



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

HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2007**

| | Note | Group | | | Group | | |
|------------------------------------|------|-----------------------|--------------|-------------|-----------------------|---------------|-------------|
| | | 3 months ended 30 Jun | | Change | 6 months ended 30 Jun | | Change |
| | | 2007 | 2006 | | 2007 | 2006 | |
| | | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | | 22,428 | 18,289 | 22.6 | 44,409 | 36,428 | 21.9 |
| Cost of sales | | (14,268) | (11,402) | 25.1 | (28,786) | (23,218) | 24.0 |
| Gross profit | | 8,160 | 6,887 | 18.5 | 15,623 | 13,210 | 18.3 |
| Other operating income | | 94 | 69 | 36.2 | 160 | 123 | 30.1 |
| | | 8,254 | 6,956 | 18.7 | 15,783 | 13,333 | 18.4 |
| Selling & distribution expenses | i | (799) | (611) | 30.8 | (1,501) | (1,306) | 14.9 |
| General & administrative expenses | ii | (5,070) | (4,573) | 10.9 | (10,039) | (9,002) | 11.5 |
| Profit from operations | iii | 2,385 | 1,772 | 34.6 | 4,243 | 3,025 | 40.3 |
| Financial expenses | iv | (213) | (177) | 20.3 | (406) | (351) | 15.7 |
| Financial income | | 1 | 2 | (50.0) | 4 | 11 | (63.6) |
| | | 2,173 | 1,597 | 36.1 | 3,841 | 2,685 | 43.1 |
| Share of results of associates | | - | - | - | - | - | - |
| Profit before taxation | | 2,173 | 1,597 | 36.1 | 3,841 | 2,685 | 43.1 |
| Taxation | v | (588) | (607) | (3.1) | (1,023) | (889) | 15.1 |
| Profit for the period | | 1,585 | 990 | 60.1 | 2,818 | 1,796 | 56.9 |
| Attributable to: | | | | | | | |
| Shareholders of the Company | | 1,155 | 594 | 94.4 | 2,102 | 1,116 | 88.4 |
| Minority interests | | 430 | 396 | 8.6 | 716 | 680 | 5.3 |
| | | 1,585 | 990 | 60.1 | 2,818 | 1,796 | 56.9 |
| Gross profit margin | | 36.4% | 37.7% | | 35.2% | 36.3% | |
| Net profit margin | | 7.1% | 5.4% | | 6.3% | 4.9% | |

Notes to Statement of Profit and Loss

- (i) The increase in **selling and distribution expenses** incurred in the 2nd quarter and 1st half of 2007 as compared to that of its corresponding period in 2006 was in line with the higher revenue contributions.
- (ii) The higher amount of **general and administrative expenses** incurred in the 2nd quarter and 1st half of 2007 as compared to that of its corresponding period in 2006 was mainly due to the increase in personnel expenses as a result of annual salary revision and the increase in overall headcount of the Group during the current financial year.



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

(iii) **Profit from operations**

This is determined after charging (crediting) the following:

| | Group | | Group | |
|--|---|----------------|---|----------------|
| | 3 months ended 30 Jun 2007 \$'000 | 2006 \$'000 | 6 months ended 30 Jun 2007 \$'000 | 2006 \$'000 |
| Auditors' remuneration | | | | |
| - auditors of the Company | 21 | 18 | 39 | 36 |
| - other auditors | 5 | 3 | 11 | 6 |
| Non-audit fees | | | | |
| - auditors of the Company | - | 4 | - | 5 |
| - other auditors | 17 | - | 17 | - |
| Directors' fees | | | | |
| - directors of the Company | 8 | 8 | 18 | 18 |
| Directors' remuneration | | | | |
| - directors of the Company | 202 | 166 | 404 | 332 |
| - directors of subsidiaries | 210 | 127 | 362 | 255 |
| Amortisation of product listing fees | 10 | 10 | 20 | 20 |
| Bad trade receivables written off | - | 10 | - | 11 |
| Depreciation of | | | | |
| - property, plant and equipment | 465 | 496 | 940 | 1,020 |
| - brooder stocks | 91 | 60 | 173 | 114 |
| Gain on disposal of property, plant and equipment | (47) | (9) | (76) | (25) |
| Allowance for | | | | |
| - doubtful trade receivables | 188 | 37 | 428 | 37 |
| - due from associates (trade) | - | 30 | - | 60 |
| - inventory obsolescence | 83 | - | 83 | - |
| Operating lease expenses | 239 | 365 | 493 | 626 |
| Personnel expenses * | 2,799 | 2,511 | 5,672 | 5,049 |
| Exchange gain, net | (195) | (45) | (280) | (111) |

* Include directors' remuneration.

- (v) The increase in **financial expenses** in the current financial period as compared to its corresponding period in 2006 was mainly due to interest expenses incurred on higher amount of bank borrowings during the period.

(iv) **Taxation**

There was no adjustment for under or overprovision of tax in respect of the prior years.

Despite applying the concessionary tax rate of 10% from the Company's IHQ status on its qualifying income in both periods, the tax charge was higher than the amount obtained by applying the statutory tax rate 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. However, these losses are available for set-off against future profits of the respective subsidiaries subject to the agreement of the tax authorities; and
- varying statutory tax rates of different countries in which the Group operates.



QIAN HU CORPORATION LIMITED
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1(b)(i) **BALANCE SHEETS**

