



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 2012**

	Note	Group		Change %
		3 months ended 31 Mar		
		2012 \$'000	2011 \$'000	
Revenue		20,574	24,154	(14.8)
Cost of sales		(13,793)	(16,434)	(16.1)
Gross profit		6,781	7,720	(12.2)
Other income	i	70	53	32.1
		6,851	7,773	(11.9)
Selling & distribution expenses	ii	(338)	(393)	(14.0)
General & administrative expenses	ii	(5,770)	(5,869)	(1.7)
Results from operating activities	iii	743	1,511	(50.8)
Financial income	iv	3	1	200.0
Financial expenses	iv	(114)	(87)	31.0
		632	1,425	(55.6)
Share of (losses) profits of associates		(40)	11	(463.6)
Profit before income tax		592	1,436	(58.8)
Income tax expense	v	(135)	(254)	(46.9)
Profit for the period		457	1,182	(61.3)
Attributable to:				
Equity holders of the Company		523	1,008	(48.1)
Non-controlling interests		(66)	174	(137.9)
Profit for the period		457	1,182	(61.3)
Gross profit margin		33.0%	32.0%	
Net profit margin		2.2%	4.9%	
Effective tax rate		22.8%	17.3%	

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2012

Profit for the period		457	1,182	(61.3)
Other comprehensive income				
Translation differences relating to financial statements of foreign subsidiaries, net of tax		55	(306)	118.0
Other comprehensive income for the period, net of tax		55	(306)	118.0
Total comprehensive income for the period		512	876	(41.6)
Attributable to:				
Equity holders of the Company		544	800	(32.0)
Non-controlling interests		(32)	76	(142.1)
Total comprehensive income for the period		512	876	(41.6)



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Notes to Income Statement

(i) Other income

The increase in other income in the current quarter as compared to the corresponding period in 2011 was mainly attributable to the gain on disposal of property, plant and equipment of \$38K (31/3/11: \$14K).

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

With the disposal of the Group's entire equity interest in Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") in the 4th quarter of 2011, its operating expenses decreased accordingly in the current quarter as compared to the corresponding period in 2011. The reduction is partially offset by the expenses incurred by our newly set up subsidiary in Indonesia during the current financial period.

(iii) Profit from operations

This is determined after charging (crediting) the following:

	Group	
	3 months ended 31 Mar	
	2012	2011
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	18	18
- other auditors	6	6
Non-audit fees		
- other auditors	12	5
Directors' fees		
- directors of the Company	20	15
Directors' remuneration		
- directors of the Company	278	267
- directors of subsidiaries	141	150
Bad trade receivables written off	4	-
Depreciation of		
- property, plant and equipment	565	567
- brooder stocks	163	165
Property, plant and equipment written off	3	2
Gain on disposal of property, plant and equipment	(38)	(14)
Allowance for doubtful trade receivables	139	127
Operating lease expenses	286	315
Personnel expenses *	3,219	3,457
Exchange gain, net	(116)	(97)
Change in fair value less estimated point-of-sale costs	8	-

* Include directors' remuneration.



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Notes to Income Statement (cont'd)

(iv) **Financial income**
Financial expenses

	Group	
	3 months ended 31 Mar	
	2012	2011
	\$'000	\$'000
Interest expense		
- bank loans and overdrafts	54	52
- bills payable	50	26
- finance lease liabilities	10	9
	<u>114</u>	<u>87</u>
Interest income		
- bank deposits	(3)	(1)
Net financial expenses	<u>111</u>	<u>86</u>

The increase in interest expense by approximately 31.0% in the current quarter as compared to its corresponding period in 2011 was mainly due to 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.

(v) **Income tax expense**

	Group	
	3 months ended 31 Mar	
	2012	2011
	\$'000	\$'000
Current tax expense		
- current year	135	248
- under provision in respect of prior year	-	6
	<u>135</u>	<u>254</u>

Despite the tax incentives granted for qualifying expenditures, the effective tax rate of 22.8% and 17.3% registered for the current quarter and its corresponding period in 2011 respectively, were higher than the amount obtained by applying the statutory tax rate of 17% on profit before taxation mainly due to losses incurred by some subsidiaries 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**

