QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(a) **INCOME STATEMENT FOR THE FOURTH QUARTER AND FINANICAL YEAR ENDED 31 DECEMBER 2009**

	Note	Group 3 months ended 31 Dec			Group Financial year ended 31 Dec		
		2009	2008	Change	2009	2008	Change
		$'000	$'000	%	$'000	$'000	%
Revenue		23,867	22,859	4.4	94,611	93,062	1.7
Cost of sales		(15,775)	(14,799)	6.6	(61,901)	(59,992)	3.2
Gross profit		8,092	8,060	0.4	32,710	33,070	(1.1)
Other operating income		44	35	25.7	132	161	(18.0)
		8,136	8,095	0.5	32,842	33,231	(1.2)
Selling & distribution expenses	i	(375)	(532)	(29.5)	(1,821)	(2,698)	(32.5)
General & administrative expenses	i	(5,069)	(4,998)	1.4	(20,879)	(20,438)	2.2
Profit from operations	ii	2,692	2,565	5.0	10,142	10,095	0.5
Financial income	iii	2	3	(33.3)	6	21	(71.4)
Financial expenses	iii	(137)	(217)	(36.9)	(688)	(876)	(21.5)
		2,557	2,351	8.8	9,460	9,240	2.4
Share of profits (losses) of associates		13	(9)	244.4	(20)	(49)	(59.2)
Profit before taxation		2,570	2,342	9.7	9,440	9,191	2.7
Taxation	iv	(516)	(290)	77.9	(1,795)	(1,790)	0.3
Profit for the period/year		2,054	2,052	0.1	7,645	7,401	3.3
Attributable to:							
Equity holders of the Company		**1,799**	**1,736**	**3.6**	**6,544**	**6,043**	**8.3**
Minority interests		255	316	(19.3)	1,101	1,358	(18.9)
Profit for the period/year		2,054	2,052	0.1	7,645	7,401	3.3
Gross profit margin		33.9%	35.3%		34.6%	35.5%	
Net profit margin		8.6%	9.0%		8.1%	8.0%	
Effective tax rate		20.1%	12.4%		19.0%	19.5%	
Return on equity		-	-		11.0%	11.8%	

STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Group 3 months ended 31 Dec			Group Financial year ended 31 Dec		
	2009	2008	Change	2009	2008	Change
	$'000	$'000	%	$'000	$'000	%
Profit for the period/year	2,054	2,052	0.1	7,645	7,401	3.3
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(10)	(117)	(91.5)	(460)	(867)	(46.9)
Other comprehensive income for the period/year, net of tax	(10)	(117)	(91.5)	(460)	(867)	(46.9)
Total comprehensive income for the period/year	2,044	1,935	5.6	7,185	6,534	10.0
Attributable to:						
Equity holders of the Company	**1,792**	**1,655**	**8.3**	**6,232**	**5,478**	**13.8**
Minority interests	252	280	(10.0)	953	1,056	(9.8)
Total comprehensive income for the period/year	2,044	1,935	5.6	7,185	6,534	10.0

Notes to Income Statement

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

Despite the annual salary revision and the increase in overall headcount of the Group, we have put in place measures to contain our general and administrative expenses in the current quarter and throughout the financial year. Accordingly, in line with the cost saving measures in place, there was a reduction in selling and distribution expenses incurred by the Group which amounted to $0.9 million or 32.5% (year-on-year) and approximately $0.2 million or 29.5% (quarter-on-quarter).

(ii) **Profit from operations**

This is determined after charging (crediting) the following:

	Group 3 months ended 31 Dec		Group Financial year ended 31 Dec	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Auditors' remuneration				
- auditors of the Company	23	20	77	74
- other auditors	8	9	25	25
Non-audit fees				
- other auditors	24	20	41	39
Directors' fees				
- directors of the Company	15	14	60	54
Directors' remuneration				
- directors of the Company	341	314	1,202	1,152
- directors of subsidiaries	138	170	547	558

Notes to Income Statement (cont'd)

(ii) Profit from operations (cont'd)

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Amortisation of product listing fees	-	3	8	18
Bad trade receivables				
- written off	-	4	-	10
- recovered	-	-	(1)	(17)
Depreciation of				
- property, plant and equipment	510	481	2,031	1,897
- brooder stocks	158	140	595	510
Property, plant and equipment written off	-	5	44	11
Gain on disposal of property, plant and equipment	(7)	(24)	(33)	(64)
Allowance for (Write back of)				
- doubtful trade receivables	60	96	299	195
- inventory obsolescence	(43)	(35)	129	(22)
Operating lease expenses	262	273	1,052	955
Personnel expenses *	2,825	2,857	11,908	12,098
Exchange gain, net	(119)	(231)	(422)	(515)
Change in fair value less estimated point-of-sale costs	106	275	106	275

* Include directors' remuneration.

