec 2013
		%	%
Arcadia Products PLC (United Kingdom)	Manufacture and distribution of aquarium lamps	20	20
Qian Hu Aquasstar (India) Private Limited (India)	Manufacture of fish food and aquarium accessories	50	50

The Group recorded an impairment loss relating to its investment in Arcadia Products PLC (“Arcadia”) as the carrying amount of the investment was affected by the depreciation of Sterling Pound (£) against Singapore Dollar (S\$) since its acquisition. The Group will continue to equity account for its share of results in Arcadia.

(3) Intangible assets comprise:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Trademarks/customer acquisition costs	921,497	937,041	921,497	921,497
Product listing fess	196,153	196,153	196,153	196,153
	<u>1,117,650</u>	<u>1,133,194</u>	<u>1,117,650</u>	<u>1,117,650</u>
Less accumulated amortisation	(774,602)	(790,146)	(774,602)	(774,602)
	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>

Trademarks/customer acquisition costs relate to costs paid to third parties in relation to the acquisition of trademarks rights and existing customer base of two brands of pet food. Such costs were determined to have indefinite lives and are tested for impairment annually.

Product listing fees relate to cost paid to third parties in relation to the entitlements to list and sell the Company’s products in certain supermarkets, and are amortised over 3 years.



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Notes to Statements of Financial Position (cont'd)

- (4) Other receivables (non-current portion) consist of the outstanding amounts due from the purchasers of Kim Kang of \$1,755,000 and the advances extended by the Company to Kim Kang before its disposal of \$725,000, totaling \$2.48 million.

In accordance with the Sale and Purchase Agreement (“SPA”) entered into between the Company and the purchasers dated 17 October 2012, the total consideration of \$9.4 million arising from the disposal of Kim Kang is to be satisfied by \$3.9 million in cash and \$5.5 million of brooder stocks. Upon the execution of the SPA, a payment of 10% of the cash consideration, being \$390,000, has been made by the purchasers, together with the transfer of all brooder stocks. The balance of the cash portion of the consideration of \$3.51 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$877,500 each.

In addition, the Company, being a shareholder of Kim Kang previously, had from time to time, given advances to Kim Kang. As at the SPA date, the total amount of the advances extended by the Company to Kim Kang was \$2 million. The Company has entered into an Advances Repayment Agreement dated 17 October 2012, such that upon the execution of the SPA, Kim Kang has repaid \$550,000 of the advances extended by the transfer of 100 pieces of brooder stocks. The balance of the advances of \$1.45 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$362,500 each.

The first instalment in relation to the above, amounting to \$1.24 million, had been fully repaid in October 2013.

- (5) Inventories comprise:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Fish	3,643,134	3,898,444	2,745,193	3,064,871
Accessories	12,301,648	12,371,636	5,030,927	4,735,450
Plastics products - raw materials	216,893	293,777	-	-
Plastics products - finished goods	610,336	556,002	-	-
	<u>16,772,011</u>	<u>17,119,859</u>	<u>7,776,120</u>	<u>7,800,321</u>
Less allowance for inventory obsolescence	(435,790)	(483,790)	(342,000)	(390,000)
	<u>16,336,221</u>	<u>16,636,069</u>	<u>7,434,120</u>	<u>7,410,321</u>

- (6) Trade receivables comprise:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Trade receivables	29,328,234	30,033,485	23,142,415	23,774,124
Less allowance for doubtful trade receivables	(2,810,184)	(2,620,154)	(2,674,784)	(2,495,234)
	<u>26,518,050</u>	<u>27,413,331</u>	<u>20,467,631</u>	<u>21,278,890</u>



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Notes to Statements of Financial Position (cont'd)

Our conscientious effort made in monitoring and collection of trade receivables balances has resulted in the decrease in the amount of trade receivables as at 31 March 2014. The trade receivables turnover days have remained relatively consistent for both reporting periods.

The Group has reclassified its trade balances with GZQH, a former subsidiary, as trade receivables following the disposal in December 2011. The recoverability of the amount due from GZQH is guaranteed by a major shareholder of the Company.

