



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

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT**

1(a) **INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Note	Group		Change %
		3 months ended 31 Mar		
		2010 \$'000	2009 \$'000	
Revenue		23,237	23,152	0.4
Cost of sales		(15,835)	(15,065)	5.1
<b>Gross profit</b>		<b>7,402</b>	<b>8,087</b>	<b>(8.5)</b>
Other operating income		38	29	31.0
		7,440	8,116	(8.3)
Selling & distribution expenses	i	(461)	(520)	(11.3)
General & administrative expenses	i	(5,070)	(5,313)	(4.6)
<b>Results from operating activities</b>	ii	<b>1,909</b>	<b>2,283</b>	<b>(16.4)</b>
Financial income	iii	1	1	-
Financial expenses	iii	(128)	(200)	(36.0)
		1,782	2,084	(14.5)
Share of profits of associates		11	1	NM
<b>Profit before income tax</b>		<b>1,793</b>	<b>2,085</b>	<b>(14.0)</b>
Income tax expense	iv	(259)	(407)	(36.4)
<b>Profit for the period</b>		<b>1,534</b>	<b>1,678</b>	<b>(8.6)</b>
Attributable to:				
<b>Equity holders of the Company</b>		<b>1,412</b>	<b>1,399</b>	<b>0.9</b>
Minority interests		122	279	(56.3)
<b>Profit for the period</b>		<b>1,534</b>	<b>1,678</b>	<b>(8.6)</b>
Gross profit margin		31.9%	34.9%	
Net profit margin		6.6%	7.2%	
Effective tax rate		14.4%	19.5%	

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2010**

\* NM – Not meaningful

<b>Profit for the period</b>	1,534	1,678	(8.6)
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries, net of tax	1,270	63	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>1,270</b>	<b>63</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>2,804</b>	<b>1,741</b>	<b>61.1</b>
Attributable to:			
<b>Equity holders of the Company</b>	<b>2,341</b>	<b>1,443</b>	<b>62.2</b>
Minority interests	463	298	55.4
<b>Total comprehensive income for the period</b>	<b>2,804</b>	<b>1,741</b>	<b>61.1</b>



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**Notes to Income Statement**

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

Despite the annual salary revision of the Group, we have put in place measures to contain our general and administrative expenses in the current quarter as compared to its corresponding period in 2009. Accordingly, in line with the cost saving measures in place, there was reduction in selling and distribution expenses incurred by the Group of approximately 11%.

**(ii) Profit from operations**

This is determined after charging (crediting) the following:

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2010</b>	<b>2009</b>
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	18	18
- other auditors	7	6
Non-audit fees		
- other auditors	7	12
Directors' fees		
- directors of the Company	15	15
Directors' remuneration		
- directors of the Company	314	297
- directors of subsidiaries	138	136
Amortisation of product listing fees	-	3
Bad trade receivables		
- written off	6	-
- recovered	(1)	(1)
Depreciation of		
- property, plant and equipment	531	515
- brooder stocks	169	143
Property, plant and equipment written off	10	18
Gain on disposal of property, plant and equipment	(1)	(10)
Allowance for (Write back of)		
- doubtful trade receivables	19	143
- inventory obsolescence	(58)	47
Operating lease expenses	277	271
Personnel expenses *	3,194	3,080
Exchange gain, net	(276)	(245)

\* Include directors' remuneration.



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

**(iii) Financial income  
Financial expenses**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense		
- bank loans and overdrafts	74	143
- bills payable	45	49
- finance lease liabilities	9	8
	<b>128</b>	<b>200</b>
Interest income		
- bank deposits	(1)	(1)
Net financial expenses	<b>127</b>	<b>199</b>

The reduction in interest expenses was mainly due to lower interest rates charged by the financial institutions during the current period as well as a reduction in the amount of bank borrowings outstanding during the current reporting period.

**(iv) Taxation**

The low effective tax rate of 14.4% registered for the current quarter was lower than the amount obtained by applying the statutory tax rate of 17% on profit before taxation mainly due to tax incentives granted for qualifying expenditures and overprovision made in respect of prior years of approximately \$50K.

On the other hand, the effective tax charge for the 1<sup>st</sup> quarter of 2009 of 19.5% was higher mainly due to losses incurred by some subsidiaries 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.



