



# Qian Hu Corporation Limited

## 1H 2004 Results

19 July 2004

# Expanding into a regional, integrated pets company



A growth company going through transformations



Investing in the future



**Our Big Hairy Audacious Goal (BHAG):**





- To be the world's No 1 ornamental fish exporter
- To expand Qian Hu – The Pet Family throughout Asia
- To be the most profitable Dragon Fish breeder through continual R&D



# Growing The Export Business

# Joint Venture in Indonesia



-  In Indonesia, upper-income customers drive sales of fish and pet care products
-  Fish is multi-billion business (Rupiah!)
-  Our 55% stake in PT Qian Hu Aquarium & Pets Indonesia provides access into this huge market
-  First chain store: Bandung (August 2004)





# Expanding into the Retail Chain Store Business

# Why Retail Chain Stores?



-  Accessories business faces keen competition and continued consolidation in Singapore and Malaysia
-  Move away from owning the business to owning the customers
-  Essential to enhance our market position
-  Professionalise a highly fragmented business and to mass market a niche industry
-  Foods and accessories for dogs and cats is big business, compared to fish accessories alone!

# Leveraging on Qian Hu brand



- Offering a whole spectrum for products & services for pet-keeping:
- Ornamental fish and related aquarium accessories
- Foods & accessories for dogs and cats



# Qian Hu – The Pet Family



## Stores Opened To Date:

- Shanghai: 2 stores
- Nanjing: 1 store
- Guangzhou: 1 store
- At least 6-7 more stores in Beijing, KL, JB, Bangkok & Bandung