(7) Other receivables, deposits and prepayments comprise:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Other receivables *	1,672,323	1,610,759	1,555,842	1,418,794
Deposits	437,926	439,593	66,590	66,990
Prepayments	755,691	580,246	319,482	241,974
Advances to suppliers	2,488,365	2,335,312	2,101,632	2,101,030
Deposits for purchase of property, plant and equipment	460,991	451,870	14,716	22,393
Tax recoverable	12,785	14,875	-	-
	5,828,081	5,432,655	4,058,262	3,851,181

* include cash proceeds from the disposal of Kim Kang due from the purchasers amounting to \$877,500 and advances due from Kim Kang of \$362,500

The higher amount of other receivables, deposits and prepayments balances as at 31 March 2014 was mainly due to:-

- increase in prepayments made as we have made payments for certain expenses at the beginning of the year. Such amounts will be charged to the income statement throughout the current financial year.
- increase in advance payment made to suppliers for purchases which are due for delivery in the coming quarters.

(8) Other payables and accruals comprise:

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Accrued operating expenses	314,178	401,018	226,833	285,524
Accrued staff costs	859,818	1,531,524	544,501	1,149,600
Other payables	2,007,353	1,627,152	1,639,895	1,398,462
Advance received from customers	464,374	221,217	434,213	188,662
Due to a major shareholder of the Company	500,000	500,000	500,000	500,000
	4,145,723	4,280,911	3,345,442	3,522,248

The reduction of other payables and accruals as at 31 March 2014 was mainly due to the decrease in accrued staff costs as a result of bonus payment made in January 2014. The reduction was partially offset by the increase in payments due to non-trade suppliers and advance received from customers.



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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$	\$	\$	\$
Unsecured term loans (short-term)	<u>11,000,000</u>	<u>12,000,000</u>	<u>11,000,000</u>	<u>12,000,000</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.21% to 1.68% (31/12/2013: 1.21% to 1.68%) per annum and are repayable within the next 12 months from the reporting date.

As at 31 March 2014, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.6 million (31/12/2013: \$1.6 million).



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Group	
	3 months ended 31 Mar	
	2014	2013
	\$	\$
Cash flows from operating activities		
Profit before tax	332,108	159,456
Adjustments for:		
Bad trade receivables written off	16,219	5,785
Depreciation of		
- property, plant and equipment	353,231	506,089
- brooder stocks	47,375	47,375
Gain on disposal of property, plant and equipment	(648)	(14,919)
Property, plant and equipment written off	501	294
Change in fair value less estimated point-of-sale costs of breeder stocks	10,250	24,742
Allowance for (Write back of allowance for)		
- doubtful trade receivables	189,773	187,867
- inventory obsolescence	(48,000)	-
Share of losses of associates	14,805	9,425
Interest expense	62,117	63,636
Interest income	(2,304)	(1,545)
Operating profit before working capital changes	975,427	988,205
(Increase) Decrease in:		
Inventories	335,028	91,632
Breeder stocks	(6,840)	7,260
Trade receivables	624,638	668,206
Other receivables, deposits and prepayments	(369,548)	(655,520)
Due from associates (trade)	17,765	59,984
Increase (Decrease) in:		
Trade payables	(125,056)	230,204
Bills payable to banks	45,350	(99,034)
Other payables and accruals	(136,262)	(702,344)
Cash generated from operating activities	1,360,502	588,593
Tax (paid) refund	(73,325)	15,495
Net cash from operating activities	1,287,177	604,088
Cash flows from investing activities		
Purchase of property, plant and equipment	(397,991)	(107,822)
Proceeds from disposal of property, plant and equipment	1,615	41,853
Acquisition of additional interest in a subsidiary	-	(106,459)
Interest received	2,304	1,545
Net cash used in investing activities	(394,072)	(170,883)



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2014 (cont'd)**

	Group	
	3 months ended 31 Mar	
	2014	2013
	\$	\$
Cash flows from financing activities		
Drawdown of bank term loans	-	-
Repayment of		
- finance lease liabilities	(42,656)	(69,248)
- bank term loans	(1,000,000)	-
- loan from non-controlling shareholder of a subsidiary	-	(9,472)
Payment of dividend to non-controlling shareholder of a subsidiary	(155,600)	-
Interest paid	(62,532)	(64,547)
Net cash used in financing activities	(1,260,788)	(143,267)
Net (decrease) increase in cash and cash equivalents	(367,683)	289,938
Cash and cash equivalents at beginning of period	6,712,349	8,272,353
Effect of exchange rate changes on cash balances held in foreign currencies	(8,161)	109,909
Cash and cash equivalents at end of period (Note i)	6,336,505	8,672,200