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Equity attributable to equity holders of the Company				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	33,204,649	32,660,659	16,856,061	16,355,718
	63,977,437	63,433,447	47,628,849	47,128,506
Non-Controlling Interests	10,157,984	10,190,157	-	-
Total Equity	74,135,421	73,623,604	47,628,849	47,128,506
Non-Current Assets				
Property, plant and equipment	12,753,631	13,046,754	5,451,016	5,604,163
Brooder stocks	28,883,226	28,918,645	2,964,797	2,981,922
Investments in subsidiaries	-	-	10,601,547	10,601,547
Investments in associates	966,467	1,006,594	1,215,200	1,215,200
Intangible assets	2,257,804	2,257,804	343,048	343,048
Current Assets				
Inventories	20,603,780	19,585,776	7,085,013	6,884,221
Breeder stocks	1,012,204	992,534	420,060	400,390
Trade receivables	26,925,652	27,149,218	19,514,338	20,127,366
Other receivables, deposits and prepayments	4,587,956	4,320,301	2,838,224	2,976,577
Due from				
- subsidiaries (trade)	-	-	10,456,835	9,590,533
- subsidiaries (non-trade)	-	-	2,534,673	2,481,395
- associates (trade)	52,808	61,464	52,808	61,464
Fixed deposits	24,560	24,560	24,560	24,560
Cash and bank balances	8,493,790	8,580,991	3,874,576	4,048,857
	61,700,750	60,714,844	46,801,087	46,595,363
Current Liabilities				
Trade payables	7,156,127	6,711,318	2,907,122	3,206,395
Bills payable to banks (unsecured)	4,151,967	4,226,403	522,145	741,204
Other payables and accruals	4,063,014	4,876,513	2,940,893	3,557,002
Due to				
- subsidiaries (trade)	-	-	118,340	45,720
- subsidiaries (non-trade)	-	-	1,130,000	1,130,000
Finance lease liabilities	171,010	176,768	71,781	71,789
Bank term loans	11,683,443	11,277,363	11,000,000	10,500,000
Current tax payable	688,274	554,747	345,304	268,800
	27,913,835	27,823,112	19,035,585	19,520,910
Net Current Assets	33,786,915	32,891,732	27,765,502	27,074,453
Non-Current Liabilities				
Finance lease liabilities	(295,421)	(297,712)	(155,666)	(135,232)
Deferred tax liabilities	(4,217,201)	(4,200,213)	(556,595)	(556,595)
Net Assets	74,135,421	73,623,604	47,628,849	47,128,506



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

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Inventory turnover (days)	139	137	88	77
Trade receivables turnover (days)	119	112	158	152
Trade receivables turnover (days) (without GZQH balances)	71	73	71	68
Debt equity ratio	0.44	0.44	0.41	0.43

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	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	%	%	\$	\$
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	-	-
Kim Kang Aquaculture Sdn Bhd (Malaysia)	65	65	8,538,391	8,538,391
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)	55	55	275,000	275,000
			10,601,547	10,601,547

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



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Notes to Statements of Financial Position (cont'd)

(2) The details of associates are as follows:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Unquoted equity investments				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
- Qian Hu Aquasstar (India) Private Limited	402,600	402,600	402,600	402,600
	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>
Share of post-acquisition losses	(248,733)	(208,606)	-	-
	<u>966,467</u>	<u>1,006,594</u>	<u>1,215,200</u>	<u>1,215,200</u>

Name of associate	Principal activities	Effective equity held by the Group	
		31 Mar 2012	31 Dec 2011
		%	%
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

(3) Intangible assets comprise:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Trademarks/customer acquisition costs	938,051	937,970	921,497	921,497
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,914,756	1,914,756	-	-
	<u>3,048,960</u>	<u>3,048,879</u>	<u>1,117,650</u>	<u>1,117,650</u>
Less accumulated amortisation	(791,156)	(791,075)	(774,602)	(774,602)
	<u>2,257,804</u>	<u>2,257,804</u>	<u>343,048</u>	<u>343,048</u>

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

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

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of subsidiaries acquired. The goodwill balance is subjected to annual impairment testing.



