



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

THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Note	Group			Group		
		3 months ended 30 Sep		Change %	9 months ended 30 Sep		Change %
		2008 \$'000	2007 \$'000		2008 \$'000	2007 \$'000	
Revenue		23,613	22,688	4.1	70,203	67,097	4.6
Cost of sales		(15,328)	(14,677)	4.4	(45,193)	(43,463)	4.0
Gross profit		8,285	8,011	3.4	25,010	23,634	5.8
Other operating income		48	33	45.5	126	193	(34.7)
		8,333	8,044	3.6	25,136	23,827	5.5
Selling & distribution expenses	i	(582)	(827)	(29.6)	(2,166)	(2,328)	(7.0)
General & administrative expenses	i	(5,143)	(5,074)	1.4	(15,440)	(15,113)	2.2
Profit from operations	ii	2,608	2,143	21.7	7,530	6,386	17.9
Financial income	iii	5	2	150.0	18	6	200.0
Financial expenses	iii	(214)	(226)	(5.3)	(659)	(632)	4.3
		2,399	1,919	25.0	6,889	5,760	19.6
Share of (losses) profit of associate		(42)	18	(333.3)	(40)	18	(322.2)
Profit before taxation		2,357	1,937	21.7	6,849	5,778	18.5
Taxation	iv	(465)	(357)	30.3	(1,500)	(1,380)	8.7
Profit for the period		1,892	1,580	19.7	5,349	4,398	21.6
Attributable to:							
Equity holders of the Company		1,533	1,268	20.9	4,307	3,370	27.8
Minority interests		359	312	15.1	1,042	1,028	1.4
		1,892	1,580	19.7	5,349	4,398	21.6
Gross profit margin		35.1%	35.3%		35.6%	35.2%	
Net profit margin		8.0%	7.0%		7.6%	6.6%	

Notes to Statement of Profit and Loss

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

The marginal increase in operating expenses in the 9 months ended 30 September 2008 by approximately \$0.2 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:

	Group		Group	
	3 months ended 30 Sep 2008	2007	9 months ended 30 Sep 2008	2007
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
- auditors of the Company	18	18	54	57
- other auditors	6	6	16	17
Non-audit fees				
- other auditors	4	7	19	24
Directors' fees				
- directors of the Company	15	10	40	28
Directors' remuneration				
- directors of the Company	289	273	838	677
- directors of subsidiaries	140	167	388	529
Amortisation of product listing fees	3	10	15	31
Bad trade receivables				
- written off	1	-	7	-
- recovered	-	-	(17)	-
Depreciation of				
- property, plant and equipment	480	453	1,416	1,392
- brooder stocks	132	94	371	267
Property, plant and equipment written off	6	1	6	1
Gain on disposal of				
- property, plant and equipment	(14)	(16)	(40)	(92)
- quoted equity investment	-	1	-	1
Allowance for (Write back of)				
- doubtful trade receivables	33	73	99	501
- inventory obsolescence	(21)	30	14	113
Operating lease expenses	150	247	682	740
Personnel expenses *	3,140	2,940	9,241	8,612
Exchange gain, net	(145)	(53)	(284)	(333)

* Include directors' remuneration.

(iii) **Financial income**
Financial expenses

	Group		Group	
	3 months ended 30 Sep 2008	2007	9 months ended 30 Sep 2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest expenses				
- bank loans and overdrafts	147	149	451	419
- bills payable	57	69	180	187
- finance lease obligation	10	8	28	26
	214	226	659	632
Interest income				
- bank deposits	(5)	(2)	(18)	(6)
Net financial expenses	209	224	641	626



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

(iii) **Financial income (cont'd)**
Financial expenses (cont'd)

The higher amount of bank borrowings outstanding during the 9 months ended 30 September 2008 has resulted in the increase in interest expenses as compared to its corresponding period in 2007. However, due to the continuous fall in interest rate since December 2007, the interest expenses in the 3rd quarter of 2008 were lower than that of its corresponding period in 2007.

(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.