**QIAN HU CORPORATION LIMITED**  
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1(b)(i) **STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
<b>Equity attributable to equity holders of the Company</b>				
Share capital	30,570,968	29,654,922	30,570,968	29,654,922
Reserves	31,911,823	29,571,319	17,073,655	16,163,180
	<b>62,482,791</b>	<b>59,226,241</b>	<b>47,644,623</b>	<b>45,818,102</b>
<b>Minority Interests</b>	10,457,394	9,993,905	-	-
<b>Total Equity</b>	<b>72,940,185</b>	<b>69,220,146</b>	<b>47,644,623</b>	<b>45,818,102</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	16,136,667	15,941,572	6,335,197	6,490,153
Brooder stocks	31,472,769	30,315,749	3,101,797	3,118,922
Investments in subsidiaries	-	-	12,012,586	11,991,086
Investments in associates	1,181,251	1,170,729	1,215,200	1,215,200
Intangible assets	2,308,668	2,308,668	343,048	343,048
<b>Current Assets</b>				
Inventories	21,857,293	20,953,851	6,670,403	6,013,978
Breeder stocks	1,505,620	1,505,620	420,250	420,250
Trade receivables	17,442,712	18,095,023	6,678,672	7,515,594
Other receivables, deposits and prepayments	2,549,981	2,291,442	658,516	700,011
Due from				
- subsidiaries (trade)	-	-	18,201,506	18,364,613
- subsidiaries (non-trade)	-	-	3,970,908	4,111,996
- associates (trade)	1,235,571	1,337,808	107,249	143,290
Fixed deposits	24,560	24,560	24,560	24,560
Cash and bank balances	11,335,469	9,822,054	6,361,276	5,296,701
	<b>55,951,206</b>	<b>54,030,358</b>	<b>43,093,340</b>	<b>42,590,993</b>
<b>Current Liabilities</b>				
Trade payables	7,958,784	7,663,353	3,317,113	3,391,840
Bills payable to banks (unsecured)	4,627,484	4,290,129	412,353	709,078
Other payables and accruals	3,590,309	4,717,107	2,741,016	3,679,971
Due to				
- subsidiaries (trade)	-	-	67,778	82,028
- subsidiaries (non-trade)	-	-	1,530,000	1,430,000
Finance lease liabilities	171,383	179,992	70,759	73,221
Bank term loans	10,064,087	10,333,097	9,500,000	9,800,000
Current tax payable	1,475,314	1,250,252	607,182	567,182
	<b>27,887,361</b>	<b>28,433,930</b>	<b>18,246,201</b>	<b>19,733,320</b>
<b>Net Current Assets</b>	<b>28,063,845</b>	<b>25,596,428</b>	<b>24,847,139</b>	<b>22,857,673</b>
<b>Non-Current Liabilities</b>				
Finance lease liabilities	(320,526)	(321,502)	(110,344)	(97,980)
Bank term loans	(1,678,505)	(1,735,234)	-	-
Deferred tax liabilities	(4,223,984)	(4,056,264)	(100,000)	(100,000)
<b>Net Assets</b>	<b>72,940,185</b>	<b>69,220,146</b>	<b>47,644,623</b>	<b>45,818,102</b>



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

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
Inventory turnover (days)	130	137	82	80
Trade receivables turnover (days)	69	73	58	57
Debt equity ratio	0.47	0.50	0.39	0.44

**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>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</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	150,451
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Kim Kang Aquaculture Sdn Bhd (Malaysia)	65	65	8,538,391	8,538,391
Beijing Qian Hu Aquarium & Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Guangzhou Qian Hu Aquarium & Pets Accessories Manufacturing Co., Ltd (People's Republic of China)	100	100	1,686,039	1,686,039
Shanghai Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	1,086,516	1,086,516
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited (Thailand)	60	60	121,554	121,554
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
			<b>12,012,586</b>	<b>11,991,086</b>

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

# Additional investment made to increase the paid up capital of the company to RM350,000.



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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>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Unquoted equity investments	812,600	812,600	812,600	812,600
- Arcadia Products PLC				
- Qian Hu Aquasstar (India) Private Limited	402,600	402,600	402,600	402,600
	<b>1,215,200</b>	<b>1,215,200</b>	<b>1,215,200</b>	<b>1,215,200</b>
Share of post-acquisition losses	(33,949)	(44,471)	-	-
	<b>1,181,251</b>	<b>1,170,729</b>	<b>1,215,200</b>	<b>1,215,200</b>

<b>Name of associate</b>	<b>Principal activities</b>	<b>Effective equity held by the Group</b>	
		<b>31 Mar 2010</b>	<b>31 Dec 2009</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

(3) Intangible assets comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Trademarks/customer acquisition costs	938,858	938,051	921,497	921,497
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,965,620	1,965,620	-	-
	<b>3,100,631</b>	<b>3,099,824</b>	<b>1,117,650</b>	<b>1,117,650</b>
Less accumulated amortisation	(791,963)	(791,156)	(774,602)	(774,602)
	<b>2,308,668</b>	<b>2,308,668</b>	<b>343,048</b>	<b>343,048</b>

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 are estimated 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.

