



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

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT**

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	Note	Group		Change %
		3 months ended 31 Mar		
		2008 \$'000	2007 \$'000	
Revenue		23,014	21,981	4.7
Cost of sales		(14,601)	(14,518)	0.6
<b>Gross profit</b>		<b>8,413</b>	<b>7,463</b>	<b>12.7</b>
Other operating income		35	66	(47.0)
		<b>8,448</b>	<b>7,529</b>	<b>12.2</b>
Selling & distribution expenses	i	(825)	(702)	17.5
General & administrative expenses	i	(5,303)	(4,969)	6.7
<b>Profit from operations</b>	ii	<b>2,320</b>	<b>1,858</b>	<b>24.9</b>
Financial income	iii	10	3	233.3
Financial expenses	iii	(235)	(193)	21.8
		<b>2,095</b>	<b>1,668</b>	<b>25.6</b>
Share of profit of associate		31	-	100.0
<b>Profit before taxation</b>		<b>2,126</b>	<b>1,668</b>	<b>27.5</b>
Taxation	iv	(518)	(435)	19.1
<b>Profit for the period</b>		<b>1,608</b>	<b>1,233</b>	<b>30.4</b>
Attributable to:				
<b>Equity holders of the Company</b>		<b>1,266</b>	<b>947</b>	<b>33.7</b>
Minority interests		342	286	19.6
		<b>1,608</b>	<b>1,233</b>	<b>30.4</b>
Gross profit margin		36.6%	34.0%	
Net profit margin		7.0%	5.6%	

**Notes to Statement of Profit and Loss**

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

The increase in operating expenses in the current period by approximately \$0.5 million as compared to its corresponding period in 2007 was mainly due to higher personnel expenses incurred as a result of annual salary revision and the increase in overall headcount of the Group. This was in line with the higher revenue contributions and the expansion of the Group's operations.



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**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>2008</b>	<b>2007</b>
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	18	18
- other auditors	6	6
Directors' fees		
- directors of the Company	10	10
Directors' remuneration		
- directors of the Company	249	202
- directors of subsidiaries	109	152
Amortisation of product listing fees	7	10
Bad trade receivables written off	2	-
Depreciation of		
- property, plant and equipment	469	475
- brooder stocks	116	83
Gain on disposal of property, plant and equipment	-	(29)
Allowance for		
- doubtful trade receivables	8	239
- inventory obsolescence	35	-
Operating lease expenses	281	254
Personnel expenses *	3,182	2,873
Exchange gain, net	(54)	(85)

\* Include directors' remuneration.

**(iii) Financial income**  
**Financial expenses**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2008</b>	<b>2007</b>
	\$'000	\$'000
Interest expenses		
- bank loans and overdrafts	161	126
- bills payable	64	57
- finance lease obligation	10	10
	<b>235</b>	<b>193</b>
Interest income		
- bank deposits	(10)	(3)
	<b>225</b>	<b>190</b>

Despite the lower interest rates, the increase in interest expenses in the current quarter as compared to its corresponding period in 2007 was mainly due to interest incurred on higher amount of bank borrowings during the period.