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1(b)(i) **BALANCE SHEETS**

	Group		Company	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	\$	\$	\$	\$
Equity attributable to equity holders of the Company				
Share capital	29,411,915	29,295,961	29,411,915	29,295,961
Reserves	22,524,426	18,701,650	12,747,168	10,859,010
	51,936,341	47,997,611	42,159,083	40,154,971
Minority Interests	8,862,880	7,635,185	-	-
Total Equity	60,799,221	55,632,796	42,159,083	40,154,971
Non-Current Assets				
Property, plant and equipment	14,145,058	12,438,592	4,455,184	2,653,895
Brooder stocks	25,748,499	21,365,162	1,204,088	1,225,980
Investments in subsidiaries	-	-	11,991,086	11,152,586
Investment in associate	796,861	836,467	812,600	812,600
Intangible assets	2,173,142	2,139,436	207,522	173,816
Current Assets				
Inventories	22,803,953	22,008,603	7,074,469	6,715,116
Breeder stocks	1,420,870	1,420,870	245,800	245,800
Trade receivables	18,373,406	17,606,700	7,039,865	6,840,494
Other receivables, deposits and prepayments	1,672,590	1,835,473	570,032	578,626
Due from				
- subsidiaries (trade)	-	-	18,352,294	16,689,951
- subsidiaries (non-trade)	-	-	2,748,112	2,855,941
- associate (trade)	692,678	1,655,630	692,678	1,655,630
Fixed deposits	23,706	23,706	23,706	23,706
Cash and bank balances	7,883,305	7,492,720	5,064,142	4,744,282
	52,870,508	52,043,702	41,811,098	40,349,546
Current Liabilities				
Trade payables	7,643,230	7,356,060	3,020,893	2,740,663
Bills payable to banks (unsecured)	4,435,200	5,002,650	900,060	1,341,255
Other payables and accruals	4,653,420	4,782,181	3,568,862	3,763,148
Due to				
- subsidiaries (trade)	-	-	99,966	50,842
- subsidiaries (non-trade)	-	-	160,000	480,000
- minority shareholders of a subsidiary (non-trade)	147,000	869,356	-	-
Finance lease obligations	154,373	164,849	72,703	59,732
Bank term loans	9,998,228	7,357,093	9,750,000	7,100,000
Provision for taxation	1,007,886	775,093	488,795	469,275
Bank overdrafts (unsecured)	1,968,220	2,066,483	-	-
	30,007,557	28,373,765	18,061,279	16,004,915
Net Current Assets	22,862,951	23,669,937	23,749,819	24,344,631
Non-Current Liabilities				
Finance lease obligations	(362,819)	(331,987)	(126,216)	(73,537)
Bank term loans	(1,727,855)	(1,545,566)	-	-
Deferred taxation	(2,836,616)	(2,939,245)	(135,000)	(135,000)
Net Assets	60,799,221	55,632,796	42,159,083	40,154,971



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

	Group		Company	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
Inventory turnover (days)	144	142	79	65
Trade receivables turnover (days)	70	67	54	53
Debt equity ratio	0.57	0.60	0.43	0.40

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 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	%	%	\$	\$
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	8,538,391 **	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
			11,991,086	11,152,586

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

** In June 2008, the Company subscribed for its share of the increase in Kim Kang's share capital.



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Notes to Balance Sheets (cont'd)

(2) The details of associate are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>
	\$	\$	\$	\$
Unquoted equity investment				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
Share of post-acquisition (loss) profit	(15,739)	23,867	-	-
	<u>796,861</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, it was agreed that if Arcadia achieves a net profit after tax (“PAT”) of not less than £400K (the “Required PAT”) in respect of Arcadia’s financial year ended 30 June 2008 (“FY 2008”), 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”) will be paid. As Arcadia did not achieve the Required PAT 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:

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>
	\$	\$	\$	\$
Trademarks/customer acquisition costs	792,229	743,059	774,667	725,497
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,965,620	1,965,620	-	-
	<u>2,954,002</u>	<u>2,904,832</u>	<u>970,820</u>	<u>921,650</u>
Less accumulated amortisation	(780,860)	(765,396)	(763,298)	(747,834)
	<u>2,173,142</u>	<u>2,139,436</u>	<u>207,522</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:

	Group		Company	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	\$	\$	\$	\$
Fish	7,263,082	7,800,580	3,119,210	2,979,900
Accessories	15,214,161	13,627,378	4,291,557	4,057,776
Plastics products - raw materials	175,595	500,293	-	-
Plastics products - finished goods	581,203	496,702	-	-
	<u>23,234,041</u>	<u>22,424,953</u>	<u>7,410,767</u>	<u>7,037,676</u>
Less allowance for inventory obsolescence	(430,088)	(416,350)	(336,298)	(322,560)
	<u>22,803,953</u>	<u>22,008,603</u>	<u>7,074,469</u>	<u>6,715,116</u>

The increase in accessories inventory balance as at 30 September 2008 was mainly due to higher raw materials and finished goods held in our Guangzhou factory for production orders and delivery due in the coming quarter.

(5) Trade receivables comprise:

	Group		Company	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	\$	\$	\$	\$
Trade receivables	20,528,717	19,676,399	8,853,318	8,609,654
Less allowance for doubtful trade receivables	(2,155,311)	(2,069,699)	(1,813,453)	(1,769,160)
	<u>18,373,406</u>	<u>17,606,700</u>	<u>7,039,865</u>	<u>6,840,494</u>

The increase in trade receivables balance as at 30 September 2008 was mainly due to higher revenue registered during the first 9 months of 2008. Trade receivables turnover has 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**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>
	\$	\$	\$	\$
Due within 1 year:				
Short term loans (unsecured)	9,750,000	7,100,000	9,750,000	7,100,000
Long-term loans, current portion				
- secured	28,798	29,826	-	-
- unsecured	219,430	227,267	-	-
	248,228	257,093	-	-
	<u>9,998,228</u>	<u>7,357,093</u>	<u>9,750,000</u>	<u>7,100,000</u>
Due after 1 year:				
Long-term loans				
- secured	86,083	111,276	-	-
- unsecured	1,641,772	1,434,290	-	-
	1,727,855	1,545,566	-	-
	<u>11,726,083</u>	<u>8,902,659</u>	<u>9,750,000</u>	<u>7,100,000</u>

The proceeds from the additional bank borrowings was mainly utilised for capital expenditure in relation to the expansion of our Dragon Fish breeding and farming facilities in Singapore and Malaysia.

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 2.80% to 3.81% (31/12/2007: 3.81% to 4.19%) per annum and are repayable within the next 12 months from the balance sheet date.

The long-term loans, taken by a subsidiary, 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% (31/12/2007: 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;
- 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; and
- a 5-year unsecured bank loan of RM3.0 million, of which RM1.0 million was drawdown as at 30 September 2008, bears interest at 7.75% (31/12/2007: Nil) per annum and is repayable in 60 monthly instalments commencing upon the full drawdown of the loan.