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2007 | 31 Dec 2006 | 30 Jun 2007 | 31 Dec 2006 |
| | \$ | \$ | \$ | \$ |
| Equity attributable to Shareholders of the Company | | | | |
| Share capital | 18,997,444 | 18,997,444 | 18,997,444 | 18,997,444 |
| Reserves | 25,181,752 | 23,489,347 | 18,526,668 | 18,042,095 |
| | 44,179,196 | 42,486,791 | 37,524,112 | 37,039,539 |
| Minority Interests | 7,087,806 | 6,386,450 | - | - |
| Total Equity | 51,267,002 | 48,873,241 | 37,524,112 | 37,039,539 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 12,353,946 | 11,490,339 | 2,598,409 | 2,809,722 |
| Brooder stocks | 17,854,284 | 15,279,911 | 1,240,575 | 1,255,170 |
| Investments in subsidiaries | - | - | 11,152,586 | 11,152,586 |
| Quoted equity investment | 3,663 | 3,597 | - | - |
| Intangible assets | 2,174,984 | 1,913,459 | 177,544 | 174,389 |
| Current Assets | | | | |
| Inventories | 22,410,791 | 21,647,322 | 6,715,745 | 5,919,631 |
| Breeder stocks | 1,721,800 | 1,721,800 | 245,800 | 245,800 |
| Trade receivables | 17,722,484 | 15,913,049 | 7,540,511 | 7,962,236 |
| Other receivables, deposits and prepayments | 1,652,828 | 1,751,825 | 409,017 | 276,147 |
| Due from | | | | |
| - subsidiaries (trade) | - | - | 16,765,102 | 16,002,851 |
| - subsidiaries (non-trade) | - | - | 2,642,132 | 2,703,720 |
| Fixed deposits | 23,706 | 23,706 | 23,706 | 23,706 |
| Cash and bank balances | 6,148,381 | 5,617,192 | 3,500,376 | 3,677,172 |
| | 49,679,990 | 46,674,894 | 37,842,389 | 36,811,263 |
| Current Liabilities | | | | |
| Trade payables | 6,957,430 | 6,007,592 | 3,004,824 | 3,267,276 |
| Bills payable to banks (unsecured) | 5,395,299 | 5,156,871 | 1,658,151 | 1,188,399 |
| Other payables and accruals | 3,613,676 | 3,746,860 | 2,646,737 | 2,913,118 |
| Due to | | | | |
| - subsidiaries (trade) | - | - | 89,234 | 81,885 |
| - subsidiaries (non-trade) | - | - | 890,000 | 690,000 |
| - minority shareholders of a subsidiary (non-trade) | 1,171,717 | 1,146,569 | - | - |
| Finance lease obligations | 156,564 | 181,723 | 56,620 | 79,676 |
| Bank term loans | 6,804,432 | 6,536,711 | 6,400,000 | 6,300,000 |
| Provision for taxation | 1,104,368 | 643,738 | 459,665 | 360,087 |
| Bank overdraft (unsecured) | 1,330,062 | 173,570 | - | - |
| | 26,533,548 | 23,593,634 | 15,205,231 | 14,880,441 |
| Net Current Assets | 23,146,442 | 23,081,260 | 22,637,158 | 21,930,822 |
| Non-Current Liabilities | | | | |
| Finance lease obligations | (200,483) | (108,724) | (47,160) | (48,150) |
| Bank term loans | (1,552,641) | (681,420) | - | - |
| Deferred taxation | (2,513,193) | (2,105,181) | (235,000) | (235,000) |
| Net Assets | 51,267,002 | 48,873,241 | 37,524,112 | 37,039,539 |



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

| | Group | | Company | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2007 | 31 Dec 2006 | 30 Jun 2007 | 31 Dec 2006 |
| Inventory turnover (days) | 149 | 168 | 63 | 74 |
| Trade receivables turnover (days) | 69 | 74 | 54 | 68 |
| Debt equity ratio | 0.60 | 0.54 | 0.41 | 0.41 |

Notes to Balance Sheets

(1) The details of subsidiaries are as follows:

| Name | Effective equity interest held by the Group | | Cost of investment by the Company | |
|---|--|--------------------|--|--------------------|
| | 30 Jun 2007 | 31 Dec 2006 | 30 Jun 2007 | 31 Dec 2006 |
| | % | % | \$ | \$ |
| 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 and its subsidiary: (Malaysia) | 65 | 65 | 7,699,891 | 7,699,891 |
| - Kim Kang Frozen Food Sdn Bhd (formerly known as Qian Hu The Pet Family (KK) Sdn Bhd) (Malaysia) | 65 | 65 | - | - |
| Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China) | 100 | 100 | 171,824 | 171,824 |
| Guangzhou Qian Hu Aquarium & Pets Accessories Manufacturing Co., Ltd (People's Republic of China) | 100 | 100 | 1,686,039 | 1,686,039 |
| 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 (Thailand) | 60 | 60 | 121,554 | 121,554 |
| NNTL (Thailand) Limited (Thailand) | 49 * | 49 * | 30,999 | 30,999 |
| | | | 11,152,586 | 11,152,586 |

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



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Notes to Balance Sheets (cont'd)

(2) Intangible assets comprise:

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2007 | 31 Dec 2006 | 30 Jun 2007 | 31 Dec 2006 |
| | \$ | \$ | \$ | \$ |
| Trademarks/customer acquisition costs | 724,877 | 700,996 | 706,950 | 683,392 |
| Product listing fess | 196,153 | 196,153 | 196,153 | 196,153 |
| Goodwill on consolidation | 1,997,440 | 1,739,070 | - | - |
| | <u>2,918,470</u> | <u>2,636,219</u> | <u>903,103</u> | <u>879,545</u> |
| Less accumulated amortisation | (743,486) | (722,760) | (725,559) | (705,156) |
| | <u>2,174,984</u> | <u>1,913,459</u> | <u>177,544</u> | <u>174,389</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, namely "ARISTO-CATS YI HU" and "Nature's Gift". With the adoption of the revised FRS 38 *Intangible Assets*, trademarks/customer acquisition costs were determined to have indefinite lives. Accordingly, the carrying amount as at 1 January 2005 was no longer amortised, but is now subject to annual impairment testing.

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. The remaining amortisation period for product list fees ranges from 2 to 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. It was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. With the adoption of FRS 103 *Business Combinations* on 1 January 2005, the Group discontinued amortisation of goodwill on consolidation. The remaining goodwill balance is subject to annual impairment testing.

(3) Inventories comprise:

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2007 | 31 Dec 2006 | 30 Jun 2007 | 31 Dec 2006 |
| | \$ | \$ | \$ | \$ |
| Fish | 7,538,162 | 8,024,510 | 2,680,660 | 2,213,171 |
| Accessories | 14,419,743 | 13,329,875 | 4,443,545 | 4,036,779 |
| Plastics products - raw materials | 345,581 | 212,802 | - | - |
| Plastics products - finished goods | 609,555 | 504,244 | - | - |
| | <u>22,913,041</u> | <u>22,071,431</u> | <u>7,124,205</u> | <u>6,249,950</u> |
| Less allowance for inventory obsolescence | (502,250) | (424,109) | (408,460) | (330,319) |
| | <u>22,410,791</u> | <u>21,647,322</u> | <u>6,715,745</u> | <u>5,919,631</u> |

The increase in accessories inventory balance as at 30 June 2007 was due to higher raw materials held in our Guangzhou factory for production orders due for delivery in the 2nd half of 2007. Accordingly, it has resulted in the increase in trade payables and bills payable as at 30 June 2007.