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 is stated at cost from the date of initial recognition less accumulated impairment losses and is subjected to annual impairment testing.



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

(4) Inventories comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Fish	5,028,433	5,750,255	2,205,066	2,335,058
Accessories	16,630,952	15,030,420	4,837,337	4,108,920
Plastics products - raw materials	272,174	283,461	-	-
Plastics products - finished goods	391,524	413,505	-	-
	<b>22,323,083</b>	<b>21,477,641</b>	<b>7,042,403</b>	<b>6,443,978</b>
Less allowance for inventory obsolescence	(465,790)	(523,790)	(372,000)	(430,000)
	<b>21,857,293</b>	<b>20,953,851</b>	<b>6,670,403</b>	<b>6,013,978</b>

The increase in accessories inventory balance as at 31 March 2010 was mainly due to higher raw materials and finished goods held in our Guangzhou factory for production orders and delivery due in the coming quarters and the re-scheduling of export shipments from 1<sup>st</sup> quarter 2010 to the next quarter.

(5) Trade receivables comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Trade receivables	19,501,553	20,141,960	8,507,825	9,333,135
Less allowance for doubtful trade receivables	(2,058,841)	(2,046,937)	(1,829,153)	(1,817,541)
	<b>17,442,712</b>	<b>18,095,023</b>	<b>6,678,672</b>	<b>7,515,594</b>

Our conscientious effort made in monitoring and collection of trade receivables balances has resulted in the decrease in the amount of trade receivables as at 31 March 2010. Accordingly, the trade receivables turnover days have decreased from 73 days as at 31 December 2009 to 69 days as at 31 March 2010. The Group typically grants existing customers credit terms of 30 to 90 days.

(6) Other receivables, deposits and prepayments comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Other receivables	350,789	342,225	99,566	144,215
Deposits	371,802	309,718	58,630	58,630
Prepayments	826,286	676,562	223,824	197,031
Advances to suppliers	286,824	301,616	266,496	300,135
Deposit for purchase of property, plant and equipment	10,000	-	10,000	-
Tax recoverable	704,280	661,321	-	-
	<b>2,549,981</b>	<b>2,291,442</b>	<b>658,516</b>	<b>700,011</b>



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

The amount of prepayments made as at 31 March 2010 was higher as we have incurred payments for certain expenses at the beginning of the year. Such amounts will be charged to the income statement throughout the current financial year.

(7) Other payables and accruals comprise:

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Accrued operating expenses	268,669	321,336	141,738	145,822
Accrued staff costs	803,258	2,020,451	561,767	1,554,058
Other payables	2,477,725	2,347,739	2,019,755	1,974,513
Advance received from customers	40,657	27,581	17,756	5,578
	<b>3,590,309</b>	<b>4,717,107</b>	<b>2,741,016</b>	<b>3,679,971</b>

The reduction of other payables and accruals as at 31 March 2010 was mainly due to the decrease in accrued staff costs as a result of bonus payment made in January 2010.





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

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>	<b>31 Mar 2010</b>	<b>31 Dec 2009</b>
	\$	\$	\$	\$
Due within 1 year:				
Short term loans (unsecured)	9,500,000	9,800,000	9,500,000	9,800,000
Long-term loans, current portion				
- secured	36,113	33,951	-	-
- unsecured	527,974	499,146	-	-
	564,087	533,097	-	-
	<u>10,064,087</u>	<u>10,333,097</u>	<u>9,500,000</u>	<u>9,800,000</u>
Due after 1 year:				
Long-term loans				
- secured	32,206	39,450	-	-
- unsecured	1,646,299	1,695,784	-	-
	1,678,505	1,735,234	-	-
	<u>11,742,592</u>	<u>12,068,331</u>	<u>9,500,000</u>	<u>9,800,000</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.48% to 2.04% (31/12/2009: 1.48% to 2.18%) 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 7.30% (31/12/2009: 6.80%) per annum and is repayable in 84 monthly instalments commencing January 2005;
- a 5-year unsecured bank loan of RM1.85 million, bears interest at 7.30% (31/12/2009: 7.05%) 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 7.30% (31/12/2009: 7.05%) per annum and is repayable in 120 monthly instalments commencing March 2007; and
- a 5-year unsecured bank loan of RM3.0 million, bears interest at 6.80% (31/12/2009: 6.55%) per annum and is repayable in 60 monthly instalments commencing May 2009.

