



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 2015**

	Note	Group		Change %
		3 months ended 31 Mar		
		2015 \$'000	2014 \$'000	
Revenue		20,769	20,698	0.3
Cost of sales		(14,990)	(14,496)	3.4
Gross profit		5,779	6,202	(6.8)
Other income	i	58	41	41.5
		5,837	6,243	(6.5)
Selling & distribution expenses	ii	(313)	(293)	6.8
General & administrative expenses	ii	(5,219)	(5,543)	(5.8)
Results from operating activities	iii	305	407	(25.1)
Financial income	iv	1	2	(50.0)
Financial expenses	iv	(65)	(62)	4.8
		241	347	(30.5)
Share of profits (losses) of associates		12	(15)	180.0
Profit before tax		253	332	(23.8)
Tax expense	v	(53)	(120)	(55.8)
Profit for the period		200	212	(5.7)
Profit attributable to:				
Equity holders of the Company		112	115	(2.6)
Non-controlling interests		88	97	(9.3)
Profit for the period		200	212	(5.7)
Gross profit margin		27.8%	30.0%	
Net profit margin		1.0%	1.0%	
Effective tax rate		24.9%	32.5%	



QIAN HU CORPORATION LIMITED

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STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Group		Change
	3 months ended 31 Mar		
	2015	2014	
	\$'000	\$'000	%
Profit for the period	200	212	(5.7)
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	246	5	NM
Other comprehensive income for the period, net of tax	246	5	NM
Total comprehensive income for the period	446	217	105.5
Total comprehensive income attributable to:			
Equity holders of the Company	281	110	155.5
Non-controlling interests	165	107	54.2
Total comprehensive income for the period	446	217	105.5

NM: Not meaningful

Notes to Income Statement

(i) **Other income**

Other income comprises:

	Group	
	3 months ended 31 Mar	
	2015	2014
	\$'000	\$'000
Gain on disposal of property, plant and equipment	4	1
Sundry income	54	40
	58	41

(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 2014 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	
	2015	2014
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	27	27
- other auditors	3	2
Non-audit fees		
- other auditors	-	4
Directors' fees		
- directors of the Company	20	20
Directors' remuneration		
- directors of the Company	282	280
- directors of subsidiaries	111	114
Bad trade receivables written off	15	16
Depreciation of		
- property, plant and equipment	362	354
- brooder stocks	47	47
Property, plant and equipment written off	-	1
Allowance for (Write back of allowance for)		
- doubtful trade receivables	137	190
- inventory obsolescence	(50)	(48)
Operating lease expenses	292	313
Personnel expenses *	3,421	3,378
Exchange gain, net	(276)	(9)
Change in fair value less estimated point-of-sale costs of breeder stocks	9	10

(iv) **Financial income**
Financial expenses

	Group	
	3 months ended 31 Mar	
	2015	2014
	\$'000	\$'000
Interest expense		
- bank loans and overdrafts	49	50
- bills payable	5	6
- finance lease liabilities	11	6
	65	62
Interest income		
- bank deposits	(1)	(2)
Net financial expenses	64	60

**QIAN HU CORPORATION LIMITED****(Incorporated in the Republic of Singapore)****(Company Registration No. : 199806124N)****Notes to Income Statement (cont'd)****(v) Tax expense**

	Group	
	3 months ended 31 Mar	
	2015	2014
	\$'000	\$'000
Current tax		
- current year	63	108
- (over) under provision in respect of prior years	(10)	12
	53	120

Despite the tax incentives granted for qualifying expenditures, the effective tax rate registered for the current quarter and its corresponding period in 2014 were higher than the amount obtained by applying the statutory tax rate of 17% on profit before taxation mainly due to the varying statutory tax rates of different countries in which the Group operates and higher profit contribution from entities with a higher tax rate.