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Notes to Statements of Financial Position (cont'd)

(4) Inventories comprise:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Fish	8,101,210	7,544,168	2,473,322	2,336,394
Accessories	12,095,931	11,711,813	4,986,691	4,922,827
Plastics products - raw materials	337,843	258,032	-	-
Plastics products - finished goods	537,586	540,553	-	-
	<u>21,072,570</u>	<u>20,054,566</u>	<u>7,460,013</u>	<u>7,259,221</u>
Less allowance for inventory obsolescence	(468,790)	(468,790)	(375,000)	(375,000)
	<u>20,603,780</u>	<u>19,585,776</u>	<u>7,085,013</u>	<u>6,884,221</u>

The higher fish inventory balance as at 31 March 2012 was mainly due to ornamental fish held as inventory in the newly set up subsidiary in Indonesia. Whereas the increase in accessories inventory balance was due to higher stock holding in relation to the new accessories products launched in the current financial period. Accordingly, it has resulted in the increase in trade payables as at 31 March 2012.

(5) Trade receivables comprise:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Trade receivables	28,726,552	28,810,854	21,213,763	21,755,089
Less allowance for doubtful trade receivables	(1,800,900)	(1,661,636)	(1,699,425)	(1,627,723)
	<u>26,925,652</u>	<u>27,149,218</u>	<u>19,514,338</u>	<u>20,127,366</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 2012.

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.

(6) Other receivables, deposits and prepayments comprise:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Other receivables	316,858	248,913	38,242	193,476
Deposits	336,817	352,836	72,140	75,940
Prepayments	745,243	594,198	286,992	205,789
Advances to suppliers	2,086,395	2,362,974	1,991,662	2,210,338
Deposits for purchase of property, plant and equipment	595,853	325,727	449,188	291,034
Tax recoverable	506,790	435,653	-	-
	<u>4,587,956</u>	<u>4,320,301</u>	<u>2,838,224</u>	<u>2,976,577</u>



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Notes to Statements of Financial Position (cont'd)

The amount of prepayments made as at 31 March 2012 was higher as we have made payments for certain expenses at the beginning of the year. Such amounts will be charged to the income statement throughout the current financial year. In addition, the increase in deposits for purchase of property, plant and equipment was in relation to the on-going infrastructure construction work undertaken by our overseas entities. These amounts will be capitalised as plant, property and equipment upon the completion of the construction work.

(8) Other payables and accruals comprise:

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Accrued operating expenses	234,767	359,595	88,725	184,968
Accrued staff costs	937,287	1,852,908	647,558	1,474,390
Other payables	2,131,735	1,871,113	1,836,626	1,610,530
Advance received from customers	759,225	792,897	367,984	287,114
	4,063,014	4,876,513	2,940,893	3,557,002

The reduction of other payables and accruals as at 31 March 2012 was mainly due to the decrease in accrued staff costs as a result of bonus payment made in January 2012.

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

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	\$	\$	\$	\$
Unsecured term loans				
- short-term	11,000,000	10,500,000	11,000,000	10,500,000
- long-term	683,443	777,363	-	-
	11,683,443	11,277,363	11,000,000	10,500,000

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.24% to 1.45% (31/12/2011: 1.27% to 1.47%) per annum and are repayable within the next 12 months from the reporting date.

The long-term loans, taken by a subsidiary, comprise:

- a 10-year unsecured bank loan of RM2.5 million, bears interest at 8.10% (31/12/2011: 8.10%) per annum and is repayable in 120 monthly instalments commencing March 2007; and
- a 5-year unsecured bank loan of RM3.0 million, bears interest at 7.60% (31/12/2011: 7.60%) per annum and is repayable in 60 monthly instalments commencing May 2009.

As at 31 March 2012, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$11.0 million (31/12/2011: \$10.9 million).



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2012**

	Group	
	3 months ended 31 Mar	
	2012	2011
	\$	\$
Cash flows from operating activities		
Profit before income tax	591,349	1,436,396
Adjustments for:		
Bad trade receivables written off	3,592	206
Depreciation of		
- property, plant and equipment	565,379	566,615
- brooder stocks	162,560	165,043
Gain on disposal of property, plant and equipment	(38,326)	(13,598)
Property, plant and equipment written off	2,593	1,621
Change in fair value less estimated point-of-sale costs	7,540	-
Allowance for doubtful trade receivables	139,245	126,803
Share of losses (profits) of associates	40,127	(10,959)
Interest expense	114,039	86,162
Interest income	(2,630)	(560)
Operating profit before working capital changes	1,585,468	2,357,729
(Increase) Decrease in:		
Inventories	(1,028,482)	(1,596,888)
Breeder stocks	(27,210)	-
Trade receivables	75,886	248,097
Other receivables, deposits and prepayments	(197,621)	(752,931)
Due from associates (trade)	8,656	31,194
Increase (Decrease) in:		
Trade payables	445,091	601,540
Bills payable to banks	(91,520)	(148,325)
Other payables and accruals	(815,358)	(424,270)
Due to associates (trade)	-	50,963
Cash (used in) generated from operating activities	(45,090)	367,109
Payment of income tax	(69,580)	(73,787)
Net cash (used in) from operating activities	(114,670)	293,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(237,948)	(302,741)
Proceeds from disposal of property, plant and equipment	72,765	13,598
Interest received	2,630	560
Net cash used in investing activities	(162,553)	(288,583)