(iii) Financial income
Financial expenses

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest expenses				
- bank loans and overdrafts	84	158	494	609
- bills payable	45	52	161	232
- finance lease obligations	8	7	33	35
	137	217	688	876
Interest income				
- bank deposits	(2)	(3)	(6)	(21)
Net financial expenses	135	214	682	855

Despite the increase in the amount of the Group's bank borrowings during the current financial year, the reduction in interest expenses by 36.9% and 21.5% in the 4th quarter of 2009 and FY 2009 respectively as compared to its corresponding periods in 2008 was mainly due to lower interest rates charged by the financial institutions.

Notes to Income Statement (cont'd)

(iv) **Taxation**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Current tax				
- current year	410	346	1,262	1,123
- over provision in respect of prior years	(9)	(126)	(12)	(126)
Deferred tax				
- temporary differences	115	105	545	828
- over provision in respect of prior year	-	(35)	-	(35)
	516	290	1,795	1,790

The effective tax rate remained relatively consistent for both financial years. The low effective tax rate of 12.4% registered for the 4th quarter of 2008 was mainly due to overprovision made in respect of prior years.

Despite the 1% reduction in Singapore corporate tax rate to 17% in FY 2009 and tax incentives granted for qualifying expenditures, the effective tax charge of the Group for the 4th quarter of 2009 of 20.1% and for FY 2009 of 19.0% were higher than the amount obtained by applying the statutory tax rate on profit before taxation mainly due to varying statutory tax rates of different countries in which the Group operates.

As at 31 December 2009, the Group has unutilised tax losses of approximately $381,318 (2008: $2,493,778) available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate. The potential deferred tax assets have not been recognised in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

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

	Note	Group		Company	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
		$	$	$	$
Equity attributable to equity holders of the Company					
Share capital	i	29,654,922	29,411,915	29,654,922	29,411,915
Reserves		29,571,319	24,179,248	16,163,180	13,427,936
		59,226,241	**53,591,163**	**45,818,102**	**42,839,851**
Minority Interests		9,993,905	9,143,011	-	-
Total Equity		**69,220,146**	**62,734,174**	**45,818,102**	**42,839,851**
Non-Current Assets					
Property, plant and equipment		15,941,572	14,639,378	6,490,153	4,680,364
Brooder stocks	ii	30,315,749	26,745,893	3,118,922	1,196,790
Investments in subsidiaries	iii	-	-	11,991,086	11,991,086
Investments in associates	iv	1,170,729	787,794	1,215,200	812,600
Intangible assets	v	2,308,668	2,205,392	343,048	239,772
Current Assets					
Inventories	vi	20,953,851	22,385,773	6,013,978	7,512,040
Breeder stocks	vii	1,505,620	1,595,170	420,250	444,690
Trade receivables	viii	18,095,023	19,789,827	7,515,594	7,118,439
Other receivables, deposits and prepayments	ix	2,291,442	2,604,894	700,011	1,103,238
Due from					
- subsidiaries (trade)		-	-	18,364,613	18,842,672
- subsidiaries (non-trade)		-	-	4,111,996	2,624,119
- associates (trade)		1,337,808	1,430,669	143,290	508,334
Fixed deposits		24,560	24,560	24,560	24,560
Cash and bank balances		9,822,054	8,302,611	5,296,701	5,469,044
		54,030,358	56,133,504	42,590,993	43,647,136
Current Liabilities					
Trade payables	x	7,663,353	9,189,826	3,391,840	3,383,071
Bills payable to banks (unsecured)	x	4,290,129	4,156,350	709,078	638,044
Other payables and accruals	xi	4,717,107	5,182,697	3,679,971	3,992,125
Due to					
- subsidiaries (trade)		-	-	82,028	88,614
- subsidiaries (non-trade)		-	-	1,430,000	810,000
- minority shareholder of a subsidiary (non-trade)		-	122,171	-	-
Finance lease obligations	xii	179,992	172,640	73,221	72,703
Bank term loans	xiii	10,333,097	10,268,215	9,800,000	10,000,000
Provision for taxation		1,250,252	1,058,178	567,182	535,299
Bank overdrafts (unsecured)		-	1,623,138	-	-
		28,433,930	31,773,215	19,733,320	19,519,856
Net Current Assets		25,596,428	24,360,289	22,857,673	24,127,280
Non-Current Liabilities					
Finance lease obligations	xii	(321,502)	(351,917)	(97,980)	(108,041)
Bank term loans	xiii	(1,735,234)	(2,058,459)	-	-
Deferred taxation		(4,056,264)	(3,594,196)	(100,000)	(100,000)
Net Assets		**69,220,146**	**62,734,174**	**45,818,102**	**42,839,851**

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

	Group		Company	
	31 Dec 2009	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
Inventory turnover (days)	137	145	80	86
Trade receivables turnover (days)	73	74	57	56
Debt equity ratio	0.50	0.60	0.44	0.46

Notes to Statements of Financial Position

(i) **Share capital**

	Number of shares	$
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2009	415,224,269	29,411,915
Issue of new shares		
- Exercise of warrants issued	6,943,048	243,007
Balance as at 31 Dec 2009	422,167,317	29,654,922

The Company issued 64,965,868 warrants in September 2007, of which 25,428,467 were exercised by warrant holders to subscribe for 25,428,467 new ordinary shares of the Company at the exercise price of $0.035 per share as at 31 December 2008. During the financial year ended 31 December 2009, an additional 6,943,048 warrants were exercised by warrant holders to subscribe for 6,943,048 new shares of the Company.