QIAN HU CORPORATION LIMITED
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1(b)(i) **STATEMENTS OF FINANCIAL POSITION**

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	\$	\$	\$	\$
Equity attributable to equity holders of the Company				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	19,056,778	18,775,333	11,341,903	11,581,698
	49,829,566	49,548,121	42,114,691	42,354,486
Non-Controlling Interests	1,670,123	1,505,172	-	-
Total Equity	51,499,689	51,053,293	42,114,691	42,354,486
Non-Current Assets				
Property, plant and equipment	8,020,570	7,737,925	5,262,885	5,313,275
Brooder stocks	8,507,707	8,555,082	8,507,707	8,555,082
Investments in subsidiaries	-	-	2,295,785	2,295,785
Investment in associate	364,976	353,112	412,600	412,600
Intangible assets	343,048	343,048	343,048	343,048
Other receivables	1,240,000	1,240,000	1,240,000	1,240,000
Current Assets				
Inventories	17,275,302	16,539,943	7,381,615	7,223,770
Breeder stocks	34,040	44,440	34,040	44,440
Trade receivables	25,527,573	25,918,617	18,462,369	19,617,127
Other receivables, deposits and prepayments	6,726,729	6,747,002	5,011,919	5,284,609
Due from				
- subsidiaries (trade)	-	-	7,238,851	6,871,287
- subsidiaries (non-trade)	-	-	1,276,078	1,276,078
- associate (trade)	531,750	651,581	531,750	651,581
Cash and bank balances	8,492,535	8,557,302	5,005,225	5,011,121
	58,587,929	58,458,885	44,941,847	45,980,013
Current Liabilities				
Trade payables	6,980,345	6,388,559	2,652,898	2,738,546
Bills payable to banks (unsecured)	432,405	408,515	372,483	345,986
Other payables and accruals	3,743,710	4,420,092	2,666,962	3,606,202
Due to				
- subsidiaries (trade)	-	-	158,551	147,005
- subsidiaries (non-trade)	-	-	1,406,540	1,304,410
Finance lease liabilities	122,206	132,075	30,136	36,556
Bank term loans	13,291,024	13,295,872	13,000,000	13,000,000
Current tax payable	450,863	424,154	207,457	207,457
	25,020,553	25,069,267	20,495,027	21,386,162
Net Current Assets	33,567,376	33,389,618	24,446,820	24,593,851
Non-Current Liabilities				
Finance lease liabilities	(133,988)	(155,492)	(14,154)	(19,155)
Deferred tax liabilities	(410,000)	(410,000)	(380,000)	(380,000)
Net Assets	51,499,689	51,053,293	42,114,691	42,354,486



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

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Inventory turnover (days)	102	101	75	73
Trade receivables turnover (days)	111	113	141	145
Trade receivables turnover (days) (without GZQH balances)	70	74	72	79
Debt equity ratio	0.50	0.50	0.50	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 and the Company’s trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a higher trade receivables turnover days.

Notes to Statements of Financial Position

(1) 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 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	%	%	\$	\$
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
Guangzhou Qian Hu OF Feed Co., Ltd (People's Republic of China)	100	100	126,170	126,170
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	90	381,459	381,459
			2,295,785	2,295,785

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



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Notes to Statements of Financial Position (cont'd)

(2) The details of associate is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	\$	\$	\$	\$
Unquoted equity investment				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
Less				
Share of post-acquisition losses	(225,845)	(237,709)	-	-
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
	<u>364,976</u>	<u>353,112</u>	<u>412,600</u>	<u>412,600</u>

Name of associate	Principal activities	<u>Effective equity held by the Group</u>	
		<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
		%	%
Arcadia Products PLC (United Kingdom)	Manufacture and distribution of aquarium lamps	20	20

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:

	<u>Group and Company</u>	
	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	\$	\$
Trademarks/customer acquisition costs	921,497	921,497
Product listing fees	196,153	196,153
	<u>1,117,650</u>	<u>1,117,650</u>
Less accumulated amortisation	(774,602)	(774,602)
	<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) as at 31 March 2015 consist of the outstanding amounts due from the purchasers of Kim Kang (“the Purchasers”) of \$877,500 and the advances extended by the Company to Kim Kang before its disposal of \$362,500, totalling \$1.24 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 (FY 2013), second (FY 2014), third (FY 2015) and fourth (FY 2016) 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.

