



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

**SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT**

1(a) **INCOME STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013**

	Note	Group			Group		
		3 months ended 30 Jun			6 months ended 30 Jun		
		2013 \$'000	2012 \$'000	Change %	2013 \$'000	2012 \$'000	Change %
Revenue		21,199	22,354	(5.2)	41,412	42,928	(3.5)
Cost of sales		(15,303)	(15,435)	(0.9)	(29,408)	(29,228)	0.6
<b>Gross profit</b>		<b>5,896</b>	<b>6,919</b>	<b>(14.8)</b>	<b>12,004</b>	<b>13,700</b>	<b>(12.4)</b>
Other income	i	33	68	(51.5)	91	138	(34.1)
		<b>5,929</b>	<b>6,987</b>	<b>(15.1)</b>	<b>12,095</b>	<b>13,838</b>	<b>(12.6)</b>
Selling & distribution expenses	ii	(412)	(471)	(12.5)	(747)	(809)	(7.7)
General & administrative expenses	ii	(5,187)	(5,819)	(10.9)	(10,788)	(11,589)	(6.9)
<b>Results from operating activities</b>	iii	<b>330</b>	<b>697</b>	<b>(52.7)</b>	<b>560</b>	<b>1,440</b>	<b>(61.1)</b>
Financial income	iv	5	6	(16.7)	7	9	(22.2)
Financial expenses	iv	(61)	(110)	(44.5)	(125)	(224)	(44.2)
		<b>274</b>	<b>593</b>	<b>(53.8)</b>	<b>442</b>	<b>1,225</b>	<b>(63.9)</b>
Share of (losses) profits of associates		(24)	24	(200.0)	(33)	(16)	106.3
<b>Profit before tax</b>		<b>250</b>	<b>617</b>	<b>(59.5)</b>	<b>409</b>	<b>1,209</b>	<b>(66.2)</b>
Tax expense	v	(108)	(109)	(0.9)	(155)	(244)	(36.5)
<b>Profit for the period</b>		<b>142</b>	<b>508</b>	<b>(72.0)</b>	<b>254</b>	<b>965</b>	<b>(73.7)</b>
Attributable to:							
<b>Equity holders of the Company</b>		<b>83</b>	<b>532</b>	<b>(84.4)</b>	<b>145</b>	<b>1,055</b>	<b>(86.3)</b>
Non-controlling interests		59	(24)	345.8	109	(90)	221.1
<b>Profit for the period</b>		<b>142</b>	<b>508</b>	<b>(72.0)</b>	<b>254</b>	<b>965</b>	<b>(73.7)</b>
Gross profit margin		27.8%	31.0%		29.0%	31.9%	
Net profit margin		0.7%	2.3%		0.6%	2.2%	
Effective tax rate		44.0%	17.7%		38.4%	20.2%	



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**STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013**

	<u>Group</u>			<u>Group</u>		
	<u>3 months ended 30 Jun</u>		<u>Change</u>	<u>6 months ended 30 Jun</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<b>Profit for the period</b>	142	508	(72.0)	254	965	(73.7)
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(130)	(822)	(84.2)	165	(767)	121.5
<b>Other comprehensive income for the period, net of tax</b>	(130)	(822)	(84.2)	165	(767)	121.5
<b>Total comprehensive income for the period</b>	12	(314)	103.8	419	198	111.6
Attributable to:						
<b>Equity holders of the Company</b>	<b>12</b>	<b>(23)</b>	<b>152.2</b>	<b>273</b>	<b>521</b>	<b>(47.6)</b>
Non-controlling interests	-	(291)	100.0	146	(323)	145.2
<b>Total comprehensive income for the period</b>	12	(314)	103.8	419	198	111.6

**Notes to Income Statement**

(i) **Other income**

Other income comprises:

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Jun</u>		<u>6 months ended 30 Jun</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gain on disposal of property, plant and equipment	-	22	15	60
Sundry income	33	46	76	78
	33	68	91	138

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

With the disposal of the Group's entire equity interest in Kim Kang Aquaculture Sdn Bhd ("Kim Kang") in the 4<sup>th</sup> quarter of 2012, its operating expenses decreased accordingly in the current quarter as well as for the half year ended 30 June 2013 as compared to the corresponding periods in 2012. The reduction is partially offset by higher personnel expenses incurred as a result of annual salary revision as well as the broad-spectrum increase in operating costs (e.g. utilities costs) as a result of elevated inflationary pressure.



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**Notes to Income Statement (cont'd)**

(iii) **Profit from operations**

This is determined after charging (crediting) the following:

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Jun</b>		<b>6 months ended 30 Jun</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration				
- auditors of the Company	23	18	41	36
- other auditors	1	5	3	11
Non-audit fees				
- other auditors	-	3	11	15
Directors' fees				
- directors of the Company	20	20	40	40
Directors' remuneration				
- directors of the Company	278	278	556	556
- directors of subsidiaries	109	140	219	281
Bad trade receivables written off	37	-	43	4
Depreciation of				
- property, plant and equipment	499	572	1,005	1,138
- brooder stocks	48	155	95	318
Property, plant and equipment written off	1	-	1	3
Gain on disposal of property, plant and equipment	-	(22)	(15)	(60)
Allowance for				
- doubtful trade receivables	69	54	257	193
- inventory obsolescence	35	15	35	15
Operating lease expenses	323	290	625	576
Personnel expenses *	3,120	3,394	6,496	6,613
Exchange gain, net	(387)	(157)	(552)	(273)
Change in fair value less estimated point-of-sale costs of breeder stocks	-	-	25	8

\* Include directors' remuneration.