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Notes to Balance Sheets (cont'd)

- (4) Despite the increase in trade receivables balance as at 30 June 2007 as a result of higher revenue registered during the 1st half of 2007, trade receivables turnover has reduced from 74 days as at 31 December 2006 to 69 days. The Group typically grants existing customers credit terms of 30 to 90 days.
- (5) On 5 July 2007, the Company entered into a Shareholder Agreement to acquire 20% equity interest in Arcadia Products PLC (“Arcadia”), an aquarium lamp manufacturer based in the United Kingdom, for an initial consideration of £264K (approximately S\$813K). In addition, in the event that Arcadia achieves a net profit after tax (“PAT”) of not less than £400K (the “Required PAT”) in respect of Arcadia’s financial year ending 30 June 2008 (“FY 2008”), the Company has agreed to pay a further consideration for the acquisition amounting to 20% of six times the amount of Arcadia’s PAT less the amount of initial consideration already paid by the Company (“further consideration”). If the Required PAT is not achieved for FY 2008, the further consideration, calculated on the same abovementioned basis for the financial year ending 30 June 2009 (“FY 2009”), will be payable upon Arcadia achieving the Required PAT in FY 2009.

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

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>30 Jun 2007</u> | <u>31 Dec 2006</u> | <u>30 Jun 2007</u> | <u>31 Dec 2006</u> |
| | \$ | \$ | \$ | \$ |
| Due within 1 year: | | | | |
| Short term loans (unsecured) | 6,400,000 | 6,300,000 | 6,400,000 | 6,300,000 |
| Long-term loans, current portion | | | | |
| - secured | 41,190 | 40,448 | - | - |
| - unsecured | 363,242 | 196,263 | - | - |
| | 404,432 | 236,711 | - | - |
| | <u>6,804,432</u> | <u>6,536,711</u> | <u>6,400,000</u> | <u>6,300,000</u> |
| Due after 1 year: | | | | |
| Long-term loans | | | | |
| - secured | 117,087 | 128,507 | - | - |
| - unsecured | 1,435,554 | 552,913 | - | - |
| | 1,552,641 | 681,420 | - | - |
| | <u>8,357,073</u> | <u>7,218,131</u> | <u>6,400,000</u> | <u>6,300,000</u> |

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 4.00% to 4.39% (31/12/2006: 5.18% to 5.27%) per annum.

The long-term loans comprise:

- a 7-year bank loan of RM0.5 million, secured by a mortgage on a subsidiary’s freehold land, bears interest at 8.25% (31/12/2006: 8.25%) per annum and is repayable in 84 instalments commencing January 2005;
- a 5-year unsecured bank loan of RM1.85 million, bears interest at 8.25% (31/12/2006: 8.25%) per annum and is repayable in 60 monthly instalments commencing August 2006; and
- a 10-year unsecured bank loan of RM2.5 million, bears interest at 8.25% (31/12/2006: Nil) per annum and is repayable in 120 monthly instalments commencing March 2007.



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1(b)(ii) **GROUP BORROWINGS (cont'd)**

As at 30 June 2007, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$8.8 million (31/12/2006: \$7.6 million). As announced previously, the adoption of the amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Financial Guarantee Contracts* (effective from financial years beginning on or after 1 January 2006), which required the Company to measure the financial guarantees given to financial institutions for bank borrowings of its subsidiaries at fair value upon inception of the guarantees, was assessed to have no material financial impact on the Group's financial statements.



QIAN HU CORPORATION LIMITED
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1(c) **STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND SIX MONTHS ENDED**
30 JUNE 2007

| | Group | | Group | |
|--|-------------------------------|--------------------|-------------------------------|--------------------|
| | 3 months ended 30 Jun 2007 | 2006 | 6 months ended 30 Jun 2007 | 2006 |
| | \$ | \$ | \$ | \$ |
| Cash flows from operating activities | | | | |
| Profit before taxation and minority interests | 2,172,510 | 1,597,082 | 3,840,779 | 2,684,895 |
| Adjustments for: | | | | |
| Bad trade receivables written off | 38 | 9,511 | 38 | 10,573 |
| Depreciation of | | | | |
| - property, plant and equipment | 464,131 | 495,586 | 939,418 | 1,019,826 |
| - brooder stocks | 90,527 | 60,300 | 173,171 | 113,881 |
| Gain on disposal of property, plant and equipment | (46,443) | (9,321) | (75,784) | (25,121) |
| Property, plant and equipment written off | 4 | - | 382 | - |
| Amortisation of product listing fees | 10,202 | 10,202 | 20,404 | 20,404 |
| Allowance for | | | | |
| - doubtful trade receivables | 188,363 | 37,408 | 427,757 | 37,408 |
| - due from associates (trade) | - | 30,000 | - | 60,000 |
| - inventory obsolescence | 83,000 | - | 83,000 | - |
| Financial expenses | 213,085 | 176,853 | 406,341 | 350,786 |
| Financial income | (1,471) | (1,958) | (4,574) | (11,371) |
| Operating profit before working capital changes | 3,173,946 | 2,405,663 | 5,810,932 | 4,261,281 |
| (Increase) decrease in: | | | | |
| Inventories | (708,202) | 119,967 | (942,222) | (2,871,883) |
| Trade receivables | (1,063,807) | 288,087 | (2,090,973) | 218,847 |
| Other receivables, deposits and prepayments | 19,627 | 19,860 | 129,581 | (197,679) |
| Due from associates (trade) | - | 7,538 | - | 7,538 |
| Increase (decrease) in: | | | | |
| Trade payables | 334,777 | 1,638,665 | 915,784 | 2,667,276 |
| Bills payable to banks | 666,864 | (252,631) | 165,612 | 670,067 |
| Other payables and accruals | 138,129 | 76,524 | (142,709) | (75,875) |
| Cash generated from operations | 2,561,334 | 4,303,673 | 3,846,005 | 4,679,572 |
| Payment of income tax | (416,184) | (164,262) | (567,616) | (198,059) |
| Interest paid | (261,251) | (178,266) | (411,643) | (352,274) |
| Net cash generated from operating activities | 1,883,899 | 3,961,145 | 2,866,746 | 4,129,239 |
| Cash flows from investing activities | | | | |
| Purchase of | | | | |
| - property, plant and equipment | (352,551) | (263,818) | (1,504,015) | (482,011) |
| - brooder stocks | (1,604,005) | (1,754,245) | (2,490,209) | (2,456,045) |
| Proceeds from disposal of property, plant and equipment | 73,598 | 30,673 | 114,277 | 90,800 |
| Payment for trademarks/customer acquisition costs | (20,068) | (6,269) | (23,559) | (24,685) |
| Net cash used in investing activities | (1,903,026) | (1,993,659) | (3,903,506) | (2,871,941) |