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

**(iv) Taxation**

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**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
	\$	\$	\$	\$
<b>Equity attributable to equity holders of the Company</b>				
Share capital	29,360,964	29,295,961	29,360,964	29,295,961
Reserves	19,976,767	18,701,650	11,319,322	10,859,010
	<b>49,337,731</b>	<b>47,997,611</b>	<b>40,680,286</b>	<b>40,154,971</b>
<b>Minority Interests</b>	7,985,060	7,635,185	-	-
<b>Total Equity</b>	<b>57,322,791</b>	<b>55,632,796</b>	<b>40,680,286</b>	<b>40,154,971</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	13,417,665	12,438,592	3,693,553	2,653,895
Brooder stocks	23,141,314	21,365,162	1,218,682	1,225,980
Investments in subsidiaries	-	-	11,152,586	11,152,586
Investment in associate	867,356	836,467	812,600	812,600
Intangible assets	2,138,702	2,139,436	173,082	173,816
<b>Current Assets</b>				
Inventories	21,749,519	22,008,603	6,685,583	6,715,116
Breeder stocks	1,420,870	1,420,870	245,800	245,800
Trade receivables	17,472,678	17,606,700	6,897,765	6,840,494
Other receivables, deposits and prepayments	1,678,839	1,835,473	446,585	578,626
Due from				
- subsidiaries (trade)	-	-	17,886,583	16,689,951
- subsidiaries (non-trade)	-	-	2,948,160	2,855,941
- associate (trade)	892,402	1,655,630	892,402	1,655,630
Fixed deposits	23,706	23,706	23,706	23,706
Cash and bank balances	6,614,725	7,492,720	4,130,145	4,744,282
	<b>49,852,739</b>	<b>52,043,702</b>	<b>40,156,729</b>	<b>40,349,546</b>
<b>Current Liabilities</b>				
Trade payables	6,530,184	7,356,060	3,152,524	2,740,663
Bills payable to banks (unsecured)	4,775,683	5,002,650	1,114,288	1,341,255
Other payables and accruals	4,050,938	4,782,181	3,138,941	3,763,148
Due to				
- subsidiaries (trade)	-	-	66,686	50,842
- subsidiaries (non-trade)	-	-	580,000	480,000
- minority shareholders of a subsidiary (non-trade)	786,024	869,356	-	-
Finance lease obligations	133,172	164,849	61,210	59,732
Bank term loans	7,857,093	7,357,093	7,600,000	7,100,000
Provision for taxation	957,828	775,093	575,941	469,275
Bank overdrafts (unsecured)	2,302,375	2,066,483	-	-
	<b>27,393,297</b>	<b>28,373,765</b>	<b>16,289,590</b>	<b>16,004,915</b>
<b>Net Current Assets</b>	22,459,442	23,669,937	23,867,139	24,344,631
<b>Non-Current Liabilities</b>				
Finance lease obligations	(299,363)	(331,987)	(102,356)	(73,537)
Bank term loans	(1,483,080)	(1,545,566)	-	-
Deferred taxation	(2,919,245)	(2,939,245)	(135,000)	(135,000)
<b>Net Assets</b>	<b>57,322,791</b>	<b>55,632,796</b>	<b>40,680,286</b>	<b>40,154,971</b>



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

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
Inventory turnover (days)	145	142	72	65
Trade receivables turnover (days)	69	67	50	53
Debt equity ratio	0.56	0.60	0.41	0.40

**Notes to Balance Sheets**

(1) The details of subsidiaries are as follows:

<b>Name</b>	<b>Effective equity interest held by the Group</b>		<b>Cost of investment by the Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
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 (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
			<b>11,152,586</b>	<b>11,152,586</b>

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



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

(2) The details of associate are as follows:

Name	Group		Company	
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	\$	\$	\$	\$
Unquoted equity investment - Arcadia Product PLC	812,600	812,600	812,600	812,600
Share of post-acquisition profit	54,756	23,867	-	-
	<u>867,356</u>	<u>836,467</u>	<u>812,600</u>	<u>812,600</u>

In July 2007, the Company acquired a 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.

(3) Intangible assets comprise:

	Group		Company	
	31 Mar 2008	31 Dec 2007	31 Mar 2008	31 Dec 2007
	\$	\$	\$	\$
Trademarks/customer acquisition costs	749,247	743,059	731,684	725,497
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,965,620	1,965,620	-	-
	<u>2,911,020</u>	<u>2,904,832</u>	<u>927,837</u>	<u>921,650</u>
Less accumulated amortisation	(772,318)	(765,396)	(754,755)	(747,834)
	<u>2,138,702</u>	<u>2,139,436</u>	<u>173,082</u>	<u>173,816</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 and were no longer amortised but subjected 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, 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. 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*, the Group discontinued amortisation of goodwill on consolidation. The remaining goodwill balance is subject to annual impairment testing.



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

(4) Inventories comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
	\$	\$	\$	\$
Fish	6,610,855	7,800,580	2,597,972	2,979,900
Accessories	14,678,981	13,627,378	4,444,909	4,057,776
Plastics products - raw materials	348,878	500,293	-	-
Plastics products - finished goods	561,893	496,702	-	-
	<u>22,200,607</u>	<u>22,424,953</u>	<u>7,042,881</u>	<u>7,037,676</u>
Less allowance for inventory obsolescence	(451,088)	(416,350)	(357,298)	(322,560)
	<u>21,749,519</u>	<u>22,008,603</u>	<u>6,685,583</u>	<u>6,715,116</u>

The increase in accessories inventory balance as at 31 March 2008 was mainly due to higher raw materials and finished goods held in our Guangzhou factory for production orders and delivery due in the 2<sup>nd</sup> quarter of 2008.

