



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

**THIRD QUARTER & NINE MONTHS FINANCIAL STATEMENTS ANNOUNCEMENT**

1(a) **INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Note	Group			Group		
		3 months ended 30 Sep		Change %	9 months ended 30 Sep		Change %
	2013 \$'000	2012 \$'000	2013 \$'000		2012 \$'000		
Revenue		20,495	21,686	(5.5)	61,907	64,614	(4.2)
Cost of sales		(14,289)	(15,916)	(10.2)	(43,697)	(45,144)	(3.2)
<b>Gross profit</b>		<b>6,206</b>	<b>5,770</b>	<b>7.6</b>	<b>18,210</b>	<b>19,470</b>	<b>(6.5)</b>
Other income (expenses)	i	71	(9,296)	NM	162	(9,158)	NM
		<b>6,277</b>	<b>(3,526)</b>	<b>NM</b>	<b>18,372</b>	<b>10,312</b>	<b>78.2</b>
Selling & distribution expenses	ii	(389)	(431)	(9.7)	(1,136)	(1,240)	(8.4)
General & administrative expenses	ii	(5,518)	(5,943)	(7.2)	(16,306)	(17,532)	(7.0)
<b>Results from operating activities</b>	iii	<b>370</b>	<b>(9,900)</b>	<b>NM</b>	<b>930</b>	<b>(8,460)</b>	<b>NM</b>
Financial income	iv	2	8	(75.0)	9	17	(47.1)
Financial expenses	iv	(60)	(107)	(43.9)	(185)	(331)	(44.1)
		<b>312</b>	<b>(9,999)</b>	<b>NM</b>	<b>754</b>	<b>(8,774)</b>	<b>NM</b>
Share of losses of associates		(40)	(33)	21.2	(73)	(49)	49.0
<b>Profit (Loss) before tax</b>		<b>272</b>	<b>(10,032)</b>	<b>NM</b>	<b>681</b>	<b>(8,823)</b>	<b>NM</b>
Tax expense	v	(106)	(116)	(8.6)	(261)	(360)	(27.5)
<b>Profit (Loss) for the period</b>		<b>166</b>	<b>(10,148)</b>	<b>NM</b>	<b>420</b>	<b>(9,183)</b>	<b>NM</b>
Profit (Loss) attributable to:							
<b>Equity holders of the Company</b>		<b>88</b>	<b>(10,143)</b>	<b>NM</b>	<b>233</b>	<b>(9,088)</b>	<b>NM</b>
Non-controlling interests		78	(5)	NM	187	(95)	NM
<b>Profit (Loss) for the period</b>		<b>166</b>	<b>(10,148)</b>	<b>NM</b>	<b>420</b>	<b>(9,183)</b>	<b>NM</b>
Gross profit margin		30.3%	26.6%		29.4%	30.1%	
Net profit margin *		0.8%	-3.8%		0.7%	0.2%	
Effective tax rate *		34.6%	-16.5%		36.9%	73.4%	

NM: Not Meaningful

\* excluded the loss on disposal of a subsidiary and impairment loss on investment in an associate



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**STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013**

	<u>Group</u>			<u>Group</u>		
	<u>3 months ended 30 Sep</u>		<u>Change</u>	<u>9 months ended 30 Sep</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<b>Profit (Loss) for the period</b>	166	(10,148)	NM	420	(9,183)	NM
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(225)	377	NM	(60)	(390)	(84.6)
<b>Other comprehensive income for the period, net of tax</b>	(225)	377	NM	(60)	(390)	(84.6)
<b>Total comprehensive income for the period</b>	(59)	(9,771)	(99.4)	360	(9,573)	NM
(Loss) Profit attributable to:						
<b>Equity holders of the Company</b>	<b>(107)</b>	<b>(9,909)</b>	<b>(98.9)</b>	<b>166</b>	<b>(9,388)</b>	<b>NM</b>
Non-controlling interests	48	138	(65.2)	194	(185)	NM
<b>Total comprehensive income for the period</b>	(59)	(9,771)	(99.4)	360	(9,573)	NM

**Notes to Income Statement**

(i) **Other income (expenses)**

Other income (expenses) comprises:

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>		<u>9 months ended 30 Sep</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gain (Loss) on disposal of				
- property, plant and equipment	21	-	36	60
- a subsidiary	-	(9,062)	-	(9,062)
Impairment loss on investment in an associate	-	(255)	-	(255)
Sundry income	50	21	126	99
	71	(9,296)	162	(9,158)

The loss on disposal of a subsidiary of approximately \$9.1 million registered in FY 2012 arose from the disposal of the Group's entire equity interest in Kim Kang Aquaculture Sdn Bhd ("Kim Kang"), its 65% owned subsidiary dealing with the breeding of Dragon Fish, to the non-controlling shareholders.



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**Notes to Income Statement (cont'd)**

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

With the disposal of the Group's entire equity interest in Kim Kang in the 4<sup>th</sup> quarter of 2012, its operating expenses decreased accordingly in the current quarter as well as for the nine months ended 30 September 2013 as compared to the corresponding periods in 2012. The reduction is partially offset by higher personnel expenses incurred as a result of annual salary revision as well as the broad-spectrum increase in operating costs (e.g. utilities costs) as a result of elevated inflationary pressure.

(iii) **Profit from operations**

This is determined after charging (crediting) the following:

	Group		Group	
	3 months ended 30 Sep 2013	2012	9 months ended 30 Sep 2013	2012
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
- auditors of the Company	18	18	59	54
- other auditors	6	6	9	17
Non-audit fees				
- other auditors	6	8	17	23
Directors' fees				
- directors of the Company	20	20	60	60
Directors' remuneration				
- directors of the Company	278	278	834	834
- directors of subsidiaries	108	142	327	423
Bad trade receivables written off	28	-	35	4
Depreciation of				
- property, plant and equipment	490	574	1,495	1,712
- brooder stocks	47	159	142	477
Property, plant and equipment written off	1	1	2	4
Gain on disposal of property, plant and equipment	(21)	-	(36)	(60)
Allowance for				
- doubtful trade receivables	284	132	540	325
- inventory obsolescence	12	-	47	15
Operating lease expenses	332	279	957	855
Personnel expenses *	3,176	3,230	9,672	9,843
Exchange (gain) loss, net	(100)	154	(652)	(119)
Change in fair value less estimated point-of-sale costs of breeder stocks	-	-	25	8

\* Include directors' remuneration.



