



## QIAN HU CORPORATION LIMITED

### UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2005

#### 1(a) STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2005

	Note	Group		Change	Group	Change
		1Q 2005	1Q 2004	(1Q05 vs 1Q04)	4Q 2004	(1Q05 vs 4Q04)
		\$'000	\$'000	%	\$'000	%
Turnover		16,328	16,249	0.5	15,524	5.2
Cost of sales		(10,410)	(10,643)	(2.2)	(9,791)	6.3
<b>Gross profit</b>		<b>5,918</b>	<b>5,606</b>	<b>5.6</b>	<b>5,733</b>	<b>3.2</b>
Other operating income		23	26	(11.5)	70	(67.1)
		<b>5,941</b>	<b>5,632</b>	<b>5.5</b>	<b>5,803</b>	<b>2.4</b>
Selling & distribution expenses	i	(624)	(475)	31.4	(624)	-
General & administration expenses	i	(4,527)	(3,581)	26.4	(4,346)	4.2
<b>Profit from operations</b>	ii	<b>790</b>	<b>1,576</b>	<b>(49.9)</b>	<b>833</b>	<b>(5.2)</b>
Interest expenses		(75)	(67)	11.9	(159)	(52.8)
Interest income		-	-	-	-	-
		<b>715</b>	<b>1,509</b>	<b>(52.6)</b>	<b>674</b>	<b>6.1</b>
Share of associates results		-	-	-	-	-
<b>Profit before taxation</b>		<b>715</b>	<b>1,509</b>	<b>(52.6)</b>	<b>674</b>	<b>6.1</b>
Taxation	iii	(146)	(234)	(37.6)	(431)	(66.1)
		<b>569</b>	<b>1,275</b>	<b>(55.4)</b>	<b>243</b>	<b>134.2</b>
Minority interests		(98)	(81)	21.0	(97)	1.0
<b>Net profit attributable to Members of the Company</b>		<b>471</b>	<b>1,194</b>	<b>(60.6)</b>	<b>146</b>	<b>222.6</b>
Gross profit margin		36.2%	34.5%		36.9%	
Net profit margin		2.9%	7.3%		0.9%	

#### Notes to Statement of Profit and Loss

- (i) The operating expenses incurred in the current quarter were relatively comparable to that of the previous quarter (4th quarter of 2004).

The increase in operating expenses in the 1st quarter of 2005 as compared to its corresponding period in 2004 was mainly due to expenses incurred in relation to the newly set up retail chain stores throughout the region in 2004 which is in line with the expansion of the Group's operations.



## QIAN HU CORPORATION LIMITED

### Notes to Statement of Profit and Loss (cont'd)

#### (ii) Profit from operations

This is determined after charging (crediting) the following:

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2005</b>	<b>2004</b>
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	18	18
- other auditors	6	3
Non-audit fees		
- auditors of the Company	5	-
- other auditors	15	-
Directors' fees		
- directors of the Company	5	-
Directors' remuneration		
- directors of the Company	163	129
- directors of subsidiaries	177	120
Amortisation of		
- trademarks/customer acquisition costs, product listing fees	19	12
- goodwill on consolidation	23	10
Bad trade receivables written off	1	1
Depreciation of		
- property, plant and equipment	544	432
- brooder stocks	37	37
Loss on disposal of property, plant and equipment	6	-
Provision for		
- doubtful trade receivables	89	4
- due from associates	20	-
Operating lease expenses	331	133
Personnel expenses *	2,421	1,945
Exchange (gain) loss, net	(131)	24
Gain arising from changes in fair values less estimated point-of-sale costs attributable to physical changes of breeder stocks	-	(12)

\* Include directors' fees and remuneration.

#### (iii) Taxation

The tax charge for the 1st quarter of both years was lower than the amount obtained by applying the statutory income tax rate on the profit before taxation mainly due to:

- qualifying income enjoying concessionary tax rate from the IHQ status; and
- varying tax rates of different countries in which the Group's operates.

The effective tax rate of the Group for the current quarter would be lower, if not for losses incurred by some subsidiaries which cannot be offset against profits earned by other companies in the Group. However, these losses are available for set-off against future profits of the respective subsidiaries subject to the agreement of the revenue authorities.