Subsequent to the balance sheet date, of the 32,594,353 warrants outstanding as at 31 December 2009, an additional 815,000 warrants were exercised for 815,000 new ordinary shares of the Company.

The Company did not hold any treasury shares as at 31 December 2009 (2008: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2009.

(ii) **Brooder stocks**

	Group		Company	
	31 Dec 2009	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
	$	$	$	$
Cost				
Balance as at 1 Jan	28,410,881	22,557,297	1,459,500	1,459,500
Additions during the year	5,056,650	6,678,018	1,965,500	-
Disposals during the year	(437,778)	-	-	-
Translation differences	(517,742)	(824,434)	-	-
Balance as at 31 Dec	32,512,011	28,410,881	3,425,000	1,459,500
Accumulated depreciation and impairment losses				
Balance as at 1 Jan	1,664,988	1,192,135	262,710	233,520
Depreciation charge for the year	594,626	510,239	43,368	29,190
Disposals during the year	(34,588)	-	-	-
Translation differences	(28,764)	(37,386)	-	-
Balance as at 31 Dec	2,196,262	1,664,988	306,078	262,710
Net carrying value				
Balance as at 31 Dec	30,315,749	26,745,893	3,118,922	1,196,790

Notes to Statements of Financial Position (cont'd)

(ii) **Brooder stocks (cont'd)**

Brooder stocks are parent stocks of Dragon Fish, held by the Group and the Company for use in the breeding of Dragon Fish. Due to the uniqueness of each Dragon Fish and as an active market does not exist for the brooder stocks, the brooder stocks are stated at cost less accumulated depreciation and any impairment loss.

(iii) **Investments in subsidiaries**

The details of subsidiaries are as follows:

Name	Effective equity interest held by the Group		Cost of investment by the Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	%	%	$	$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	150,451	150,451
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Kim Kang Aquaculture Sdn Bhd (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
			11,991,086	11,991,086

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

KPMG LLP, Singapore, is the auditor of the Singapore-incorporated subsidiary. Another member firm of KPMG International Cooperative is the auditor of a significant foreign-incorporated subsidiary (as defined under Listing Rule 718 of the Singapore Exchange Listing Manual), namely Kim Kang Aquaculture Sdn Bhd.

Notes to Statements of Financial Position (cont'd)

(iv) **Investments in associates**

The details of associates are as follows:

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Unquoted equity investments				
- Arcadia Products PLC	812,600	812,600	812,600	812,600
- Qian Hu Aquasstar (India) Private limited	402,600	-	402,600	-
	1,215,200	812,600	1,215,200	812,600
Share of post-acquisition losses	(44,471)	(24,806)	-	-
	1,170,729	787,794	1,215,200	812,600

- In July 2007, the Company acquired a 20% equity interest in Arcadia Products PLC ("Arcadia"), an aquarium lamp manufacturer based in the United Kingdom, for an initial consideration of £264K (approximately S$813K). In addition, it was agreed that if Arcadia achieves a net profit after tax ("PAT") of not less than £400K (the "Required PAT") in respect of Arcadia's financial year ended on either 30 June 2008 ("FY 2008") or 30 June 2009 ("FY 2009"), a further consideration for the acquisition amounting to 20% of six times the amount of Arcadia's PAT less the amount of initial consideration already paid by the Company ("further consideration") will be paid. As Arcadia did not achieve the Required PAT in both FY 2008 and FY 2009, the further consideration will not be payable.

- As announced on 20 April 2009, the Company has entered into a joint venture agreement to set up a 50-50% joint venture company in Chennai, Qian Hu Aquasstar (India) Private Limited ("JV Company"), which deals with the manufacturing of aquarium accessories, such as fish food and aquarium tanks. The Company has injected its share of paid-up capital amounting to S$402,600 into the JV Company in August 2009.

(v) **Intangible assets**

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Trademarks/customer acquisition costs	938,049	826,774	921,495	809,898
Product listing fees	196,153	196,153	196,153	196,153
Goodwill on consolidation	1,965,620	1,965,620	-	-
	3,099,822	2,988,547	1,117,648	1,006,051
Less accumulated amortisation	(791,154)	(783,155)	(774,600)	(766,279)
	2,308,668	2,205,392	343,048	239,772

Notes to Statements of Financial Position (cont'd)

(v) **Intangible assets**

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. With the adoption of the revised FRS 38 *Intangible Assets*, trademarks/customer acquisition costs were determined to have indefinite lives and were no longer amortised but subjected to annual impairment testing.