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

	Group	
	31 Mar 2014	31 Mar 2013
	\$	\$
Fixed deposits	-	25,446
Cash and bank balances	6,336,505	8,646,754
	6,336,505	8,672,200

Net cash from operating activities in the current quarter was mainly as a result of our conscientious effort made in realising the inventory and trade receivables balances into cash during the current quarter. Nonetheless, part of the cash generated was utilised as advances to suppliers, as well as for the settlement of payables and accruals during the 1st quarter of 2014.

Net cash used in investing activities was mainly related to capital expenditure incurred for the on-going enhancement to the infrastructure and farm facilities in Singapore and overseas.

Net cash used in financing activities in the 1st quarter of 2014 was mainly related to the repayment of bank borrowings, payment of dividends to the non-controlling shareholder of a subsidiary and the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments.



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

Group	Equity attributable to equity holders of the Company					Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Non-controlling interests \$	
Balance at 1 Jan 2013	30,772,788	22,343,652	(587,044)	52,529,396	1,590,439	54,119,835
Total comprehensive income for the year						
Profit for the year	-	301,675	-	301,675	261,420	563,095
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(143,112)	(143,112)	(45,454)	(188,566)
Total other comprehensive income	-	-	(143,112)	(143,112)	(45,454)	(188,566)
Total comprehensive income for the year	-	301,675	(143,112)	158,563	215,966	374,529
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Payment of dividends	-	(3,178,745)	-	(3,178,745)	-	(3,178,745)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(216,720)	(216,720)
Total contributions by and distributions to owners	-	(3,178,745)	-	(3,178,745)	(216,720)	(3,395,465)
Changes in ownership interests in subsidiaries						
Acquisition of additional interest in a subsidiary	-	-	-	-	(104,376)	(104,376)
Total changes in ownership interests in subsidiaries	-	-	-	-	(104,376)	(104,376)
Total transactions with owners	-	(3,178,745)	-	(3,178,745)	(321,096)	(3,499,841)
Balance at 31 Dec 2013	30,772,788	19,466,582	(730,156)	49,509,214	1,485,309	50,994,523
Total comprehensive income for the period						
Profit for the period	-	114,658	-	114,658	97,328	211,986
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(4,876)	(4,876)	9,440	4,564
Total other comprehensive income	-	-	(4,876)	(4,876)	9,440	4,564
Total comprehensive income for the period	-	114,658	(4,876)	109,782	106,768	216,550
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(155,600)	(155,600)
Total transactions with owners	-	-	-	-	(155,600)	(155,600)
Balance at 31 Mar 2014	30,772,788	19,581,240	(735,032)	49,618,996	1,436,477	51,055,473



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

Company	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$
Balance at 1 Jan 2013	30,772,788	14,478,844	-	45,251,632
Total comprehensive income for the year				
Profit for the year	-	274,573	-	274,573
Other comprehensive income				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(26,493)	(26,493)
Total other comprehensive income	-	-	(26,493)	(26,493)
Total comprehensive income for the year	-	274,573	(26,493)	248,080
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Payment of dividends	-	(3,178,745)	-	(3,178,745)
Total transactions with owners	-	(3,178,745)	-	(3,178,745)
Balance at 31 Dec 2013	30,772,788	11,574,672	(26,493)	42,320,967
Total comprehensive income for the period				
Profit for the period	-	84,564	-	84,564
Other comprehensive income				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	13,343	13,343
Total other comprehensive income	-	-	13,343	13,343
Total comprehensive income for the period	-	84,564	13,343	97,907
Balance at 31 Mar 2014	30,772,788	11,659,236	(13,150)	42,418,874

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

Share capital	Number of shares	\$
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2014 and 31 Mar 2014	454,106,350	30,772,788

There was no movement in the issued and paid-up capital of the Company since 31 December 2013.

There were no outstanding convertibles as at 31 March 2014 (31/3/2013: Nil).