In 2014, the Purchasers has requested for an extension of time till 31 March 2015 to repay the second instalment due on 17 October 2014 of \$1.24 million. In conjunction with the extension to be granted, a Mortgage Deed was executed by the Purchasers (“Mortgagor”) in favour of the Company (“Mortgagee”) to mortgage a piece of land parcel situated in Batu Pahat (“Property”) as collateral for the repayment of the outstanding amount due. In the event that the Mortgagor fails to repay the outstanding amount due by 31 March 2015, the Property will be transferred to the Mortgagee and the Mortgagee is entitled to have the Property sold and to realise and receive the outstanding amount due out of the net sale proceeds of the Property.

As at the reporting date, the Mortgagee has taken over the Property from the Mortgagor as no payment was received as at 31 March 2015. It is in the process of disposing the Property for cash to settle the outstanding balances. Based on an independent valuation exercise performed in September 2014, the market value of the Property is considerably higher than the outstanding amount due from the Mortgagor as at balance sheet date. As such, we do not foresee any collectability issue in relation to the receivables due.



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Notes to Statements of Financial Position (cont'd)

(5) Inventories comprise:

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$	\$	\$	\$
Fish	3,477,877	3,706,347	2,463,911	2,673,101
Accessories	13,314,028	12,469,341	5,242,704	4,925,669
Plastics products - raw materials	298,604	299,332	-	-
Plastics products - finished goods	603,583	533,713	-	-
	<u>17,694,092</u>	<u>17,008,733</u>	<u>7,706,615</u>	<u>7,598,770</u>
Less allowance for inventory obsolescence	(418,790)	(468,790)	(325,000)	(375,000)
	<u>17,275,302</u>	<u>16,539,943</u>	<u>7,381,615</u>	<u>7,223,770</u>

The increase in accessories inventory balance as at 31 March 2015 was mainly due to higher stock holding in relation to the new innovative accessories products launched in the current financial year. In addition, there were purchases made for orders due for delivery in the 2nd quarter of 2015.

(6) Trade receivables comprise:

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$	\$	\$	\$
Trade receivables	28,378,403	28,634,479	21,217,814	22,240,593
Less allowance for doubtful trade receivables	(2,850,830)	(2,715,862)	(2,755,445)	(2,623,466)
	<u>25,527,573</u>	<u>25,918,617</u>	<u>18,462,369</u>	<u>19,617,127</u>

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 2015. The trade receivables turnover days have remained relatively consistent for both reporting periods.

The Group and the Company have reclassified their 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.



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Notes to Statements of Financial Position (cont'd)

- (7) Other receivables, deposits and prepayments comprise:

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$	\$	\$	\$
Other receivables	2,878,404	2,748,572	2,708,091	2,648,327
Deposits	356,475	353,735	80,972	77,520
Prepayments	809,786	751,682	289,917	313,410
Advances to suppliers	2,261,720	2,354,421	1,918,223	2,230,636
Deposits for purchase of property, plant and equipment	395,976	523,241	14,716	14,716
Tax recoverable	24,368	15,351	-	-
	6,726,729	6,747,002	5,011,919	5,284,609

Other receivables (current portion) as at 31 March 2015 consist of the outstanding amounts due from the purchasers of Kim Kang of \$1,755,000 (31/12/14: \$1,755,000) and the advances extended by the Company to Kim Kang before its disposal of \$725,000 (31/12/14: \$725,000), totalling \$2.48 million (31/12/14: \$2.48 million).