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2012 (cont'd)**

	Group	
	3 months ended 31 Mar	
	2012	2011
	\$	\$
Cash flows from financing activities		
Drawdown of bank term loans	500,000	-
Repayment of		
- finance lease liabilities	(57,894)	(48,179)
- bank term loans	(97,731)	(93,071)
Payment of dividends to non-controlling shareholder of a subsidiary	-	(99,600)
Interest paid	(114,321)	(87,405)
Net cash from (used in) financing activities	230,054	(328,255)
Net decrease in cash and cash equivalents	(47,169)	(323,516)
Cash and cash equivalents at beginning of period	8,605,551	11,690,547
Effect of exchange rate changes on cash balances held in foreign currencies	(40,032)	(113,127)
Cash and cash equivalents at end of period (Note i)	8,518,350	11,253,904

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

	Group	
	31 Mar 2012	31 Mar 2011
	\$	\$
Fixed deposits	24,560	24,560
Cash and bank balances	8,493,790	11,229,344
	8,518,350	11,253,904

(ii) The Group registered a lower operating profit in the 1st quarter of 2012 and that the profit generated has yet to be fully realised into cash as more funds were deployed into inventory purchases. The above, coupled with the settlement of other payables and accruals, has resulted in **net cash used in operating activities** during the 1st quarter of 2012.

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

Net cash from financing activities in the 1st quarter of 2012 was related to cash proceeds from additional drawdown of bank loans granted by financial institutions. The amount was partially utilised for the repayment of bank term loans and the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments.



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

Group	Equity attributable to equity holders of the Company					Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Non-controlling interests \$	
Balance at 1 Jan 2011	30,772,788	33,009,774	(1,059,241)	62,723,321	10,306,875	73,030,196
Total comprehensive income for the year						
Profit for the year	-	3,465,630	-	3,465,630	135,351	3,600,981
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(484,972)	(484,972)	(51,909)	(536,881)
Total other comprehensive income	-	-	(484,972)	(484,972)	(51,909)	(536,881)
Total comprehensive income for the year	-	3,465,630	(484,972)	2,980,658	83,442	3,064,100
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Payment of first and final dividend	-	(2,270,532)	-	(2,270,532)	-	(2,270,532)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(200,160)	(200,160)
Total transactions with owners of the Company	-	(2,270,532)	-	(2,270,532)	(200,160)	(2,470,692)
Balance at 31 Dec 2011	30,772,788	34,204,872	(1,544,213)	63,433,447	10,190,157	73,623,604
Total comprehensive income for the year						
Profit for the year	-	522,504	-	522,504	(66,030)	456,474
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	21,486	21,486	33,857	55,343
Total other comprehensive income	-	-	21,486	21,486	33,857	55,343
Total comprehensive income for the year	-	522,504	21,486	543,990	(32,173)	511,817
Balance at 31 Mar 2012	30,772,788	34,727,376	(1,522,727)	63,977,437	10,157,984	74,135,421



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

Company	Share capital \$	Accumulated profits \$	Total \$
Balance at 1 Jan 2011	30,772,788	17,217,641	47,990,429
Total comprehensive income for the year			
Profit for the year	-	1,408,609	1,408,609
<i>Other comprehensive income</i>			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,408,609	1,408,609
Transactions with owners of the Company, recognised directly in equity			
<i>Contributions by and distributions to owners of the Company</i>			
Payment of first and final dividend	-	(2,270,532)	(2,270,532)
Total transactions with owners of the Company	-	(2,270,532)	(2,270,532)
Balance at 31 Dec 2011	30,772,788	16,355,718	47,128,506
Total comprehensive income for the year			
Profit for the year	-	500,343	500,343
<i>Other comprehensive income</i>			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	500,343	500,343
Balance at 31 Mar 2012	30,772,788	16,856,061	47,628,849

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 2012 and 31 Mar 2012	454,106,350	30,772,788

There was no movement in the issued and paid-up capital of the Company since 31 December 2011.