## QIAN HU CORPORATION LIMITED

### 1(b)(i) BALANCE SHEETS

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2005</b>	<b>31 Dec 2004</b>	<b>31 Mar 2005</b>	<b>31 Dec 2004</b>
	\$	\$	\$	\$
<b>Share capital and reserves</b>				
Share capital	12,821,124	12,821,124	12,821,124	12,821,124
Reserves	25,355,025	24,808,117	21,373,638	20,628,183
	<b>38,176,149</b>	<b>37,629,241</b>	<b>34,194,762</b>	<b>33,449,307</b>
Minority interests	4,892,963	4,760,704	-	-
	<b>43,069,112</b>	<b>42,389,945</b>	<b>34,194,762</b>	<b>33,449,307</b>
<b>Property, plant and equipment</b>				
Brooder stocks	13,928,606	14,060,956	3,459,275	3,565,915
Investments in subsidiaries	6,941,233	6,926,116	1,306,253	1,313,550
Investments in associates	-	-	9,559,013	9,347,890
Quoted equity investments, at cost	-	-	28,722	28,722
Intangible assets	3,597	3,564	-	-
	1,825,103	1,845,309	106,801	103,434
<b>Current assets</b>				
Inventories	21,685,348	19,909,846	5,745,339	5,211,774
Breeder stocks	1,721,800	1,721,800	245,800	245,800
Trade receivables	13,990,947	13,674,424	6,492,517	6,685,375
Other receivables, deposits and prepayments	2,293,010	1,792,476	505,087	280,184
Due from				
- subsidiaries (trade)	-	-	16,498,812	15,196,986
- subsidiaries (non-trade)	-	-	3,032,390	3,130,522
- associates (trade)	551,890	794,471	386,569	563,627
Fixed deposits	53,102	23,046	23,046	23,046
Cash and bank balances	4,361,994	4,129,912	2,597,968	2,558,016
	<b>44,658,091</b>	<b>42,045,975</b>	<b>35,527,528</b>	<b>33,895,330</b>
<b>Current liabilities</b>				
Trade payables	6,092,666	4,182,423	2,882,158	2,020,268
Bills payable to banks	1,099,188	1,289,428	907,348	893,716
Other payables and accruals	3,053,789	2,899,111	2,104,105	2,297,535
Due to				
- subsidiaries (trade)	-	-	259,654	80,716
- minority shareholders of subsidiaries (non-trade)	2,180,783	2,736,847	970,456	1,270,456
Finance lease obligations	316,298	320,703	131,305	133,555
Bank term loans	7,846,426	7,440,082	7,700,000	7,295,000
Provision for taxation	992,220	973,479	417,178	361,678
Bank overdraft	199,208	-	-	-
	<b>21,780,578</b>	<b>19,842,073</b>	<b>15,372,204</b>	<b>14,352,924</b>
<b>Net current assets</b>	<b>22,877,513</b>	<b>22,203,902</b>	<b>20,155,324</b>	<b>19,542,406</b>
<b>Non-current liabilities</b>				
Finance lease obligations	(421,039)	(436,572)	(185,626)	(217,610)
Bank term loans	(1,011,261)	(1,045,891)	-	-
Deferred taxation	(1,074,640)	(1,167,439)	(235,000)	(235,000)
	<b>43,069,112</b>	<b>42,389,945</b>	<b>34,194,762</b>	<b>33,449,307</b>



## QIAN HU CORPORATION LIMITED

### 1(b)(i) BALANCE SHEETS (cont'd)

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>
Inventory turnover (days)	173	162	65	69
Trade receivables turnover (days)	71	75	52	63
Debt equity ratio	0.64	0.60	0.46	0.44

### Notes to Balance Sheets

(1) The details of subsidiaries as at 31 March 2005 are as follows:

Name	<u>Effective equity interest held by the Group</u>		<u>Cost of investment by the Company</u>	
	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>
	%	%	\$	\$
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	150,451	150,451
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Kim Kang Aquaculture Sdn Bhd (Malaysia)	65	65	7,699,891	7,699,891
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Guangzhou Wan Jiang Technology Co., Ltd (People's Republic of China)	80	80	492,859	492,859
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	-	211,123 #	-
PT Qian Hu Aquarium & Pets Indonesia (Indonesia)	55	55	475,000	475,000
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited (Thailand)	60	60	121,554	121,554
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
			<u>9,559,013</u>	<u>9,347,890</u>

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

# During the first quarter of 2005, the Company injected US\$130,000 into Shanghai Qian Hu Aquarium and Pets Co., Ltd, which represents 20% of its paid up capital. The Company is committed to contribute the balance of its paid up capital (US\$520,000) by 16 December 2005.