As at 31 March 2010, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$11.4 million (31/12/2009: \$11.0 million). As announced previously, the adoption of the amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Financial Guarantee Contracts* (effective from financial years beginning on or after 1 January 2006), which required the Company to measure the financial guarantees given to financial institutions for bank borrowings of its subsidiaries at fair value upon inception of the guarantees, was assessed to have no material financial impact on the Group's financial statements.



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before income tax	1,792,881	2,084,299
Adjustments for:		
Bad trade receivables		
- written off	6,366	27
- recovered	(721)	(755)
Depreciation of		
- property, plant and equipment	530,797	514,478
- brooder stocks	169,654	143,309
Gain on disposal of property, plant and equipment	(484)	(9,915)
Property, plant and equipment written off	10,189	18,454
Amortisation of product listing fees	-	2,774
Allowance for (Write back of)		
- doubtful trade receivables	18,500	143,385
- inventory obsolescence	(58,000)	46,800
Share of profits of associates	(10,522)	(644)
Interest expense	128,311	200,546
Interest income	(852)	(1,118)
<b>Operating profit before working capital changes</b>	<b>2,586,119</b>	<b>3,141,640</b>
(Increase) Decrease in:		
Inventories	(924,718)	(1,316,663)
Trade receivables	795,637	3,001,264
Other receivables, deposits and prepayments	(174,383)	714,289
Due from associates (trade)	102,237	(192,235)
Increase (Decrease) in:		
Trade payables	196,514	(2,094,868)
Bills payable to banks	162,670	(119,659)
Other payables and accruals	(1,150,230)	(1,225,916)
<b>Cash generated from operating activities</b>	<b>1,593,846</b>	<b>1,907,852</b>
Payment of income tax	(82,048)	(214,855)
<b>Net cash from operating activities</b>	<b>1,511,798</b>	<b>1,692,997</b>
<b>Cash flows from investing activities</b>		
Purchase of		
- property, plant and equipment	(318,648)	(1,182,641)
- brooder stocks	-	(252,890)
Proceeds from disposal of property, plant and equipment	484	14,153
Payment for trademarks/customer acquisition costs	-	(52,581)
Interest received	852	1,118
<b>Net cash used in investing activities</b>	<b>(317,312)</b>	<b>(1,472,841)</b>



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1(c) **STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)**

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new shares	916,046	173,796
Drawdown of bank term loans	-	418,000
Repayment of		
- finance lease liabilities	(20,619)	(50,910)
- bank term loans	(436,390)	(73,844)
- loans from minority shareholder of a subsidiary	-	(55,150)
Payment of dividends to minority shareholder of a subsidiary	(104,160)	-
Interest paid	(130,934)	(204,357)
<b>Net cash from financing activities</b>	<b>223,943</b>	<b>207,535</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,418,429</b>	<b>427,691</b>
Cash and cash equivalents at beginning of period	9,846,614	6,704,033
Effect of exchange rate changes on cash balances held in foreign currencies	94,986	38,995
<b>Cash and cash equivalents at end of period (Note i)</b>	<b>11,360,029</b>	<b>7,170,719</b>

**Notes to Statement of Cash Flows**

(i) Cash and cash equivalents comprise:

	<b>Group</b>	
	<b>31 Mar 2010</b>	<b>31 Mar 2009</b>
	\$	\$
Fixed deposits	24,560	24,560
Cash and bank balances	11,335,469	8,967,072
Bank overdrafts	-	(1,820,913)
	<b>11,360,029</b>	<b>7,170,719</b>

(ii) Despite our ability to realise the trade receivables and amount due from associates balances into cash balances for the settlement of other payables and accruals, a lower operating profit generated on a quarter-on-quarter basis and an increase in inventory balances during the 1<sup>st</sup> quarter of 2010 has resulted in a reduction in the Group's **net cash generated from operating activities** during the 1<sup>st</sup> quarter of 2010 as compared to its corresponding period in 2009.

**Net cash used in investing activities** was mainly related to capital expenditure incurred for the on-going enhancement to the infrastructure and farm facilities in Singapore and overseas.

**Net cash generated from financing activities** in the 1<sup>st</sup> quarter of 2010 was related to cash proceeds from the issuance of new shares arising from exercise of warrants. The amount was partially utilised for the repayment of bank loans, final dividends payment made to a minority shareholder of a subsidiary and the settlement of finance lease liabilities on a monthly basis, as well as the servicing of interest payments.