(iv) **Financial income**  
**Financial expenses**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Jun</b>		<b>6 months ended 30 Jun</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expense				
- bank loans and overdrafts	49	60	94	114
- bills payable	5	42	15	92
- finance lease liabilities	7	8	16	18
	<b>61</b>	<b>110</b>	<b>125</b>	<b>224</b>
Interest income				
- bank deposits	(5)	(6)	(7)	(9)
Net financial expenses	<b>56</b>	<b>104</b>	<b>118</b>	<b>215</b>



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**Notes to Income Statement (cont'd)**

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

Despite the higher interest rates charged by the financial institutions as well as an increase in the amount of bank borrowings outstanding during the current reporting period, the reduction in financial expenses in the 2<sup>nd</sup> quarter of 2013 and half year ended 30 June 2013 as compared to its corresponding periods in 2012 was related to interest expense incurred by Kim Kang, which was disposed of in the 4<sup>th</sup> quarter of 2012.

(v) **Tax expense**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Jun</b>		<b>6 months ended 30 Jun</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax				
- current year	110	109	157	244
- over provision in respect of prior year	(2)	-	(2)	-
	<b>108</b>	<b>109</b>	<b>155</b>	<b>244</b>

Despite the tax incentives granted for qualifying expenditures, the effective tax rate of 44.0% and 38.4% registered in the 2<sup>nd</sup> quarter of 2013 and half year ended 30 June 2013 respectively were higher than the amount obtained by applying the statutory tax rate of 17% on profit before income tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies in the Group and the varying statutory tax rates of different countries in which the Group operates.



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

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
<b>Equity attributable to equity holders of the Company</b>				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	21,121,838	21,756,608	13,871,219	14,478,844
	<b>51,894,626</b>	<b>52,529,396</b>	<b>44,644,007</b>	<b>45,251,632</b>
<b>Non-Controlling Interests</b>	1,566,623	1,590,439	-	-
<b>Total Equity</b>	<b>53,461,249</b>	<b>54,119,835</b>	<b>44,644,007</b>	<b>45,251,632</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	6,561,869	7,122,631	4,852,691	5,294,588
Brooder stocks	8,839,331	8,934,081	8,839,331	8,934,081
Investments in subsidiaries	-	-	2,169,615	2,063,156
Investments in associates	674,753	708,143	815,200	815,200
Intangible assets	343,048	343,048	343,048	343,048
Other receivables	3,720,000	3,720,000	3,720,000	3,720,000
<b>Current Assets</b>				
Inventories	16,640,947	16,222,031	7,135,272	6,928,953
Breeder stocks	98,700	197,722	98,700	197,722
Trade receivables	27,403,838	26,764,914	20,809,620	21,484,518
Other receivables, deposits and prepayments	6,784,528	5,330,321	4,845,504	4,486,897
Due from				
- subsidiaries (trade)	-	-	5,745,841	5,946,793
- subsidiaries (non-trade)	-	-	1,166,608	426,681
- associate (trade)	474,646	327,196	474,646	327,196
Fixed deposits	25,446	25,446	25,446	25,446
Cash and bank balances	8,667,890	8,246,907	5,005,549	4,949,834
	<b>60,095,995</b>	<b>57,114,537</b>	<b>45,307,186</b>	<b>44,774,040</b>
<b>Current Liabilities</b>				
Trade payables	8,029,145	5,537,314	3,336,395	2,666,821
Bills payable to banks (unsecured)	829,702	883,938	718,711	883,938
Other payables and accruals	3,638,050	4,032,930	2,928,159	3,317,156
Due to				
- subsidiaries (trade)	-	-	63,741	55,114
- subsidiaries (non-trade)	-	-	580,881	1,042,301
- minority shareholder of a subsidiary	-	29,484	-	-
Finance lease liabilities	141,661	157,501	59,191	68,365
Bank term loans	13,000,000	12,000,000	13,000,000	12,000,000
Current tax payable	485,207	517,830	257,457	171,978
	<b>26,123,765</b>	<b>23,158,997</b>	<b>20,944,535</b>	<b>20,205,673</b>
<b>Net Current Assets</b>	33,972,230	33,955,540	24,362,651	24,568,367
<b>Non-Current Liabilities</b>				
Finance lease liabilities	(239,982)	(253,608)	(78,529)	(106,808)
Deferred tax liabilities	(410,000)	(410,000)	(380,000)	(380,000)
<b>Net Assets</b>	<b>53,461,249</b>	<b>54,119,835</b>	<b>44,644,007</b>	<b>45,251,632</b>



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

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
Inventory turnover (days)	102	115	72	71
Trade receivables turnover (days)	120	116	156	159
Trade receivables turnover (days) (without GZQH balances)	75	71	85	76
Debt equity ratio	0.50	0.44	0.48	0.46