As at 30 September 2008, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$10.5 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group		Group	
	3 months ended 30 Sep 2008	2007	9 months ended 30 Sep 2008	2007
	\$	\$	\$	\$
Cash flows from operating activities				
Profit before taxation and minority interests	2,357,113	1,937,586	6,849,542	5,778,365
Adjustments for:				
Bad trade receivables				
- written off	693	138	6,657	176
- recovered	(280)	-	(16,880)	-
Depreciation of				
- property, plant and equipment	479,603	452,629	1,416,167	1,392,047
- brooder stocks	131,958	93,939	370,549	267,110
(Gain) Loss on disposal of				
- property, plant and equipment	(13,730)	(16,319)	(40,447)	(92,103)
- quoted equity investment	-	1,032	-	1,032
Property, plant and equipment written off	6,026	1,116	6,092	1,498
Amortisation of product listing fees	3,356	10,202	15,464	30,606
Allowance for (Write back of)				
- doubtful trade receivables	33,169	72,931	99,190	500,688
- inventory obsolescence	(21,001)	30,000	13,738	113,000
Share of losses (profit) of associate	41,526	(18,475)	39,606	(18,475)
Financial expenses	213,777	225,295	658,978	631,636
Financial income	(4,292)	(986)	(17,583)	(5,560)
Operating profit before working capital changes	3,227,918	2,789,088	9,401,073	8,600,020
(Increase) Decrease in:				
Inventories	(369,199)	644,751	(981,769)	(297,471)
Trade receivables	(327,497)	(650,183)	(786,478)	(2,741,156)
Other receivables, deposits and prepayments	(48,073)	(166,507)	(85,220)	(36,926)
Due from associates (trade)	167,102	-	962,952	-
Increase (Decrease) in:				
Trade payables	827,680	27,680	275,681	943,464
Bills payable to banks	(317,337)	(713,058)	(441,195)	(547,446)
Other payables and accruals	(509,599)	401,817	(94,632)	259,108
Cash generated from operations	2,650,995	2,333,588	8,250,412	6,179,593
Payment of income tax	(417,487)	(380,413)	(1,061,136)	(948,029)
Net cash generated from operating activities	2,233,508	1,953,175	7,189,276	5,231,564
Cash flows from investing activities				
Purchase of				
- property, plant and equipment	(1,140,687)	(528,901)	(3,162,631)	(2,032,916)
- brooder stocks	(1,812,057)	(1,682,916)	(5,448,341)	(4,173,125)
Proceeds from disposal of				
- property, plant and equipment	13,969	16,134	54,803	130,411
- quoted equity investment	-	2,573	-	2,573
Payment for trademarks/customer acquisition costs	(17,772)	(3,619)	(49,170)	(27,178)
Investment in associate	-	(812,600)	-	(812,600)
Interest received	4,292	986	17,583	5,560
Net cash used in investing activities	(2,952,255)	(3,008,343)	(8,587,756)	(6,907,275)



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1(c) **STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)**

	Group		Group	
	3 months ended 30 Sep 2008	2007	9months ended 30 Sep 2008	2007
	\$	\$	\$	\$
Cash flows from financing activities				
Proceeds from issuance of new shares	3,290	624,810	115,954	624,810
Drawdown of bank term loans	1,870,000	832,500	3,070,000	2,342,500
Repayment of				
- finance lease obligations	(48,926)	(49,490)	(214,149)	(168,327)
- bank term loans	(62,493)	(58,345)	(184,415)	(446,249)
- loans from minority shareholders of a subsidiary	(114,475)	(304,376)	(240,878)	(300,266)
Payment of dividends to shareholders	-	-	-	(634,054)
Interest paid	(236,325)	(220,812)	(675,648)	(632,455)
Net cash generated from financing activities	1,411,071	824,287	1,870,864	785,959
Net increase (decrease) in cash and cash equivalents	692,324	(230,881)	472,384	(889,752)
Cash and cash equivalents at beginning of period	5,210,873	4,842,025	5,449,943	5,467,328
Effect of exchange rate changes on cash balances held in foreign currencies	35,594	10,440	16,464	44,008
Cash and cash equivalents at end of period (Note i)	5,938,791	4,621,584	5,938,791	4,621,584

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

	Group	
	30 Sep 2008	30 Sep 2007
	\$	\$
Fixed deposits	23,706	23,706
Cash and bank balances	7,883,305	5,849,709
Bank overdrafts	(1,968,220)	(1,251,831)
	5,938,791	4,621,584

(ii) The improvement in the Group's **net cash generated from operating activities** on a quarter-on-quarter basis and for the 9 months ended 30 September 2008 was due to higher operating profit generated in the first 9 months of 2008 as compared to its corresponding period in 2007. In addition, we were able to better manage our cash flow by realising our receivables balances into cash balances for the settlement of trade and bills 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 \$5.4 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.



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Notes to Statement of Cash Flows (cont'd)

Net cash generated from financing activities for the first 9 months of 2008 was related to cash proceeds from the issuance of new shares arising from exercise of warrants and the additional drawdown of bank loans granted by financial institutions mainly 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.