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1(c) **STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2007 (cont'd)**

| | <u>Group</u> | | <u>Group</u> | |
|---|------------------------------|------------------|------------------------------|------------------|
| | <u>3 months ended 30 Jun</u> | <u>2006</u> | <u>6 months ended 30 Jun</u> | <u>2006</u> |
| | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ |
| Cash flows from financing activities | | | | |
| Drawdown of bank term loans | 410,000 | 300,000 | 1,510,000 | 300,000 |
| Repayment of | | | | |
| - finance lease obligations | (57,868) | (72,560) | (118,837) | (177,165) |
| - bank term loans | (196,767) | (37,929) | (387,904) | (77,011) |
| - loans from minority shareholders of a subsidiary | 129,532 | (69,432) | 4,110 | (275,706) |
| Payment of dividends to shareholders | (634,054) | (515,492) | (634,054) | (515,492) |
| Interest received | 1,471 | 1,958 | 4,574 | 11,371 |
| Net cash (used in) generated from financing activities | (347,686) | (393,455) | 377,889 | (734,003) |
| Net (decrease) increase in cash and cash equivalents | (366,813) | 1,574,031 | (658,871) | 523,295 |
| Cash and cash equivalents at beginning of period | 5,237,800 | 3,290,787 | 5,467,328 | 4,335,742 |
| Effect of exchange rate changes on cash balances held in foreign currencies | (28,962) | (6,733) | 33,568 | (952) |
| Cash and cash equivalents at end of period (Note i) | 4,842,025 | 4,858,085 | 4,842,025 | 4,858,085 |

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

| | <u>Group</u> | |
|------------------------|--------------------|--------------------|
| | <u>30 Jun 2007</u> | <u>30 Jun 2006</u> |
| | \$ | \$ |
| Fixed deposits | 23,706 | 23,706 |
| Cash and bank balances | 6,148,381 | 5,233,476 |
| Bank overdraft | (1,330,062) | (399,097) |
| | 4,842,025 | 4,858,085 |

(ii) Despite higher operating profit generated for the half year ended 30 June 2007, the decrease in **net cash generated from operating activities** on a quarter-on-quarter basis as well as during the 1st half of 2007 as compared to its corresponding period in 2006 was mainly due to increase in the amount of trade receivables as a result of higher revenue registered. In addition, our Guangzhou factory has redeployed more funds into raw materials purchases in view of the increase in production orders received which are due to be delivered in the 2nd half of 2007.

Net cash used in investing activities was mainly related to the purchase of brooder stocks in Kim Kang Aquaculture Sdn Bhd and capital expenditure incurred for infrastructure and farm facilities in overseas entities.



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Notes to Statement of Cash Flows (cont'd)

Net cash generated from financing activities during the 1st half of 2007 was related to cash proceeds from the drawdown of an additional long-term bank loan granted by a financial institution mainly to finance the capital expenditure incurred. The amount was partially offset by the settlement of finance lease obligations on a monthly basis and the payment of a final dividend of approximately \$634K made to shareholders in April 2007.

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

| Group | Equity attributable to Shareholders of the Company | | | | Total | Minority interests | Total Equity |
|---|--|---------------|---------------------|---------------------|------------|--------------------|--------------|
| | Share capital | Share premium | Accumulated profits | Translation reserve | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 Jan 2006 | 12,887,293 | 6,110,151 | 21,975,143 | (447,802) | 40,524,785 | 5,169,740 | 45,694,525 |
| Net loss recognised directly in equity: | | | | | | | |
| - Currency translation differences | - | - | - | (139,672) | (139,672) | (53,316) | (192,988) |
| Profit for the period | - | - | 2,617,170 | - | 2,617,170 | 1,270,026 | 3,887,196 |
| Total recognised gain (loss) for the period | - | - | 2,617,170 | (139,672) | 2,477,498 | 1,216,710 | 3,694,208 |
| Transfer of share premium reserve to share capital [see Note (a) below] | 6,110,151 | (6,110,151) | - | - | - | - | - |
| Payment of first and final dividend | - | - | (515,492) | - | (515,492) | - | (515,492) |
| Balance at 31 Dec 2006 | 18,997,444 | - | 24,076,821 | (587,474) | 42,486,791 | 6,386,450 | 48,873,241 |
| Net gain (loss) recognised directly in equity: | | | | | | | |
| - Currency translation differences | - | - | - | 131,854 | 131,854 | (49,024) | 82,830 |
| Profit for the period | - | - | 946,524 | - | 946,524 | 286,091 | 1,232,615 |
| Total recognised gain for the period | - | - | 946,524 | 131,854 | 1,078,378 | 237,067 | 1,315,445 |
| Balance at 31 Mar 2007 | 18,997,444 | - | 25,023,345 | (455,620) | 43,565,169 | 6,623,517 | 50,188,686 |
| Net gain recognised directly in equity: | | | | | | | |
| - Currency translation differences | - | - | - | 92,728 | 92,728 | 34,606 | 127,334 |
| Profit for the period | - | - | 1,155,353 | - | 1,155,353 | 429,683 | 1,585,036 |
| Total recognised gain for the period | - | - | 1,155,353 | 92,728 | 1,248,081 | 464,289 | 1,712,370 |
| Payment of first and final dividend | - | - | (634,054) | - | (634,054) | - | (634,054) |
| Balance at 30 Jun 2007 | 18,997,444 | - | 25,544,644 | (362,892) | 44,179,196 | 7,087,806 | 51,267,002 |

Note (a) : In accordance with the Companies (Amendment) Act 2005, with effect from 30 January 2006, the concepts of par value and authorized share capital was abolished and the shares of the company ceased to have a par value. The amount in the share premium reserve as at 30 January 2006 becomes part of the company's share capital.