- (8) The decrease in amount due from associate as at 31 March 2015 was mainly due to lower trade activities, coupled with prompt cash settlement received from the associate in the current quarter.
- (9) The increase in trade payables as at 31 March 2015 was 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.
- (10) Other payables and accruals comprise:

	Group		Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$	\$	\$	\$
Accrued operating expenses	335,147	290,670	243,906	185,923
Accrued staff costs	801,404	1,668,803	428,318	1,326,128
Other payables	2,285,976	2,071,464	1,838,072	1,811,409
Advance received from customers	321,183	389,155	156,666	282,742
	3,743,710	4,420,092	2,666,962	3,606,202

The decrease in other payables and accruals as at 31 March 2015 was mainly due to the reduction of accrued staff costs as a result of bonus payment made in January 2015. The reduction was partially offset by the increase in payments due to non-trade suppliers.



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

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	\$	\$	\$	\$
Term loans				
- short-term (unsecured)	13,000,000	13,000,000	13,000,000	13,000,000
- long-term (secured)	291,024	295,872	-	-
	<u>13,291,024</u>	<u>13,295,872</u>	<u>13,000,000</u>	<u>13,000,000</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.58% to 1.89% (31/12/2014: 1.28% to 1.78%) per annum and are repayable within the next 12 months from the reporting date.

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

As at 31 March 2015, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.8 million (31/12/2014: \$1.8 million).



QIAN HU CORPORATION LIMITED
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1(c) **STATEMENT OF CASHFLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	Group	
	3 months ended 31 Mar	
	2015	2014
	\$	\$
Cash flows from operating activities		
Profit before tax	252,969	332,108
Adjustments for:		
Bad trade receivables written off	15,007	16,219
Depreciation of		
- property, plant and equipment	361,134	353,231
- brooder stocks	47,375	47,375
Gain on disposal of property, plant and equipment	(4,464)	(648)
Property, plant and equipment written off	-	501
Change in fair value less estimated point-of-sale costs of breeder stocks	8,600	10,250
Allowance for (Write back of allowance for)		
- doubtful trade receivables	136,592	189,773
- inventory obsolescence	(50,000)	(48,000)
Share of profits (losses) of associates	(11,864)	14,805
Interest expense	65,238	62,117
Interest income	(993)	(2,304)
Operating profit before working capital changes	819,594	975,427
(Increase) Decrease in:		
Inventories	(677,001)	335,028
Breeder stocks	1,800	(6,840)
Trade receivables	399,283	624,638
Other receivables, deposits and prepayments	47,987	(369,548)
Due from associate (trade)	119,831	17,765
Increase (Decrease) in:		
Trade payables	533,158	(125,056)
Bills payable to banks	25,045	45,350
Other payables and accruals	(695,124)	(136,262)
Cash generated from operating activities	574,573	1,360,502
Tax paid	(42,703)	(73,325)
Net cash from operating activities	531,870	1,287,177
Cash flows from investing activities		
Purchase of property, plant and equipment	(588,688)	(397,991)
Proceeds from disposal of property, plant and equipment	5,580	1,615
Interest received	993	2,304
Net cash used in investing activities	(582,115)	(394,072)



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1(c) **STATEMENT OF CASHFLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015**
(cont'd)

	<u>Group</u>	
	<u>3 months ended 31 Mar</u>	
	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flows from financing activities		
Repayment of		
- finance lease liabilities	(36,930)	(42,656)
- bank term loans	(20,304)	(1,000,000)
Payment of dividend to non-controlling shareholder of a subsidiary	-	(155,600)
Interest paid	(64,497)	(62,532)
Net cash used in financing activities	<u>(121,731)</u>	<u>(1,260,788)</u>
Net decrease in cash and cash equivalents	(171,976)	(367,683)
Cash and cash equivalents at beginning of period	8,557,302	6,712,349
Effect of exchange rate changes on cash balances held in foreign currencies	107,209	(8,161)
Cash and cash equivalents at end of period	<u>8,492,535</u>	<u>6,336,505</u>

Notes to Statement of Cash Flows

- (i) The decrease in **net cash from operating activities** for the 1st quarter of 2015 as compared to its corresponding period in 2014 was mainly due to profits generated during the current quarter being deployed into inventory purchases and the settlement of other payables and accruals.