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

Group	Equity attributable to Shareholders of the Company					
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Minority interests \$	Total Equity \$
Balance at 1 Jan 2007	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	-	-	(6,576)	(6,576)	2,052	(4,524)
Profit for the year	-	4,948,168	-	4,948,168	1,368,672	6,316,840
Total recognised income (expense) for the year	-	4,948,168	(6,576)	4,941,592	1,370,724	6,312,316
Issue of new shares	10,494,087	-	-	10,494,087	-	10,494,087
Share of issuance expenses	(195,570)	-	-	(195,570)	-	(195,570)
Payment of						
- first and final dividend	-	(634,054)	-	(634,054)	-	(634,054)
- special interim dividend	-	(9,095,235)	-	(9,095,235)	-	(9,095,235)
Balance at 31 Dec 2007	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
Balance at 31 Mar 2008	29,360,964	20,561,293	(584,526)	49,337,731	7,985,060	57,322,791
Net gain (loss) recognised directly in equity:						
- Currency translation differences	-	-	(519,429)	(519,429)	(274,338)	(793,767)
Profit for the period	-	1,508,810	-	1,508,810	340,509	1,849,319
Total recognised income (expense) for the period	-	1,508,810	(519,429)	989,381	66,171	1,055,552
Issue of new shares	47,661	-	-	47,661	-	47,661
Capital contribution	-	-	-	-	451,500	451,500
Balance at 30 Jun 2008	29,408,625	22,070,103	(1,103,955)	50,374,773	8,502,731	58,877,504
Net gain recognised directly in equity:						
- Currency translation differences	-	-	25,767	25,767	761	26,528
Profit for the period	-	1,532,511	-	1,532,511	359,388	1,891,899
Total recognised income for the period	-	1,532,511	25,767	1,558,278	360,149	1,918,427
Issue of new shares	3,290	-	-	3,290	-	3,290
Balance at 30 Sep 2008	29,411,915	23,602,614	(1,078,188)	51,936,341	8,862,880	60,799,221



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

Company	Share capital	Accumulated profits	Total
	\$	\$	\$
Balance at 1 Jan 2007	18,997,444	18,042,095	37,039,539
Total recognised income for the year			
- Profit for the year	-	2,546,204	2,546,204
Issue of new shares	10,494,087	-	10,494,087
Share issuance expenses	(195,570)	-	(195,570)
Payment of			
- first and final dividend	-	(634,054)	(634,054)
- special interim dividend	-	(9,095,235)	(9,095,235)
Balance at 31 Dec 2007	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
Balance at 31 Mar 2008	29,360,964	11,319,322	40,680,286
Total recognised income for the period			
- Profit for the period	-	255,031	255,031
Issue of new shares	47,661	-	47,661
Balance at 30 Jun 2008	29,408,625	11,574,353	40,982,978
Total recognised income for the period			
- Profit for the period	-	1,172,815	1,172,815
Issue of new shares	3,290	-	3,290
Balance at 30 Sep 2008	29,411,915	12,747,168	42,159,083

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

	Number of shares	\$
Share capital		
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2008	411,911,279	29,295,961
Issue of new shares		
- Exercise of warrants issued	3,312,990	115,954
Balance as at 30 Sep 2008	<u>415,224,269</u>	<u>29,411,915</u>

As at 30 September 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 9 months ended 30 September 2008, there were an additional 3,312,990 warrants exercised by warrant holders to subscribe for 3,312,990 new ordinary shares of the Company. Accordingly, there were 39,537,401 warrants outstanding as at 30 September 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 statements for the third quarter and for the nine months ended 30 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman and
Managing Director

ALVIN YAP AH SENG
Deputy Managing Director

Singapore
20 October 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)**

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>	<u>3 months ended 30 Sep</u>	<u>9 months ended 30 Sep</u>	<u>9 months ended 30 Sep</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares on issue (cents)	0.37	0.36	1.04	0.95
- on a fully diluted basis (cents)	0.35	0.30	0.97	0.82

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 414,368,115 (30/9/2007: 356,513,327 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 444,138,662 (30/9/2007: 409,270,844 restated).