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**Notes to Income Statement (cont'd)**

(iv) **Financial income**  
**Financial expenses**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Sep</b>		<b>9 months ended 30 Sep</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expense				
- bank loans and overdrafts	48	54	142	168
- bills payable	6	46	21	138
- finance lease liabilities	6	7	22	25
	<b>60</b>	<b>107</b>	<b>185</b>	<b>331</b>
Interest income				
- bank deposits	(2)	(8)	(9)	(17)
Net financial expenses	<b>58</b>	<b>99</b>	<b>176</b>	<b>314</b>

Despite the higher interest rates charged by the financial institutions as well as an increase in the amount of bank borrowings outstanding during the current reporting period, the reduction in financial expenses in the 3<sup>rd</sup> quarter of 2013 and nine months ended 30 September 2013 as compared to its corresponding periods in 2012 was related to interest expense incurred by Kim Kang, which was disposed of in the 4<sup>th</sup> quarter of 2012.

(v) **Tax expense**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Sep</b>		<b>9 months ended 30 Sep</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax				
- current year	94	118	251	362
- under (over) provision in respect of prior year	12	(2)	10	(2)
	<b>106</b>	<b>116</b>	<b>261</b>	<b>360</b>

Despite the tax incentives granted for qualifying expenditures, the effective tax rate of 34.6% and 36.9% registered in the 3<sup>rd</sup> quarter of 2013 and nine months ended 30 September 2013 respectively were higher than the amount obtained by applying the statutory tax rate of 17% on profit before income tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies in the Group and the varying statutory tax rates of different countries in which the Group operates.



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1(b)(i) **STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
<b>Equity attributable to equity holders of the Company</b>				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	21,014,531	21,756,608	13,719,912	14,478,844
	<b>51,787,319</b>	<b>52,529,396</b>	<b>44,492,700</b>	<b>45,251,632</b>
<b>Non-Controlling Interests</b>	1,615,620	1,590,439	-	-
<b>Total Equity</b>	<b>53,402,939</b>	<b>54,119,835</b>	<b>44,492,700</b>	<b>45,251,632</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	6,663,246	7,122,631	4,585,256	5,294,588
Brooder stocks	8,791,956	8,934,081	8,791,956	8,934,081
Investments in subsidiaries	-	-	2,169,615	2,063,156
Investments in associates	635,544	708,143	815,200	815,200
Intangible assets	343,048	343,048	343,048	343,048
Other receivables	3,720,000	3,720,000	3,720,000	3,720,000
<b>Current Assets</b>				
Inventories	18,124,050	16,222,031	7,914,712	6,928,953
Breeder stocks	73,150	197,722	73,150	197,722
Trade receivables	26,914,735	26,764,914	21,252,445	21,484,518
Other receivables, deposits and prepayments	5,854,873	5,330,321	4,334,540	4,486,897
Due from				
- subsidiaries (trade)	-	-	6,506,584	5,946,793
- subsidiaries (non-trade)	-	-	1,168,063	426,681
- associate (trade)	442,938	327,196	442,938	327,196
Fixed deposits	25,446	25,446	25,446	25,446
Cash and bank balances	8,223,340	8,246,907	4,292,942	4,949,834
	<b>59,658,532</b>	<b>57,114,537</b>	<b>46,010,820</b>	<b>44,774,040</b>
<b>Current Liabilities</b>				
Trade payables	7,336,009	5,537,314	3,364,966	2,666,821
Bills payable to banks (unsecured)	864,107	883,938	749,782	883,938
Other payables and accruals	4,043,790	4,032,930	3,196,038	3,317,156
Due to				
- subsidiaries (trade)	-	-	178,322	55,114
- subsidiaries (non-trade)	-	-	695,481	1,042,301
- non-controlling shareholder of a subsidiary	-	29,484	-	-
Finance lease liabilities	140,384	157,501	54,811	68,365
Bank term loans	13,000,000	12,000,000	13,000,000	12,000,000
Current tax payable	422,277	517,830	257,457	171,978
	<b>25,806,567</b>	<b>23,158,997</b>	<b>21,496,857</b>	<b>20,205,673</b>
<b>Net Current Assets</b>	<b>33,851,965</b>	<b>33,955,540</b>	<b>24,513,963</b>	<b>24,568,367</b>
<b>Non-Current Liabilities</b>				
Finance lease liabilities	(192,820)	(253,608)	(66,338)	(106,808)
Deferred tax liabilities	(410,000)	(410,000)	(380,000)	(380,000)
<b>Net Assets</b>	<b>53,402,939</b>	<b>54,119,835</b>	<b>44,492,700</b>	<b>45,251,632</b>



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

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
Inventory turnover (days)	108	115	74	71
Trade receivables turnover (days)	119	116	155	159
Trade receivables turnover (days) (without GZQH balances)	75	71	83	76
Debt equity ratio	0.49	0.44	0.49	0.46

Note - With the disposal of GZQH, a former subsidiary, in December 2011, the Group's trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a significant surge in trade receivables turnover days.

**Notes to Statements of Financial Position**

(1) The details of subsidiaries are as follows:

<b>Name of subsidiary</b>	<b>Effective equity interest held by the Group</b>		<b>Cost of investment by the Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</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	171,951	171,951
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	1,086,516	1,086,516
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited and its subsidiary: (Thailand)	60	60	121,554	121,554
- Advance Aquatic Co., Ltd. (Thailand)	60	60	-	-
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
P.T. Qian Hu Joe Aquatic Indonesia (Indonesia)	90 #	55	381,459	275,000
			<b>2,169,615</b>	<b>2,063,156</b>

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

# Acquired additional 35% interest in 1Q 2013.



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**Notes to Statements of Financial Position (cont'd)**

(2) The details of associates are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Unquoted equity investments				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
- Qian Hu Aquasstar (India) Private Limited	402,600	402,600	402,600	402,600
	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>	<u>1,215,200</u>
Share of post-acquisition losses	(357,877)	(285,278)	-	-
Impairment loss on investment	(221,779)	(221,779)	(400,000)	(400,000)
	<u>635,544</u>	<u>708,143</u>	<u>815,200</u>	<u>815,200</u>

<b>Name of associate</b>	<b>Principal activities</b>	<b>Effective equity held by the Group</b>	
		<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
		%	%
Arcadia Products PLC (United Kingdom)	Manufacture and distribution of aquarium lamps	20	20
Qian Hu Aquasstar (India) Private Limited (India)	Manufacture of fish food and aquarium accessories	50	50

The Group recorded an impairment loss relating to its investment in Arcadia Products PLC (“Arcadia”) as the carrying amount of the investment was affected by the depreciation of Sterling Pound (£) against Singapore Dollar (S\$) since its acquisition. The Group will continue to equity account for its share of results in Arcadia.