There were no outstanding convertibles as at 31 March 2012 (31/3/2011: Nil).

The Company did not hold any treasury shares as at 31 March 2012 (31/3/2011: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the three months ended 31 March 2012.



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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 2012 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
18 April 2012

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 2011.

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 2012.

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

	Group	
	3 months ended 31 Mar	
	2012	2011
EPS (based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares on issue (cents)	0.12	0.22
- on a fully diluted basis (cents)	0.12	0.22

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 (31/3/2011: 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**

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Net asset value per share based on existing issued share capital as at the respective dates (cents)	16.33	16.21	10.49	10.38

Net asset value per share is computed based on the number of shares in issue as at 31 March 2012 of 454,106,350 (31/12/2011: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

1Q 2012 vs 1Q 2011

	Group		Decrease	
	1Q 2012	1Q 2011	\$'000	%
Fish	9,660	12,650	(2,990)	(23.6)
Accessories	8,037	8,530	(493)	(5.8)
Plastics	2,877	2,974	(97)	(3.3)
	20,574	24,154	(3,580)	(14.8)

Our revenue decreased by approximately \$3.6 million or 14.8% in the 1st quarter of 2012 as compared to its corresponding period in 2011.

On a geographical basis, revenue from Singapore and overseas dipped by 12.1% and 16.0% respectively in the 1st quarter of 2012 as compared to its corresponding period in 2011.

Fish

The reduction in our ornamental fish revenue by approximately \$3.0 million or 23.6% in the 1st quarter of 2012 as compared to its corresponding period in 2011 was mainly due to the significant decrease in our revenue from Dragon Fish as a result of the intense price competition caused by the oversupply of Dragon Fish. With the setting up of many new fish farms in Malaysia focusing in the production of Dragon Fish, the increase in the supply of Dragon Fish in the recent months has resulted in a swift decline in its selling price, which has affected our overall ornamental fish revenue in the current quarter.

Nonetheless, the above reduction was partially offset by the revenue contribution from our newly set up 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.

Accessories

The reduction in revenue contribution following the disposal of our Guangzhou factory in December 2011 was partially offset by higher revenue generated from our accessories export sales. As mentioned in our earlier announcements, our accessories export business has managed to continue its leverage on the Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential; hence, registering a revenue of \$8.0 million in the current quarter for this business segment, which is approximately \$0.5 million or 5.8% lower than its corresponding period in 2011.



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

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

1Q 2012 vs 1Q 2011 (cont'd)

Plastics

Revenue from plastics business remained relatively consistent in the current quarter, comparable to that of the corresponding period in 2011.

1Q 2012 vs 4Q 2011

	Group		Increase (Decrease)	
	1Q 2012 \$'000	4Q 2011 \$'000		
Fish	9,660	7,358	2,302	31.3
Accessories	8,037	9,144	(1,107)	(12.1)
Plastics	2,877	2,814	63	2.2
	20,574	19,316	1,258	6.5

Although the revenue from our ornamental fish activities registered healthy growth of \$2.3 million or 31.3% in the 1st quarter of 2012 as compared to the 4th quarter of 2011, the decrease in our accessories revenue of \$1.1 million has resulted in a net increase in our overall revenue by approximately \$1.2 million or 6.5% in the current quarter as compared to the previous quarter.

Fish

During the previous quarter (4Q 2011), our revenue from ornamental fish was affected by the massive and prolonged flooding situation in Thailand as a result of heavy rainfall which had disrupted our ornamental fish operations there. In addition, the weakening purchasing sentiments from the challenging European markets in anticipation of the curb in the government's budget spending in order to restrain the rising government debts level had resulted in a reduction in demand for ornamental fish in that region.

Although the outlook of the global economy remained gloomy, the flooding situation in Thailand has since alleviated. With the resumption of our ornamental fish business in Thailand (which constitute approximately 15% of the Group's ornamental fish revenue) in the current quarter (1Q 2012), we were able to record improved revenue from the ornamental fish business as compared to that of the previous quarter. In addition, our ornamental fish export sales from Singapore and Malaysia, together with our newly set up subsidiary located in Indonesia, were able to continue generating higher revenue with sales to more new markets.