## QIAN HU CORPORATION LIMITED

### Notes to Balance Sheets (cont'd)

(2) The details of associates as at 31 March 2005 are as follows:

Name	Effective equity interest held by the Group		Cost of investment by the Group	
	31 Mar 2005	31 Dec 2004	31 Mar 2005	31 Dec 2004
	%	%	\$	\$
Jin Jien Hsing Enterprise Co., Ltd (Republic of China)	50	50	28,722	28,722
PLC Pet Safari (Kuala Lumpur) Sdn Bhd (Malaysia)	49	49	66,444	66,444
			95,166	95,166
Share of post-acquisition losses			(95,166)	(95,166)
			-	-

(3) Intangible assets comprise:

	Group		Company	
	31 Mar 2005	31 Dec 2004	31 Mar 2005	31 Dec 2004
	\$	\$	\$	\$
<b>At cost</b>				
- trademarks/customer acquisition costs	649,401	638,906	631,797	621,464
- product listing fees	119,402	108,342	119,402	108,342
- goodwill on consolidation	1,870,865	1,870,865	-	-
	2,639,668	2,618,113	751,199	729,806
Less accumulated amortisation	(814,565)	(772,804)	(644,398)	(626,372)
	1,825,103	1,845,309	106,801	103,434

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, namely "ARISTO-CATS YI HU" and "Nature's Gift".

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.

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 acquired.

(4) The increase in inventory balance was due to additional inventory purchases made for the retail chain stores business, which commenced operations mostly in the 2nd half of 2004. In addition, there were additional purchases of Dragon Fish made at the end of March 2005 in anticipation of the increasing demand of Dragon Fish in the next quarter.

The increase in inventory purchases has resulted in the increase in trade payable balances as at 31 March 2005.



## QIAN HU CORPORATION LIMITED

### Notes to Balance Sheets (cont'd)

- (5) The increase in bank term loans balances was due to additional bank borrowings obtained from financial institutions to finance the Group's overseas expansion.

#### 1(b)(ii) GROUP BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>
	\$	\$	\$	\$
Due within 1 year:				
- Short-term loans (unsecured)	7,700,000	7,295,000	7,700,000	7,295,000
- Long-term loans, current portion (secured)	146,426	145,082	-	-
	<u>7,846,426</u>	<u>7,440,082</u>	<u>7,700,000</u>	<u>7,295,000</u>
Due after 1 year:				
- Long-term loans (secured)	1,011,261	1,045,891	-	-
	<u>8,857,687</u>	<u>8,485,973</u>	<u>7,700,000</u>	<u>7,295,000</u>

The unsecured short-term loans are revolving bank loans which bore interest at rates ranging from 3.44% to 4.44% (31/12/2004: 3.13% to 3.94%) per annum.

The secured long-term loans comprise:

- an 8-year bank loan of RM2.65 million which bore interest at 7.9% (31/12/2004: 7.9%) per annum and is repayable in 96 monthly instalments commencing July 2003; and
- a 7-year bank loan of RM0.5 million which bore interest at 7.75% (31/12/2004: 7.75%) per annum and is repayable in 84 instalments commencing January 2005.

The above loans are secured by a mortgage on a subsidiary's freehold land and buildings.

As at 31 March 2005, there were corporate guarantees given by the Company to banks for banking facilities extended to subsidiaries amounting to \$4.0 million (31/12/2004: \$4.0 million). In addition, corporate guarantee of \$132,000 (31/12/2004: \$132,000) was given by one of the subsidiaries to a bank for credit facilities granted to an associate.