Note - With the disposal of 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	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	%	%	\$	\$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	171,951	171,951
- 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)	60	60	121,554	121,554
- 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 #	55	381,459	275,000
			<b>2,169,615</b>	<b>2,063,156</b>

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

# Acquired additional 35% interest in 1Q 2013.



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**Notes to Statements of Financial Position (cont'd)**

(2) The details of associates are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
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
	<b>1,215,200</b>	<b>1,215,200</b>	<b>1,215,200</b>	<b>1,215,200</b>
Share of post-acquisition losses	(318,668)	(285,278)	-	-
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
	<b>674,753</b>	<b>708,143</b>	<b>815,200</b>	<b>815,200</b>

<b>Name of associate</b>	<b>Principal activities</b>	<b>Effective equity held by the Group</b>	
		<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
		%	%
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:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Trademarks/customer acquisition costs	937,647	937,566	921,497	921,497
Product listing fess	196,153	196,153	196,153	196,153
	<b>1,133,800</b>	<b>1,133,719</b>	<b>1,117,650</b>	<b>1,117,650</b>
Less accumulated amortisation	(790,752)	(790,671)	(774,602)	(774,602)
	<b>343,048</b>	<b>343,048</b>	<b>343,048</b>	<b>343,048</b>

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 \$2,632,500 and the advances extended by the Company to Kim Kang before its disposal of \$1,087,500, totaling \$3.72 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.

- (5) Inventories comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Fish	3,388,151	3,562,786	2,389,689	2,513,962
Accessories	12,927,319	12,316,716	5,155,583	4,789,991
Plastics products - raw materials	257,566	288,341	-	-
Plastics products - finished goods	571,701	522,978	-	-
	<u>17,144,737</u>	<u>16,690,821</u>	<u>7,545,272</u>	<u>7,303,953</u>
Less allowance for inventory obsolescence	(503,790)	(468,790)	(410,000)	(375,000)
	<u>16,640,947</u>	<u>16,222,031</u>	<u>7,135,272</u>	<u>6,928,953</u>

The increase in accessories inventory balance was mainly due to higher stock holding in relation to the new accessories products launched in the current financial year.

- (6) Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which is determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier. The decrease in breeder stocks balance as at 30 June 2013 was mainly due to difference in quantity, valuation and product mix in relation to the breeder stocks held as at both reporting dates.





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**Notes to Statements of Financial Position (cont'd)**

(7) Trade receivables comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Trade receivables	29,608,804	28,900,045	22,908,226	23,398,341
Less allowance for doubtful trade receivables	(2,204,966)	(2,135,131)	(2,098,606)	(1,913,823)
	<b>27,403,838</b>	<b>26,764,914</b>	<b>20,809,620</b>	<b>21,484,518</b>

The increase in trade receivables as at 30 June 2013 was mainly due to higher credit sales generated in the 2<sup>nd</sup> quarter of 2013. 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.

(8) Other receivables, deposits and prepayments comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Other receivables *	1,483,434	1,413,561	1,426,705	1,338,541
Deposits	469,016	298,206	41,560	84,560
Prepayments	773,141	561,287	359,411	307,820
Advances to suppliers	2,733,638	2,552,793	2,565,377	2,307,170
Deposit for purchase of property, plant and equipment	1,290,040	478,231	452,451	448,806
Tax recoverable	35,259	26,243	-	-
	<b>6,784,528</b>	<b>5,330,321</b>	<b>4,845,504</b>	<b>4,486,897</b>

\* 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 30 June 2013 was mainly due to:-

- increase in deposits for purchase of property, plant and equipment mainly in relation to the infrastructure construction work undertaken by our Indonesia subsidiary. These amounts will be capitalised as plant, property and equipment upon the completion of the construction work.
- increase in amount of prepayments made as at 30 June 2013 as a result of payments incurred 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.



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**Notes to Statements of Financial Position (cont'd)**

- (9) The increase in amount due from associate as at 30 June 2013 was mainly due to higher trade activities with the associate during the 1<sup>st</sup> half of 2013.
- (10) The increase in trade payables as at 30 June 2013 was as a result of the increase in purchases of accessories inventory, coupled with the extended credit terms granted by our regular suppliers for purchases made during the financial period.
- (11) Other payables and accruals comprise:

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2013</u>	<u>31 Dec 2012</u>	<u>30 Jun 2013</u>	<u>31 Dec 2012</u>
	\$	\$	\$	\$
Accrued operating expenses	217,107	359,042	131,942	281,315
Accrued staff costs	1,230,423	1,657,606	868,641	1,285,877
Other payables	2,038,422	1,683,298	1,784,224	1,432,852
Advance received from customers	152,098	332,984	143,352	317,112
	<u>3,638,050</u>	<u>4,032,930</u>	<u>2,928,159</u>	<u>3,317,156</u>

The reduction of other payables and accruals as at 30 June 2013 was mainly due to the decrease in accrued staff costs as a result of bonus payment made in January 2013.

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

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2013</u>	<u>31 Dec 2012</u>	<u>30 Jun 2013</u>	<u>31 Dec 2012</u>
	\$	\$	\$	\$
Unsecured term loans (short-term)	<u>13,000,000</u>	<u>12,000,000</u>	<u>13,000,000</u>	<u>12,000,000</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.16% to 1.75% (31/12/2012: 1.23% to 1.50%) per annum and are repayable within the next 12 months from the reporting date.