(5) Trade receivables comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
	\$	\$	\$	\$
Trade receivables	19,549,877	19,676,399	8,666,925	8,609,654
Less allowance for doubtful trade receivables	(2,077,199)	(2,069,699)	(1,769,160)	(1,769,160)
	<u>17,472,678</u>	<u>17,606,700</u>	<u>6,897,765</u>	<u>6,840,494</u>

The amount of trade receivables remained relatively constant during both periods. The Group typically grants existing customers credit terms of 30 to 90 days.



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

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
	\$	\$	\$	\$
Due within 1 year:				
Short term loans (unsecured)	7,600,000	7,100,000	7,600,000	7,100,000
Long-term loans, current portion				
- secured	29,826	29,826	-	-
- unsecured	227,267	227,267	-	-
	257,093	257,093	-	-
	<u>7,857,093</u>	<u>7,357,093</u>	<u>7,600,000</u>	<u>7,100,000</u>
Due after 1 year:				
Long-term loans				
- secured	104,053	111,276	-	-
- unsecured	1,379,027	1,434,290	-	-
	1,483,080	1,545,566	-	-
	<u>9,340,173</u>	<u>8,902,659</u>	<u>7,600,000</u>	<u>7,100,000</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 2.50% to 3.87% (31/12/2007: 3.81% to 4.19%) 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 8.00% (31/12/2007: 8.00%) 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% (31/12/2007: 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% (31/12/2007: 8.25%) per annum and is repayable in 120 monthly instalments commencing March 2007.

As at 31 March 2008, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$9.6 million (31/12/2007: \$9.6 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.





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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before taxation and minority interests	2,126,093	1,668,269
Adjustments for:		
Bad trade receivables written off	1,684	-
Depreciation of		
- property, plant and equipment	469,104	475,287
- brooder stocks	116,098	82,644
Loss (Gain) on disposal of property, plant and equipment	275	(29,341)
Property, plant and equipment written off	-	378
Amortisation of product listing fees	6,922	10,202
Allowance for		
- doubtful trade receivables	7,500	239,394
- inventory obsolescence	34,739	-
Share of profit of associate	(30,889)	-
Financial expenses	235,575	193,256
Financial income	(10,344)	(3,103)
<b>Operating profit before working capital changes</b>	<b>2,956,757</b>	<b>2,636,986</b>
Decrease (Increase) in:		
Inventories	203,198	(234,020)
Trade receivables	146,561	(1,027,166)
Other receivables, deposits and prepayments	273	109,954
Due from associate (trade)	763,228	-
(Decrease) Increase in:		
Trade payables	(831,521)	581,007
Bills payable to banks	(226,967)	(501,252)
Other payables and accruals	(742,432)	(280,838)
<b>Cash generated from operations</b>	<b>2,269,097</b>	<b>1,284,671</b>
Payment of income tax	(198,049)	(151,432)
<b>Net cash generated from operating activities</b>	<b>2,071,048</b>	<b>1,133,239</b>
<b>Cash flows from investing activities</b>		
Purchase of		
- property, plant and equipment	(1,401,464)	(1,151,464)
- brooder stocks	(1,892,250)	(886,204)
Proceeds from disposal of property, plant and equipment	14,692	40,679
Payment for trademarks/customer acquisition costs	(6,188)	(3,491)
Interest received	10,344	3,103
<b>Net cash used in investing activities</b>	<b>(3,274,866)</b>	<b>(1,997,377)</b>



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2008 (cont'd)**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares	65,003	-
Drawdown of bank term loans	500,000	1,100,000
Repayment of		
- finance lease obligations	(118,122)	(60,969)
- bank term loans	(62,486)	(191,137)
- loans from minority shareholders of a subsidiary	(83,332)	(125,422)
Interest paid	(229,697)	(150,392)
<b>Net cash generated from financing activities</b>	<b>71,366</b>	<b>572,080</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,132,452)</b>	<b>(292,058)</b>
Cash and cash equivalents at beginning of period	5,449,943	5,467,328
Effect of exchange rate changes on cash balances held in foreign currencies	18,565	62,530
<b>Cash and cash equivalents at end of period (Note i)</b>	<b>4,336,056</b>	<b>5,237,800</b>