(3) Intangible assets comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Trademarks/customer acquisition costs	937,041	937,566	921,497	921,497
Product listing fess	196,153	196,153	196,153	196,153
	<u>1,133,194</u>	<u>1,133,719</u>	<u>1,117,650</u>	<u>1,117,650</u>
Less accumulated amortisation	(790,146)	(790,671)	(774,602)	(774,602)
	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>	<u>343,048</u>

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

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



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**Notes to Statements of Financial Position (cont'd)**

- (4) Other receivables (non-current portion) consist of the outstanding amounts due from the purchasers of Kim Kang of \$2,632,500 and the advances extended by the Company to Kim Kang before its disposal of \$1,087,500, totaling \$3.72 million.

In accordance with the Sale and Purchase Agreement (“SPA”) entered into between the Company and the purchasers dated 17 October 2012, the total consideration of \$9.4 million arising from the disposal of Kim Kang is to be satisfied by \$3.9 million in cash and \$5.5 million of brooder stocks. Upon the execution of the SPA, a payment of 10% of the cash consideration, being \$390,000, has been made by the purchasers, together with the transfer of all brooder stocks. The balance of the cash portion of the consideration of \$3.51 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$877,500 each.

In addition, the Company, being a shareholder of Kim Kang previously, had from time to time, given advances to Kim Kang. As at the SPA date, the total amount of the advances extended by the Company to Kim Kang was \$2 million. The Company has entered into an Advances Repayment Agreement dated 17 October 2012, such that upon the execution of the SPA, Kim Kang has repaid \$550,000 of the advances extended by the transfer of 100 pieces of brooder stocks. The balance of the advances of \$1.45 million will be settled in four equal annual instalments, on the first, second, third and fourth anniversaries of the SPA date, of \$362,500 each.

- (5) Inventories comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Fish	3,916,469	3,562,786	3,011,087	2,513,962
Accessories	13,786,191	12,316,716	5,325,625	4,789,991
Plastics products - raw materials	380,142	288,341	-	-
Plastics products - finished goods	557,038	522,978	-	-
	<b>18,639,840</b>	<b>16,690,821</b>	<b>8,336,712</b>	<b>7,303,953</b>
Less allowance for inventory obsolescence	(515,790)	(468,790)	(422,000)	(375,000)
	<b>18,124,050</b>	<b>16,222,031</b>	<b>7,914,712</b>	<b>6,928,953</b>

The increase in fish inventory balance as at 30 September 2013 was mainly due to additional purchases of Dragon Fish made in anticipation of its increasing demand. This is also to ensure that there is a consistent supply of Dragon Fish in the following quarters.

The increase in accessories inventory balance as at 30 September 2013 was mainly due to higher stock holding in relation to the new accessories products launched in the current financial year.

- (6) Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which is determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier. The decrease in breeder stocks balance as at 30 September 2013 was mainly due to difference in quantity, valuation and product mix in relation to the breeder stocks held as at both reporting dates.





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**Notes to Statements of Financial Position (cont'd)**

- (7) Trade receivables comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Trade receivables	29,399,688	28,900,045	23,606,036	23,398,341
Less allowance for doubtful trade receivables	(2,484,953)	(2,135,131)	(2,353,591)	(1,913,823)
	<u>26,914,735</u>	<u>26,764,914</u>	<u>21,252,445</u>	<u>21,484,518</u>

The increase in trade receivables as at 30 September 2013 was mainly due to higher credit sales generated in the 3<sup>rd</sup> quarter of 2013. The trade receivables turnover days have remained relatively consistent for both reporting periods.

The Group has reclassified its trade balances with GZQH, a former subsidiary, as trade receivables following the disposal in December 2011. The recoverability of the amount due from GZQH is guaranteed by a major shareholder of the Company.

- (8) Other receivables, deposits and prepayments comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Other receivables *	1,676,174	1,413,561	1,514,843	1,338,541
Deposits	480,916	298,206	50,410	84,560
Prepayments	663,686	561,287	278,560	307,820
Advances to suppliers	2,211,030	2,552,793	2,030,646	2,307,170
Deposit for purchase of property, plant and equipment	792,350	478,231	460,081	448,806
Tax recoverable	30,717	26,243	-	-
	<u>5,854,873</u>	<u>5,330,321</u>	<u>4,334,540</u>	<u>4,486,897</u>

\* include cash proceeds from the disposal of Kim Kang due from the purchasers amounting to \$877,500 and advances due from Kim Kang of \$362,500

The higher amount of other receivables, deposits and prepayments balances as at 30 September 2013 was mainly due to:-

- increase in deposits for purchase of property, plant and equipment mainly in relation to the infrastructure construction work undertaken by our Indonesia subsidiary. These amounts will be capitalised as property, plant and equipment upon the completion of the construction work.
- increase in amount of prepayments made as at 30 September 2013 as a result of payments made for certain expenses. Such amounts will be charged to the income statement in the subsequent months in which the services in respect of these prepaid expenses are performed.

- (9) The increase in amount due from associate as at 30 September 2013 was mainly due to higher trade activities with the associate during the first nine months of 2013.



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**Notes to Statements of Financial Position (cont'd)**

(10) The increase in trade payables as at 30 September 2013 was as a result of the increase in purchases of accessories inventory, coupled with the extended credit terms granted by our regular suppliers for purchases made during the financial period.

(11) Other payables and accruals comprise:

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Accrued operating expenses	290,965	359,042	167,915	281,315
Accrued staff costs	1,295,417	1,657,606	877,595	1,285,877
Other payables	2,258,204	1,683,298	1,961,316	1,432,852
Advance received from customers	199,204	332,984	189,212	317,112
	<b>4,043,790</b>	<b>4,032,930</b>	<b>3,196,038</b>	<b>3,317,156</b>

The increase in other payables and accruals as at 30 September 2013 was mainly due to the increase in payments due to non-trade suppliers, which was partially offset by the decrease in accrued staff costs as a result of bonus payment made in January 2013.