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7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>	<u>30 Sep 2008</u>	<u>31 Dec 2007</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	14.64	13.51	10.15	9.75

Net asset value per share is computed based on the number of issued shares of 415,224,269 as at 30 September 2008 (31/12/2007: 411,911,279).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

9 months 2008 vs 9 months 2007

	<u>Group</u>		<u>Increase</u>	
	<u>2008</u>	<u>2007</u>	<u>\$'000</u>	<u>%</u>
Fish	35,225	33,733	1,492	4.4
Accessories	26,042	25,152	890	3.5
Plastics	8,936	8,212	724	8.8
	<u>70,203</u>	<u>67,097</u>	<u>3,106</u>	<u>4.6</u>

For the 9 months ended 30 September 2008, the ornamental fish and accessories activities continued to be our core activities, which together accounted for 87% of total revenue. Our revenue increased by approximately \$3.1 million or 4.6% from \$67.1 million for the 9 months ended 30 September 2007 to \$70.2 million for the 9 months ended 30 September 2008.

On a geographical basis, revenue from Singapore dipped marginally by 1.0% while overseas revenue grew by 7.0% in first 9 months 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.

3Q 2008 vs 3Q 2007

	<u>Group</u>		<u>Increase</u>	
	<u>3Q 2008</u>	<u>3Q 2007</u>	<u>\$'000</u>	<u>%</u>
Fish	11,820	11,478	342	3.0
Accessories	8,541	8,465	76	0.9
Plastics	3,252	2,745	507	18.5
	<u>23,613</u>	<u>22,688</u>	<u>925</u>	<u>4.1</u>

Our revenue increased by \$0.9 million or 4.1% from \$22.7 million in the 3rd quarter of 2007 to \$23.6 million in the 3rd quarter of 2008. All business activities registered growth in revenue during 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)**

3Q 2008 vs 3Q 2007 (cont'd)

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

As highlighted in our previous announcements, 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 continue expanding their distribution network in those countries to capture more sales in the current quarter as compared to its corresponding period in 2007. The increase, nevertheless, was partially offset by the temporary reduction in revenue contribution from our Guangzhou factory in the current quarter mainly due to the delay in rolling out of new products commissioned by our OEM customers when the production plan originally scheduled in September was deferred to early October.

Plastics

Revenue from plastics activities continue to register a steady increase of \$0.5 million or 18.5% in the current quarter as compared to its corresponding period in 2007 as we managed to focus on generating revenue through enlarging the customer base and selling more varieties of plastic products. We also managed to improve our plastics revenue by increasing our plastic export business gradually in the current quarter.

3Q 2008 vs 2Q 2008

	Group		Increase (Decrease)	
	3Q 2008	2Q 2008		
Fish	11,820	11,761	59	0.5
Accessories	8,541	8,752	(211)	(2.4)
Plastics	3,252	3,063	189	6.2
	23,613	23,576	37	0.2

Although the revenue from our accessories activities decreased in the 3rd quarter of 2008, our ornamental fish and plastics revenue increased marginally by \$0.2 million, resulting in the flat growth in our overall revenue in the current quarter as compared to that of the previous quarter.

Fish

Traditionally, the third quarter of each year has been a relatively low season for our ornamental fish export business due to the summer holidays in Europe whereby our European customers would mostly take off for their own vacation. The "UEFA EURO 2008" held in Austria & Switzerland this year has also affected the export of our ornamental fish to Europe this summer. However, as we managed to diversify our export customer base to more and more countries each year, revenue from our ornamental fish activities remained relatively consistent in the current quarter, comparable to that of the previous quarter.



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

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

3Q 2008 vs 2Q 2008 (cont'd)

Accessories

As we are currently on track in the expansion of our accessories export business, the reduction in the revenue from our accessories activities in the current quarter was mainly due to the delay in the rolling out of new products commissioned by our OEM customers. The production plan originally scheduled in September was deferred to early October; hence, resulting in the reduction in revenue contribution from our Guangzhou factory during the current quarter. However, we foresee that the revenue from the factory will gradually escalate in the coming quarters upon the commencement of production of these new products, which should have a positive impact on our overall accessories revenue moving forward.