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.

Net cash used in financing activities in the 1st quarter of 2015 was mainly related to the settlement of finance lease liabilities and the servicing of interest payments on a monthly basis.



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

Group	Equity attributable to equity holders of the Company				Non-Controlling interests	Total Equity
	Share capital	Accumulated profits	Currency translation reserve	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2014	30,772,788	19,466,582	(730,156)	49,509,214	1,485,309	50,994,523
Total comprehensive income for the year						
Profit for the year	-	391,881	-	391,881	300,528	692,409
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	101,132	101,132	57,015	158,147
Total other comprehensive income	-	-	101,132	101,132	57,015	158,147
Total comprehensive income for the year	-	391,881	101,132	493,013	357,543	850,556
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Payment of first and final dividend	-	(454,106)	-	(454,106)	-	(454,106)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(337,680)	(337,680)
Total contributions by and distributions to owners	-	(454,106)	-	(454,106)	(337,680)	(791,786)
Balance at 31 Dec 2014	30,772,788	19,404,357	(629,024)	49,548,121	1,505,172	51,053,293
Total comprehensive income for the period						
Profit for the period	-	111,833	-	111,833	87,837	199,670
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	169,612	169,612	77,114	246,726
Total other comprehensive income	-	-	169,612	169,612	77,114	246,726
Total comprehensive income for the period	-	111,833	169,612	281,445	164,951	446,396
Balance at 31 Mar 2015	30,772,788	19,516,190	(459,412)	49,829,566	1,670,123	51,499,689



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

Company	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$
Balance at 1 Jan 2014	30,772,788	11,574,672	(26,493)	42,320,967
Total comprehensive income for the year				
Profit for the year	-	496,520	-	496,520
Other comprehensive income				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(8,895)	(8,895)
Total other comprehensive income	-	-	(8,895)	(8,895)
Total comprehensive income for the year	-	496,520	(8,895)	487,625
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Payment of first and final dividend	-	(454,106)	-	(454,106)
Total transactions with owners	-	(454,106)	-	(454,106)
Balance at 31 Dec 2014	30,772,788	11,617,086	(35,388)	42,354,486
Total comprehensive income for the period				
Loss for the period	-	(225,307)	-	(225,307)
Other comprehensive income				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(14,488)	(14,488)
Total other comprehensive income	-	-	(14,488)	(14,488)
Total comprehensive income for the period	-	(225,307)	(14,488)	(239,795)
Balance at 31 Mar 2015	30,772,788	11,391,779	(49,876)	42,114,691

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 2015 and 31 Mar 2015	454,106,350	30,772,788

There was no movement in the issued and paid-up capital of the Company since 31 December 2014.

There were no outstanding convertibles as at 31 March 2015 (31/3/2014: Nil).

The Company did not hold any treasury shares as at 31 March 2015 (31/3/2014: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the three months ended 31 March 2015.



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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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman and
Managing Director

ALVIN YAP AH SENG
Deputy Managing Director

Singapore
16 April 2015

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 2014.

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 2015.

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

	Group	
	3 months ended 31 Mar	
	2015	2014
Earnings Per Ordinary Share		
(based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares on issue (cents)	0.02	0.03
- on a fully diluted basis (cents)	0.02	0.03

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 (31/3/2014: 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 2015</u>	<u>31 Dec 2014</u>	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	11.34	11.24	9.27	9.33

Net asset value per share is computed based on the number of shares in issue as at 31 March 2015 of 454,106,350 (31/12/2014: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

1Q 2015 vs 1Q 2014

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>\$'000</u>	<u>%</u>
Fish	9,028	9,125	(97)	(1.1)
Accessories	9,016	8,903	113	1.3
Plastics	2,725	2,670	55	2.1
	<u>20,769</u>	<u>20,698</u>	<u>71</u>	<u>0.3</u>

During the 1st quarter of 2015, our ornamental fish and accessories activities continued to be our core business segments, which together accounted for 86.9% of the total revenue. We managed to record a total revenue of approximately \$20.7 million in both financial periods.