The Company did not hold any treasury shares as at 31 March 2014 (31/3/2013: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the three months ended 31 March 2014.



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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 first quarter ended 31 March 2014 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
15 April 2014

2 **AUDIT**

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

3 **AUDITORS' REPORT**

Not applicable

4 **ACCOUNTING POLICIES**

Other than the adoption of the new and revised Financial Reporting Standards (FRSs) 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 2013.

5 **CHANGES IN ACCOUNTING POLICIES**

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the year ending 31 December 2014.

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

	<u>Group</u>	
	<u>3 months ended 31 Mar</u>	
	2014	2013
Earnings Per Ordinary Share (based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares on issue (cents)	0.03	0.01
- on a fully diluted basis (cents)	0.03	0.01

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 454,106,350 (31/3/2013: 454,106,350).

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



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7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2014</u>	<u>31 Dec 2013</u>	<u>31 Mar 2014</u>	<u>31 Dec 2013</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	11.24	11.23	9.34	9.32

Net asset value per share is computed based on the number of shares in issue as at 31 March 2014 of 454,106,350 (31/12/2013: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

1Q 2014 vs 1Q 2013

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>1Q 2014</u>	<u>1Q 2013</u>	<u>\$'000</u>	<u>%</u>
Fish	9,125	8,430	695	8.2
Accessories	8,903	8,943	(40)	(0.4)
Plastics	2,670	2,840	(170)	(6.0)
	<u>20,698</u>	<u>20,213</u>	<u>485</u>	<u>2.4</u>

Our revenue increased by approximately \$0.5 million or 2.4% in the 1st quarter of 2014 as compared to its corresponding period in 2013.

On a geographical basis, revenue from Singapore was relatively stable while revenue from overseas grew by approximately 3.2% in the 1st quarter of 2014 as compared to its corresponding period in 2013.

Fish

Following the stabilisation of the selling prices of Dragon Fish by the end of the 1st half of 2013, with our enhanced marketing effort, we managed to sell more quantity of these fish since the 2nd half of 2013 mainly to our Northeast Asian markets, especially China, where we have a robust market share, a widening distribution network and a strong brand identity. We envisaged that the Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

In addition, the revenue contribution from our newly incorporated subsidiary in Indonesia, as well as our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore, Malaysia and Thailand have given rise to the improved ornamental fish revenue in the current quarter as compared to its corresponding period in 2013.



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

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

1Q 2014 vs 1Q 2013 (cont'd)

Accessories

Revenue from accessories business remained consistent in the current quarter, comparable to that of the corresponding period in 2013.

Plastics

Revenue from our plastics activities registered a decline of approximately \$0.2 million or 6.0% in the current quarter as compared its corresponding period in 2013. This was mainly due to a temporary reduction in market demand as a result of the revision in selling prices of our plastic products with effect from January 2014 in view of the increase in raw material (resins) prices. With the stabilisation of market selling prices towards the end of 1st quarter 2014, we foresee that the demand will recover in the coming quarters.

1Q 2014 vs 4Q 2013

	Group		Increase	
	1Q	4Q	Increase	
	2014	2013	(Decrease)	
	\$'000	\$'000	\$'000	%
Fish	9,125	8,671	454	5.2
Accessories	8,903	9,883	(980)	(9.9)
Plastics	2,670	3,001	(331)	(11.0)
	20,698	21,555	(857)	(4.0)

Although the revenue from our ornamental fish activities registered healthy growth of \$0.4 million or 5.2% in the 1st quarter of 2014 as compared to the 4th quarter of 2013, the decrease in our accessories and plastics revenue by \$1.0 million and \$0.3 million respectively, has resulted in a decrease in our overall revenue by approximately \$0.9 million or 4.0% in the current quarter as compared to the previous quarter.

Fish

Moving into 1st of quarter of 2014, we continue to see improvement in Dragon Fish revenue contribution generated from the China market as compared to the previous quarter as we managed to sell more quantity of these fish. In addition, our ornamental fish export sales from Singapore, Malaysia and Thailand, together with our newly set up subsidiary located in Indonesia, has continued to generate higher revenue with sales to more new markets.