Plastics

As mentioned above, our plastics activities continue to increase in revenue in the current quarter mainly due to an enlarged customer base and the sale of more varieties of plastic products. We also managed to improve our plastics revenue by increasing our plastic export business gradually in the current quarter.

(b) **Profitability**

9 months 2008 vs 9 months 2007

	<u>Group</u>		Increase (Decrease)	
	9 months ended 30 Sep			
	2008	2007	\$'000	%
	\$'000	\$'000		
Fish	6,576	5,784	792	13.7
Accessories	1,821	1,189	632	53.2
Plastics	505	558	(53)	(9.5)
Unallocated corporate expenses	(2,053)	(1,753)	(300)	(17.1)
	<u>6,849</u>	<u>5,778</u>	<u>1,071</u>	<u>18.5</u>

Our operating profit before taxation increase by approximately \$1.1 million or 18.5% from \$5.7 million for the 9 months ended 30 September 2007 to \$6.8 million for the 9 months ended 30 September 2008. Profit after taxation attributable to equity holders increased by 27.8% from approximately \$3.4 million for the 9 months ended 30 September 2007 to \$4.3 million for the 9 months ended 30 September 2008. Our fish business remained the main profit contributor in the current financial year.

Unallocated corporate expenses, including staff costs and administrative expenses, 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)**

3Q 2008 vs 3Q 2007

	Group		Increase (Decrease)	
	3Q 2008 \$'000	3Q 2007 \$'000		
Fish	1,956	1,855	101	5.4
Accessories	809	524	285	54.4
Plastics	155	178	(23)	(12.9)
Unallocated corporate expenses	(563)	(620)	57	9.2
	2,357	1,937	420	21.7

The better performance from our core business activities in the 3rd quarter of 2008 has resulted in an overall increase in operating profit by approximately \$0.4 million or 21.7% as compared to its corresponding period in 2007 with contribution mainly from our ornamental fish business.

Fish

Our operating profit from our ornamental fish business increased by \$0.1 million or 5.4% from \$1.8 million to \$1.9 million in the 3rd quarter of 2008 as compared to its corresponding period in 2007, which was in line with the higher revenue recorded and better margins yielded from the sales of our self-bred Dragon Fish and our ornamental fish export business.

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 promising improvement.

Plastics

Notwithstanding the improvement in revenue registered, our operating profit from our plastics activities dipped marginally in the 3rd quarter of 2008 as compared to the corresponding period in 2007 mainly due to the increasing raw material (resins) prices in the current quarter which has eroded our profit margin.

3Q 2008 vs 2Q 2008

	Group		Increase (Decrease)	
	3Q 2008 \$'000	2Q 2008 \$'000		
Fish	1,956	2,313	(357)	(15.4)
Accessories	809	566	243	42.9
Plastics	155	192	(37)	(19.3)
Unallocated corporate expenses	(563)	(705)	142	20.1
	2,357	2,366	(9)	(0.4)



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

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

3Q 2008 vs 2Q 2008 (cont'd)

Fish

Despite registering a marginal increase in turnover, the decrease in operating profit from our ornamental fish activities by \$0.3 million or 15.4% in the current quarter as compared to the previous quarter was mainly due to differences in sales mix recorded in both quarters as well as a slight reduction in gross profit margin yielded for certain fish species. Our self-bred Dragon Fish continues to generate acceptable profit margins during the current quarter.

Accessories

During the current quarter, despite the reduction in revenue and profit contributions from our Guangzhou factory as compared to the previous quarter, profitability from our accessories business has grown by \$0.2 million or 42.9% mainly due to the healthy profit yielded from our accessories export business.

Plastics

As mentioned above, notwithstanding the improvement in revenue registered over the previous quarter, our operating profit from our plastics activities was affected by the increasing raw material (resins) prices in the current quarter hence resulting in a slower growth pace.

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;
- continuous 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 to 200 points; and
- enhancement of our production efficiency and our strength in research & development.

The factors affecting the Group, which we have previously announced with our last quarter's results, will 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 4th quarter of 2008.