## QIAN HU CORPORATION LIMITED

### 1(c) STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2005

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2005</b>	<b>2004</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before taxation and minority interests	714,728	1,509,258
Adjustments for:		
Bad trade receivables written off	518	1,457
Depreciation of		
- property, plant and equipment	544,004	432,244
- brooder stocks	36,851	37,394
Loss on disposal of property, plant and equipment	6,241	-
Gain arising from changes in fair values less estimated point-of-sale costs attributable to physical changes of breeder stocks	-	(12,000)
Amortisation of		
- land use rights	-	320
- trademarks/customer acquisition costs and product listing fees	18,875	12,140
- goodwill on consolidation	22,750	10,199
Provision for		
- doubtful trade receivables	88,889	3,996
- due from associates	20,000	-
Interest expense	75,114	67,103
Interest income	-	(79)
Net effect of exchange differences	(37,475)	(17,918)
<b>Operating profit before working capital changes</b>	<b>1,490,495</b>	<b>2,044,114</b>
(Increase) decrease in:		
Inventories	(1,724,153)	(1,286,012)
Trade receivables	(394,745)	176,235
Other receivables, deposits and prepayments	(496,363)	(368,504)
Due from associates (trade)	133,978	-
Increase (decrease) in:		
Trade payables	1,905,357	520,491
Bills payable to banks	(193,904)	(473,407)
Other payables and accruals	(144,813)	(47,829)
<b>Cash generated from operations</b>	<b>575,852</b>	<b>565,088</b>
Payment of income tax	(130,769)	(29,753)
Interest paid	(101,685)	(67,103)
<b>Net cash generated from operating activities</b>	<b>343,398</b>	<b>468,232</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(277,382)	(210,156)
Proceeds from disposal of		
- property, plant and equipment	131	304,455
- land use rights	-	87,335
Payment for trademarks/customer acquisition costs and product listing fees	(21,393)	(4,086)
Acquisition of a subsidiary (Note i)	-	(475,000)
<b>Net cash used in investing activities</b>	<b>(298,644)</b>	<b>(297,452)</b>



## QIAN HU CORPORATION LIMITED

### 1(c) STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2005 (cont'd)

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2005</b>	<b>2004</b>
	\$	\$
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares (net)	-	54,720
Drawdown of		
- bank term loans	405,000	-
- loans from minority shareholders of subsidiaries	113,788	-
Repayment of		
- finance lease obligations	(99,466)	(86,839)
- bank term loans	(44,314)	(28,959)
- loans from minority shareholders of subsidiaries	(356,832)	(410,063)
Interest received	-	79
<b>Net cash generated from (used in) financing activities</b>	<b>18,176</b>	<b>(471,062)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>62,930</b>	<b>(300,282)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,152,958</b>	<b>4,124,368</b>
<b>Cash and cash equivalents at end of period (Note ii)</b>	<b>4,215,888</b>	<b>3,824,086</b>

#### Notes to Statement of Cash Flows

##### (i) **Acquisition of subsidiary**

The attributable assets of the subsidiary acquired and the cash flow effect of the acquisition are set out as follows:-

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2005</b>	<b>2004</b>
	\$	
Property, plant and equipment acquired	-	863,636
Less:		
Minority interest	-	(388,636)
<b>Net cash outflow from acquisition of subsidiary</b>	<b>-</b>	<b>475,000</b>

##### (ii) **Cash and cash equivalents comprise:**

	<b>Group</b>	
	<b>31 Mar 2005</b>	<b>31 Mar 2004</b>
	\$	
Fixed deposits	53,102	101,594
Cash and bank balances	4,361,994	3,722,492
Bank overdraft	(199,208)	-
	<b>4,215,888</b>	<b>3,824,086</b>





## QIAN HU CORPORATION LIMITED

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

- (iii) The reduction in the Group's **net cash generated from operating activities** on a quarter-to-quarter basis was mainly due to lower profit recorded and a higher amount of interest expenses and tax paid in the 1st quarter of 2005 as compared to its corresponding period in 2004. The Group continues to re-invest funds into inventories for the overseas operations expansion.

**Net cash used in investing activities** mainly relate to capital expenditure incurred for infrastructure and farm facilities in both the Singapore and overseas entities.

**Net cash generated from financing activities** was mainly from the cash proceeds received from the drawdown of bank loans granted by financial institutions to finance the Group's expansion.