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

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of subsidiaries acquired. It was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. With the adoption of FRS 103 *Business Combinations*, the Group discontinued amortisation of goodwill on consolidation. The remaining goodwill balance is subject to annual impairment testing.

(vi) **Inventories**

	Group		Company	
	31 Dec 2009	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
	$	$	$	$
Fish	5,750,255	6,700,278	2,335,058	3,206,189
Accessories	15,030,420	15,416,961	4,108,920	4,606,851
Plastics products - raw materials	283,461	243,516	-	-
Plastics products - finished goods	413,505	419,808	-	-
	21,477,641	22,780,563	6,443,978	7,813,040
Less allowance for inventory obsolescence	(523,790)	(394,790)	(430,000)	(301,000)
	20,953,851	22,385,773	6,013,978	7,512,040

The reduction in inventory balance as at 31 December 2009 was a result of our conscientious effort made to reduce our inventory level. Accordingly, our inventory turnover days has reduced from 145 days in FY 2008 to 137 days in FY 2009.

(vii) **Breeder stocks**

	Group		Company	
	31 Dec 2009	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
	$	$	$	$
As at 1 January	1,595,170	1,420,870	444,690	245,800
Change in fair value less estimated point-of-sale costs	(105,960)	(275,200)	(64,740)	(28,500)
Decreases due to sales	(1,650,310)	(1,531,310)	(617,250)	(328,370)
Net increase due to births	1,666,720	1,980,810	657,550	555,760
As at 31 December	1,505,620	1,595,170	420,250	444,690

Notes to Statements to Financial Position (cont'd)

(viii) Trade receivables

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Trade receivables	20,141,960	22,036,530	9,333,135	9,018,920
Less allowance for doubtful trade receivables	(2,046,937)	(2,246,703)	(1,817,541)	(1,900,481)
	18,095,023	19,789,827	7,515,594	7,118,439

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 December 2009. The trade receivables turnover days have remained relatively consistent for both financial years. The Group typically grants existing customers credit terms of 30 to 90 days.

(ix) Other receivables, deposits and prepayments

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Other receivables	342,225	322,899	144,215	86,074
Deposits	309,718	313,762	58,630	56,398
Prepayments	676,562	453,125	197,031	124,319
Advances to suppliers	301,616	451,347	300,135	365,615
Deposits for purchase of property, plant and equipment	-	470,832	-	470,832
Tax recoverable	661,321	592,929	-	-
	2,291,442	2,604,894	700,011	1,103,238

The higher amount of other receivables, deposits and prepayments balances as at 31 December 2008 was mainly due to advances made to suppliers in relation to the on-going infrastructure construction work in our Singapore farm and the deposits placed for the purchase of related equipment. Some of these amounts have since been capitalised under plant, property and equipment as at 31 December 2009. The reduction is partially offset by the higher tax recoverable recorded as at 31 December 2009.

(x) Trade payables and bills payable to banks

The reduction in trade payables as at 31 December 2009 was due to prompt settlement of trade payables so as to secure better trade discounts with our regular suppliers for purchases made. On the other hand, there were more purchases made via trade financing facilities, resulting in an increase in bills payable as at 31 December 2009.

The weighted average effective interest rates per annum of bills payable for the Group and the Company as at 31 December 2009 are 3.77% (2008: 4.93%) and 5.25% (2008: 5.25%) respectively. These bills mature within one to three months from the end of the year.

Notes to Statements of Financial Position (cont'd)

(xi) Other payables and accruals

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Accrued operating expenses	321,336	329,191	145,822	218,268
Accrued staff costs	2,020,451	2,139,748	1,554,058	1,555,234
Other payables	2,347,739	2,545,918	1,974,513	2,218,623
Advance received from customers	27,581	167,840	5,578	-
	4,717,107	5,182,697	3,679,971	3,992,125

The reduction of other payables and accruals as at 31 December 2009 was mainly due to lower amount of freight expenses payable as at 31 December 2009.

(xii) Finance lease obligations

Group

	Payments	Interest	Principal
31 Dec 2009	$	$	$
Payable:			
After 1 year but within 5 years	356,186	(34,684)	321,502
Within 1 year	202,080	(22,088)	179,992
	558,266	(56,772)	501,494
31 Dec 2008			
Payable:			
After 1 year but within 5 years	430,824	(78,907)	351,917
Within 1 year	203,831	(31,191)	172,640
	634,655	(110,098)	524,557

Company

	Payments	Interest	Principal
31 Dec 2009	$	$	$
Payable:			
After 1 year but within 5 years	114,881	(16,901)	97,980
Within 1 year	83,407	(10,186)	73,221
	198,288	(27,087)	171,201
31 Dec 2008			
Payable:			
After 1 year but within 5 years	124,131	(16,090)	108,041
Within 1 year	81,708	(9,005)	72,703
	205,839	(25,095)	180,744

Notes to Statements of Financial Position (cont'd)