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

| Company | Share capital \$ | Share premium \$ | Accumulated profits \$ | Total \$ |
|---|----------------------------|----------------------------|----------------------------------|--------------------|
| Balance at 1 Jan 2006 | 12,887,293 | 6,110,151 | 16,774,724 | 35,772,168 |
| Total recognised gain for the period: | | | | |
| - Profit for the period | - | - | 1,782,863 | 1,782,863 |
| Transfer of share premium reserve to share capital [see Note (a) above] | 6,110,151 | (6,110,151) | - | - |
| Payment of first and final dividend | - | - | (515,492) | (515,492) |
| Balance at 31 Dec 2006 | 18,997,444 | - | 18,042,095 | 37,039,539 |
| Total recognised gain for the period: | | | | |
| - Profit for the period | - | - | 613,542 | 613,542 |
| Balance at 31 Mar 2007 | 18,997,444 | - | 18,655,637 | 37,653,081 |
| Total recognised gain for the period: | | | | |
| - Profit for the period | - | - | 505,085 | 505,085 |
| Payment of first and final dividend | - | - | (634,054) | (634,054) |
| Balance at 30 Jun 2007 | 18,997,444 | - | 18,526,668 | 37,524,112 |

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 2007 and 30 Jun 2007 | <u>128,872,934</u> | <u>18,997,444</u> |

As at 30 June 2007, there were 1,086,000 (31/12/2006: 1,122,000) unissued ordinary shares in the Company under options granted to eligible employees of the Group, including associates of controlling shareholders of the Company, under the Qian Hu Post-IPO Share Option Scheme ("Post-IPO Scheme") at \$0.59 per share. During the 1st half of 2007, there were no share options exercised pursuant to the terms of the Post-IPO Scheme, and 36,000 options were cancelled due to resignations of employees.



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1(e) **CASH DIVIDEND AND RIGHTS CUM WARRANTS ISSUE**

On 5 June 2007, the Board of Directors announced that the Company proposed to seek Shareholders' approval for:-

- (a) a proposed special interim cash dividend for the financial year ending 31 December 2007 of 8.54 cents less tax of 18% (or 7.0 cents net) ("Cash Dividend") per ordinary share in the capital of the Company ("Share") in respect of Shares held by shareholders of the Company ("Shareholders") as at a books closure date to be determined by the Company; and
- (b) a renounceable non-underwritten rights issue ("Rights Shares") at an issue price of S\$0.035 for each Rights Share, with free detachable warrants ("Warrants"), each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company ("New Share") at an exercise price of S\$0.035 for each New Share, on the basis of two Rights Shares for every one existing share in the capital of the Company held as at books closure date to be determined, and one Warrant for every four Rights Shares subscribed, fractional entitlements to be disregarded (the "Rights cum Warrants Issue").

The purpose of the Cash Dividend is to reward the Shareholders for their loyalty and support to the Company over the years with a special dividend payout. Shareholders will also be given an option to re-invest their net Cash Dividend by subscribing for the Rights Shares. In addition, the Cash Dividend will allow the Company to pass on its Section 44 tax credits to Shareholders.

The Rights cum Warrants Issue is proposed to strengthen the capital base of the Company following the payment of the net Cash Dividend. Assuming that the net Cash Dividend is utilised to subscribe for the Rights cum Warrants Issue, the Rights cum Warrants Issue will in effect transform a proportionate amount of the Company's retained earnings into paid-up capital of the Company.

Based on the latest issued share capital and the outstanding share options of the Company, the aggregate amount of net Cash Dividend payable is approximately S\$9,097,125 and up to 259,917,868 Rights Shares and 64,979,467 Warrants will be issued. In the event that all 64,979,467 Warrants are exercised, the estimated gross proceeds arising from the exercise of the Warrants will amount to approximately S\$2,274,281. There will be no gross proceeds from the Rights issue as the proceeds will be set off by the dividend paid out by the Company.

As and when the Warrants are exercised, the proceeds arising from there may, at the discretion of the directors, be applied towards repayment of the Group's borrowings, investment purposes, working capital and/or such other purposes as the directors may deem fit.

(For further details on the cash dividend and rights cum warrants issue, please refer to our SGXNET announcement dated 5 June 2007 and 18 July 2007)

1(f) **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(4) 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 half year ended 30 June 2007 to be false or misleading.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman and
Managing Director

ALVIN YAP AH SENG
Deputy Managing Director

Singapore
23 July 2007



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2 **AUDIT**

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

3 **AUDITORS' REPORT**

Not applicable

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 2006.

5 **CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

| | <u>Group</u> | | <u>Group</u> | |
|---|------------------------------|-------------|------------------------------|-------------|
| | <u>3 months ended 30 Jun</u> | <u>2006</u> | <u>6 months ended 30 Jun</u> | <u>2006</u> |
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| EPS (based on consolidated net profit attributable to shareholders) | | | | |
| - on weighted average number of ordinary shares on issue (cents) | 0.90 | 0.47 | 1.63 | 0.87 |
| - on a fully diluted basis (cents) | 0.90 | 0.47 | 1.63 | 0.87 |

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 128,872,934 (31/3/2006: 128,872,934).

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 128,872,934 (31/3/2006: 128,872,934).

7 **NET ASSET VALUE PER SHARE**

| | <u>Group</u> | | <u>Company</u> | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <u>30 Jun 2007</u> | <u>31 Dec 2006</u> | <u>30 Jun 2007</u> | <u>31 Dec 2006</u> |
| Net asset value per share based on existing issued share capital as at the respective dates (cents) | 39.78 | 37.92 | 29.12 | 28.74 |

Net asset value per share is computed based on the number of issued shares of 128,872,934 as at 30 June 2007 (31/12/2006: 128,872,934).