**Notes to Statement of Cash Flows**

(i) Cash and cash equivalents comprise:

	<b>Group</b>	
	<b>31 Mar 2008</b>	<b>31 Mar 2007</b>
	\$	\$
Fixed deposits	23,706	23,706
Cash and bank balances	6,614,725	6,342,006
Bank overdrafts	(2,302,375)	(1,127,912)
	<b>4,336,056</b>	<b>5,237,800</b>

(ii) The improvement in the Group's **net cash generated from operating activities** on a quarter-on-quarter basis was due to higher operating profit generated for the quarter ended 31 March 2008 as compared to its corresponding period in 2007. In addition, we were able to better manage our cash flow by realising our inventory and receivables balances into cash balances for the settlement of trade and other payables.

**Net cash used in investing activities** was mainly related to the purchase of brooder stocks in Kim Kang Aquaculture Sdn Bhd amounting to approximately \$1.9 million and capital expenditure incurred for the expansion of our Dragon Fish breeding facilities in Singapore, as well as on-going enhancement to the infrastructure and farm facilities in overseas entities.

**Net cash generated from financing activities** for the 1<sup>st</sup> quarter of 2008 was related to cash proceeds from the drawdown of an additional bank loan granted by a financial institution to finance the capital expenditure incurred. The amount was partially offset by repayment made to minority shareholders of a subsidiary and the settlement of finance lease obligations 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					
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Minority interests \$	Total Equity \$
<b>Balance at 1 Jan 2007</b>	18,997,444	24,076,821	(587,474)	42,486,791	6,264,461	48,751,252
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 income for the period	-	946,524	131,854	1,078,378	237,067	1,315,445
<b>Balance at 31 Mar 2007</b>	18,997,444	25,023,345	(455,620)	43,565,169	6,501,528	50,066,697
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 income 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)
<b>Balance at 30 Jun 2007</b>	18,997,444	25,544,644	(362,892)	44,179,196	6,965,817	51,145,013
Net loss recognised directly in equity:						
- Currency translation differences	-	-	(172,762)	(172,762)	(81,660)	(254,422)
Profit for the period	-	1,268,416	-	1,268,416	312,179	1,580,595
Total recognised income (expense) for the period	-	1,268,416	(172,762)	1,095,654	230,519	1,326,173
Issue of new shares	9,720,045	-	-	9,720,045	-	9,720,045
Payment of special interim dividend	-	(9,095,235)	-	(9,095,235)	-	(9,095,235)
<b>Balance at 30 Sep 2007</b>	28,717,489	17,717,825	(535,654)	45,899,660	7,196,336	53,095,996
Net gain (loss) recognised directly in equity:						
- Currency translation differences	-	-	(58,396)	(58,396)	98,130	39,734
Profit for the period	-	1,577,875	-	1,577,875	340,719	1,918,594
Total recognised income (expense) for the period	-	1,577,875	(58,396)	1,519,479	438,849	1,958,328
Issue of new shares	774,042	-	-	774,042	-	774,042
Share issuance expenses	(195,570)	-	-	(195,570)	-	(195,570)
<b>Balance at 31 Dec 2007</b>	29,295,961	19,295,700	(594,050)	47,997,611	7,635,185	55,632,796
Net gain recognised directly in equity:						
- Currency translation differences	-	-	9,524	9,524	7,310	16,834
Profit for the period	-	1,265,593	-	1,265,593	342,565	1,608,158
Total recognised income for the period	-	1,265,593	9,524	1,275,117	349,875	1,624,992
Issue of new shares	65,003	-	-	65,003	-	65,003
<b>Balance at 31 Mar 2008</b>	29,360,964	20,561,293	(584,526)	49,337,731	7,985,060	57,322,791