(xiii) Bank term loans

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	$	$	$	$
Due within 1 year:				
Short term loans (unsecured)	9,800,000	10,000,000	9,800,000	10,000,000
Long-term loans, current portion				
- secured	33,951	31,113	-	-
- unsecured	499,146	237,102	-	-
	533,097	268,215	-	-
	10,333,097	10,268,215	9,800,000	10,000,000
Due after 1 year:				
Long-term loans				
- secured	39,450	75,853	-	-
- unsecured	1,695,784	1,982,606	-	-
	1,735,234	2,058,459	-	-
	12,068,331	12,326,674	9,800,000	10,000,000

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.48% to 2.18% (2008: 2.31% to 3.58%) 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 6.80% (2008: 7.75%) 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 7.05% (2008: 8.00%) 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 7.05% (2008: 8.00%) 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 6.55% (2008: 7.50%) per annum and is repayable in 60 monthly instalments commencing May 2009.

As at 31 December 2009, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately $11.0 million (2008: $10.5 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.

1(c) STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	2008	2009	2008
	$	$	$	$
Cash flows from operating activities				
Profit before taxation and minority interests	2,570,980	2,341,989	9,440,573	9,191,531
Adjustments for:				
Bad trade receivables				
- written off	49	3,512	479	10,169
- recovered	-	80	(755)	(16,800)
Depreciation of				
- property, plant and equipment	510,226	480,613	2,030,705	1,896,780
- brooder stocks	158,369	139,690	594,626	510,239
Gain on disposal of property, plant and equipment	(6,618)	(23,775)	(33,373)	(64,222)
Property, plant and equipment written off	217	4,759	43,648	10,851
Change in fair value less estimated point-of-sale costs	105,960	275,200	105,960	275,200
Amortisation of product listing fees	241	2,981	8,321	18,445
Allowance for (Write back of)				
- doubtful trade receivables	60,380	95,736	299,085	194,926
- inventory obsolescence	(42,800)	(35,298)	129,000	(21,560)
Share of (profits) losses of associates	(13,503)	9,067	19,665	48,673
Financial expenses	136,181	217,590	687,671	876,568
Financial income	(1,538)	(3,557)	(6,063)	(21,140)
Operating profit before working capital changes	3,478,144	3,508,587	13,319,542	12,909,660
(Increase) Decrease in:				
Inventories	997,386	420,954	65,351	(560,815)
Breeder stocks	(16,410)	(449,500)	(16,410)	(449,500)
Trade receivables	1,021,107	(1,952,339)	1,246,734	(2,281,713)
Other receivables, deposits and prepayments	20,972	(388,439)	421,044	(473,659)
Due from associates (trade)	(281)	(280,887)	71,108	224,961
Increase (Decrease) in:				
Trade payables	(170,691)	1,540,769	(1,453,956)	1,816,450
Bills payable to banks	(647,238)	(262,016)	201,115	(703,211)
Other payables and accruals	629,997	511,300	(450,120)	416,668
Cash generated from operations	5,312,986	2,648,429	13,404,408	10,898,841
Refund (Payment) of income tax	16,851	(18,551)	(1,166,744)	(1,079,687)
Net cash generated from operating activities	5,329,837	2,629,878	12,237,664	9,819,154
Cash flows from investing activities				
Purchase of				
- property, plant and equipment	(1,133,335)	(979,172)	(3,427,793)	(4,141,803)
- brooder stocks	(1,483,790)	(1,229,677)	(3,303,960)	(6,678,018)
Proceeds from disposal of property, plant and equipment	11,439	40,383	53,297	95,186
Payment for trademarks/customer acquisition costs	(21,396)	(35,231)	(111,597)	(84,401)
Investment in an associate	-	-	(402,600)	-
Interest received	1,538	3,557	6,063	21,140
Net cash used in investing activities	(2,625,544)	(2,200,140)	(7,186,590)	(10,787,896)

1(c) **STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)**

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	2008	2009	2008
	$	$	$	$
Cash flows from financing activities				
Proceeds from issuance of new shares	28,754	-	243,007	115,954
Drawdown of bank term loans	-	666,000	813,000	3,736,000
Repayment of				
- finance lease obligations	(84,444)	(41,320)	(203,256)	(255,469)
- bank term loans	(627,346)	(57,122)	(1,026,814)	(241,537)
- loans from minority shareholder of a subsidiary	(13,311)	(20,832)	(119,833)	(261,710)
Payment of dividends to				
- shareholders	-	-	(840,346)	-
- minority shareholder of a subsidiary	-	-	(102,000)	-
Interest paid	(135,123)	(211,151)	(692,457)	(886,799)
Net cash (used in) generated from financing activities	(831,470)	335,575	(1,928,699)	2,206,439
Net increase in cash and cash equivalents	1,872,823	765,313	3,122,375	1,237,697
Cash and cash equivalents at beginning of period/year	7,979,838	5,938,791	6,704,033	5,449,943
Effect of exchange rate changes on cash balances held in foreign currencies	(6,047)	(71)	20,206	16,393
Cash and cash equivalents at end of period/year (Note ii)	9,846,614	6,704,033	9,846,614	6,704,033