The amount, however, is partially offset by loans repayment made to minority shareholders of subsidiaries and the settlement of finance lease obligations on a monthly basis.

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

Group	Share capital \$	Share premium \$	Revenue reserve \$	Translation reserve \$	Total \$
<b>Balance at 1 Jan 2004</b>	10,626,847	7,281,785	18,828,755	(186,303)	36,551,084
Currency translation differences	-	-	-	(209,580)	(209,580)
Net profit for the period	-	-	1,193,586	-	1,193,586
Bonus issue of shares via capitalisation of share premium account	2,129,929	(2,129,929)	-	-	-
Issue of new shares	22,800	31,920	-	-	54,720
<b>Balance at 31 Mar 2004</b>	<u>12,779,576</u>	<u>5,183,776</u>	<u>20,022,341</u>	<u>(395,883)</u>	<u>37,589,810</u>
Currency translation differences	-	-	-	185,255	185,255
Net profit for the period	-	-	969,526	-	969,526
Payment of final dividend	-	-	(511,183)	-	(511,183)
Issue of new shares	41,548	357,316	-	-	398,864
<b>Balance at 30 Jun 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>20,480,684</u>	<u>(210,628)</u>	<u>38,632,272</u>
Currency translation differences	-	-	-	(180,846)	(180,846)
Net profit for the period	-	-	(682,274)	-	(682,274)
<b>Balance at 30 Sep 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>19,798,410</u>	<u>(391,474)</u>	<u>37,769,152</u>
Currency translation differences	-	-	-	(286,355)	(286,355)
Net profit for the period	-	-	146,444	-	146,444
<b>Balance at 31 Dec 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>19,944,854</u>	<u>(677,829)</u>	<u>37,629,241</u>
Currency translation differences	-	-	-	76,191	76,191
Net profit for the period	-	-	470,717	-	470,717
<b>Balance at 31 Mar 2005</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>20,415,571</u>	<u>(601,638)</u>	<u>38,176,149</u>



## QIAN HU CORPORATION LIMITED

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

Company	Share capital \$	Share premium \$	Revenue reserve \$	Total \$
<b>Balance at 1 Jan 2004</b>	10,626,847	7,281,785	13,559,124	31,467,756
Net profit for the period	-	-	945,232	945,232
Bonus issue of shares via capitalisation of share premium account	2,129,929	(2,129,929)	-	-
Issue of new shares	22,800	31,920	-	54,720
<b>Balance at 31 Mar 2004</b>	<u>12,779,576</u>	<u>5,183,776</u>	<u>14,504,356</u>	<u>32,467,708</u>
Net profit for the period	-	-	335,183	335,183
Payment of final dividend	-	-	(511,183)	(511,183)
Issue of new shares	41,548	357,316	-	398,864
<b>Balance at 30 Jun 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>14,328,356</u>	<u>32,690,572</u>
Net profit for the period	-	-	236,755	236,755
<b>Balance at 30 Sep 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>14,565,111</u>	<u>32,927,327</u>
Net profit for the period	-	-	521,980	521,980
<b>Balance at 31 Dec 2004</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>15,087,091</u>	<u>33,449,307</u>
Net profit for the period	-	-	745,455	745,455
<b>Balance at 31 Mar 2005</b>	<u>12,821,124</u>	<u>5,541,092</u>	<u>15,832,546</u>	<u>34,194,762</u>

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

	Number of shares	\$
<b>Share capital</b>		
- ordinary shares of \$0.10 each		
<b>Issued and fully paid</b>		
Balance as at 1 Jan 2005 and 31 Mar 2005	<u>128,211,238</u>	<u>12,821,124</u>

As at 31 March 2005, there were options granted to subscribe for 1,260,000 (31/12/2004: 1,338,000) unissued ordinary shares of \$0.10 each in the Company at an exercise price of \$0.59 per share pursuant to the terms of the Qian Hu Post-IPO Share Option Scheme ("Post-IPO Scheme"). During the 1st quarter of 2005, 78,000 options were cancelled due to the resignation of employees. None of these share options were exercised pursuant to the terms of the Post-IPO Scheme.

## 2 AUDIT

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

## 3 AUDITORS' REPORT

Not applicable



## QIAN HU CORPORATION LIMITED

### 4 ACCOUNTING POLICIES

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 2004.