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

Company	Share capital \$	Accumulated profits \$	Total \$
<b>Balance at 1 Jan 2007</b>	18,997,444	18,042,095	37,039,539
Total recognised income for the period:			
- Profit for the period	-	613,542	613,542
<b>Balance at 31 Mar 2007</b>	18,997,444	18,655,637	37,653,081
Total recognised income for the period:			
- Profit for the period	-	505,085	505,085
Payment of first and final dividend	-	(634,054)	(634,054)
<b>Balance at 30 Jun 2007</b>	18,997,444	18,526,668	37,524,112
Total recognised income for the period:			
- Profit for the period	-	1,146,581	1,146,581
Issue of new shares	9,720,045	-	9,720,045
Payment of special interim dividend	-	(9,095,235)	(9,095,235)
<b>Balance at 30 Sep 2007</b>	28,717,489	10,578,014	39,295,503
Total recognised income for the period:			
- Profit for the period	-	280,996	280,996
Issue of new shares	774,042	-	774,042
Share issuance expenses	(195,570)	-	(195,570)
<b>Balance at 31 Dec 2007</b>	29,295,961	10,859,010	40,154,971
Total recognised income for the period:			
- Profit for the period	-	460,312	460,312
Issue of new shares	65,003	-	65,003
<b>Balance at 31 Mar 2008</b>	29,360,964	11,319,322	40,680,286

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

Share capital	Number of shares	\$
<b>Ordinary shares issued and fully paid</b>		
Balance as at 1 Jan 2008	411,911,279	29,295,961
Issue of new shares		
- Exercise of warrants issued	1,857,240	65,003
Balance as at 31 Mar 2008	413,768,519	29,360,964

As at 31 March 2008, there were no (31/12/2007: Nil) 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.

The Company issued 64,965,868 warrants in September 2007, of which 22,115,477 were exercised by warrant holders to subscribe for 22,115,477 new ordinary shares of the Company at the exercise price of \$0.035 per share as at 31 December 2007. During the 1<sup>st</sup> quarter of 2008, an additional 1,857,240 warrants issued were exercised by warrant holders to subscribe for 1,857,240 new shares of the Company. Accordingly, there were 40,993,151 warrants outstanding as at 31 March 2008.



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1(e) **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 first quarter ended 31 March 2008 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  
21 April 2008

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 2007.

5 **CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2008</b>	<b>2007</b>
EPS (based on consolidated net profit attributable to shareholders)		
- on weighted average number of ordinary shares on issue (cents)	0.31	0.27
- on a fully diluted basis (cents)	0.28	0.23

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 413,396,196 (31/3/2007: 355,300,149 restated).

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 444,927,685 (31/3/2007: 408,057,666 restated).



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7 **NET ASSET VALUE PER SHARE**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>	<b>31 Mar 2008</b>	<b>31 Dec 2007</b>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	13.85	13.51	9.10	9.75

Net asset value per share is computed based on the number of issued shares of 413,768,519 as at 31 March 2008 (31/12/2007: 411,911,279).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

**1Q 2008 vs 1Q 2007**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>1Q 2008</b>	<b>1Q 2007</b>	<b>\$'000</b>	<b>%</b>
Fish	11,644	10,991	653	5.9
Accessories	8,749	8,223	526	6.4
Plastics	2,621	2,767	(146)	(5.3)
	<b>23,014</b>	<b>21,981</b>	<b>1,033</b>	<b>4.7</b>

Our revenue increased by approximately \$1.0 million or 4.7% from approximately \$22.0 million in the 1<sup>st</sup> quarter of 2007 to \$23.0 million in the 1<sup>st</sup> quarter of 2008.

On a geographical basis, revenue from Singapore registered flat growth while overseas grew by 7.0% in the 1<sup>st</sup> quarter of 2008 as compared to its corresponding period in 2007. Both the Singapore and overseas operations' constant effort in expanding our distribution network into overseas untapped markets contributed to the increase in overseas revenue.

**Fish**

Dragon Fish sales continue to grow in tandem with our other ornamental fish revenue in the current quarter. Our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore, Malaysia and Thailand, has given rise to the improved ornamental fish revenue in the current quarter as compared to its corresponding period in 2007.

**Accessories**

With our accessories business being more export-oriented, we managed to leverage on our Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential. Our subsidiaries in Malaysia, Thailand and China also managed to expand their distribution network in those countries to capture more sales in the current quarter as compared to its corresponding period in 2007.



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

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

**1Q 2008 vs 1Q2007 (cont'd)**

**Plastics**

Revenue from plastics activities registered a marginal decline of \$0.1 million or 5.3% in the current quarter as compared to its corresponding period in 2007 was due to lower sales of plastic products to the electronic sector in the current quarter. On the other hand, we foresee that the demand of our plastic products from the food industries and our plastic export business will gradually escalate in the coming quarters, which should have a positive impact on our plastics revenue moving forward.