Accessories

Traditionally, during the 1st quarter of each year, revenue contribution is lower from our China operations as they were closed for operations during the week-long Chinese New Year holidays. This has attributed to the reduction in accessories revenue in the current quarter as compared to the previous quarter, despite that our subsidiaries in Malaysia and Thailand have managed to expand their distribution network in their countries to capture more sales in the current quarter. In addition, the difference in sales mix, as well as our conscientious efforts made to focus on selling our proprietary brand of innovative products with better margins has resulted in the dip in revenue from our accessories business on a quarter-on-quarter basis.



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

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

1Q 2014 vs 4Q 2013 (cont'd)

Plastics

As mentioned above, the reduction in revenue from our plastics business in the current quarter was due to the revision in selling prices of our plastic products with effect from January 2014 which has affected the market demand of its products. With the stabilisation of market selling prices towards the end of 1st quarter 2014, we foresee that the demand will recover in the coming quarters.

(b) **Profitability**

1Q 2014 vs 1Q 2013

	Group		Increase	
	1Q 2014 \$'000	1Q 2013 \$'000	(Decrease) \$'000	%
Fish	304	121	183	151.2
Accessories	438	418	20	4.8
Plastics	133	232	(99)	(42.7)
Unallocated corporate expenses	(543)	(612)	69	11.3
	<u>332</u>	<u>159</u>	<u>173</u>	108.8

In line with the improvement in overall revenue from our business activities in the 1st quarter of 2014, our operating profit increase by approximately \$0.2 million or 108.8% as compared to its corresponding period in 2013. The increase in profit contribution was mainly from our ornamental fish business.

Fish

Our operating profit from ornamental fish business segment increased by approximately \$0.2 million or 151.2% as compared to its corresponding period in 2013 mainly due to the recuperation of profit margins as the selling prices of Dragon Fish had stabilised since the end of 1st half of 2013. The Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

The reliance and resilient of our ornamental fish export business continued to turn in improved revenue and generate respectable profit margins.

Accessories

The relatively consistent revenue registered by the accessories business in the 1st quarter of 2014 as compared to its corresponding period in 2013 gave rise to the flat growth in profitability.

Plastics

During the current quarter, the profitability of our plastics business was affected by the higher raw material (resins) prices, coupled with the gradual increase in overall operational costs and the lower revenue contribution from this business segment.



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

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

1Q 2014 vs 1Q 2013 (cont'd)

Unallocated corporate expenses

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

1Q 2014 vs 4Q 2013

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>4Q</u>	<u>(Decrease)</u>	
	<u>2014</u>	<u>2013</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	304	216	88	40.7
Accessories	438	430	8	1.9
Plastics	133	164	(31)	(18.9)
Unallocated corporate expenses	(543)	(537)	(6)	(1.1)
	<u>332</u>	<u>273</u>	<u>59</u>	<u>21.6</u>

Fish

The difference in sales mix recorded in both quarters, coupled with the improved revenue contributions from our overseas markets and export business has lifted the profitability of the ornamental fish business during the current quarter as compared to the previous quarter.

Accessories

Despite the lower revenue contributions in the current quarter, the difference in sales mix, as well as our conscientious efforts made to capture more market through the selling of our proprietary brand of innovative products with better margins, has enhanced the profitability of our accessories business for the current quarter as compared to the previous quarter.

Plastics

The decline in profitability from our plastics business in the 1st quarter of 2014 as compared to previous quarter was in line with the lower revenue contribution.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.



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10 **PROSPECTS**

The prospects of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to improve productivity using technology and automation;
- to widen our distribution network and strengthen our market capability;
- to reinforce our commitment in research & development ("R&D") and enhance growth by means of innovation; and
- to build a company that last through generations.

The above-mentioned prospects of the Group were announced in detail in our Full Year Financial Statements and Dividend Announcement dated 10 January 2014.

Our business model remains robust and the diversity of our business has put us in good standing. We will be more aggressive in the strengthening of our fundamentals and financial positions as well as in enhancing our ability to generate cash. In addition, we will continue to leverage on innovation and advance technology to transform Qian Hu into a next generation ornamental fish company with a strong pipeline of new innovative accessories products. We believe that by doing so, it will enable Qian Hu to be more resilient and sustainable in the long run. Barring any 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 31 March 2014 is recommended.