On a geographical basis, revenue from Singapore dipped by 5.0% while revenue from overseas grew by approximately 2.5% in the 1st quarter of 2015 as compared to its corresponding period in 2014.

Fish

Revenue from ornamental fish business remained relatively consistent in the current quarter, comparable to that of its corresponding period in 2014.

Accessories

During the 1st quarter of 2015, our accessories export business continued its leverage on the Group's existing overseas distribution bases & network and infrastructure available to explore more untapped markets with growth potential. The marginal increase in revenue contribution registered by this business segment of approximately \$0.1 million or 1.3% was mainly a result of a difference in sales mix, as well as our conscientious efforts made to focus on selling more of our proprietary brand of innovative products.



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8 REVIEW OF GROUP PERFORMANCE (cont'd)

(a) Revenue (cont'd)

1Q 2015 vs 1Q 2014 (cont'd)

Plastics

Since the beginning of the previous financial year, the revenue contribution from our plastics business was affected by a temporary reduction in market demand as a result of the upward revision in selling prices of our plastic products in view of the increase in raw material prices then. With the stabilisation of market selling prices, we saw gradual resumption in demand of our plastic products since the 2nd half of 2014.

1Q 2015 vs 4Q 2014

	Group		Increase	
	1Q 2015	4Q 2014	(Decrease)	
	\$'000	\$'000	\$'000	%
Fish	9,028	8,710	318	3.7
Accessories	9,016	9,817	(801)	(8.2)
Plastics	2,725	2,771	(46)	(1.7)
	<u>20,769</u>	<u>21,298</u>	<u>(529)</u>	<u>(2.5)</u>

Although the revenue from our ornamental fish activities registered stable growth of \$0.3 million or 3.7% quarter-on-quarter, the decrease in our accessories and plastics revenue by approximately \$0.8 million had resulted in an overall reduction in revenue by \$0.5 million or 2.5% in the current quarter as compared to the previous quarter.

Fish

Moving into 1st quarter of 2015, 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 our export hubs in Singapore, Malaysia, Thailand and 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 are 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.

Plastics

Revenue from plastics business remained relatively consistent in the current quarter, comparable to that of its corresponding period in 2014.



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

(b) **Profitability**

1Q 2015 vs 1Q 2014

	Group		Increase (Decrease)	
	1Q 2015	1Q 2014		
Fish	312	304	8	2.6
Accessories	325	438	(113)	(25.8)
Plastics	181	133	48	36.1
Unallocated corporate expenses	(565)	(543)	(22)	(4.1)
	253	332	(79)	(23.8)

Despite comparable revenue contribution registered, our operating profit decreased by approximately \$0.1 million or 23.8% in the 1st quarter of 2015 as compared to its corresponding period in 2014, mainly due to the reduction in profit generated from our accessories business.

Fish

The flat growth in profitability despite a marginal reduction in revenue registered by the ornamental fish business in the 1st quarter of 2015 as compared to its corresponding period in 2014 was a result of the difference in sales mix, coupled with the reliance and resilient of our ornamental fish export business, which continued to turn in stable revenue and generate respectable profit margins.

Accessories

Notwithstanding the higher revenue contribution from our accessories export business registered in the 1st quarter of 2015, the reduction in operating profit by \$0.1 million or 25.8% as compared to the corresponding period in 2014 was mainly due to the difference in sales mix, as well as our on-going efforts to capture more sales, which had affected the profit margin of our accessories business in the current quarter.