Notes to Statement of Cash Flows

(i) Disposal of subsidiary

The cash flow effect of the subsidiary disposed of is set out as follows:-

	Group	
	31 Dec 2009	31 Dec 2008
	$	$
Total consideration	-	1
Less:		
Cash and bank balances disposed	-	(1)
Net cash flow from disposal of a subsidiary	-	-

Notes to Statement of Cash Flows

(ii) Cash and cash equivalents comprise:

	Group	
	31 Dec 2009	31 Dec 2008
	$	$
Fixed deposits	24,560	24,560
Cash and bank balances	9,822,054	8,302,611
Bank overdrafts	-	(1,623,138)
	9,846,614	6,704,033

Fixed deposits bear average effective interest rate of 1.14% (2008: 1.14%) per annum with maturity within 5 months from the end of the year. The fixed deposits are pledged to a financial institution to secure performance guarantees issued by that financial institution.

Cash and bank balances earn interest at floating rates based on daily bank deposit rates from 0% to 0.05% (2008: 0% to 0.375%) per annum.

(iii) Overall, our cash and cash equivalents increased by approximately $1.9 million and $3.1 million from a quarter and a year ago respectively.

Despite the relatively consistent operating profit generated on a quarter-on-quarter basis and for the financial year ended 31 December 2009 as compared to its corresponding periods in 2008, the improvement in the Group's **net cash generated from operating activities** was due to lower inventory held and our ability to realise the receivables balances into cash. On the other hand, much of the cash generated during the 4th quarter of 2009 and during the financial year were utilised for the settlement of trade and other payables so as to secure better trade discounts with our regular suppliers for purchases made.

Net cash used in investing activities was mainly related to the purchase of brooder stocks in both our Singapore and Malaysia farms and capital expenditure incurred for the construction and expansion of our Dragon Fish breeding facilities in Singapore, as well as on-going enhancement to the infrastructure and farm facilities in overseas entities. In addition, there was cash of approximately $403K injected as paid up share capital of our newly set up joint venture company in India.

During the financial year, there were cash proceeds received from the issuance of new shares arising from exercise of warrants. These amounts were utilised for the repayment to minority shareholder of a subsidiary and the settlement of finance lease obligations on a monthly basis. In addition, there were cash used in the repayment of bank loans granted by financial institutions as well as the servicing of interest payments. The above, coupled with the payment of final dividends to our shareholders and interim dividend payment made to a minority shareholder of a subsidiary, resulted in the **net cash used in financing activities**.

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

Group	Equity attributable to equity holders of the Company: Share capital $	Accumulated profits $	Currency translation reserve $	Total $	Minority interests $	Total Equity $
Balance at 1 Jan 2008	29,295,961	19,295,700	(594,050)	47,997,611	7,635,185	55,632,796
Changes in equity for the year:						
Issue of new shares	115,954	-	-	115,954	-	115,954
Capital contribution	-	-	-	-	451,500	451,500
Total comprehensive income for the year	-	6,042,747	(565,149)	5,477,598	1,056,326	6,533,924
Balance at 31 Dec 2008	29,411,915	25,338,447	(1,159,199)	53,591,163	9,143,011	62,734,174
Changes in equity for the period:						
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
Balance at 31 Mar 2009	29,585,711	26,736,907	(1,115,093)	55,207,525	9,440,963	64,648,488
Changes in equity for the period:						
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)
Balance at 30 Jun 2009	29,613,498	27,559,801	(1,324,956)	55,848,343	9,716,009	65,564,352
Changes in equity for the period:						
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)
Balance at 30 Sep 2009	29,626,168	29,242,842	(1,463,586)	57,405,424	9,741,753	67,147,177
Changes in equity for the period:						
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
Balance at 31 Dec 2009	29,654,922	31,042,392	(1,471,073)	59,226,241	9,993,905	69,220,146

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

Company	Share capital $	Accumulated profits $	Total $
Balance at 1 Jan 2008	29,295,961	10,859,010	40,154,971
Changes in equity for the year:			
Issue of new shares	115,954	-	115,954
Total comprehensive income for the year	-	2,568,926	2,568,926
Balance at 31 Dec 2008	29,411,915	13,427,936	42,839,851
Changes in equity for the period:			
Issue of new shares	173,796	-	173,796
Total comprehensive income for the period	-	533,814	533,814
Balance at 31 Mar 2009	29,585,711	13,961,750	43,547,461
Changes in equity for the period:			
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)
Balance at 30 Jun 2009	29,613,498	14,364,594	43,978,092
Changes in equity for the period:			
Issue of new shares	12,670	-	12,670
Total comprehensive income for the period	-	1,056,078	1,056,078
Balance at 30 Sep 2009	29,626,168	15,420,672	45,046,840
Changes in equity for the period:			
Issue of new shares	28,754	-	28,754
Total comprehensive income for the period	-	742,508	742,508
Balance at 31 Dec 2009	29,654,922	16,163,180	45,818,102

2 **AUDIT**

The full year financial statements have been audited by the Company's auditors.