As at 30 June 2013, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$8.8 million (31/12/2012: \$8.8 million).



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1(c) **STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Jun 2013</b>	<b>2012</b>	<b>6 months ended 30 Jun 2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Profit before tax	248,872	617,478	408,328	1,208,827
Adjustments for:				
Bad trade receivables written off	36,984	(59)	42,769	3,533
Depreciation of				
- property, plant and equipment	498,969	572,361	1,005,058	1,137,740
- brooder stocks	47,375	155,466	94,750	318,026
Loss (Gain) on disposal of property, plant and equipment	372	(21,903)	(14,547)	(60,229)
Property, plant and equipment written off	390	(57)	684	2,536
Change in fair value less estimated point-of-sale costs of breeder stocks	-	-	24,742	7,540
Allowance for				
- doubtful trade receivables	68,738	53,865	256,605	193,110
- inventory obsolescence	35,000	15,000	35,000	15,000
Share of losses (profits) of associates	23,965	(23,518)	33,390	16,609
Interest expense	61,870	109,393	125,506	223,432
Interest income	(5,772)	(6,223)	(7,317)	(8,853)
<b>Operating profit before working capital changes</b>	<b>1,016,763</b>	<b>1,471,803</b>	<b>2,004,968</b>	<b>3,057,271</b>
(Increase) Decrease in:				
Inventories	(600,426)	(325,890)	(508,794)	(1,354,372)
Breeder stocks	67,020	-	74,280	(27,210)
Trade receivables	(1,454,664)	(961,115)	(786,458)	(885,229)
Other receivables, deposits and prepayments	(770,578)	114,974	(1,426,098)	(82,647)
Due from associate (trade)	(207,434)	(101,398)	(147,450)	(92,742)
Increase (Decrease) in:				
Trade payables	2,211,715	937,728	2,441,919	1,382,819
Bills payable to banks	44,798	330,675	(54,236)	239,155
Other payables and accruals	279,130	52,846	(423,214)	(762,512)
<b>Cash generated from operating activities</b>	<b>586,324</b>	<b>1,519,623</b>	<b>1,174,917</b>	<b>1,474,533</b>
Tax paid	(215,315)	(345,878)	(199,820)	(415,458)
<b>Net cash from operating activities</b>	<b>371,009</b>	<b>1,173,745</b>	<b>975,097</b>	<b>1,059,075</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(272,830)	(704,204)	(380,652)	(942,152)
Proceeds from disposal of property, plant and equipment	12,370	31,981	54,223	104,746
Acquisition of additional interest in a subsidiary	-	-	(106,459)	-
Interest received	5,772	6,223	7,317	8,853
<b>Net cash used in investing activities</b>	<b>(254,688)</b>	<b>(666,000)</b>	<b>(425,571)</b>	<b>(828,553)</b>



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1(c) **STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013 (cont'd)**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Jun 2013</b>	<b>2012</b>	<b>6 months ended 30 Jun 2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>Cash flows from financing activities</b>				
Drawdown of bank term loans	1,000,000	2,000,000	1,000,000	2,500,000
Advances from minority shareholders of a subsidiary	-	140,000	-	140,000
Repayment of				
- finance lease liabilities	(40,844)	(22,679)	(110,092)	(80,573)
- bank term loans	-	(94,823)	-	(192,554)
- loan from non-controlling shareholder of a subsidiary	-	-	(9,398)	-
Payment of dividends to				
- shareholders of the Company	(908,213)	(2,724,638)	(908,213)	(2,724,638)
- non-controlling shareholder of a subsidiary	(65,280)	(96,000)	(65,280)	(96,000)
Interest paid	(61,260)	(107,618)	(125,807)	(221,939)
<b>Net cash used in financing activities</b>	<b>(75,597)</b>	<b>(905,758)</b>	<b>(218,790)</b>	<b>(675,704)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>40,724</b>	<b>(398,013)</b>	<b>330,736</b>	<b>(445,182)</b>
Cash and cash equivalents at beginning of period	8,672,200	8,518,350	8,272,353	8,605,551
Effect of exchange rate changes on cash balances held in foreign currencies	(19,588)	(88,234)	90,247	(128,266)
<b>Cash and cash equivalents at end of period (Note i)</b>	<b>8,693,336</b>	<b>8,032,103</b>	<b>8,693,336</b>	<b>8,032,103</b>

**Notes to Statement of Cash Flows**

(i) Cash and cash equivalents comprise:

	<b>Group</b>	
	<b>30 Jun 2013</b>	<b>30 Jun 2012</b>
	\$	\$
Fixed deposits	25,446	25,446
Cash and bank balances	8,667,890	8,006,657
	<b>8,693,336</b>	<b>8,032,103</b>

(ii) Despite registering a lower operating profit for the half year ended 30 June 2013, coupled with the increase in advances to suppliers and non-trade purchases made in the current quarter, the Group's **net cash from operating activities** was comparable to its corresponding period in 2012 mainly due to a lower increase in inventory held. In addition, we were able to better manage our cash flow by extending our credit terms with our regular suppliers for purchases made.