Accessories

The disposal of our Guangzhou factory in December 2011 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 and captured more sales in the current quarter.

Plastics

With the enlarged customer base and product mix, our revenue from our plastic activities managed to register an approximately \$0.1 million or 2.2% growth in the current quarter as compared to that of the previous quarter.



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

(b) **Profitability**

1Q 2012 vs 1Q 2011

	Group		Increase (Decrease)	
	1Q 2012 \$'000	1Q 2011 \$'000		
Fish	450	1,344	(894)	(66.5)
Accessories	487	430	57	13.3
Plastics	261	259	2	0.8
Unallocated corporate expenses	(606)	(597)	(9)	(1.5)
	592	1,436	(844)	(58.8)

With lower revenue contribution registered, our operating profit in the 1st quarter of 2012 decreased by approximately \$0.8 million or 58.8% as compared to its corresponding period in 2011. The reduction in profit contribution was from our ornamental fish business.

Fish

Our operating profit from ornamental fish dipped by approximately \$0.9 million or 66.5% as compared to its corresponding period in 2011 mainly due to the lower revenue registered as well as the intense price competition caused by the oversupply of Dragon Fish as mentioned earlier. The profit margins were dilapidated as a result of the swift decline in its selling price due to the oversupply of these fish.

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

Accessories

Notwithstanding the decrease in revenue contribution in the current quarter as a result of the disposal of our Guangzhou factory in December 2011, the profitability from our accessories business increased in the 1st quarter of 2012 as compared to its corresponding period in 2011. This was mainly due to losses registered by our Guangzhou factory prior to its disposal, predominantly caused by the increase in material costs as well as wage costs following the salary revision so as to comply with the China “minimum wage” policy. Our accessories business continued to benefit from the better profit margin yielded from the growth in our accessories export business in the current quarter.

Plastics

Despite registering a marginal decrease in revenue contribution of \$0.1 million or 3.3% in the 1st quarter of 2012, the profitability from our plastics activities improved as compared to its corresponding period in 2011 as we managed to recoup our profit margin in the current quarter which was eroded as a result of fluctuation in raw material (resins) prices.

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.



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

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

1Q 2012 vs 4Q 2011

	Group		Increase	
	1Q 2012 \$'000	4Q 2011 \$'000	(Decrease) \$'000	%
Fish	450	(240)	690	287.5
Accessories	487	1,123	(636)	(56.6)
Plastics	261	216	45	20.8
Unallocated corporate expenses	(606)	(626)	20	3.2
	<u>592</u>	<u>473</u>	<u>119</u>	<u>25.2</u>

Despite the reduction in operating profit registered by the accessories segment, the better performance from our ornamental fish and plastic business in the 1st quarter of 2012 has resulted in an overall increase in operating profit by approximately \$0.1 million or 25.2% as compared to the previous quarter.

Fish

The surge in operating profit from our ornamental fish by approximately \$0.7 million in the current quarter as compared to the previous quarter was in line with the higher revenue recorded. The losses incurred of approximately \$0.2 million in the 4th quarter of 2011 were mainly attributed to the difference in sales mix and a lower fair value placed on our breeder stock as at 31 December 2011, which was determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier.

Accessories

Should the gain on disposal of our Guangzhou factory of \$0.95 million be excluded from the previous quarter, our accessories business registered an increase in profitability of approximately \$0.3 million on a quarter-on-quarter basis, notwithstanding the reduction in revenue as a result of its disposal. This was due to losses incurred by our Guangzhou factory prior to its disposal, coupled with our conscientious effort made to reduce our inventory level in the previous quarter, which had sliced off some profitability from our accessories business.

In addition, the increase in revenue contribution from our Malaysia and Thailand subsidiaries in the current quarter, together with better profit margins from our export business gave rise to the increase in profitability of the accessories business.

Plastics

The improvement in profitability from our plastics business in the 1st quarter of 2012 as compared to the previous quarter was in line with the higher revenue contributions.

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 2012 depends on:

- increase in our export of ornamental fish;
- escalation of our export of aquarium and pet accessories;
- restructuring and 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 2012.

Moving into Year 2012, our Dragon Fish business is facing intense competition as a result of the oversupply of Dragon Fish which has led to a decline in its selling price. Accordingly, the profit margin from our Dragon Fish business has deteriorated hastily within a couple of months. With the gradual shift in the Dragon Fish value chain from breeders to distributors, our management is in the midst of restructuring this particular business segment so as to increase our market share and profitability in the long run. Despite the decline in selling prices, we envisage this as an opportunity to increase our Dragon Fish sales to our Northeast Asian markets, especially China, where we have a robust market share, a widening distribution network and strong brand equity.