3 **AUDITORS' REPORT**

See attached auditors' report.

4 **ACCOUNTING POLICIES**

Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, 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 2008.

5 **CHANGES IN ACCOUNTING POLICIES**

During the current financial year, the Group and the Company have adopted the following new and revised FRSs which took effect from financial year beginning 1 January 2009.

- Amendments to FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 107 *Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments*
- FRS 108 *Operating Segments*

These changes in accounting policies are assessed to have no material impact to the results or the opening balances of the accumulated profits of the Group and of the Company for the year ended 31 December 2009.

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

	Group		Group	
	3 months ended 31 Dec		Financial year ended 31 Dec	
	2009	2008	2009	2008
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares on issue (cents)	0.43	0.42	1.56	1.46
- on a fully diluted basis (cents)	0.41	0.39	1.48	1.36

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the financial year of 420,176,378 (2008: 414,583,323).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the financial year adjusted to assume conversion of all potential dilutive ordinary shares of 443,353,155 (2008: 443,482,534).

7 **NET ASSET VALUE PER SHARE**

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Net asset value per share based on existing issued share capital as at the respective dates (cents)	16.40	15.11	10.85	10.32

Net asset value per share is computed based on the number of shares in issue as at 31 December 2009 of 422,167,317 (2008: 415,224,269).

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

Financial year 2009 vs financial year 2008

	Group			
	Financial year ended 31 Dec		Increase (Decrease)	
	2009	2008		
	$'000	$'000	$'000	%
Fish	46,993	45,708	1,285	2.8
Accessories	37,029	35,627	1,402	3.9
Plastics	10,589	11,727	(1,138)	(9.7)
	94,611	93,062	1,549	1.7

For the year ended 31 December 2009, our ornamental fish and accessories activities continued to be our core activities, which together accounted for approximately 89% of our total revenue. Our revenue increased marginally by $1.5 million or 1.7% from approximately $93.1 million for the year ended 31 December 2008 to $94.6 million for the year ended 31 December 2009.

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

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

Financial year 2009 vs financial year 2008 (cont'd)

On a geographical basis, revenue from both Singapore and overseas grew marginally in FY 2009 as compared to FY 2008. Both the Singapore and overseas operations' constant effort in expanding our distribution network into untapped markets contributed to the increase in our overall revenue.

4Q 2009 vs 4Q 2008

	Group			
	4Q 2009 $'000	4Q 2008 $'000	Increase $'000	%
Fish	11,131	10,483	648	6.2
Accessories	9,866	9,585	281	2.9
Plastics	2,870	2,791	79	2.8
	23,867	22,859	1,008	4.4

Revenue increased by approximately $1.0 million or 4.4% from $22.9 million in the 4th quarter of 2008 to $23.9 million in the 4th quarter of 2009. All business activities continued to register growth in revenue during the current quarter as compared to its corresponding period in 2008.

Fish
With the completion of our new breeding facilities in our Malaysia and Singapore farm in end 2008 and 4th quarter of 2009 respectively, we are able to maintain a reliable supply of Dragon Fish. Our Dragon Fish sales continue to grow in tandem with our other ornamental fish revenue in the current financial year. 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 2008.

Accessories
As highlighted in our previous announcements, with our accessories business being more export-oriented, we managed to leverage on our Group's existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential. Our subsidiaries in Malaysia, Thailand and China also managed to continue expanding their distribution network in those countries to capture more sales in the current quarter as compared to its corresponding period in 2008.

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

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

4Q 2009 vs 4Q 2008 (cont'd)

Plastics
Revenue from our plastics activities remained relatively consistent in the current quarter, comparable to that of the corresponding period in 2008.

4Q 2009 vs 3Q 2009

	Group			
	4Q 2009 $'000	3Q 2009 $'000	Increase (Decrease) $'000	%
Fish	11,131	11,998	(867)	(7.2)
Accessories	9,866	9,130	736	8.1
Plastics	2,870	2,746	124	4.5
	23,867	23,874	(7)	(0.0)

Although the revenue from our accessories and plastics activities registered growth in the 4th quarter of 2009, the reduction in revenue from our ornamental fish activities has resulted in flat growth in our overall revenue in the current quarter as compared to that of the previous quarter.

Fish
The reduction in ornamental fish revenue in the current quarter by approximately $0.9 million or 7.2% as compared to the previous quarter was mainly due to differences in product mix registered in both quarters. With the completion of the new breeding facilities in our Singapore farm in the current quarter, there were more of our self-bred Dragon Fish available for sale. Accordingly, despite the reduction in revenue, we were able to command a better profit margin in the current quarter (please refer to commentary on profitability below).

Accessories
Revenue from our accessories activities continued its growth momentum into the 4th quarter of 2009. The increase in accessories revenue in the current quarter was mainly as a result of better revenue contributions from our export sales as well as higher revenue from our Guangzhou factory as we managed to continue to secure, fulfill and deliver more orders from our OEM customers in the current quarter as compared to the previous quarter.