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

Group	Equity attributable to equity holders of the Company					Total Equity \$
	Share capital \$	Accumulated profits \$	Currency translation reserve \$	Total \$	Minority interests \$	
<b>Balance at 1 Jan 2009</b>	29,411,915	25,338,447	(1,159,199)	53,591,163	9,143,011	62,734,174
<b>Changes in equity for the period:</b>						
Issue of new shares	173,796	-	-	173,796	-	173,796
Total comprehensive income for the period	-	1,398,460	44,106	1,442,566	297,952	1,740,518
<b>Balance at 31 Mar 2009</b>	29,585,711	26,736,907	(1,115,093)	55,207,525	9,440,963	64,648,488
<b>Changes in equity for the period:</b>						
Issue of new shares	27,787	-	-	27,787	-	27,787
Total comprehensive income for the period	-	1,663,240	(209,863)	1,453,377	275,046	1,728,423
Payment of first and final dividend	-	(840,346)	-	(840,346)	-	(840,346)
<b>Balance at 30 Jun 2009</b>	29,613,498	27,559,801	(1,324,956)	55,848,343	9,716,009	65,564,352
<b>Changes in equity for the period:</b>						
Issue of new shares	12,670	-	-	12,670	-	12,670
Total comprehensive income for the period	-	1,683,041	(138,630)	1,544,411	127,744	1,672,155
Payment of dividend to minority shareholder of a subsidiary	-	-	-	-	(102,000)	(102,000)
<b>Balance at 30 Sep 2009</b>	29,626,168	29,242,842	(1,463,586)	57,405,424	9,741,753	67,147,177
<b>Changes in equity for the period:</b>						
Issue of new shares	28,754	-	-	28,754	-	28,754
Total comprehensive income for the period	-	1,799,550	(7,487)	1,792,063	252,152	2,044,215
<b>Balance at 31 Dec 2009</b>	29,654,922	31,042,392	(1,471,073)	59,226,241	9,993,905	69,220,146
<b>Changes in equity for the period:</b>						
Issue of new shares	916,046	-	-	916,046	-	916,046
Total comprehensive income for the period	-	1,412,151	928,353	2,340,504	463,489	2,803,993
<b>Balance at 31 Mar 2010</b>	30,570,968	32,454,543	(542,720)	62,482,791	10,457,394	72,940,185



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

Company	Share capital \$	Accumulated profits \$	Total \$
<b>Balance at 1 Jan 2009</b>	29,411,915	13,427,936	42,839,851
<b>Changes in equity for the period:</b>			
Issue of new shares	173,796	-	173,796
Total comprehensive income for the period	-	533,814	533,814
<b>Balance at 31 Mar 2009</b>	<u>29,585,711</u>	<u>13,961,750</u>	<u>43,547,461</u>
<b>Changes in equity for the period:</b>			
Issue of new shares	27,787	-	27,787
Total comprehensive income for the period	-	1,243,190	1,243,190
Payment of first and final dividend	-	(840,346)	(840,346)
<b>Balance at 30 Jun 2009</b>	<u>29,613,498</u>	<u>14,364,594</u>	<u>43,978,092</u>
<b>Changes in equity for the period:</b>			
Issue of new shares	12,670	-	12,670
Total comprehensive income for the period	-	1,056,078	1,056,078
<b>Balance at 30 Sep 2009</b>	<u>29,626,168</u>	<u>15,420,672</u>	<u>45,046,840</u>
<b>Changes in equity for the period:</b>			
Issue of new shares	28,754	-	28,754
Total comprehensive income for the period	-	742,508	742,508
<b>Balance at 31 Dec 2009</b>	<u>29,654,922</u>	<u>16,163,180</u>	<u>45,818,102</u>
<b>Changes in equity for the period:</b>			
Issue of new shares	916,046	-	916,046
Total comprehensive income for the period	-	910,475	910,475
<b>Balance at 31 Mar 2010</b>	<u>30,570,968</u>	<u>17,073,655</u>	<u>47,644,623</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 2010	422,167,317	29,654,922
Issue of new shares		
- Exercise of warrants issued	26,172,757	916,046
Balance as at 31 Mar 2010	<u>448,340,074</u>	<u>30,570,968</u>

The Company issued 64,965,868 warrants in September 2007, of which 32,371,515 were exercised by warrant holders to subscribe for 32,371,515 new ordinary shares of the Company at the exercise price of \$0.035 per share as at 31 December 2009. During the 1<sup>st</sup> quarter of 2010, an additional 26,172,757 warrants were exercised by warrant holders to subscribe for 26,172,757 new shares of the Company.

Subsequent to the balance sheet date, of the 6,421,596 warrants outstanding as at 31 March 2010, an additional 198,535 warrants were exercised for 198,535 new ordinary shares of the Company.