The decrease in **net cash from operating activities** in the 2<sup>nd</sup> quarter of 2013 as compared to the corresponding period in 2012 was mainly due to lower operating profit registered during the current quarter, coupled with the increase in inventory balances during the 2<sup>nd</sup> quarter of 2013.



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1(c) **STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2013 (cont'd)**

**Notes to Statement of Cash Flows (cont'd)**

**Net cash used in investing activities** was mainly related to capital expenditure incurred for on-going enhancement to the infrastructure and farm facilities in Singapore and overseas. In addition, there was cash of approximately \$106K utilised for the acquisition of an additional 35% equity interest in our Indonesian subsidiary from one of its minority shareholders.

During the current quarter and the half year ended 30 June 2013, the cash proceeds received from banks borrowings were mainly utilised for the 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. The above, coupled with the payment of final dividends to the shareholders of the Company in April 2013, resulted in **net cash used in financing activities**.

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

Group	Equity attributable to equity holders of the Company					
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Non-controlling interests \$	Total Equity \$
<b>Balance at 1 Jan 2012</b>	30,772,788	34,204,872	(1,544,213)	63,433,447	10,190,157	73,623,604
<b>Total comprehensive income for the year</b>						
Loss for the year	-	(9,136,582)	-	(9,136,582)	(23,437)	(9,160,019)
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total other comprehensive income	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total comprehensive income for the year	-	(9,136,582)	(308,855)	(9,445,437)	(116,860)	(9,562,297)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)	-	(2,724,638)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(254,720)	(254,720)
Total contributions by and distributions to owners	-	(2,724,638)	-	(2,724,638)	(254,720)	(2,979,358)
<b>Changes in ownership interests in subsidiaries</b>						
Disposal of a subsidiary	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total changes in ownership interests in subsidiaries	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total transactions with owners	-	(2,724,638)	1,266,024	(1,458,614)	(8,482,858)	(9,941,472)
<b>Balance at 31 Dec 2012</b>	30,772,788	22,343,652	(587,044)	52,529,396	1,590,439	54,119,835



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

Group	Equity attributable to equity holders of the Company					Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Non-controlling interests \$	
<b>Balance at 1 Jan 2013</b>	30,772,788	22,343,652	(587,044)	52,529,396	1,590,439	54,119,835
<b>Total comprehensive income for the period</b>						
Profit for the period	-	144,836	-	144,836	109,015	253,851
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	128,607	128,607	36,825	165,432
Total other comprehensive income	-	-	128,607	128,607	36,825	165,432
Total comprehensive income for the period	-	144,836	128,607	273,443	145,840	419,283
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Payment of first and final dividend	-	(908,213)	-	(908,213)	-	(908,213)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(65,280)	(65,280)
Total contributions by and distributions to owners	-	(908,213)	-	(908,213)	(65,280)	(973,493)
<b>Changes in ownership interests in subsidiaries</b>						
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	-	(908,213)	-	(908,213)	(169,656)	(1,077,869)
<b>Balance at 30 Jun 2013</b>	<b>30,772,788</b>	<b>21,580,275</b>	<b>(458,437)</b>	<b>51,894,626</b>	<b>1,566,623</b>	<b>53,461,249</b>

Company	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$
<b>Balance at 1 Jan 2012</b>	30,772,788	16,355,718	-	47,128,506
<b>Total comprehensive income for the year</b>				
Profit for the year	-	847,764	-	847,764
<b>Other comprehensive income</b>				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	847,764	-	847,764
<b>Transactions with owners, recognised directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)
Total transactions with owners	-	(2,724,638)	-	(2,724,638)
<b>Balance at 31 Dec 2012</b>	<b>30,772,788</b>	<b>14,478,844</b>	<b>-</b>	<b>45,251,632</b>



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

Company	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$
<b>Balance at 1 Jan 2013</b>	30,772,788	14,478,844	-	45,251,632
<b>Total comprehensive income for the period</b>				
Profit for the period	-	320,968	-	320,968
<b>Other comprehensive income</b>				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(20,380)	(20,380)
Total other comprehensive income	-	-	(20,380)	(20,380)
Total comprehensive income for the period	-	320,968	(20,380)	300,588
<b>Transactions with owners, recognised directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Payment of first and final dividend	-	(908,213)	-	(908,213)
Total transactions with owners	-	(908,213)	-	(908,213)
<b>Balance at 30 Jun 2013</b>	30,772,788	13,891,599	(20,380)	44,644,007

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

Share capital	Number of shares	\$
<b>Ordinary shares issued and fully paid</b>		
Balance as at 1 Jan 2013 and 30 Jun 2013	454,106,350	30,772,788

There was no movement in the issued and paid-up capital of the Company since 31 December 2012.

There were no outstanding convertibles as at 30 June 2013 (30/6/2012: Nil).

The Company did not hold any treasury shares as at 30 June 2013 (30/06/2012: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2013.



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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 second quarter and half year ended 30 June 2013 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 July 2013

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 (FRS) 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 2012.

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 2013.