(12) The decrease in finance lease liabilities as at 30 September 2013 was due to settlement of monthly instalments due under the hire purchase agreements during the first nine months of 2013.

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

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>	<b>31 Dec 2012</b>
	\$	\$	\$	\$
Unsecured term loans (short-term)	<b>13,000,000</b>	<b>12,000,000</b>	<b>13,000,000</b>	<b>12,000,000</b>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.19% to 1.70% (31/12/2012: 1.23% to 1.50%) per annum and are repayable within the next 12 months from the reporting date.

As at 30 September 2013, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.6 million (31/12/2012: \$8.8 million).



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1(c) **STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED  
30 SEPTEMBER 2013**

	Group		Group	
	3 months ended 30 Sep 2013	2012	9 months ended 30 Sep 2013	2012
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Profit (Loss) before tax	272,865	(10,031,904)	681,193	(8,823,077)
Adjustments for:				
Bad trade receivables written off	28,462	23	34,625	3,556
Depreciation of				
- property, plant and equipment	489,617	574,289	1,494,675	1,712,029
- brooder stocks	47,375	159,013	142,125	477,039
(Gain) Loss on disposal of				
- property, plant and equipment	(20,978)	188	(35,525)	(60,041)
- a subsidiary	-	9,061,610	-	9,061,610
Impairment loss on investment in an associate	-	255,122	-	255,122
Property, plant and equipment written off	1,224	1,295	1,908	3,831
Change in fair value less estimated point-of-sale costs of breeder stocks	-	-	24,742	7,540
Allowance for				
- doubtful trade receivables	247,131	132,311	540,342	325,421
- inventory obsolescence	12,000	-	47,000	15,000
Share of losses of associates	39,209	32,220	72,599	48,829
Interest expense	59,700	107,790	185,206	331,222
Interest income	(2,317)	(8,661)	(9,634)	(17,514)
<b>Operating profit before working capital changes</b>	<b>1,174,288</b>	<b>283,296</b>	<b>3,179,256</b>	<b>3,340,567</b>
(Increase) Decrease in:				
Inventories	(1,538,519)	1,169,666	(2,047,313)	(184,706)
Breeder stocks	25,550	179,800	99,830	152,590
Trade receivables	111,019	76,265	(675,439)	(808,964)
Other receivables, deposits and prepayments	910,319	(303,891)	(515,779)	(386,538)
Due from associate (trade)	31,708	(18,735)	(115,742)	(111,477)
Increase (Decrease) in:				
Trade payables	(653,475)	318,317	1,788,444	1,701,136
Bills payable to banks	34,405	237,290	(19,831)	476,445
Other payables and accruals	420,163	242,839	(3,051)	(519,673)
<b>Cash generated from operating activities</b>	<b>515,458</b>	<b>2,184,847</b>	<b>1,690,375</b>	<b>3,659,380</b>
Tax paid	(161,684)	(324,191)	(361,504)	(739,649)
<b>Net cash from operating activities</b>	<b>353,774</b>	<b>1,860,656</b>	<b>1,328,871</b>	<b>2,919,731</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(654,120)	(151,174)	(1,034,772)	(1,093,326)
Proceeds from disposal of property, plant and equipment	19,749	367	73,972	105,113
Disposal of a subsidiary, net of cash and cash equivalents (Note iii)	-	(187,542)	-	(187,542)
Acquisition of additional interest in a subsidiary	-	-	(106,459)	-
Interest received	2,317	8,661	9,634	17,514
<b>Net cash used in investing activities</b>	<b>(632,054)</b>	<b>(329,688)</b>	<b>(1,057,625)</b>	<b>(1,158,241)</b>



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1(c) **STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED  
30 SEPTEMBER 2013 (cont'd)**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended 30 Sep 2013</b>	<b>2012</b>	<b>9 months ended 30 Sep 2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>Cash flows from financing activities</b>				
Drawdown of bank term loans	-	-	1,000,000	2,500,000
Advances from non-controlling shareholders of a subsidiary	-	-	-	140,000
Repayment of				
- finance lease liabilities	(36,512)	(65,951)	(146,604)	(146,524)
- bank term loans	-	(98,979)	-	(291,533)
- loan from non-controlling shareholder of a subsidiary	-	-	(7,992)	-
Payment of dividends to				
- shareholders of the Company	-	-	(908,213)	(2,724,638)
- non-controlling shareholder of a subsidiary	-	(95,040)	(64,160)	(191,040)
Interest paid	(58,726)	(108,193)	(184,533)	(330,132)
<b>Net cash used in financing activities</b>	<b>(95,238)</b>	<b>(368,163)</b>	<b>(311,502)</b>	<b>(1,043,867)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(373,518)</b>	<b>1,162,805</b>	<b>(40,256)</b>	<b>717,623</b>
Cash and cash equivalents at beginning of period	8,693,336	8,032,103	8,272,353	8,605,551
Effect of exchange rate changes on cash balances held in foreign currencies	(71,032)	(54,625)	16,689	(182,891)
<b>Cash and cash equivalents at end of period (Note i)</b>	<b>8,248,786</b>	<b>9,140,283</b>	<b>8,248,786</b>	<b>9,140,283</b>

**Notes to Statement of Cash Flows**

(i) Cash and cash equivalents comprise:

	<b>Group</b>	
	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>
	\$	\$
Fixed deposits	25,446	25,446
Cash and bank balances	8,223,340	9,114,837
	<b>8,248,786</b>	<b>9,140,283</b>

Notwithstanding that we were able to extend our credit terms with our regular suppliers for purchases made, the decrease in the Group's **net cash from operating activities** for the nine months ended 30 September 2013 as compared to the corresponding period in 2012 was mainly due to profit generated during the financial period being deployed into inventory purchases. In addition, our trade receivables balance has increased in accordance with the higher credit sales generated in the current financial period.



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1(c) **STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (cont'd)**

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

**Net cash used in investing activities** was mainly related to capital expenditure incurred for on-going enhancement to the infrastructure and farm facilities in Singapore and overseas. In addition, there was cash of approximately \$106K utilised for the acquisition of an additional 35% equity interest in our Indonesian subsidiary from one of its non-controlling shareholders.