Nonetheless, our Group's other business segments; such as the export of ornamental fish and the distribution of aquarium and pet accessories as well as the plastic business, remain resilient and will continue to generate respectable profit margins and healthy cash flow.

Bearing in mind the possible implication of the restructuring of our Dragon Fish business, we expect our Group to experience greater fluctuations in our financial results from quarter to quarter.

11 **DIVIDEND**

No interim dividend for the quarter ended 31 March 2012 is recommended.

12 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS**

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

Except for guarantee fee amounting to \$15,628 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 2012.



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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.

Group	3 months ended 31 Mar 2012				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	9,660	8,037	2,877	-	20,574
Inter-segment revenue	721	2,124	39	(2,884)	-
Total Revenue	10,381	10,161	2,916	(2,884)	20,574
Results					
EBITDA *	1,004	748	285	(566)	1,471
Depreciation and amortisation	(497)	(207)	(24)	-	(728)
Interest expense	(59)	(15)	-	(40)	(114)
Interest income	2	1	-	-	3
	450	527	261	(606)	632
Share of losses of associates	-	(40)	-	-	(40)
Profit before income tax	450	487	261	(606)	592
Income tax expense	(73)	(44)	(18)	-	(135)
Profit for the period	377	443	243	(606)	457
Net profit margin	3.9%	5.5%	8.4%		2.2%
Assets and Liabilities					
Segment assets	62,985	38,051	3,922	1,604	106,562
Investments in associates	-	966	-	-	966
Segment liabilities	14,308	5,088	1,731	11,300	32,427
Other Segment Information					
Expenditures for non-current assets **	219	66	3	-	288
Other non-cash items:					
Bad trade receivables written off	4	-	-	-	4
Gain on disposal of property, plant and equipment	(38)	-	-	-	(38)
Property, plant and equipment written off	2	1	-	-	3
Allowance for doubtful trade receivables	44	95	-	-	139
Change in fair value less estimated point-of-sale costs	8	-	-	-	8

* 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 2011				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	12,650	8,530	2,974	-	24,154
Inter-segment revenue	2,327	2,787	34	(5,148)	-
Total Revenue	14,977	11,317	3,008	(5,148)	24,154
Results					
EBITDA *	1,883	736	291	(667)	2,243
Depreciation and amortisation	(496)	(204)	(32)	-	(732)
Interest expense	(43)	(14)	-	(30)	(87)
Interest income	-	1	-	-	1
	1,344	519	259	(697)	1,425
Share of profits of associates	-	11	-	-	11
Profit before income tax	1,344	530	259	(697)	1,436
Income tax expense	(198)	(43)	(13)	-	(254)
Profit for the period	1,146	487	246	(697)	1,182
Net profit margin	9.1%	5.7%	8.3%		4.9%
Assets and Liabilities					
Segment assets	67,602	34,694	3,823	1,984	108,103
Investments in associates	-	1,114	-	-	1,114
Segment liabilities	18,590	3,603	1,793	10,311	34,297
Other Segment Information					
Expenditures for non-current assets **	162	140	1	-	303
Other non-cash items:					
Gain on disposal of property, plant and equipment	-	(14)	-	-	(14)
Property, plant and equipment written off	1	-	1	-	2
Allowance for doubtful trade receivables	87	40	-	-	127

(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	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	6,393	7,269	8,997	9,233	46,191	34,738
Other Asian countries	9,303	10,106	35,199	36,808	59,706	72,576
Europe	2,517	4,011	665	789	665	789
Others	2,361	2,768	-	-	-	-
Total	20,574	24,154	44,861	46,830	106,562	108,103

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
3 months ended 31 Mar 2012				
Singapore (including domestic sales & sales to Singapore)	1,769	1,889	2,735	6,393
Overseas (including export to & sales in overseas)	7,891	6,148	142	14,181
Total Revenue	9,660	8,037	2,877	20,574
3 months ended 31 Mar 2011				
Singapore	2,541	1,773	2,955	7,269
Overseas	10,109	6,757	19	16,885
Total Revenue	12,650	8,530	2,974	24,154

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
18 April 2012