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

	<b><u>Group</u></b>		<b><u>Group</u></b>	
	<b><u>3 months ended 30 Jun</u></b>	<b><u>2012</u></b>	<b><u>6 months ended 30 Jun</u></b>	<b><u>2012</u></b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares on issue (cents)	0.02	0.11	0.03	0.23
- on a fully diluted basis (cents)	0.02	0.11	0.03	0.23

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 (30/6/2012: 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**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	11.77	11.92	9.83	9.96

Net asset value per share is computed based on the number of shares in issue as at 30 June 2013 of 454,106,350 (31/12/2012: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

**6 months 2013 vs 6 months 2012**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>6 months ended 30 Jun 2013</b>	<b>2012</b>	<b>\$'000</b>	<b>%</b>
Fish	17,278	19,670	(2,392)	(12.2)
Accessories	17,640	17,533	107	0.6
Plastics	6,494	5,725	769	13.4
	<b>41,412</b>	<b>42,928</b>	<b>(1,516)</b>	<b>(3.5)</b>

For the 6 months ended 30 June 2013, the ornamental fish and accessories activities continued to be our core activities, which together accounted for almost 84% of total revenue. Our revenue decreased by approximately \$1.5 million or 3.5% from \$42.9 million for the 6 months ended 30 June 2012 to \$41.4 million for the 6 months ended 30 June 2013.

On a geographical basis, revenue from Singapore and overseas dipped by 3.3% and 3.6% respectively in the 1<sup>st</sup> half of 2013 as compared to its corresponding period in 2012.

**2Q 2013 vs 2Q 2012**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>2Q 2013</b>	<b>2Q 2012</b>	<b>\$'000</b>	<b>%</b>
Fish	8,848	10,010	(1,162)	(11.6)
Accessories	8,697	9,496	(799)	(8.4)
Plastics	3,654	2,848	806	28.3
	<b>21,199</b>	<b>22,354</b>	<b>(1,155)</b>	<b>(5.2)</b>

Our revenue decreased by approximately \$1.2 million or 5.2% in the 2<sup>nd</sup> quarter of 2013 as compared to its corresponding period in 2012.



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

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

**2Q 2013 vs 2Q 2012 (cont'd)**

**Fish**

The reduction in our ornamental fish revenue by approximately \$1.2 million or 11.6% in the 2<sup>nd</sup> quarter of 2013 as compared to its corresponding period in 2012 was mainly due to the decrease in revenue contribution following the disposal of our subsidiary, Kim Kang, in the 4<sup>th</sup> quarter of 2012, coupled with the tumbling selling prices of Dragon Fish as a result of the oversupply of Dragon Fish since the previous financial year. Although we are still facing challenges in the 1<sup>st</sup> half of the current financial year in terms of stabilising the selling prices of Dragon Fish, with our enhanced marketing effort, we managed to sell more quantity of these fish since the 2<sup>nd</sup> half of 2012 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 envisage that the Group should see a steady growth in its ornamental fish's revenue and profitability in the 2<sup>nd</sup> half of the year.

The above reduction was partially offset by the increase in 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, which have given rise to the improved ornamental fish revenue in the current quarter as compared to its corresponding period in 2012.

**Accessories**

As our accessories export business continued its leverage on the Group's existing overseas distribution bases & network to explore more untapped markets with growth potential, the revenue contribution from our accessories business was escalated by an one-off increase in export orders from a major customer in 2<sup>nd</sup> quarter of 2012. In addition, during the 2<sup>nd</sup> quarter of 2013, we experienced the loss of sales resulting from the delay in the delivery of goods from our China suppliers because of a setback in rolling out of our newly launched products. These orders were only delivered to us towards the end of June, as evident by the increase in the Group's accessories inventory balances.

The above has attributed to the lower revenue registered of \$8.7 million in the current quarter, which is approximately \$0.8 million or 8.4% lower than its corresponding period in 2012.

**Plastics**

Revenue from our plastics activities registered a considerable increase of \$0.8 million or 28.3% in the 2<sup>nd</sup> quarter of 2013 as compared to the corresponding period in 2012 as we managed to focus on generating revenue through enlarging our customer base and selling more varieties of plastic products.



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

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

**2Q 2013 vs 1Q 2013**

	Group		Increase (Decrease)	
	2Q 2013 \$'000	1Q 2013 \$'000		
Fish	8,848	8,430	418	5.0
Accessories	8,697	8,943	(246)	(2.8)
Plastics	3,654	2,840	814	28.7
	21,199	20,213	986	4.9

Although the revenue from our ornamental fish and plastics activities registered healthy growth of \$0.4 million or 5.0% and \$0.8 million or 28.7%, respectively, in the 2<sup>nd</sup> quarter of 2013 as compared to the 1<sup>st</sup> quarter of 2013, the decrease in our accessories revenue by \$0.2 million or 2.8% has resulted in a net increase in our overall revenue by approximately \$1.0 million or 4.9% in the current quarter as compared to the previous quarter.

**Fish**

During the 2<sup>nd</sup> of quarter of 2013, 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 as the selling prices gradually stabilizes. 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**

The dip in revenue from our accessories business by approximately \$0.2 million or 2.8% on a quarter-on-quarter basis was mainly as a result of difference in sales mix, as well as our conscientious efforts made to focus on selling our proprietary brand of innovative products with better margins.

**Plastics**

As mentioned above, our plastics activities registered improvement in revenue over the previous quarter mainly due to an enlarged customer base and the sale of more varieties of plastic products.