**1Q 2008 vs 4Q 2007**

	<b>Group</b>		<b>Increase</b>	
	<b>1Q 2008</b>	<b>4Q 2007</b>	<b>(Decrease)</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	11,644	11,603	41	0.4
Accessories	8,749	10,198	(1,449)	(14.2)
Plastics	2,621	2,822	(201)	(7.1)
	<b>23,014</b>	<b>24,623</b>	<b>(1,609)</b>	<b>(6.5)</b>

Although the revenue from our ornamental fish activities registered flat growth in the 1<sup>st</sup> quarter of 2008 compared to 4<sup>th</sup> quarter of 2007, the decrease in our accessories and plastic revenue of \$1.6 million has led to a decrease in our overall revenue in the current quarter as compared to the previous quarter.

**Fish**

During the 1<sup>st</sup> quarter of 2008, our ornamental fish export sales from Singapore, Malaysia and Thailand has generated higher revenue with more new markets. In addition, with the consistent demand for our Dragon Fish in both the domestic and overseas markets, we continue to record stable revenue from ornamental fish as comparable to that of the previous quarter.

**Accessories**

The reduction in accessories revenue by \$1.4 million or 14.2% in the current quarter as compared to the previous quarter was mainly as a result of lower revenue contribution from our Guangzhou factory due to the week-long Chinese New Year holidays during which it was closed for production. In addition, there were more deliveries made to our OEM customers towards the end of the year (previous quarter) to meet the demand for the year-end festive season which has resulted in the exceptional high revenue attained in the 4<sup>th</sup> quarter of 2007.

**Plastics**

As mentioned above, our plastic business has experienced a slight drop in revenue in the current quarter as compared to that of the previous quarter mainly due to reduction in demand of our plastic products from the electronic sector.



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

(b) **Profitability**

**1Q 2008 vs 1Q 2007**

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>1Q</u>	<u>(Decrease)</u>	
	<u>2008</u>	<u>2007</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	2,307	1,799	508	28.2
Accessories	446	181	265	146.4
Plastics	158	190	(32)	(16.8)
Unallocated corporate expenses	(785)	(502)	(283)	56.4
	<u>2,126</u>	<u>1,668</u>	<u>458</u>	<u>27.5</u>

With the overall increase in revenue, our operating profit in the 1<sup>st</sup> quarter of 2008 was approximately \$0.5 million or 27.5% higher than that of its corresponding period in 2007, with contribution mainly from the ornamental fish business.

**Fish**

Our operating profit from the ornamental fish activities increased by approximately \$0.5 million or 28.2% from \$1.8 million to \$2.3 million in the 1<sup>st</sup> quarter of 2008 as compared to its corresponding period in 2007 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 continue to make 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.

**Plastics**

Operating profit from our plastics activities decrease on a quarter-on-quarter basis which was in line with the marginal reduction in revenue. Our plastics activities managed to generate consistent profit margins as compared to its corresponding period in 2007.

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 more overseas markets.





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

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

**1Q 2008 vs 4Q 2007**

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>4Q</u>	<u>(Decrease)</u>	
	<u>2008</u>	<u>2007</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	2,307	2,316	(9)	(0.4)
Accessories	446	614	(168)	(27.4)
Plastics	158	130	28	21.5
Unallocated corporate expenses	(785)	(919)	134	(14.6)
	<u>2,126</u>	<u>2,141</u>	<u>(15)</u>	<u>(0.7)</u>

**Fish**

The operating profit from our ornamental fish activities remained relatively consistent for both periods which were in accordance with the stable revenue contributions.

**Accessories**

The reduction in profit contribution from accessories business was also in line with the decline in revenue in the current quarter as compare to the previous quarter.

**Plastics**

Notwithstanding the decrease in revenue in the current quarter, our operating profit from plastic activities was higher than that of the previous quarter as we managed to recoup our profit margin which was eroded as a result of increasing raw material (resins) prices during the previous quarter.

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 to more than 80 countries globally;
- escalation of our export of aquarium and pet accessories;
- continued growth of our breeding and sales of Dragon Fish;
- expansion of our 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;
- increase in our distribution points in China from 100 points to 150 points; and
- enhancement of our production efficiency and our strength in research & development.



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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. 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 current year.