During the current quarter and the nine months ended 30 September 2013, the cash proceeds received from banks borrowings were mainly utilised for the payment of dividends to the non-controlling shareholder of a subsidiary and the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments. The above, coupled with the payment of final dividends to the shareholders of the Company in April 2013, resulted in **net cash used in financing activities**.

(ii) **Disposal of a subsidiary**

The attributable assets and liabilities of the subsidiary disposed and the cash flow effect of the disposal are set out as follows:-

	<b>Group</b>	
	<b>9 months ended 30 Sep</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Property, plant and equipment	-	5,108,219
Brooder stocks	-	25,002,496
Inventories	-	2,308,162
Breeder stocks	-	592,144
Trade receivables	-	896,749
Other receivables, deposits and prepayments	-	573,623
Cash and bank balances	-	187,542
Trade payables	-	(1,301,153)
Bills payable to banks (unsecured)	-	(3,483,600)
Other payables and accruals	-	(281,986)
Due to		
- holding company	-	(2,363,340)
- related companies	-	(39,017)
- non-controlling shareholders	-	(140,000)
Bank term loans	-	(470,588)
Deferred tax liabilities	-	(3,547,663)
Non-controlling interests	-	(8,064,554)
Net assets disposed	-	14,977,034
Realisation of reserves	-	1,569,820
Loss on disposal of a subsidiary	-	(9,061,610)
Goodwill on consolidation	-	1,914,756
Total consideration	-	9,400,000
Less:		
Cash and bank balances disposed	-	(187,542)
Consideration in the form of brooder stocks	-	(5,500,000)
Deferred cash settlement	-	(3,900,000)
Net cash outflow from disposal of a subsidiary	-	(187,542)



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

Group	Equity attributable to equity holders of the Company				Non-controlling interests \$	Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$		
<b>Balance at 1 Jan 2012</b>	30,772,788	34,204,872	(1,544,213)	63,433,447	10,190,157	73,623,604
<b>Total comprehensive income for the year</b>						
Loss for the year	-	(9,136,582)	-	(9,136,582)	(23,437)	(9,160,019)
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total other comprehensive income	-	-	(308,855)	(308,855)	(93,423)	(402,278)
Total comprehensive income for the year	-	(9,136,582)	(308,855)	(9,445,437)	(116,860)	(9,562,297)
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)	-	(2,724,638)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(254,720)	(254,720)
Total contributions by and distributions to owners	-	(2,724,638)	-	(2,724,638)	(254,720)	(2,979,358)
<b>Changes in ownership interests in subsidiaries</b>						
Disposal of a subsidiary	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total changes in ownership interests in subsidiaries	-	-	1,266,024	1,266,024	(8,228,138)	(6,962,114)
Total transactions with owners	-	(2,724,638)	1,266,024	(1,458,614)	(8,482,858)	(9,941,472)
<b>Balance at 31 Dec 2012</b>	<b>30,772,788</b>	<b>22,343,652</b>	<b>(587,044)</b>	<b>52,529,396</b>	<b>1,590,439</b>	<b>54,119,835</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	232,720	-	232,720	187,001	419,721
<b>Other comprehensive income</b>						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	-	-	(66,584)	(66,584)	6,716	(59,868)
Total other comprehensive income	-	-	(66,584)	(66,584)	6,716	(59,868)
Total comprehensive income for the period	-	232,720	(66,584)	166,136	193,717	359,853
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Payment of first and final dividend	-	(908,213)	-	(908,213)	-	(908,213)
Payment of dividend to non-controlling shareholder of a subsidiary	-	-	-	-	(64,160)	(64,160)
Total contributions by and distributions to owners	-	(908,213)	-	(908,213)	(64,160)	(972,373)
<b>Changes in ownership interests in subsidiaries</b>						
Acquisition of additional interest in a subsidiary	-	-	-	-	(104,376)	(104,376)
Total changes in ownership interests in subsidiaries	-	-	-	-	(104,376)	(104,376)
Total transactions with owners	-	(908,213)	-	(908,213)	(168,536)	(1,076,749)
<b>Balance at 30 Sep 2013</b>	<b>30,772,788</b>	<b>21,668,159</b>	<b>(653,628)</b>	<b>51,787,319</b>	<b>1,615,620</b>	<b>53,402,939</b>



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

Company	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$
<b>Balance at 1 Jan 2012</b>	30,772,788	16,355,718	-	47,128,506
<b>Total comprehensive income for the year</b>				
Profit for the year	-	847,764	-	847,764
<i>Other comprehensive income</i>				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	847,764	-	847,764
<b>Transactions with owners, recognised directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Payment of first and final dividend	-	(2,724,638)	-	(2,724,638)
Total transactions with owners	-	(2,724,638)	-	(2,724,638)
<b>Balance at 31 Dec 2012</b>	<u>30,772,788</u>	<u>14,478,844</u>	-	<u>45,251,632</u>
<b>Total comprehensive income for the period</b>				
Profit for the period	-	167,623	-	167,623
<i>Other comprehensive income</i>				
Translation differences relating to financial statements of foreign operations, net of tax	-	-	(18,342)	(18,342)
Total other comprehensive income	-	-	(18,342)	(18,342)
Total comprehensive income for the period	-	167,623	(18,342)	149,281
<b>Transactions with owners, recognised directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Payment of first and final dividend	-	(908,213)	-	(908,213)
Total transactions with owners	-	(908,213)	-	(908,213)
<b>Balance at 30 Sep 2013</b>	<u>30,772,788</u>	<u>13,738,254</u>	<u>(18,342)</u>	<u>44,492,700</u>

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 2013 and 30 Sep 2013	<u>454,106,350</u>	<u>30,772,788</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2012.

There were no outstanding convertibles as at 30 September 2013 (30/9/2012: Nil).

The Company did not hold any treasury shares as at 30 September 2013 (30/9/2012: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 September 2013.



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1(e) **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS  
PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the third quarter and nine months ended 30 September 2013 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  
17 October 2013

2 **AUDIT**

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

3 **AUDITORS' REPORT**

Not applicable

4 **ACCOUNTING POLICIES**

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2012.

5 **CHANGES IN ACCOUNTING POLICIES**

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the year ending 31 December 2013.

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

	<b><u>Group</u></b>		<b><u>Group</u></b>	
	<b><u>3 months ended 30 Sep</u></b>		<b><u>9 months ended 30 Sep</u></b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Earnings (Loss) Per Ordinary Share (based on consolidated net profit (loss) attributable to equity holders)				
- on weighted average number of ordinary shares on issue (cents)	0.02	(2.23)	0.05	(2.00)
- on a fully diluted basis (cents)	0.02	(2.23)	0.05	(2.00)

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 454,106,350 (30/9/2012: 454,106,350).