Plastics

The higher revenue registered by the plastic business, coupled with the improved profit margins following the stabilisation of the raw material prices as well as the selling prices of our plastic products had given rise to the improvement in profit contribution in the 1st quarter of 2015, as compared to the corresponding period in 2014.



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

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

1Q 2015 vs 1Q 2014 (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 2015 vs 4Q 2014

	Group		Increase (Decrease)	
	1Q 2015	4Q 2014		
Fish	312	301	11	3.7
Accessories	325	618	(293)	(47.4)
Plastics	181	112	69	61.6
Unallocated corporate expenses	(565)	(539)	(26)	(4.8)
	253	492	(239)	(48.6)
Loss on disposal of an associate	-	(134)	134	
	253	358	(105)	(29.3)

Fish

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

Accessories

The decline in profitability from our accessories business in the 1st quarter of 2015 as compared to the previous quarter was in line with the lower revenue contribution.

Plastics

Despite the marginally lower revenue contribution from our plastics business, the surge in its profitability in the 1st quarter of 2015 by 61.6% as compared to the previous quarter was a result of the improved profit margins following the stabilisation of the raw material prices.

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 12 January 2015.

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 2015 is recommended.

12 **INTERESTED PERSON TRANSACTIONS**

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

Except for guarantee fee amounting to \$10,940 (31/3/2014: \$11,960) 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 2015.

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.



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

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

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.

Group	3 months ended 31 Mar 2015				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	9,028	9,016	2,725	-	20,769
Inter-segment revenue	380	1,832	109	(2,321)	-
Total Revenue	9,408	10,848	2,834	(2,321)	20,769
Results					
EBITDA *	569	447	213	(515)	714
Depreciation and amortisation	(249)	(128)	(32)	-	(409)
Interest expense	(8)	(7)	-	(50)	(65)
Interest income	-	1	-	-	1
	312	313	181	(565)	241
Share of profit of associate	-	12	-	-	12
Profit before tax	312	325	181	(565)	253
Tax expense	(47)	(6)	-	-	(53)
Profit for the period	265	319	181	(565)	200
Net profit margin	2.9%	3.5%	6.6%		1.0%
Assets and Liabilities					
Segment assets	32,091	37,884	3,640	3,449	77,064
Investment in associate	-	365	-	-	365
Segment liabilities	5,430	4,910	1,830	13,394	25,564
Other Segment Information					
Expenditures for non-current assets **	415	90	84	-	589
Other non-cash items:					
Bad trade receivables written off	10	5	-	-	15
Gain on disposal of property, plant and equipment	-	(4)	-	-	(4)
Allowance for (Write back of allowance for)					
- doubtful trade receivables	132	5	-	-	137
- inventory obsolescence	-	(50)	-	-	(50)
Change in fair value less estimated point-of-sale costs of breeder stocks					
	9	-	-	-	9

* 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 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)	-	-	(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

(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	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	5,549	5,843	15,341	16,556	55,297	55,951
Other Asian countries	11,480	11,055	2,770	2,419	21,402	18,473
Europe	2,179	2,651	365	319	365	319
Others	1,561	1,149	-	-	-	-
Total	20,769	20,698	18,476	19,294	77,064	74,743

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Group	Fish	Accessories	Plastics	Total
	\$'000	\$'000	\$'000	\$'000
3 months ended 31 Mar 2015				
Singapore (including domestic sales & sales to Singapore)	1,000	1,827	2,722	5,549
Overseas (including export to & sales in overseas)	8,028	7,189	3	15,220
Total revenue	9,028	9,016	2,725	20,769
3 months ended 31 Mar 2014				
Singapore	1,193	2,026	2,624	5,843
Overseas	7,932	6,877	46	14,855
Total revenue	9,125	8,903	2,670	20,698

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
 Executive Chairman and Managing Director
 16 April 2015