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8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

6 months 2007 vs 6 months 2006

| | Group | | Increase | |
|-------------|------------------------------|---------------|-----------------|-------------|
| | 6 months ended 30 Jun | | | |
| | 2007 | 2006 | \$'000 | % |
| Fish | 22,255 | 19,483 | 2,772 | 14.2 |
| Accessories | 16,687 | 12,496 | 4,191 | 33.5 |
| Plastics | 5,467 | 4,449 | 1,018 | 22.9 |
| | 44,409 | 36,428 | 7,981 | 21.9 |

For the 6 months ended 30 June 2007, the ornamental fish and accessories activities continued to be our core activities, which together accounted for almost 88% of total revenue. Our revenue increased by approximately \$8.0 million or 21.9% from \$36.4 million for the 6 months ended 30 June 2006 to \$44.4 million for the 6 months ended 30 June 2007.

On a geographical basis, revenue from Singapore and overseas grew by 17.6% and 23.9% respectively for the 6 months ended 30 June 2007 compared to its corresponding period in 2006. The revenue from our Singapore operations has shown improvement after having been through a process of consolidation. Both the Singapore and overseas operations' constant effort in expanding our distribution network into overseas untapped markets contributed to the increased in overseas revenue.

2Q 2007 vs 2Q 2006

| | Group | | Increase | |
|-------------|---------------|---------------|-----------------|-------------|
| | 2Q | | | |
| | 2007 | 2006 | \$'000 | % |
| Fish | 11,264 | 9,768 | 1,496 | 15.3 |
| Accessories | 8,464 | 6,117 | 2,347 | 38.4 |
| Plastics | 2,700 | 2,404 | 296 | 12.3 |
| | 22,428 | 18,289 | 4,139 | 22.6 |

Our revenue increased by approximately \$4.1 million or 22.6% from \$18.3 million in the 2nd quarter of 2006 to \$22.4 million in the 2nd quarter of 2007. All business activities registered growth in revenue during the current quarter as compared to its corresponding period in 2006.



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

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

2Q 2007 vs 2Q 2006 (cont'd)

Fish

Dragon Fish sales continue to dominate the growth in our ornamental fish revenue in the current quarter, coupled with our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore, Thailand and Malaysia, have given rise to the improved ornamental fish revenue in the current quarter as compared to the corresponding period in 2006. We managed to sell more ornamental fish to newly captured export markets, which include more provinces & cities in China (for Dragon Fish), Middle East, Russia and Australia (for other ornamental fish) in the current financial year.

Accessories

As the domestic market stabilizes, more effort was channeled to explore untapped overseas markets in order to increase our accessories export from Singapore to more countries, which has accounted for approximately 70% of the overall increase in accessories revenue in the current quarter as compared to its corresponding period in 2006. In addition, our Guangzhou factory's revenue were higher on a quarter-to-quarter basis as we managed to secure more manufacturing orders from our new and existing OEM customers since the 2nd half of 2006.

Plastics

Revenue from plastics activities registered a steady increase of \$0.3 million or 12.3% in the current quarter as compared to its corresponding period in 2006 as we managed to focus on generating revenue through selling more high value items with an enlarged products and customer base.

2Q 2007 vs 1Q 2007

| | Group | | Increase | |
|-------------|---------------|---------------|-------------------|------------|
| | 2Q | 1Q | (Decrease) | |
| | 2007 | 2007 | \$'000 | % |
| | \$'000 | \$'000 | | |
| Fish | 11,264 | 10,991 | 273 | 2.5 |
| Accessories | 8,464 | 8,223 | 241 | 2.9 |
| Plastics | 2,700 | 2,767 | (67) | (2.4) |
| | 22,428 | 21,981 | 447 | 2.0 |

Although the revenue from our plastic activities registered flat growth in the 2nd quarter of 2007, our ornamental fish and accessories revenue increased by \$0.5 million, resulted in the increase in our overall revenue in the current quarter as compared to that of the previous quarter.

Fish

During the 2nd quarter of 2007, our ornamental fish export sales from Singapore and Thailand continued to generate higher revenue with more new markets. In addition, with the reliable source of demand for our Dragon Fish in both the domestic and overseas markets, we continue to record an increase in ornamental fish sales as comparable to that of the previous quarter.



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

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

2Q 2007 vs 1Q 2007 (cont'd)

Accessories

As the domestic market stabilizes, the growth in accessories revenue in the current quarter was mainly as a result of better revenue contributions from our export sales as well as higher revenue from our Guangzhou factory as it managed to improve its efficiency and continue to secure and deliver more production orders in the current quarter. In addition, our Thailand and Malaysia subsidiaries managed to widen their distribution network to more cities in those countries, resulting in higher revenue generated from these entities in the current quarter.

Plastics

Revenue from our plastics activities remained relatively consistent in the current quarter, comparable to that of the previous quarter.

(b) **Profitability**

6 months 2007 vs 6 months 2006

| | Group | | | |
|--------------------------------|------------------------------|---------------|-----------------|-------------|
| | 6 months ended 30 Jun | | | |
| | 2007 | 2006 | Increase | |
| | \$'000 | \$'000 | \$'000 | % |
| Fish | 3,929 | 2,875 | 1,054 | 36.7 |
| Accessories | 665 | 481 | 184 | 38.3 |
| Plastics | 380 | 263 | 117 | 44.5 |
| Unallocated corporate expenses | (1,133) | (934) | (199) | 21.3 |
| | 3,841 | 2,685 | 1,156 | 43.1 |

Our operating profit before taxation increase by approximately \$1.1 million or 43.1% from \$2.7 million for the half year ended 30 June 2006 to \$3.8 million for the half year ended 30 June 2007. Profit after taxation attributable to shareholders increased by 88.4% from \$1.1 million for the 6 months ended 30 June 2006 to approximately \$2.1 million for the 6 months ended 30 June 2007. Our fish business remained the main profit contributor in the 1st half of 2007.