There is no difference between the basic and diluted earnings per share.





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7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	11.76	11.92	9.80	9.96

Net asset value per share is computed based on the number of shares in issue as at 30 September 2013 of 454,106,350 (31/12/2012: 454,106,350).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

**9 months 2013 vs 9 months 2012**

	<u>Group</u>		<u>Increase</u>	
	<u>9 months ended 30 Sep</u>		<u>(Decrease)</u>	
	<u>2013</u>	<u>2012</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	25,891	28,467	(2,576)	(9.0)
Accessories	26,797	27,656	(859)	(3.1)
Plastics	9,219	8,491	728	8.6
	<u>61,907</u>	<u>64,614</u>	<u>(2,707)</u>	<u>(4.2)</u>

For the nine months ended 30 September 2013, the ornamental fish and accessories activities continued to be our core activities, which together accounted for almost 85% of total revenue. Our revenue decreased by approximately \$2.7 million or 4.2% from \$64.6 million for the nine months ended 30 September 2012 to \$61.9 million for the nine months ended 30 September 2013.

On a geographical basis, revenue from Singapore and overseas dipped by 3.2% and 4.6% respectively in the first nine months of 2013 as compared to its corresponding period in 2012.

**3Q 2013 vs 3Q 2012**

	<u>Group</u>		<u>Increase</u>	
	<u>3Q</u>		<u>(Decrease)</u>	
	<u>2013</u>	<u>2012</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	8,613	8,797	(184)	(2.1)
Accessories	9,157	10,123	(966)	(9.5)
Plastics	2,725	2,766	(41)	(1.5)
	<u>20,495</u>	<u>21,686</u>	<u>(1,191)</u>	<u>(5.5)</u>

Our revenue decreased by approximately \$1.2 million or 5.5% in the 3<sup>rd</sup> quarter of 2013 as compared to its corresponding period in 2012.



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

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

**3Q 2013 vs 3Q 2012 (cont'd)**

**Fish**

Despite the reduction in revenue contribution following the disposal of our subsidiary, Kim Kang, in the 4<sup>th</sup> quarter of 2012, our ornamental fish revenue decreased marginally by \$0.2 million or 2.1% in the 3<sup>rd</sup> quarter of 2013 as compared to its corresponding period in 2012 as the selling prices of Dragon Fish has stabilised by the end of the 1<sup>st</sup> half of 2013. In addition, with our enhanced marketing effort, we managed to sell more quantity of these fish mainly to our Northeast Asian markets, especially China, where we have a robust market share, a widening distribution network and a strong brand identity. We envisage that the Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

The above reduction was partially offset by the increase in revenue contribution from our newly incorporated subsidiary in Indonesia, as well as our continuous effort to increase our export of ornamental fish to more customers and countries around the world from Singapore, Malaysia and Thailand.

**Accessories**

Our accessories export business continued its leverage on the Group's existing overseas distribution bases & network to explore more untapped markets with growth potential. The dip in revenue from our accessories business by approximately \$1.0 million or 9.5% from \$10.1 million in the 3<sup>rd</sup> quarter of 2012 to \$9.1 million in the current quarter was mainly as a result of difference in sales mix, as well as our conscientious efforts made to focus on selling our proprietary brand of innovative products with better margins.

**Plastics**

Revenue from our plastics business remained consistent in the current quarter, comparable to that of the corresponding period in 2012.

**3Q 2013 vs 2Q 2013**

	<u>Group</u>		<u>Increase</u>	
	<u>3Q</u>	<u>2Q</u>	<u>(Decrease)</u>	
	<u>2013</u>	<u>2013</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	8,613	8,848	(235)	(2.7)
Accessories	9,157	8,697	460	5.3
Plastics	2,725	3,654	(929)	(25.4)
	<u>20,495</u>	<u>21,199</u>	<u>(704)</u>	<u>(3.3)</u>

Although the revenue from our accessories activities registered healthy growth of \$0.5 million or 5.3% in the 3<sup>rd</sup> quarter of 2013 as compared to the 2<sup>nd</sup> quarter of 2013, the decrease in our ornamental fish and plastics revenue by \$0.2 million or 2.7% and \$0.9 million or 25.4% respectively, has resulted in a reduction in our overall revenue by approximately \$0.7 million or 3.3% in the current quarter as compared to the previous quarter.



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

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

**3Q 2013 vs 2Q 2013 (cont'd)**

**Fish**

During the 3<sup>rd</sup> of quarter of 2013, we continue to see improvement in Dragon Fish revenue contribution generated from the China market as compared to the previous quarter as we managed to sell more quantity of these fish as the selling prices gradually stabilises.

The above increase, however; was offset by the a lower ornamental fish revenue contribution in the current quarter as traditionally, the 3<sup>rd</sup> 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.

**Accessories**

As mentioned in our previous results announcement, during the 2<sup>nd</sup> quarter of 2013, we experienced a loss of sales resulting from the delay in the delivery of goods from our China suppliers because of a setback in rolling out of our newly launched products. These orders were only delivered to us towards the end of June; hence, the surge in revenue in the current quarter as compared to the previous quarter.

**Plastics**

Revenue from our plastics activities registered a considerable decrease of \$0.9 million or 25.4% on a quarter-on-quarter basis as its revenue contribution was escalated by an one-off increase in orders from a major customer in the 2<sup>nd</sup> quarter of 2013.

(b) **Profitability**

**9 months 2013 vs 9 months 2012**

	<b>Group</b>			
	<b>9 months ended 30 Sep</b>		<b>Increase</b>	
	<b>2013</b>	<b>2012</b>	<b>(Decrease)</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	610	148	462	312.2
Accessories	1,176	1,375	(199)	(14.5)
Plastics	549	703	(154)	(21.9)
Unallocated corporate expenses	(1,654)	(1,732)	78	4.5
	<u>681</u>	<u>494</u>	<u>187</u>	<u>37.9</u>
Loss on disposal of a subsidiary	-	(9,062)	9,062	100.0
Impairment loss on investment in an associate	-	(255)	255	100.0
	<u>681</u>	<u>(8,823)</u>	<u>9,504</u>	

Despite the lower revenue contribution registered, our operating profit increased by approximately \$0.2 million or 38.1% from \$0.5 million for the nine months ended 30 September 2012 to \$0.7 million for the nine months ended 30 September 2013. Profit after taxation attributable to equity holders amounted to approximately \$0.2 million for the nine months ended 30 September 2013.