12 **INTERESTED PERSON TRANSACTIONS**

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Except for guarantee fee amounting to \$11,960 (31/3/2013: \$13,320) paid by the Group and by the Company to a major shareholder of the Company for guaranteeing the outstanding payment due from GZQH (a former subsidiary), 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 quarter ended 31 March 2014.

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 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.



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

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

Group	3 months ended 31 Mar 2014				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	9,125	8,903	2,670	-	20,698
Inter-segment revenue	343	1,166	35	(1,544)	-
Total Revenue	9,468	10,069	2,705	(1,544)	20,698
Results					
EBITDA *	542	611	152	(497)	808
Depreciation and amortisation	(233)	(149)	(19)	-	(401)
Interest expense	(7)	(9)	-	(46)	(62)
Interest income	2	-	-	-	2
	304	453	133	(543)	347
Share of losses of associates	-	(15)	-	-	(15)
Profit before tax	304	438	133	(543)	332
Tax expense	(74)	(46)	0	-	(120)
Profit for the period	230	392	133	(543)	212
Net profit margin	2.5%	4.4%	5.0%		1.0%
Assets and Liabilities					
Segment assets	30,495	37,853	3,706	2,689	74,743
Investments in associates	-	596	-	-	596
Segment liabilities	5,098	4,960	1,674	11,956	23,688
Other Segment Information					
Expenditures for non-current assets **	316	105	13	-	434
Other non-cash items:					
Bad trade receivables written off	15	1	-	-	16
Gain on disposal of property, plant and equipment	-	(1)	-	-	(1)
Property, plant and equipment written off	-	1	-	-	1
Allowance for (Write back of allowance for)					
- doubtful trade receivables	180	10	-	-	190
- inventory obsolescence	-	(48)	-	-	(48)
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.



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

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

Group	3 months ended 31 Mar 2013				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	8,430	8,943	2,840	-	20,213
Inter-segment revenue	444	1,747	48	(2,239)	-
Total Revenue	8,874	10,690	2,888	(2,239)	20,213
Results					
EBITDA *	455	642	252	(566)	783
Depreciation and amortisation	(331)	(202)	(20)	-	(553)
Interest expense	(4)	(14)	-	(46)	(64)
Interest income	1	1	-	-	2
	121	427	232	(612)	168
Share of losses of associates	-	(9)	-	-	(9)
Profit before tax	121	418	232	(612)	159
Tax expense	(15)	(19)	(13)	-	(47)
Profit for the period	106	399	219	(612)	112
Net profit margin	1.3%	4.5%	7.7%		0.6%
Assets and Liabilities					
Segment assets	31,669	38,063	3,736	4,308	77,776
Investments in associates	-	699	-	-	699
Segment liabilities	4,818	4,601	1,587	12,348	23,354
Other Segment Information					
Expenditures for non-current assets **	56	72	-	-	128
Other non-cash items:					
Bad trade receivables written off	6	-	-	-	6
Gain on disposal of property, plant and equipment	-	(15)	-	-	(15)
Allowance for doubtful trade receivables	163	25	-	-	188
Change in fair value less estimated point-of-sale costs of breeder stocks	25	-	-	-	25

(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.



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

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

Group	Revenue		Segment non-current assets		Segment assets	
	3 months ended 31 Mar		3 months ended 31 Mar		3 months ended 31 Mar	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	5,843	5,825	16,556	17,848	55,951	60,412
Other Asian countries	11,055	9,894	2,419	2,167	18,473	16,951
Europe	2,651	2,439	319	413	319	413
Others	1,149	2,055	-	-	-	-
Total	20,698	20,213	19,294	20,428	74,743	77,776

(c) **Major customers**

There are 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
3 months ended 31 Mar 2014				
Singapore (including domestic sales & sales to Singapore)	1,193	2,026	2,624	5,843
Overseas (including export to & sales in overseas)	7,932	6,877	46	14,855
Total Revenue	9,125	8,903	2,670	20,698
3 months ended 31 Mar 2013				
Singapore	1,265	1,853	2,707	5,825
Overseas	7,165	7,090	133	14,388
Total Revenue	8,430	8,943	2,840	20,213

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
15 April 2014