11 **DIVIDEND**

No interim dividend for the 9 months ended 30 September 2008 was recommended.



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12 **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 9 months ended 30 September 2008.

13 **SEGMENT INFORMATION**

(a) **Business segments**

Group	9 months ended 30 September 2008				Total
	Fish	Accessories	Plastics	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External revenue	35,225	26,042	8,936	-	70,203
Inter-segment revenue	4,384	7,313	127	(11,824)	-
Total Revenue	39,609	33,355	9,063	(11,824)	70,203
Results					
Segment results	6,937	1,789	505	126	9,357
Unallocated expenses					(1,827)
					7,530
Financial expenses - net					(641)
					6,889
Share of losses of associate					(40)
Profit before taxation					6,849
Taxation					(1,500)
Profit for the period					5,349
Net profit margin	19.7%	6.9%	5.7%		7.6%
Assets and Liabilities					
Assets	60,219	28,835	3,958	-	93,012
Investment in associate					1,490
Unallocated assets					1,232
Total Assets					95,734
Liabilities	12,225	3,744	1,554	-	17,523
Unallocated liabilities					17,412
Total Liabilities					34,935
Other Information					
Capital expenditure	8,208	594	54	-	8,856
Depreciation and amortisation	1,111	568	123	-	1,802
Other non-cash expenses (income)	49	(4)	23	-	68



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

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

Group	9 months ended 30 September 2007				Total \$'000
	Fish \$'000	Accessories \$'000	Plastics \$'000	Eliminations \$'000	
Revenue					
External revenue	33,733	25,152	8,212	-	67,097
Inter-segment revenue	6,425	10,540	112	(17,077)	-
Total Revenue	40,158	35,692	8,324	(17,077)	67,097
Results					
Segment results	6,077	1,229	559	(2)	7,863
Unallocated expenses					(1,477)
					6,386
Financial expenses - net					(626)
					5,760
Share of profit of associate					18
Profit before taxation					5,778
Taxation					(1,380)
Profit for the period					4,398
Net profit margin	18.0%	4.9%	6.8%		6.6%
Assets and Liabilities					
Assets	51,324	25,758	3,708	-	80,790
Investment in associate					1,880
Unallocated assets					1,276
Total Assets					83,946
Liabilities	11,759	3,289	1,585	-	16,633
Unallocated liabilities					14,095
Total Liabilities					30,728
Other Information					
Capital expenditure	5,854	447	115	-	6,416
Depreciation and amortisation	943	620	127	-	1,690
Other non-cash expenses (income)	251	285	(12)	-	524



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

(b) **Geographical segments**

Group	Revenue		Assets		Capital expenditure	
	9 months ended 30 Sep		9 months ended 30 Sep		9 months ended 30 Sep	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	19,674	19,880	29,842	25,882	2,340	286
Other Asian countries	29,138	28,344	64,402	56,184	6,516	6,130
Europe	14,867	12,575	1,490	1,880	-	-
Others	6,524	6,298	-	-	-	-
Total	70,203	67,097	95,734	83,946	8,856	6,416

14 **BREAKDOWN OF REVENUE**

Revenue (Group)	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
3Q 2008				
Singapore (including domestic sales & sales to Singapore)	1,749	2,004	3,183	6,936
Overseas (including export to & sales in overseas)	10,071	6,537	69	16,677
Total revenue	11,820	8,541	3,252	23,613
3Q 2007				
Singapore	1,859	1,783	2,722	6,364
Overseas	9,619	6,682	23	16,324
Total revenue	11,478	8,465	2,745	22,688
9 months ended 30 Sep 2008				
Singapore (including domestic sales & sales to Singapore)	5,061	5,932	8,682	19,675
Overseas (including export to & sales in overseas)	30,164	20,110	254	50,528
Total revenue	35,225	26,042	8,936	70,203
9 months ended 30 Sep 2007				
Singapore	6,114	5,675	8,091	19,880
Overseas	27,619	19,477	121	47,217
Total revenue	33,733	25,152	8,212	67,097

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
20 October 2008