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

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

**3Q 2013 vs 3Q 2012**

	<u>Group</u>		<u>Increase</u>	
	<u>3Q</u>	<u>3Q</u>	<u>(Decrease)</u>	
	<u>2013</u>	<u>2012</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	263	(626)	889	142.0
Accessories	394	291	103	35.4
Plastics	149	222	(73)	(32.9)
Unallocated corporate expenses	(534)	(603)	69	11.4
	<u>272</u>	<u>(716)</u>	<u>988</u>	<u>138.0</u>

**Fish**

During the 3<sup>rd</sup> quarter of 2012, our operating profit from ornamental fish was adversely affected by the intense price competition caused by the oversupply of Dragon Fish since the previous financial year. As a result of the swift decline in its selling price, coupled with the gradual increase in overall operational costs, our conscientious efforts made to retain our market share has sliced off some profitability from our ornamental fish business as profit margins from the sales of these fish were dilapidated. Nonetheless, the profit margins from this business segment has recuperated since the previous quarter as the selling prices of these fish has stabilised towards the end of the 1<sup>st</sup> half of 2013. The Group should see a steady growth in its ornamental fish's revenue and profitability in the coming quarters.

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

**Accessories**

Despite the lower revenue contributions in the current quarter, the difference in sales mix, as well as our conscientious efforts made to capture more market through the selling of our proprietary brand of innovative products with better margins, has enhanced the profitability of our accessories business in the 3<sup>rd</sup> quarter of 2013 as compared to its corresponding period in 2012.

**Plastics**

While the revenue contribution from our plastics activities remained relatively stable in the 3<sup>rd</sup> quarter of 2013 as compared to its corresponding period in 2012, the higher raw material (resins) prices, coupled with the gradual increase in overall operational costs, as well as our conscientious and on-going efforts made to expand our market share has sliced off some profitability from this business segment.

**Unallocated corporate expenses**

These were staff costs and administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The lower corporate expenses reported in the current quarter as compared to its corresponding period in 2012 were mainly due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.



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

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

**3Q 2013 vs 2Q 2013**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>3Q 2013 \$'000</b>	<b>2Q 2013 \$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	263	226	37	16.4
Accessories	394	364	30	8.2
Plastics	149	168	(19)	(11.3)
Unallocated corporate expenses	(534)	(508)	(26)	(5.1)
	<b>272</b>	<b>250</b>	<b>22</b>	<b>8.8</b>

**Fish**

As mentioned earlier, the improved revenue contribution and profit margins from Dragon Fish business, following the stabilisation of its selling prices, has lifted the profitability of the ornamental fish business during the current quarter as compared to the previous quarter, notwithstanding the reduction in revenue contribution mainly from the ornamental fish export business.

**Accessories**

The higher revenue registered by the accessories business in the current quarter has given rise to the improved profitability from the 2<sup>nd</sup> quarter of 2013 to 3<sup>rd</sup> quarter of 2013.

**Plastics**

Despite the dip in revenue contribution in the current quarter as compared to the previous quarter, the operating profit from our plastics activities remained relatively stable as we were able to contain operating costs to enhance profitability in the current quarter.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

Our Group's growth in FY 2013 depends on:

- increase in our export of ornamental fish;
- escalation of our export of aquarium and pet accessories;
- streamlining of our breeding and sales of Dragon Fish;
- increase in our cash flow generation; and
- expansion of our regional domestic distribution network.



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10 **PROSPECTS (cont'd)**

The long term prospects of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to improve revenue contribution from pet accessories;
- to have the widest distribution network in China and India;
- to strengthen our commitment and continue our investment in research & development ("R&D");
- to be a debt-free and high dividend payout company;
- to be able to change in accordance with the changing environment and to continue to differentiate ourselves; and
- to stay focused in whatever we do.

More details on the above prospects were included in our Full Year Financial Statements and Dividend Announcement dated 11 January 2013.

**Our business model remains robust and the diversity of our business has put us in good standing. We will be more aggressive in the strengthening of our fundamentals and financial positions as well as in enhancing our ability to generate cash. In addition, we will continue to leverage on innovation and advanced technology to transform Qian Hu into a next-generation ornamental fish farm with a strong pipeline of newly innovative accessories products. We believe that by doing so, it will enable Qian Hu to be more resilient and sustainable in the long run. Barring any unforeseen circumstances, we expect our Group to remain profitable in the 4<sup>th</sup> quarter of 2013.**

11 **DIVIDENDS**

**Interim dividend**

No interim dividend for the nine months ended 30 September 2013 is recommended (30/9/2012: Nil).

**Special dividend**

In connection with the disposal of Kim Kang, the Directors have recommended the payment of a special dividend of 0.5 Singapore cents per ordinary share (one-tier tax exempt) around the first anniversary of which the Sales and Purchase Agreement was duly executed by the purchasers and the Company. The cash dividend payout of approximately \$2.27 million was approved at the Extraordinary General Meeting held on 27 December 2012.

*Books closure date*

Registrable Transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5:00 pm on 5 November 2013 will be registered before entitlements to the dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 6 November 2013 for the preparation of dividend warrants.

*Date payable*

The special dividend will be paid on 21 November 2013.

12 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").



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12 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS (cont'd)**

During the financial period, there were interested person transactions based on terms agreed between the parties as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>
	\$	\$	\$	\$
Rental paid to a non-controlling shareholder of a subsidiary	-	14,240	-	-
Fees paid to a company in which a director has an interest	9,700	14,500	9,700	14,500
Guarantee fee paid to a major shareholder of the Company *	38,830	44,401	38,830	44,401
Consultancy fees paid to a company in which a director has a substantial interest	8,300	8,300	8,300	8,300

\* *The Group and the Company are charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH, a former subsidiary. The guarantee fee is payable to a major shareholder of the Company, for guaranteeing the payment of the outstanding amounts.*

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the 3<sup>rd</sup> quarter and the nine months ended 30 September 2013.