## Gestation period: 1-2 years



## Higher pre-operational expenses and initial operating losses



**TARGET: OVER 100 STORES IN 5 YEARS!**





# Unaudited 1H 2004 Results

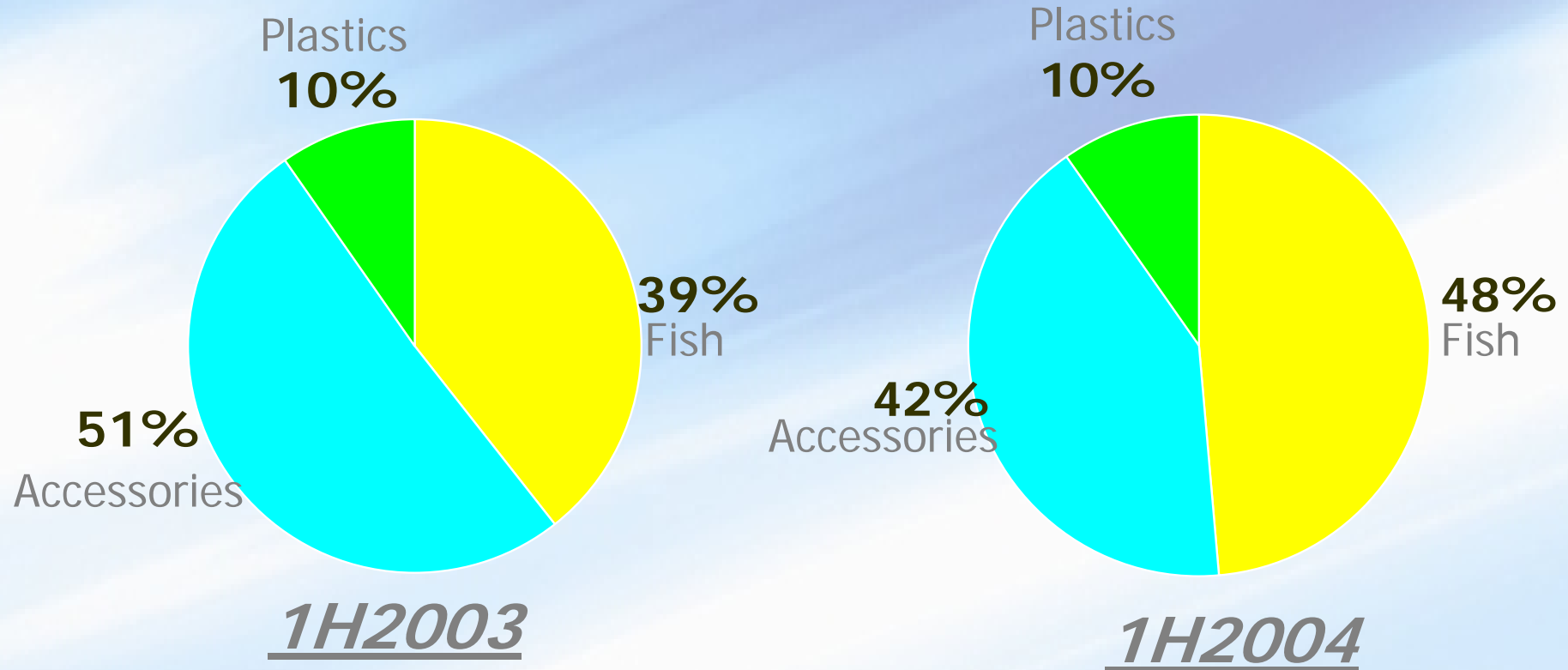
# Financial Highlights



	1H04 (S\$m)	1H03 (S\$m)	Growth (%)	2Q04 (S\$m)	2Q03 (S\$m)	Growth (%)
<b>Turnover</b>	34.3	33.2	3.2	18.0	17.3	4.3
<b>EBITDA</b>	4.7	5.0	(6.3)	2.6	2.9	(9.8)
<b>Profit after tax before EI</b>	2.2	3.3	(33.5)	0.9	1.9	(50.1)
<b>Earnings per share (fully diluted)</b>	1.69 cents	2.60 cents	-	0.76 cents	1.55 cents	-
<b>Return on equity</b>	5.6%	10.8%	-	-	-	-
<b>Debt-to-Equity Ratio</b>	0.49	0.44	-	-	-	-
<b>Net Assets backing per share</b>	34.03 cents	29.7 cents	-	-	-	-