The Company did not hold any treasury shares as at 31 March 2010 (31/12/2009: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the three months ended 31 March 2010.



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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 first quarter ended 31 March 2010 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  
19 April 2010

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 2009.

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 2010.

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

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2010</b>	<b>2009</b>
EPS (based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares on issue (cents)	0.33	0.34
- on a fully diluted basis (cents)	0.32	0.32

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 432,381,286 (31/3/2009: 417,269,003).

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 437,294,780 (31/3/2009: 437,410,539).



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7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2010</u>	<u>31 Dec 2009</u>	<u>31 Mar 2010</u>	<u>31 Dec 2009</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	16.27	16.40	10.63	10.85

Net asset value per share is computed based on the number of shares in issue as at 31 March 2010 of 448,340,074 (31/12/2009: 422,167,317).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

**1Q 2010 vs 1Q 2009**

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>1Q 2010</u>	<u>1Q 2009</u>	<u>\$'000</u>	<u>%</u>
Fish	12,346	11,852	494	4.2
Accessories	8,070	8,882	(812)	(9.1)
Plastics	2,821	2,418	403	16.7
	<u>23,237</u>	<u>23,152</u>	<u>85</u>	<u>0.4</u>

Our revenue increased marginally by approximately \$0.1 million or 0.4% in the 1<sup>st</sup> quarter of 2010 as compared to its corresponding period in 2009.

On a geographical basis, revenue from Singapore grew by 22.5% while overseas revenue dipped 7.1% in the 1<sup>st</sup> quarter of 2010 as compared to its corresponding period in 2009.

**Fish**

Our Dragon Fish sales continue to grow in tandem with 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 2009.

**Accessories**

The reduction in revenue contribution from our accessories business was mainly due to the delay in the delivery of goods we ordered from our China suppliers, especially after the Chinese New Year period. We understand that this was as a result of the shortage of labour experienced by our suppliers during that period, coupled with the increasing material costs, which caused the postponement of their production and delivery process. As these orders were only delivered to us towards the end of March, evident by the increase in accessories inventory balances in both the Singapore and Guangzhou entities, the loss of sales from these products has attributed to the lower accessories revenue registered in the current quarter as compared to the corresponding period in 2010.



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

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

**1Q 2010 vs 1Q 2009 (cont'd)**

**Plastics**

Our revenue from plastics business is experiencing steady growth in the current quarter as compared to that of the corresponding period in 2009 with an enlarged products and customer base.

**1Q 2010 vs 4Q 2009**

	<u>Group</u>		<b>Increase (Decrease)</b>	
	<b>1Q 2010</b>	<b>4Q 2009</b>		
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Fish	12,346	11,131	1,215	10.9
Accessories	8,070	9,866	(1,796)	(18.2)
Plastics	2,821	2,870	(49)	(1.7)
	<u>23,237</u>	<u>23,867</u>	<u>(630)</u>	<u>(2.6)</u>

Although the revenue from our ornamental fish activities registered healthy growth in the 1<sup>st</sup> quarter of 2010 as compared to the 4<sup>th</sup> quarter of 2009, the decrease in our accessories and plastic revenue totaling \$1.8 million has resulted in a decrease in our overall revenue by \$0.6 million or 2.6% in the current quarter as compared to the previous quarter.

**Fish**

During the 1<sup>st</sup> quarter of 2010, our ornamental fish export sales from Singapore, Malaysia and Thailand continued to generate higher revenue with sales to more new markets. In addition, with the reliable source of demand for our Dragon Fish in the current quarter, we were able to record stable revenue from the sales of Dragon Fish in both the domestic and overseas markets as compared to that of the previous quarter.

**Accessories**

Traditionally, during the 1<sup>st</sup> quarter of each year, there is lower revenue contribution from our China operations, especially from our Guangzhou factory, as they are closed for production during the week-long Chinese New Year holidays. In addition, as mentioned earlier, we experienced loss of sales due to the delay in delivery from our suppliers as a result of shortage of labour coupled with the increasing material costs. This has attributed to the reduction in our accessories revenue in the current quarter as compared to the previous quarter.

**Plastics**

Revenue from our plastics 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)**

(b) **Profitability**

**1Q 2010 vs 1Q 2009**

	<u>Group</u>		<u>Increase</u>	
	<u>1Q</u>	<u>1Q</u>	<u>(Decrease)</u>	
	<u>2010</u>	<u>2009</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	1,613	1,773	(160)	(9.0)
Accessories	550	602	(52)	(8.6)
Plastics	248	372	(124)	(33.3)
Unallocated corporate expenses	(618)	(662)	44	6.6
	<u>1,793</u>	<u>2,085</u>	<u>(292)</u>	<u>(14.0)</u>

Despite the relatively consistent revenue contribution registered, our operating profit in the 1<sup>st</sup> quarter of 2010 decreased by \$0.3 million or 14.0% as compared to its corresponding period in 2009, with contribution mainly from the ornamental fish business.