### 5 CHANGES IN ACCOUNTING POLICIES

Not applicable

### 6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>	
	<u>3 months ended 31 Mar</u>	
	<u>2005</u>	<u>2004</u>
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue	0.37 cents	0.93 cents
- on a fully diluted basis	0.37 cents	0.93 cents

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 128,211,238 (31/3/2004: 127,715,734).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all potential dilutive ordinary shares of 128,211,238 (31/3/2004: 128,041,226).

### 7 NET ASSET VALUE PER SHARE

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>
Net asset value per share based on existing issued share capital as at the respective period	33.59 cents	33.06 cents	26.67 cents	26.09 cents



## QIAN HU CORPORATION LIMITED

### 8 REVIEW OF GROUP PERFORMANCE

#### (a) **Turnover**

##### 1Q 2005 vs 1Q 2004

	<u>Group</u>		<b>Increase</b>	
	<b>1Q</b>	<b>1Q</b>	<b>(Decrease)</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	8,342	7,171	1,171	16.3
Accessories	6,225	7,462	(1,237)	(16.6)
Plastics	1,761	1,616	145	9.0
	<u>16,328</u>	<u>16,249</u>	<u>79</u>	

Although the turnover for ornamental fish increased by \$1.2 million or 16.3% in the 1st quarter of 2005, the corresponding reduction registered by the accessories activities has resulted in a flat growth in turnover for the current quarter as compared to its corresponding period in 2004.

##### Fish

Our continuous effort to increase our export of ornamental fish to more countries around the world from Singapore and Thailand has increased the sales of ornamental fish on a quarter-to-quarter basis. In addition, the sales from our newly set up retail chain stores, which commenced operations mostly in the 2nd half of 2004, has contributed to the increase in our ornamental fish turnover in the 1st quarter of 2005.

The above increase is partially offset by the reduction in domestic demand of ornamental fish after the local market has been through a consolidation process in 2004 and the lower sales of ornamental fish recorded by our Malaysia fish division in the current quarter.

##### Accessories

Despite the increase in turnover contributions from our newly set up retail chain stores, the lower demand from the domestic and Malaysia market has led to a reduction in our accessories sales locally and in our Malaysia subsidiary, which resulted in a dip in accessories turnover in the 1st quarter of 2005 as compared to its corresponding period in 2004.

##### Plastics

Our turnover for plastics activities experienced a slight growth in the 1st quarter of 2005 as we managed to focus on generating sales through selling more high value items and expanding our distribution channel to outside Singapore.



## QIAN HU CORPORATION LIMITED

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

#### (a) Turnover (cont'd)

##### 1Q 2005 vs 4Q 2004

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>4Q</u>	<u>(Decrease)</u>	
	<u>2005</u>	<u>2004</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	8,342	7,360	982	13.3
Accessories	6,225	6,379	(154)	(2.4)
Plastics	1,761	1,785	(24)	(1.3)
	<u>16,328</u>	<u>15,524</u>	<u>804</u>	

The increase in the overall turnover in the current quarter by \$0.8 million or 5.2% is mainly due to the increase in ornamental fish turnover by approximately \$1.0 million or 13.3% as compared to the previous quarter.

##### Fish

The domestic ornamental fish sales have stabilised since the last quarter of 2004 after a period of market consolidation. Our Dragon Fish sales to the domestic and overseas markets continue its growth trend into the current quarter and resulted in improved ornamental fish turnover in the 1st quarter of 2005 as compared to the previous quarter.

##### Accessories

The marginal reduction in accessories turnover in the 1st quarter of 2005 by \$0.1 million or 2.4% as compared to 4th quarter of 2004 was mainly due to the week-long Chinese New Year holidays which most of the entities in the Group (both local and overseas) were closed for business for 4 to 7 days.

##### Plastics

Our plastics turnover recorded in the current quarter was comparable to that of the previous quarter.