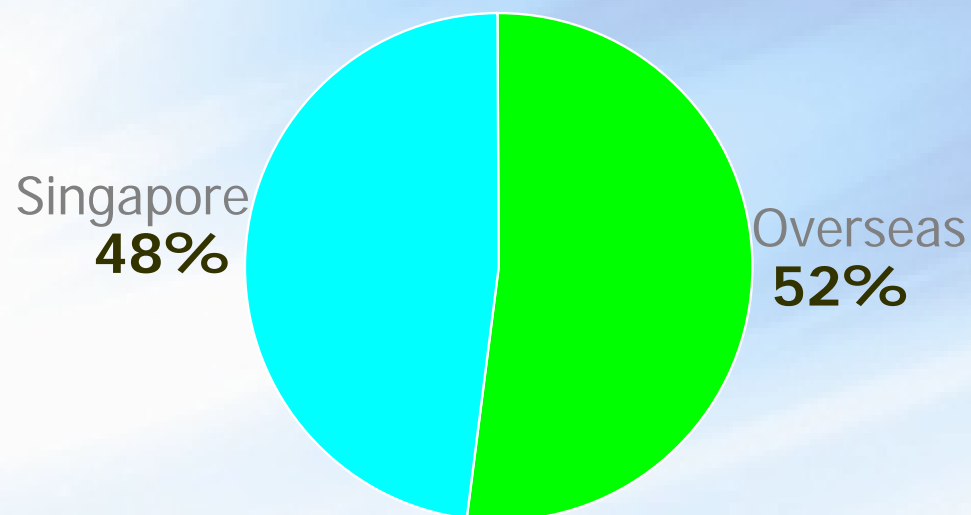
# Turnover By Activities

6 months ended 30 June

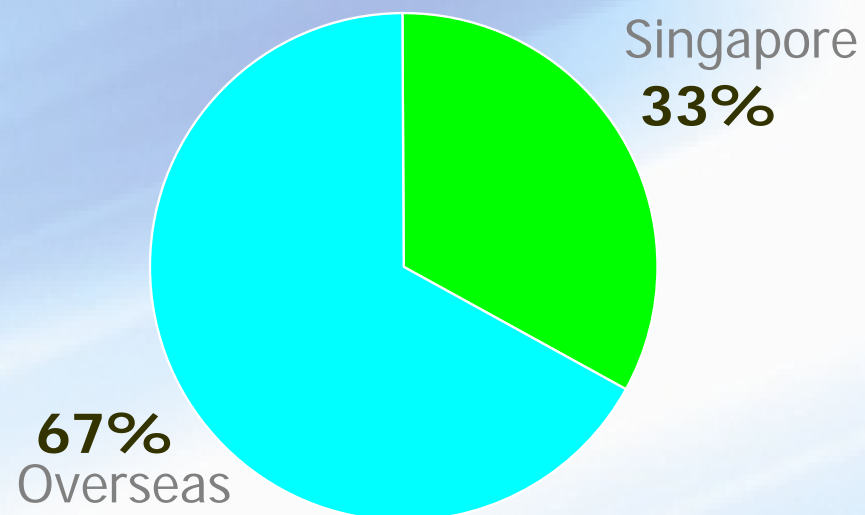


# Turnover By Regions

6 months ended 30 June



1H2003

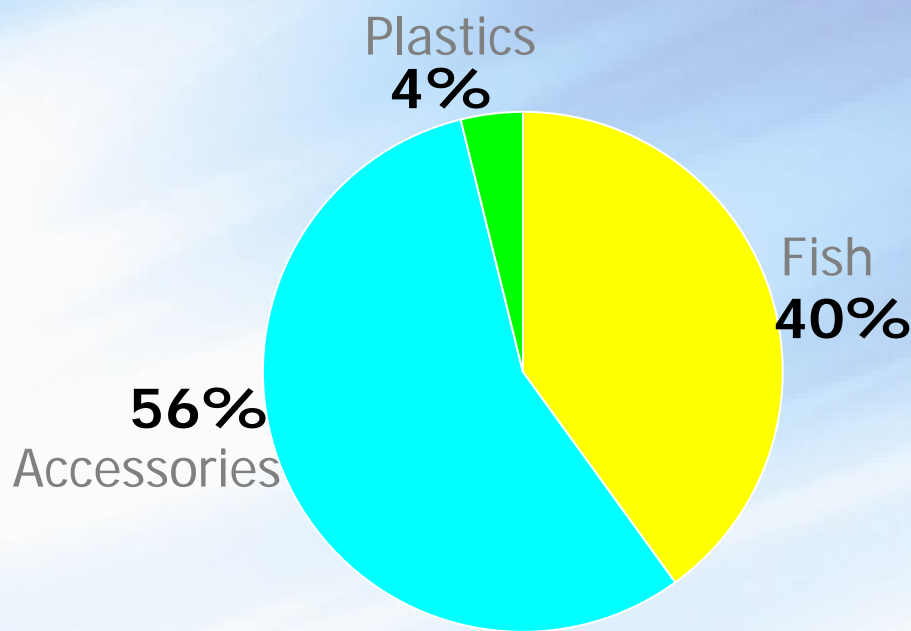


1H2004

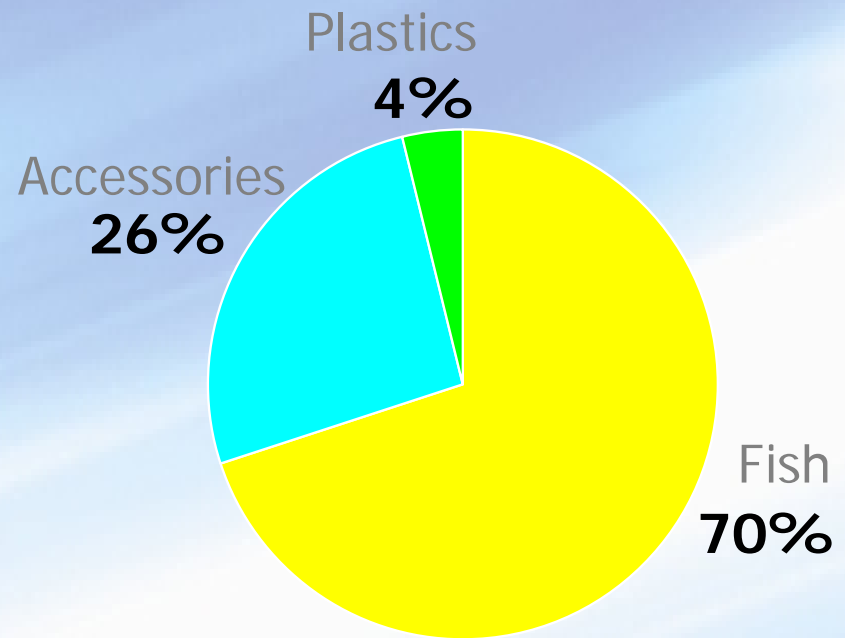


# Profit By Activities

6 months ended 30 June



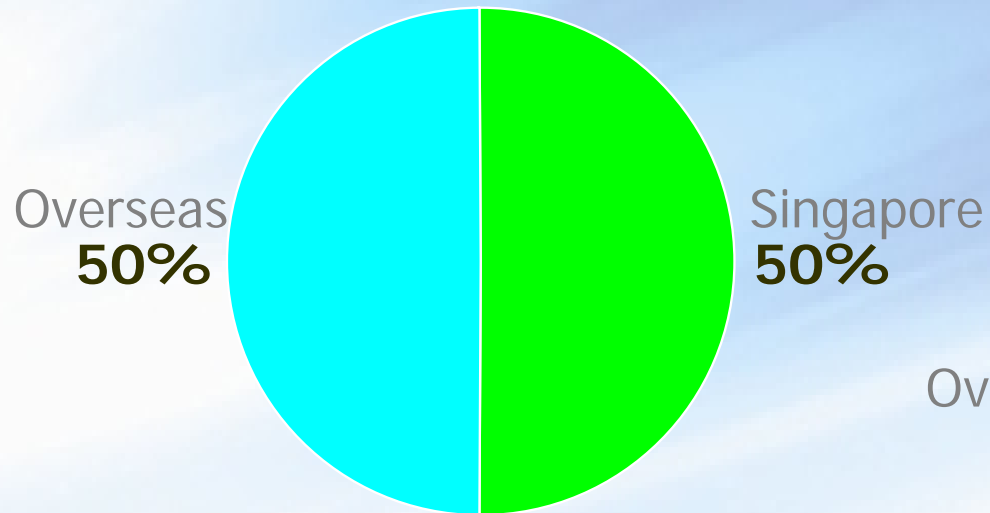
1H2003



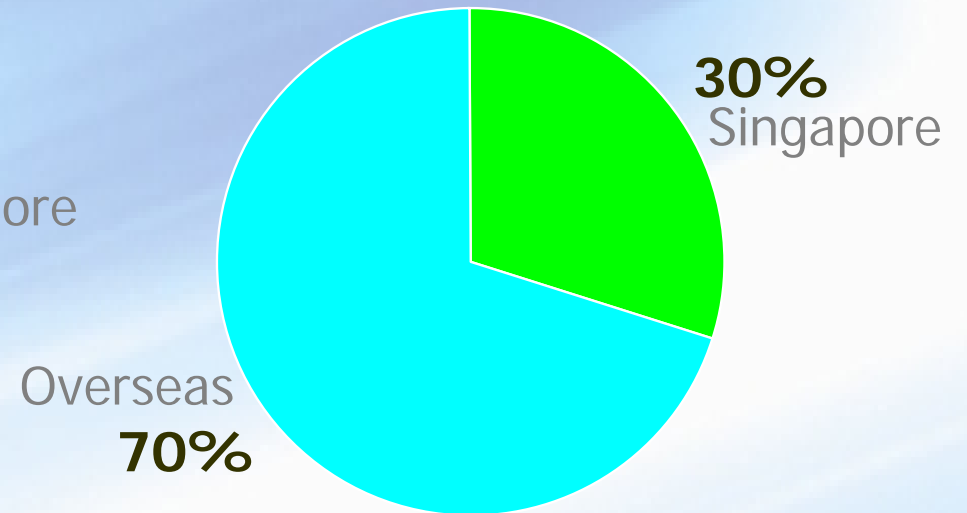
1H2004

# Profit By Regions

6 months ended 30 June



1H2003



1H2004

# Comparing Q2'04 vs Q2'03



	<b>Q2/2004 (S\$m)</b>	<b>Q2/2003 (S\$m)</b>	<b>Growth (%)</b>
<b>Turnover</b>	18.0	17.3	4.3
<b>Net Profit</b>	1.0	1.9	(50.1)

# Balance Sheet Highlights



	30/6/04 (S\$m)	31/12/03 (S\$m)
<b>Total Assets</b>	62.6	57.2
<b>Total Liabilities</b>	19.0	16.5
<b>Total Shareholders' Funds</b>	<b>43.6</b>	<b>40.7</b>



# Cash Flow Statement



	<b>1H2004 (S\$m)</b>	<b>1H2003 (S\$m)</b>
<b>Cash used in operating activities</b>	(0.6)	-
<b>Cash used in investing activities</b>	(1.7)	(0.8)
<b>Cash generated from (used in) financing activities</b>	2.3	(0.9)
<b>Net increase (decrease) in cash and equivalents</b>	-	(1.7)
<b>Cash and cash equivalent at end of period</b>	4.2	6.1

# Inventory & Trade Debtors Turnover



	<b>30/6/04</b>	<b>31/12/03</b>
<b>Inventory Turnover</b>	140 days	125 days
<b>Trade Debtors Turnover</b>	70 days	69 days

# Going Forward



**Export to more customers and countries**



**Breed Dragon Fish more productively**



**Experiment and operate chain stores in Asia**



# Q&A