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

(b) **Profitability**

**6 months 2013 vs 6 months 2012**

	<b>Group</b>			
	<b>6 months ended 30 Jun</b>			
	<b>2013</b>	<b>2012</b>	<b>Increase</b>	<b>(Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	347	774	(427)	(55.2)
Accessories	782	1,083	(301)	(27.8)
Plastics	400	481	(81)	(16.8)
Unallocated corporate expenses	(1,120)	(1,129)	9	0.8
	<b>409</b>	<b>1,209</b>	<b>(800)</b>	<b>(66.2)</b>

In line with the lower revenue contribution registered, our operating profit before taxation decreased significantly by \$0.8 million or 66.2% from \$1.2 million for the half year ended 30 June 2012 to \$0.4 million for the half year ended 30 June 2013. Profit after taxation attributable to equity holders decreased by \$1.0 million or 86.3% from approximately \$1.1 million for the 6 months ended 30 June 2012 to approximately \$0.1 million for the 6 months ended 30 June 2013.

**2Q 2013 vs 2Q 2012**

	<b>Group</b>			
	<b>2Q</b>	<b>2Q</b>		
	<b>2013</b>	<b>2012</b>	<b>Increase</b>	<b>(Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	226	324	(98)	(30.2)
Accessories	364	596	(232)	(38.9)
Plastics	168	220	(52)	(23.6)
Unallocated corporate expenses	(508)	(523)	15	2.9
	<b>250</b>	<b>617</b>	<b>(367)</b>	<b>(59.5)</b>

**Fish**

Our operating profit from ornamental fish dipped marginally as compared to its corresponding period in 2012 mainly due to the lower revenue registered as well as the intense price competition caused by the oversupply of Dragon Fish since the previous financial year. Nonetheless, the profit margins from this business segment has recuperated since the previous quarter as the selling prices of these fish has stabilised towards the end of the 1<sup>st</sup> half of 2013. The Group should see growth in its ornamental fish's revenue and profitability in the 2<sup>nd</sup> half of the year.

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

**Accessories**

The decline in profitability from our accessories business in the 2<sup>nd</sup> quarter of 2013 as compared to its corresponding period in 2012 was in line with the lower revenue contribution.



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

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

**2Q 2013 vs 2Q 2012**

**Plastics**

Notwithstanding the increase in revenue registered in the 2<sup>nd</sup> quarter of 2013 as compared to its corresponding period in 2012, the relatively higher raw material (resins) prices, coupled with the gradual increase in overall operational costs, as well as our conscientious and on-going efforts made to expand our market share has sliced off some profitability from this business segment.

**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.

**2Q 2013 vs 1Q 2013**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>2Q 2013 \$'000</b>	<b>1Q 2013 \$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	226	121	105	86.8
Accessories	364	418	(54)	(12.9)
Plastics	168	232	(64)	(27.6)
Unallocated corporate expenses	(508)	(612)	104	17.0
	<b>250</b>	<b>159</b>	<b>91</b>	<b>57.2</b>

**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**

The lower revenue registered by the accessories business in the current quarter has given rise to the decline in profitability from the 1<sup>st</sup> quarter of 2013 to 2<sup>nd</sup> quarter of 2013.

**Plastics**

Despite the boost in revenue contribution, the decline in profitability from our plastics business in the 2<sup>nd</sup> quarter of 2013 as compared to the previous quarter was mainly due to the increasing raw material (resins) prices in the current quarter which has eroded our profit margin.

**Unallocated corporate expenses**

The lower corporate expenses reported on a quarter-on-quarter basis were due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.



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10 **PROSPECTS**

Our Group's growth in FY 2013 depends on:

- increase in our export of ornamental fish;
- escalation of our export of aquarium and pet accessories;
- streamlining of our breeding and sales of Dragon Fish;
- increase in our cash flow generation; and
- expansion of our regional domestic distribution network.

The long term prospects of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to improve revenue contribution from pet accessories;
- to have the widest distribution network in China and India;
- to strengthen our commitment and continue our investment in research & development ("R&D");
- to be a debt-free and high dividend payout company;
- to be able to change in accordance with the changing environment and to continue to differentiate ourselves; and
- to stay focused in whatever we do.

The above-mentioned prospects of the Group were announced in detail in our Full Year Financial Statements and Dividend Announcement dated 11 January 2013.

**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. This could bring about possible fluctuations in our operating profit from quarter to quarter; nonetheless, 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 half year ended 30 June 2013 is recommended.

12 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS**

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



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12 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS (cont'd)**

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

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2013</u>	<u>30 Jun 2012</u>	<u>30 Jun 2013</u>	<u>30 Jun 2012</u>
	\$	\$	\$	\$
Rental paid to a non-controlling shareholder of a subsidiary	-	14,240	-	-
Fees paid to a company in which a director has an interest	9,700	8,500	9,700	8,500
Guarantee fee paid to a major shareholder of the Company *	26,462	30,619	26,462	30,619

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

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the second quarter and the half year ended 30 June 2013.