11 **SEGMENT INFORMATION**

(a) **Business segments**

Group	3 months ended 31 Mar 2008				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
<b>Revenue</b>					
External revenue	11,644	8,749	2,621	-	23,014
Inter-segment revenue	1,581	2,284	50	(3,915)	-
<b>Total Revenue</b>	<b>13,225</b>	<b>11,033</b>	<b>2,671</b>	<b>(3,915)</b>	<b>23,014</b>
<b>Results</b>					
Segment results	2,426	439	158	(8)	3,015
Unallocated expenses					(695)
					2,320
Financial expenses - net					(225)
					2,095
Share of profit of associate					31
Profit before taxation					2,126
Taxation					(518)
<b>Profit for the period</b>					<b>1,608</b>
<b>Net profit margin</b>	<b>20.8%</b>	<b>5.0%</b>	<b>6.0%</b>		<b>7.0%</b>
<b>Assets and Liabilities</b>					
Segment assets	55,421	27,424	3,572	-	86,417
Investment in associate					1,759
Unallocated assets					1,242
<b>Total Assets</b>					<b>89,418</b>
Segments liabilities	11,133	4,151	1,255	-	16,539
Unallocated liabilities					15,556
<b>Total Liabilities</b>					<b>32,095</b>
<b>Other Segment Information</b>					
Capital expenditure	3,293	40	11	-	3,344
Depreciation and amortisation	359	191	42	-	592
Other non-cash expenses	2	34	8	-	44



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

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

Group	3 months ended 31 Mar 2007				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	Total \$'000
<b>Revenue</b>					
External revenue	10,991	8,223	2,767	-	21,981
Inter-segment revenue	2,265	3,202	38	(5,505)	-
<b>Total Revenue</b>	<b>13,256</b>	<b>11,425</b>	<b>2,805</b>	<b>(5,505)</b>	<b>21,981</b>
<b>Results</b>					
Segment results	1,877	194	190	(2)	2,259
Unallocated expenses					(401)
					1,858
Financial expenses - net					(190)
Profit before taxation					1,668
Taxation					(435)
<b>Profit for the period</b>					<b>1,233</b>
<b>Net profit margin</b>	<b>17.1%</b>	<b>2.4%</b>	<b>6.9%</b>		<b>5.6%</b>
<b>Assets and Liabilities</b>					
Segment assets	47,827	26,763	3,294	-	77,884
Unallocated assets					1,137
<b>Total Assets</b>					<b>79,021</b>
Segment liabilities	11,363	3,434	1,231	-	16,028
Unallocated liabilities					12,804
<b>Total Liabilities</b>					<b>28,832</b>
<b>Other Segment Information</b>					
Capital expenditure	2,005	35	20	-	2,060
Depreciation and amortisation	313	213	42	-	568
Other non-cash expenses (income)	115	104	(9)	-	210



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

(b) **Geographical segments**

Group	Revenue		Assets		Capital expenditure	
	3 months ended 31 Mar		3 months ended 31 Mar		3 months ended 31 Mar	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	6,619	6,658	27,087	25,227	1,203	37
Other Asian countries	9,858	9,965	60,572	53,794	2,141	2,023
Europe	4,412	3,819	1,759	-	-	-
Others	2,125	1,539	-	-	-	-
<b>Total</b>	<b>23,014</b>	<b>21,981</b>	<b>89,418</b>	<b>79,021</b>	<b>3,344</b>	<b>2,060</b>

12 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
<b>3 months ended 31 Mar 2008</b>				
Singapore (including domestic sales & sales to Singapore)	2,052	2,014	2,553	6,619
Overseas (including export to & sales in overseas)	9,592	6,735	68	16,395
<b>Total Revenue</b>	<b>11,644</b>	<b>8,749</b>	<b>2,621</b>	<b>23,014</b>
<b>3 months ended 31 Mar 2007</b>				
Singapore	2,134	1,840	2,684	6,658
Overseas	8,857	6,383	83	15,323
<b>Total Revenue</b>	<b>10,991</b>	<b>8,223</b>	<b>2,767</b>	<b>21,981</b>

13 **DIVIDEND**

No interim dividend for the quarter ended 31 March 2008 is recommended.

14 **INTERESTED PERSON TRANSACTION**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the quarter ended 31 March 2008.

**BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman and Managing Director  
21/04/2008