## QIAN HU CORPORATION LIMITED

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

#### (b) **Profitability**

##### 1Q 2005 vs 1Q 2004

	<u>Group</u>		<b>Increase (Decrease)</b>	
	<b>1Q 2005 \$'000</b>	<b>1Q 2004 \$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	1,015	985	30	3.0
Accessories	48	658	(610)	(92.7)
Plastics	72	104	(32)	(30.8)
Unallocated corporate expenses	(420)	(238)	(182)	(76.5)
	<u>715</u>	<u>1,509</u>	<u>(794)</u>	

Our operating profit decreased by \$0.8 million or 52.6% to \$0.7 million for the quarter ended 31 March 2005 as compared to \$1.5 million for the quarter ended 31 March 2004. Profit after taxation decreased by 60.6% from \$1.2 million for the 3 months ended 31 March 2004 to approximately \$0.5 million for the 3 months ended 31 March 2005. Our fish business was the main profit contributor in the first quarter of 2005.

#### Fish

During the 1st quarter of 2005, our operating profit from ornamental fish registered flat growth notwithstanding the increase in turnover due to reduction in gross profit margin yielded for certain fish species as compared to its corresponding period in 2004. Our own-bred Dragon Fish sales continue to generate healthy profit margins during the current quarter.

#### Accessories

Our operating profit from the accessories business dipped in the 1st quarter of 2005 by \$0.6 million or 92.7% as a result of a significantly lower turnover recorded, coupled with a slight reduction in gross profit margin yielded on a quarter-to-quarter basis from both our local and overseas operations due to keen competition. In addition, the operating losses incurred by our retail chain stores, which commenced operations mostly in the 2nd half of 2004, have resulted in lower profits registered in the current quarter.

#### Plastics

Although the turnover from our plastics activities in the 1st quarter of 2005 has increased as compared to its corresponding period in 2004, the higher raw material prices and intense competition has eroded its profit margins.

The higher unallocated corporate expenses incurred in the current quarter relate to certain non-recurring expenses in relation to the Group's branding project and the transformation of the Group's activities in this quarter.



## QIAN HU CORPORATION LIMITED

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

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

##### 1Q 2005 vs 4Q 2004

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>4Q</u>	<u>(Decrease)</u>	
	<u>2005</u>	<u>2004</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	1,015	719	296	41.2
Accessories	48	133	(85)	(63.9)
Plastics	72	75	(3)	(4.0)
Unallocated corporate expenses	(420)	(253)	(167)	(66.0)
	<u>715</u>	<u>674</u>	<u>41</u>	

#### Fish

Our operating profit from the ornamental fish activities increased by \$0.3 million or 41.2% from \$0.7 million to \$1.0 million in the current quarter as compared to the previous quarter, which is in line with the higher sales recorded and better margins yielded from the sales of our own-bred Dragon Fish. The increase, however, was partially offset by the lower profit recorded by our Malaysia fish division due to the difference in sales mix recorded in the current quarter.

#### Accessories

The marginal reduction in profitability from our accessories business is in accordance with the lower turnover recorded during the current quarter due to the Chinese New Year holidays as mentioned earlier.

#### Plastics

The operating profit from our plastic activities remained relatively stable for both periods.

The higher unallocated corporate expenses incurred in the current quarter relate to certain non-recurring expenses in relation to the Group's branding project and the transformation of the Group's activities in this quarter.

### 9 VARIANCE FROM PROSPECT STATEMENT

Not applicable

### 10 PROSPECTS

Our Group's future growth depends on :

- increase in our export of ornamental fish;
- continuous growth of our breeding and sales of Dragon Fish;
- ability to expand our distribution capabilities from owning the business to owning the customers; and
- enhance efficiency and our ability in manufacturing accessories products.



## QIAN HU CORPORATION LIMITED

### 10 PROSPECTS (cont'd)

The factors affecting our Group, which we have previously announced in our last year's result release, are expected to continue to apply in the next quarter. In view of the expansion process, the continuous experimentation and gestation period required for our retail chain stores to be profitable, we expect our Group to remain profitable in Year 2005 despite possible fluctuations in our operating profit from quarter to quarter.

### 11 DIVIDEND

No interim dividend for the quarter ended 31 March 2005 is recommended.