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	6 months ended 30 Jun 2013				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	17,278	17,640	6,494	-	41,412
Inter-segment revenue	886	3,980	81	(4,947)	-
<b>Total Revenue</b>	<b>18,164</b>	<b>21,620</b>	<b>6,575</b>	<b>(4,947)</b>	<b>41,412</b>
<b>Results</b>					
EBITDA *	1,014	1,231	443	(1,028)	1,660
Depreciation and amortisation	(662)	(396)	(42)	-	(1,100)
Interest expense	(11)	(21)	(1)	(92)	(125)
Interest income	6	1	-	-	7
	347	815	400	(1,120)	442
Share of losses of associates	-	(33)	-	-	(33)
Profit before tax	347	782	400	(1,120)	409
Tax expense	(61)	(81)	(13)	-	(155)
<b>Profit for the period</b>	<b>286</b>	<b>701</b>	<b>387</b>	<b>(1,120)</b>	<b>254</b>
<b>Net profit margin</b>	<b>1.7%</b>	<b>4.0%</b>	<b>6.0%</b>		<b>0.6%</b>
<b>Assets and Liabilities</b>					
Segment assets	31,614	39,421	4,785	4,415	80,235
Investments in associates	-	675	-	-	675
Segment liabilities	4,795	5,931	2,749	13,299	26,774
<b>Other Segment Information</b>					
Expenditures for non-current assets **	166	205	66	-	437
Other non-cash items:					
Bad trade receivables written off	37	6	-	-	43
Loss (Gain) on disposal of property, plant and equipment	3	(16)	(2)	-	(15)
Property, plant and equipment written off	-	1	-	-	1
Allowance for					
- doubtful trade receivables	211	46	-	-	257
- inventory obsolescence	-	35	-	-	35
Change in fair value less estimated point-of-sale costs of breeder stocks	25	-	-	-	25

\* 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	6 months ended 30 Jun 2012				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	19,370	17,833	5,725	-	42,928
Inter-segment revenue	1,157	3,926	73	(5,156)	-
<b>Total Revenue</b>	<b>20,527</b>	<b>21,759</b>	<b>5,798</b>	<b>(5,156)</b>	<b>42,928</b>
<b>Results</b>					
EBITDA *	1,993	1,418	527	(1,042)	2,896
Depreciation and amortisation	(1,014)	(397)	(45)	-	(1,456)
Interest expense	(112)	(24)	(1)	(87)	(224)
Interest income	7	2	-	-	9
	874	999	481	(1,129)	1,225
Share of losses of associates	-	(16)	-	-	(16)
Profit before tax	874	983	481	(1,129)	1,209
Tax expense	(127)	(62)	(55)	-	(244)
<b>Profit for the period</b>	<b>747</b>	<b>921</b>	<b>426</b>	<b>(1,129)</b>	<b>965</b>
<b>Net profit margin</b>	<b>3.9%</b>	<b>5.2%</b>	<b>7.4%</b>		<b>2.2%</b>
<b>Assets and Liabilities</b>					
Segment assets	61,980	39,335	3,641	1,391	106,347
Investments in associates	-	990	-	-	990
Segment liabilities	14,227	6,134	1,664	13,321	35,346
<b>Other Segment Information</b>					
Expenditures for non-current assets **	698	288	6	-	992
Other non-cash items:					
Bad trade receivables written off	4	-	-	-	4
Gain on disposal of property, plant and equipment	(38)	(22)	-	-	(60)
Property, plant and equipment written off	2	1	-	-	3
Allowance for					
- doubtful trade receivables	44	149	-	-	193
- inventory obsolescence	-	15	-	-	15
Change in fair value less estimated point-of-sale costs of breeder stocks	8	-	-	-	8

(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	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	12,404	12,822	17,688	8,880	61,193	40,854
Other Asian countries	20,545	21,185	2,055	34,463	18,646	64,804
Europe	4,497	4,410	396	689	396	689
Others	3,966	4,511	-	-	-	-
<b>Total</b>	<b>41,412</b>	<b>42,928</b>	<b>20,139</b>	<b>44,032</b>	<b>80,235</b>	<b>106,347</b>

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Revenue (Group)	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
<b>2Q 2013</b>				
Singapore (including domestic sales & sales to Singapore)	1,083	1,871	3,625	6,579
Overseas (including export to & sales in overseas)	7,765	6,826	29	14,620
<b>Total revenue</b>	<b>8,848</b>	<b>8,697</b>	<b>3,654</b>	<b>21,199</b>
<b>2Q 2012</b>				
Singapore	1,485	2,215	2,729	6,429
Overseas	8,225	7,581	119	15,925
<b>Total revenue</b>	<b>9,710</b>	<b>9,796</b>	<b>2,848</b>	<b>22,354</b>
<b>6 months ended 30 Jun 2013</b>				
Singapore (including domestic sales & sales to Singapore)	2,348	3,724	6,332	12,404
Overseas (including export to & sales in overseas)	14,930	13,916	162	29,008
<b>Total revenue</b>	<b>17,278</b>	<b>17,640</b>	<b>6,494</b>	<b>41,412</b>
<b>6 months ended 30 Jun 2012</b>				
Singapore	3,254	4,104	5,464	12,822
Overseas	16,116	13,729	261	30,106
<b>Total revenue</b>	<b>19,370</b>	<b>17,833</b>	<b>5,725</b>	<b>42,928</b>

**BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman and Managing Director  
15 July 2013