2Q 2007 vs 2Q 2006

| | Group | | | |
|--------------------------------|---------------|---------------|-----------------|-------------|
| | 2Q | 2Q | | |
| | 2007 | 2006 | Increase | |
| | \$'000 | \$'000 | \$'000 | % |
| Fish | 2,130 | 1,525 | 605 | 39.7 |
| Accessories | 484 | 399 | 85 | 21.3 |
| Plastics | 190 | 153 | 37 | 24.2 |
| Unallocated corporate expenses | (631) | (480) | (151) | 31.5 |
| | 2,173 | 1,597 | 576 | 36.1 |



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

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

2Q 2007 vs 2Q 2006 (cont'd)

The better performance from all our business activities in the 2nd quarter of 2007 has resulted in an overall increase in operating profit by approximately \$0.6 million or 36.1% as compared to its corresponding period in 2006 with contribution mainly from our ornamental fish business.

Fish

Our operating profit from our ornamental fish business increased by \$0.6 million or 39.7% from \$1.5 million to \$2.1 million in the 2nd quarter of 2007 as compared to its corresponding period in 2006 was in line with the higher revenue recorded and better margins yielded from the sales of our self-bred Dragon Fish.

Accessories

During the current quarter, we have made conscientious effort to gradually revive our accessories business margin back to a respectable level. With improved revenue generated and better profit margin contributions from our export of accessories, its profitability has shown improvement. In addition, with more manufacturing orders secured, we managed to further enhance the operational efficiency of our Guangzhou factory, which has lifted the profitability of our accessories business as compared to the corresponding period in 2006.

Plastics

Operating profit from our plastics activities is experiencing steady growth in the 2nd quarter of 2007 as compared to the corresponding period in 2006, which was in line with its improved revenue.

Unallocated corporate expenses relating to staff costs and administrative expenses incurred were in relation to the overseeing of the Group's operations both locally and overseas. The increase was in accordance with the Group's expansion into the overseas market.

2Q 2007 vs 1Q 2007

| | Group | | Increase | |
|--------------------------------|-------------------------------|-------------------------------|-----------------|-------------|
| | 2Q 2007 \$'000 | 1Q 2007 \$'000 | | |
| Fish | 2,130 | 1,799 | 331 | 18.4 |
| Accessories | 484 | 181 | 303 | 167.4 |
| Plastics | 190 | 190 | - | - |
| Unallocated corporate expenses | (631) | (502) | (129) | 25.7 |
| | 2,173 | 1,668 | 505 | 30.3 |

With our ornamental fish and accessories segments continue to experience growth in the revenue in the current quarter, operating profit from these two segments increased accordingly as compared to that of the 1st quarter of 2007.



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

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

2Q 2007 vs 1Q 2007 (cont'd)

Fish

With the growth in revenue from the increase in export of ornamental fish and from higher Dragon Fish sales, coupled with the stable profit margins contributions from our self-bred Dragon Fish, the operating profit from our ornamental fish activities increased by \$0.3 million or 18.4% in the current quarter as compared to the previous quarter.

Accessories

During the current quarter, profitability from our accessories business has improved accordingly with the higher revenue and profit yielded from our export business.

Plastics

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

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

Our Group's future growth depends on:

- increase in our export of ornamental fish;
- escalate our export of aquarium and pet accessories;
- continuous growth of our breeding and sales of Dragon Fish;
- expand pet accessories distribution network by leveraging on our own house-brands;
- ability to expand our distribution capabilities from owning the business to owning the customers; and
- enhance our production efficiency and research & development strengths.

Increase in our export of ornamental fish

Ornamental fish will continue to be an important core business activity of our Group. We are the only ornamental fish company in the world which is able to supply ornamental fish from four countries, namely Singapore, Malaysia, Thailand, and China. By exporting more fish to more customers and countries all over the world, while continue to expand the domestic distribution network of ornamental fish in the four countries mentioned above, we believe that there will be a positive contribution to our ornamental fish revenue moving forward. Currently, our Group export ornamental fish to more than 70 countries around the world.

Escalate our export of aquarium and pet accessories

With the acquisition of 20% stake in Arcadia Products PLC ("Arcadia") earlier this month, it will enable us to make our first foray into the European market. Arcadia has a sterling reputation for its high quality aquarium lighting products which are sold to a total of 90 specialists and general pet wholesalers in the United Kingdom, and are distributed to 55 countries around the world. Currently, we export our aquarium accessories to approximately 20 countries around the world but with limited presence in Europe. Through Arcadia, we plan to set up a marketing arm in



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10 **PROSPECTS (cont'd)**

London to further establish our aquarium and pet accessories products in the Europe continent. We aim to export our aquarium and pet accessories products to as many countries as our ornamental fish export. It is our intention to grow our accessories' revenue to be equivalent to that of the ornamental fish.

Continuous growth of our breeding and sales of Dragon Fish

China is a huge market for Dragon Fish, so is Taiwan and Japan. Based on the improved sales recorded, we envisage that our Dragon Fish sales will continue to increase in the coming years. Our collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish has enabled us to increase the production of Dragon Fish in our farms, and hence, enhance our Group's ability to meet the future growth in demand of Dragon Fish. Our "Qian Hu" Dragon Fish has gradually established itself as a premium brand in North East China.

Expand pet accessories distribution network by leveraging on our own house-brands

In view of the ever-growing pet (e.g. dogs, cats and small animals, etc) market all over the world, we have started to accelerate our pace of distribution of pet accessories worldwide from Singapore as well as through our overseas subsidiaries by leveraging on our own house-brands, namely "BARK" and "Nature Gift" for dogs' accessories products; "Aristo-cats YI HU" for cats' accessories products and "Delikate" for small animals'. We envisage that the pet accessories distribution business will grow to become a significant business activity within the Group in the future.

Ability to expand our distribution capabilities from owning the business to owning the customers

In a process of professionalizing a highly fragmented ornamental fish and aquarium & pets accessories retail market, we have since set up 12 retail chain stores throughout the region which provide better services, a wider product range in a visually-stimulating shopping environment, and thereby offering hobbyists and customers a different and more enjoyable shopping experience. We will continue to set up more of these retail chain stores in the future, especially in Malaysia.

In addition, we are enhancing our presence in China by increasing our distribution points in the country for our Dragon Fish and accessories products. The number of distribution points will continue to grow in Year 2007 as we intend to increase the number of our distribution agents in China to more than 100.