**Fish**

Notwithstanding the higher revenue recorded in the 1<sup>st</sup> quarter of 2010, our operating profit from ornamental fish registered a reduction of approximately \$0.2 million or 9.0% as compared to its corresponding period in 2009. This is mainly due to lower sales of our self-bred Dragon Fish which yielded better margin as compared to the sales of Dragon Fish sourced from third parties. Although with the completion of the new breeding facilities in our Singapore and Malaysia farms which should increase the supply of self-bred Dragon Fish available for sales, the unprecedented severe hot weather from end January to February resulting in a month-long drought in Malaysia has led to a lower supply of Dragon Fish fries towards the end of 1<sup>st</sup> quarter of 2010. The reduction in the supply of self-bred Dragon Fish might also affect the profitability of the Dragon Fish sales in the 2<sup>nd</sup> quarter of 2010.

*(P.S. Dragon Fish off-springs need 3 to 6 months to grow into marketable size)*

The reliant of our export of ornamental fish business continued to turn in consistent revenue and respectable profit margins.

**Accessories**

The decline in profitability from our accessories business in the 1<sup>st</sup> quarter of 2010 as compared to its corresponding period in 2009 was in line with the lower revenue contribution.

**Plastics**

Despite registering an increase in revenue contribution, the operating profit from our plastics activities dipped by \$0.1 million or 33.3% on a quarter-on-quarter basis mainly due to an erosion in profit margin as a result of increasing raw material prices (resins – which fluctuate with the oil prices).

**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 were 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)**

**1Q 2010 vs 4Q 2009**

	<b>Group</b>		<b>Increase (Decrease)</b>	
	<b>1Q 2010 \$'000</b>	<b>4Q 2009 \$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	1,613	2,260	(647)	(28.6)
Accessories	550	663	(113)	(17.0)
Plastics	248	277	(29)	(10.5)
Unallocated corporate expenses	(618)	(630)	12	1.9
	<b>1,793</b>	<b>2,570</b>	<b>(777)</b>	<b>(30.2)</b>

**Fish**

Although with a much higher revenue, the operating profit from our ornamental fish activities dipped by \$0.6 million or 28.6% in the current quarter as compared to the previous quarter mainly due to lower sales of our self-bred Dragon Fish which yielded better margin as compared to the sales of Dragon Fish sourced from third parties as mentioned earlier.

**Accessories**

The decline in profitability from our accessories business in the 1<sup>st</sup> quarter of 2010 as compared to its corresponding period in 2009 was in line with the lower revenue contribution.

**Plastics**

As mentioned earlier, despite registering stable revenue contribution, the operating profit from our plastics activities dipped in the 1<sup>st</sup> quarter of 2010 mainly due to higher raw material costs (resins) which has eroded its profit margin.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

Our Group's growth in FY 2010 depends on:

- increase in our export of ornamental fish;
- escalation of our export of aquarium and pet accessories;
- introduction of new generation of revolutionary aquarium accessories;
- sustained growth in breeding and sales of selective bred Dragon Fish in a transforming market;
- increase in our sales revenue and 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 export our aquarium and pet accessories to more countries;
- 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 yield 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.

The above-mentioned prospects of the Group, which we have previously announced in detail in our Full Year Financial Statements and Dividend Announcement dated 11 January 2010 and as set out on pages 20 to 23 of our Annual Report 2009, are expected to continue to apply in the next quarter.

Despite the gradual recovery of the global economy, we must continue to stay vigilant. As mentioned earlier, the unprecedented severe hot weather from end January to February resulting in a month-long drought in Malaysia has led to a lower supply of Dragon Fish fries during the 1<sup>st</sup> quarter of 2010 which might also affect the profitability of the Dragon Fish sales in the 2<sup>nd</sup> quarter of 2010 as Dragon Fish off-springs need 3 to 6 months to grow into marketable size. Barring any unforeseen circumstances, we will remain profitable in FY 2010, despite possible fluctuations in our operating profit from quarter to quarter.

11 **DIVIDEND**

No interim dividend for the quarter ended 31 March 2010 is recommended.

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 quarter ended 31 March 2010.