13 **SEGMENT INFORMATION**

(a) **Business segments**

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

- (i) Fish - includes fish farming, breeding, distribution and trading of ornamental fish;
- (ii) Accessories - includes manufacturing and distribution of aquarium and pet accessories;
- (iii) Plastics - includes manufacturing and distribution of plastic bags; and
- (iv) Others - includes Corporate Office and consolidation adjustments which are not directly attributable to a particular business segment above.



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

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

Group	9 months ended 30 Sep 2013				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	25,891	26,797	9,219	-	61,907
Inter-segment revenue	1,307	6,313	180	(7,800)	-
<b>Total Revenue</b>	<b>27,198</b>	<b>33,110</b>	<b>9,399</b>	<b>(7,800)</b>	<b>61,907</b>
<b>Results</b>					
EBITDA *	1,602	1,870	612	(1,517)	2,567
Depreciation and amortisation	(983)	(592)	(62)	-	(1,637)
Interest expense	(16)	(31)	(1)	(137)	(185)
Interest income	7	2	-	-	9
	610	1,249	549	(1,654)	754
Share of losses of associates	-	(73)	-	-	(73)
Profit before tax	610	1,176	549	(1,654)	681
Tax expense	(104)	(122)	(35)	-	(261)
<b>Profit for the period</b>	<b>506</b>	<b>1,054</b>	<b>514</b>	<b>(1,654)</b>	<b>420</b>
<b>Net profit margin</b>	<b>2.0%</b>	<b>3.9%</b>	<b>5.6%</b>		<b>0.7%</b>
<b>Assets and Liabilities</b>					
Segment assets	31,896	39,461	4,027	4,428	79,812
Investments in associates	-	636	-	-	636
Segment liabilities	5,048	6,060	1,935	13,366	26,409
<b>Other Segment Information</b>					
Expenditures for non-current assets **	704	313	71	-	1,088
Other non-cash items:					
Bad trade receivables written off	29	6	-	-	35
Loss (Gain) on disposal of property, plant and equipment	3	(37)	(2)	-	(36)
Property, plant and equipment written off	1	1	-	-	2
Allowance for					
- doubtful trade receivables	485	55	-	-	540
- inventory obsolescence	-	47	-	-	47
Change in fair value less estimated point-of-sale costs of breeder stocks	25	-	-	-	25

\* EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

\*\* This includes capital expenditure and additions to other non-current assets.





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

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

Group	9 months ended 30 Sep 2012				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	28,467	27,656	8,491	-	64,614
Inter-segment revenue	1,828	6,011	99	(7,938)	-
<b>Total Revenue</b>	<b>30,295</b>	<b>33,667</b>	<b>8,590</b>	<b>(7,938)</b>	<b>64,614</b>
<b>Results</b>					
EBITDA *	1,825	2,051	770	(1,600)	3,046
Depreciation and amortisation	(1,527)	(596)	(66)	-	(2,189)
Interest expense	(163)	(35)	(1)	(132)	(331)
Interest income	14	3	-	-	17
	149	1,423	703	(1,732)	543
Loss on disposal of a subsidiary	(9,062)	-	-	-	(9,062)
Impairment loss	-	(255)	-	-	(255)
Share of losses of associates	-	(49)	-	-	(49)
(Loss) Profit before tax	(8,913)	1,119	703	(1,732)	(8,823)
Tax expense	(172)	(93)	(95)	-	(360)
<b>(Loss) Profit for the period</b>	<b>(9,085)</b>	<b>1,026</b>	<b>608</b>	<b>(1,732)</b>	<b>(9,183)</b>
<b>Net profit margin</b>	<b>-0.1%</b>	<b>4.6%</b>	<b>7.2%</b>		<b>0.2%</b>
<b>Assets and Liabilities</b>					
Segment assets	31,776	39,171	3,930	5,920	80,797
Investments in associates	-	703	-	-	703
Segment liabilities	4,999	6,451	1,767	13,408	26,625
<b>Other Segment Information</b>					
Expenditures for non-current assets **	784	378	33	-	1,195
Other non-cash items:					
Bad trade receivables written off	4	-	-	-	4
Gain on disposal of property, plant and equipment	(38)	(22)	-	-	(60)
Property, plant and equipment written off	2	1	1	-	4
Allowance for					
- doubtful trade receivables	134	191	-	-	325
- inventory obsolescence	-	15	-	-	15
Change in fair value less estimated point-of-sale costs	8	-	-	-	8

(b) **Geographical segments**

Geographical segments are analysed by four principal geographical areas, namely Singapore, Asia, Europe and Others (i.e. the rest of the world).

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and total assets are based on the geographical location of the assets.



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

(b) **Geographical segments (cont'd)**

Group	Revenue		Segment non-current assets		Segment assets	
	9 months ended 30 Sep		9 months ended 30 Sep		9 months ended 30 Sep	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	18,204	18,807	17,363	14,084	60,354	62,810
Other Asian countries	31,580	32,636	2,432	2,180	19,099	17,574
Europe	6,907	6,621	359	413	359	413
Others	5,216	6,550	-	-	-	-
<b>Total</b>	<b>61,907</b>	<b>64,614</b>	<b>20,154</b>	<b>16,677</b>	<b>79,812</b>	<b>80,797</b>

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Revenue (Group)	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
<b>3Q 2013</b>				
Singapore (including domestic sales & sales to Singapore)	1,186	1,908	2,706	5,800
Overseas (including export to & sales in overseas)	7,427	7,249	19	14,695
<b>Total revenue</b>	<b>8,613</b>	<b>9,157</b>	<b>2,725</b>	<b>20,495</b>
<b>3Q 2012</b>				
Singapore	1,308	1,986	2,691	5,985
Overseas	7,489	8,137	75	15,701
<b>Total revenue</b>	<b>8,797</b>	<b>10,123</b>	<b>2,766</b>	<b>21,686</b>
<b>9 months ended 30 Sep 2013</b>				
Singapore (including domestic sales & sales to Singapore)	3,534	5,632	9,038	18,204
Overseas (including export to & sales in overseas)	22,357	21,165	181	43,703
<b>Total revenue</b>	<b>25,891</b>	<b>26,797</b>	<b>9,219</b>	<b>61,907</b>
<b>9 months ended 30 Sep 2012</b>				
Singapore	4,562	6,090	8,155	18,807
Overseas	23,905	21,566	336	45,807
<b>Total revenue</b>	<b>28,467</b>	<b>27,656</b>	<b>8,491</b>	<b>64,614</b>

**BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman and Managing Director  
17 October 2013