### 12 SEGMENT INFORMATION

#### (a) **Business segments**

<b>Group</b>	<b>3 months ended 31 Mar 2005</b>				
	<b>Fish</b> \$'000	<b>Accessories</b> \$'000	<b>Plastics</b> \$'000	<b>Eliminations</b> \$'000	<b>Total</b> \$'000
<b>Turnover</b>					
External sales	8,342	6,225	1,761	-	16,328
Inter-segment sales	2,077	1,470	37	(3,584)	-
<b>Total sales</b>	<b>10,419</b>	<b>7,695</b>	<b>1,798</b>	<b>(3,584)</b>	<b>16,328</b>
<b>Results</b>					
Segment results	1,018	48	73	15	1,154
Unallocated expenses					(364)
					790
Financial expenses - net					(75)
Taxation					(146)
Minority interests					(98)
<b>Net profit for the period</b>					<b>471</b>
<b>Net profit margin</b>	<b>12.2%</b>	<b>0.8%</b>	<b>4.1%</b>		<b>2.9%</b>
<b>Assets and liabilities</b>					
Assets	35,523	26,737	3,561	-	65,821
Unallocated assets					1,536
<b>Total assets</b>					<b>67,357</b>
Liabilities	7,571	3,239	1,171	-	11,981
Unallocated liabilities					12,307
<b>Total liabilities</b>					<b>24,288</b>
<b>Other Information</b>					
Capital expenditure	224	128	3	-	355
Depreciation and amortisation	306	222	94	-	622
Other non-cash expenses (income)	41	39	36	-	116





## QIAN HU CORPORATION LIMITED

### 12 SEGMENT INFORMATION (cont'd)

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

Group	3 months ended 31 Mar 2004				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
External sales	7,171	7,462	1,616	-	16,249
Inter-segment sales	970	2,086	48	(3,104)	-
Total sales	<u>8,141</u>	<u>9,548</u>	<u>1,664</u>	<u>(3,104)</u>	<u>16,249</u>
<b>Results</b>					
Segment results	1,015	689	105	26	1,835
Unallocated expenses					(259)
					<u>1,576</u>
Financial expenses - net					(67)
Taxation					(234)
Minority interests					(81)
<b>Net profit for the period</b>					<u>1,194</u>
<b>Net profit margin</b>	<b>14.2%</b>	<b>9.2%</b>	<b>6.5%</b>		<b>7.3%</b>
<b>Assets and liabilities</b>					
Assets	28,704	24,523	3,696	-	56,923
Investments in associates					65
Unallocated assets					997
<b>Total assets</b>					<u>57,985</u>
Liabilities	5,726	4,290	914	-	10,930
Unallocated liabilities					4,885
<b>Total liabilities</b>					<u>15,815</u>
<b>Other Information</b>					
Capital expenditure	72	133	5	-	210
Depreciation and amortisation	254	177	61	-	492
Other non-cash expenses (income)	(11)	4	-	-	(7)



## QIAN HU CORPORATION LIMITED

### 12 SEGMENT INFORMATION (cont'd)

#### (b) **Geographical segments**

Group	Turnover		Assets		Capital expenditure	
	3 months ended 31 Mar		3 months ended 31 Mar		3 months ended 31 Mar	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	5,916	6,198	24,483	24,080	60	20
Other asian countries	7,779	7,882	42,874	33,905	295	190
Europe	1,772	1,595	-	-	-	-
Others	861	574	-	-	-	-
<b>Total</b>	<b>16,328</b>	<b>16,249</b>	<b>67,357</b>	<b>57,985</b>	<b>355</b>	<b>210</b>

### 13 BREAKDOWN OF SALES

Turnover (Group)	Fish	Accessories	Plastics	Total
	\$'000	\$'000	\$'000	\$'000
<b>3 months ended 31 Mar 2005</b>				
Singapore (including domestic sales & sales to Singapore)	2,310	1,851	1,755	5,916
Overseas (including export to & sales in overseas)	6,032	4,374	6	10,412
<b>Total sales</b>	<b>8,342</b>	<b>6,225</b>	<b>1,761</b>	<b>16,328</b>
<b>3 months ended 31 Mar 2004</b>				
Singapore	2,025	2,557	1,616	6,198
Overseas	5,146	4,905	-	10,051
<b>Total sales</b>	<b>7,171</b>	<b>7,462</b>	<b>1,616</b>	<b>16,249</b>

#### **BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
 Executive Chairman and Managing Director  
 25/04/2005