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	Financial year ended 31 Mar 2010				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	12,346	8,070	2,821	-	23,237
Inter-segment revenue	736	2,226	46	(3,008)	-
<b>Total Revenue</b>	<b>13,082</b>	<b>10,296</b>	<b>2,867</b>	<b>(3,008)</b>	<b>23,237</b>
<b>Results</b>					
EBITDA *	2,263	754	279	(687)	2,609
Depreciation and amortisation	(468)	(201)	(31)	-	(700)
Interest expense	(83)	(14)	-	(31)	(128)
Interest income	1	-	-	-	1
	1,713	539	248	(718)	1,782
Share of profits of associates	-	11	-	-	11
Profit before income tax	1,713	550	248	(718)	1,793
Income tax expense	(150)	(93)	(16)	-	(259)
<b>Profit for the year</b>	<b>1,563</b>	<b>457</b>	<b>232</b>	<b>(718)</b>	<b>1,534</b>
<b>Net profit margin</b>	<b>12.7%</b>	<b>5.7%</b>	<b>8.2%</b>		<b>6.6%</b>
<b>Assets and Liabilities</b>					
Segment assets	68,662	32,323	3,631	2,434	107,050
Investments in associates	-	1,181	-	-	1,181
Segment liabilities	19,770	3,417	1,632	9,291	34,110
<b>Other Segment Information</b>					
Expenditures for non-current assets **	104	215	-	-	319
Other non-cash items:					
Bad trade receivables					
- written off	6	-	-	-	6
- recovered	(1)	-	-	-	(1)
Gain on disposal of property, plant and equipment	-	(1)	-	-	(1)
Property, plant and equipment written off	10	-	-	-	10
Allowance for					
- doubtful trade receivables	-	19	-	-	19
- inventory obsolescence	-	(58)	-	-	(58)

\* 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	Financial year ended 31 Mar 2009				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	11,852	8,882	2,418	-	23,152
Inter-segment revenue	1,163	1,852	37	(3,052)	-
<b>Total Revenue</b>	<b>13,015</b>	<b>10,734</b>	<b>2,455</b>	<b>(3,052)</b>	<b>23,152</b>
<b>Results</b>					
EBITDA	2,304	822	410	(592)	2,944
Depreciation and amortisation	(414)	(209)	(38)	-	(661)
Interest expense	(118)	(12)	-	(70)	(200)
Interest income	1	-	-	-	1
	1,773	601	372	(662)	2,084
Share of losses of associate	-	1	-	-	1
Profit before income tax	1,773	602	372	(662)	2,085
Income tax expense	(285)	(85)	(37)	-	(407)
<b>Profit for the year</b>	<b>1,488</b>	<b>517</b>	<b>335</b>	<b>(662)</b>	<b>1,678</b>
<b>Net profit margin</b>	<b>12.6%</b>	<b>5.8%</b>	<b>13.9%</b>		<b>7.2%</b>
<b>Assets and Liabilities</b>					
Segment assets	62,695	31,875	3,394	1,796	99,760
Investment in associate	-	788	-	-	788
Segment liabilities	19,711	3,421	1,403	10,577	35,112
<b>Other Segment Information</b>					
Expenditures for non-current assets	827	715	11	-	1,553
Other non-cash items:					
Bad trade receivables recovered	-	(1)	-	-	(1)
Gain on disposal of property, plant and equipment	-	(10)	-	-	(10)
Property, plant and equipment written off	-	18	-	-	18
Allowance for					
- doubtful trade receivables	143	-	-	-	143
- inventory obsolescence	-	47	-	-	47

(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	
	3 months ended 31 Mar		3 months ended 31 Mar		3 months ended 31 Mar	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	7,151	5,836	9,971	7,218	34,225	30,603
Other Asian countries	7,306	9,634	40,355	37,287	71,945	67,954
Europe	5,781	5,201	773	788	880	1,203
Others	2,999	2,481	-	-	-	-
<b>Total</b>	<b>23,237</b>	<b>23,152</b>	<b>51,099</b>	<b>45,293</b>	<b>107,050</b>	<b>99,760</b>

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
<b>3 months ended 31 Mar 2010</b>				
Singapore (including domestic sales & sales to Singapore)	2,571	1,835	2,745	7,151
Overseas (including export to & sales in overseas)	9,775	6,235	76	16,086
<b>Total Revenue</b>	<b>12,346</b>	<b>8,070</b>	<b>2,821</b>	<b>23,237</b>
<b>3 months ended 31 Mar 2009</b>				
Singapore	1,602	1,892	2,342	5,836
Overseas	10,250	6,990	76	17,316
<b>Total Revenue</b>	<b>11,852</b>	<b>8,882</b>	<b>2,418</b>	<b>23,152</b>

**BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman and Managing Director  
19/04/2010