Enhance our production efficiency and research & development strengths

Our Guangzhou factory produces aquarium accessories products for our suppliers, our subsidiaries and our customers. With the increasing orders for our manufactured products, coupled with the transfer of Arcadia's production facilities from UK to our Guangzhou factory by next year, the production output from our Guangzhou factory is expected to increase; as such, it is essential to enhance our factory's production efficiency and to strengthen our research and development ("R&D") capabilities. Arcadia has more than 40 years of experience in pursuing R&D on their products. Our strategic stake in the company will enable us to significantly strengthen our R&D in developing and improving our aquarium accessories products.

With the increase in revenue from our ornamental fish operations, improvement in our accessories export business, coupled with the positive contributions from our Group's overseas operations in Malaysia, Thailand and China, accordingly, we expect our Group's revenue and profit will continue to increase in the 2nd half of 2007.



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11 **DIVIDEND**

Please refer to paragraph 1(e).

12 **SEGMENT INFORMATION**

(a) **Business segments**

| Group | 6 months ended 30 June 2007 | | | | |
|-------------------------------------|------------------------------------|--------------------|-----------------|---------------------|---------------|
| | Fish | Accessories | Plastics | Eliminations | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | |
| External revenue | 22,255 | 16,687 | 5,467 | - | 44,409 |
| Inter-segment revenue | 4,098 | 7,421 | 76 | (11,595) | - |
| Total Revenue | 26,353 | 24,108 | 5,543 | (11,595) | 44,409 |
| Results | | | | | |
| Segment results | 4,112 | 698 | 380 | (2) | 5,188 |
| Unallocated expenses | | | | | (945) |
| | | | | | 4,243 |
| Financial expenses - net | | | | | (402) |
| Profit before taxation | | | | | 3,841 |
| Taxation | | | | | (1,023) |
| Profit for the period | | | | | 2,818 |
| Net profit margin | 18.5% | 4.2% | 7.0% | | 6.3% |
| Assets and Liabilities | | | | | |
| Assets | 49,309 | 27,778 | 3,837 | - | 80,924 |
| Unallocated assets | | | | | 1,143 |
| Total Assets | | | | | 82,067 |
| Liabilities | 11,049 | 4,682 | 1,712 | - | 17,443 |
| Unallocated liabilities | | | | | 13,357 |
| Total Liabilities | | | | | 30,800 |
| Other Information | | | | | |
| Capital expenditure | 3,681 | 381 | 113 | - | 4,175 |
| Depreciation and amortisation | 625 | 424 | 84 | - | 1,133 |
| Other non-cash expenses (income) | 195 | 254 | (14) | - | 435 |



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

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

| Group | 6 months ended 30 June 2006 | | | | |
|-------------------------------|-----------------------------|-----------------------|--------------------|------------------------|-----------------|
| | Fish \$'000 | Accessories \$'000 | Plastics \$'000 | Eliminations \$'000 | Total \$'000 |
| Revenue | | | | | |
| External revenue | 19,483 | 12,496 | 4,449 | - | 36,428 |
| Inter-segment revenue | 4,168 | 3,678 | 75 | (7,921) | - |
| Total Revenue | 23,651 | 16,174 | 4,524 | (7,921) | 36,428 |
| Results | | | | | |
| Segment results | 3,002 | 509 | 265 | (132) | 3,644 |
| Unallocated expenses | | | | | (619) |
| | | | | | 3,025 |
| Financial expenses - net | | | | | (340) |
| Profit before taxation | | | | | 2,685 |
| Taxation | | | | | (889) |
| Profit for the period | | | | | 1,796 |
| Net profit margin | 15.4% | 4.1% | 6.0% | | 4.9% |
| Assets and Liabilities | | | | | |
| Assets | 41,643 | 26,644 | 3,639 | - | 71,926 |
| Unallocated assets | | | | | 1,194 |
| Total Assets | | | | | 73,120 |
| Liabilities | 9,980 | 3,362 | 1,646 | - | 14,988 |
| Unallocated liabilities | | | | | 11,390 |
| Total Liabilities | | | | | 26,378 |
| Other Information | | | | | |
| Capital expenditure | 2,745 | 137 | 132 | - | 3,014 |
| Depreciation and amortisation | 609 | 419 | 126 | - | 1,154 |
| Other non-cash expenses | 32 | 61 | (10) | - | 83 |



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

(b) **Geographical segments**

| Group | Revenue | | Assets | | Capital expenditure | |
|-----------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|--------------|
| | 6 months ended 30 Jun | | 6 months ended 30 Jun | | 6 months ended 30 Jun | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore | 13,516 | 11,496 | 26,287 | 23,986 | 37 | 245 |
| Other Asian countries | 19,092 | 16,534 | 55,780 | 49,134 | 4,138 | 2,769 |
| Europe | 8,095 | 5,448 | - | - | - | - |
| Others | 3,706 | 2,950 | - | - | - | - |
| Total | 44,409 | 36,428 | 82,067 | 73,120 | 4,175 | 3,014 |

13 **BREAKDOWN OF REVENUE**

| Revenue (Group) | Fish \$'000 | Accessories \$'000 | Plastics \$'000 | Total \$'000 |
|---|----------------|-----------------------|--------------------|-----------------|
| 2Q 2007 | | | | |
| Singapore (including domestic sales & sales to Singapore) | 2,121 | 2,052 | 2,685 | 6,858 |
| Overseas (including export to & sales in overseas) | 9,143 | 6,412 | 15 | 15,570 |
| Total revenue | 11,264 | 8,464 | 2,700 | 22,428 |
| 2Q 2006 | | | | |
| Singapore | 1,898 | 1,745 | 2,294 | 5,937 |
| Overseas | 7,870 | 4,372 | 110 | 12,352 |
| Total revenue | 9,768 | 6,117 | 2,404 | 18,289 |
| 6 months ended 30 Jun 2007 | | | | |
| Singapore (including domestic sales & sales to Singapore) | 4,255 | 3,892 | 5,369 | 13,516 |
| Overseas (including export to & sales in overseas) | 18,000 | 12,795 | 98 | 30,893 |
| Total revenue | 22,255 | 16,687 | 5,467 | 44,409 |
| 6 months ended 30 Jun 2006 | | | | |
| Singapore | 3,957 | 3,257 | 4,282 | 11,496 |
| Overseas | 15,526 | 9,239 | 167 | 24,932 |
| Total revenue | 19,483 | 12,496 | 4,449 | 36,428 |

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
23 July 2007