Plastics
With an enlarged customer and product base, our revenue from our plastics activities is experiencing steady growth in the current quarter as compared to that of the previous quarter.

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

(b) **Profitability**

Financial year 2009 vs financial year 2008

	Group			
	Financial year ended 31 Dec		Increase (Decrease)	
	2009	2008		
	$'000	$'000	$'000	%
Fish	8,103	8,751	(648)	(7.4)
Accessories	2,631	2,425	206	8.5
Plastics	1,145	718	427	59.5
Unallocated corporate expenses	(2,439)	(2,703)	264	9.8
	9,440	9,191	249	2.7

With the marginal increase in revenue, our operating profit before taxation registered growth of $0.2 million or 2.7%. Profit after taxation attributable to equity holders increased by 8.3% from $6.0 million in FY 2008 to approximately $6.5 million in FY 2009. Despite a reduction in operating profit year-on-year, our fish business remained the main profit contributor in the current financial year.

4Q 2009 vs 4Q 2008

	Group			
	4Q 2009	4Q 2008	Increase	
	$'000	$'000	$'000	%
Fish	2,260	2,175	85	3.9
Accessories	663	604	59	9.8
Plastics	277	213	64	30.0
Unallocated corporate expenses	(630)	(650)	20	3.1
	2,570	2,342	228	9.7

In line with the increase in revenue from all our business activities in the 4th quarter of 2009, the operating profit from business activities increase marginally as compared to its corresponding period in 2008.

Fish

Despite our reliant ornamental fish export business and the improved Dragon Fish sales have managed to turn in higher revenue during the 4th quarter of 2009, its operating profit was relatively stable as compared to its corresponding period in 2008. While our self-bred Dragon Fish continued to yield better margins, the differences in the product mix and the profitability of other ornamental fish registered in both quarters has resulted in lower profit margin derived from the ornamental fish business quarter-on-quarter.

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

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

4Q 2009 vs 4Q 2008 (cont'd)

Accessories
With improved revenue generated and better profit margin contributions from our export of accessories, the profitability from our accessories business has shown improvement in the 4th quarter of 2009 as compared to its corresponding period in 2008.

Plastics
Despite registering a relatively stable revenue contribution, the operating profit from our plastics activities improved on a quarter-on-quarter basis mainly due to better profit margins yielded.

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 and throughout the financial year 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.

4Q 2009 vs 3Q 2009

	Group			
	4Q 2009	3Q 2009	Increase	
	$'000	$'000	$'000	%
Fish	2,260	2,050	210	10.2
Accessories	663	649	14	2.2
Plastics	277	202	75	37.1
Unallocated corporate expenses	(630)	(668)	38	5.7
	2,570	2,233	337	15.1

Fish
Notwithstanding the lower revenue recorded in the current quarter as compared to the previous quarter, our operating profit from ornamental fish increased marginally by $0.2 million or 10.2% mainly due to better margins yielded from the increase in the sales of our self-bred Dragon Fish this quarter. As mentioned, with the completion of the new breeding facilities in our Singapore farm in the 4th quarter of 2009, there were more of our higher margin self-bred Dragon Fish available for sale in the current quarter than in the 3rd quarter of 2009.

Accessories
Compared to the previous quarter in 2009, the increase in revenue contributions in the current quarter was substantially from our Guangzhou factory. As these manufactured products yielded lower profit margins, operating profit from our accessories business registered in the current quarter was comparable to that in the 3rd quarter of 2009, notwithstanding the better profit margin contribution from our export of accessories.

Plastics
The increase in operating profit from our plastics activities was in accordance with the steady increase in revenue contributions and the better profit margins yielded.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

PROSPECTS FOR FY 2010

In FY 2010, our Group's growth will depend on:

Increase in our export of ornamental fish

Ornamental fish will continue to be an important core business activity of our Group. Currently, we export to more than 80 countries around the world from our export hubs in Singapore, Malaysia, Thailand and China. We believe that we are the region's biggest exporter of ornamental fish capturing more than 5% of the world market share. While we increase our efforts on expanding our export distribution to more countries around the world, we will focus on high-growth regions such as the Middle East, Eastern Europe, China and India.

Escalation of our export of aquarium and pet accessories

Our export footprint for aquarium and pet accessories will continue to expand. Currently, we export our accessories products to approximately 35 countries (FY 2008 : 30 countries) around the world but with limited presence in Europe. However, this is set to change through our 20% stake in Arcadia and the setting up of a marketing base in London. Through these, we aim to increase our visibility in the European continent and target to increase our export of aquarium and pet accessories to about 50 countries within the year.

Introduction of new generation of revolutionary aquarium accessories

We have entered into an exclusive licensing agreement with Singapore-based Clean World Environment and Renewable Pte Ltd ("Clean World") who jointly developed the revolutionary Hydro-Pure technology that is capable of enhancing the natural filtration processes in aquariums by as much as 50% when compared to conventional filtration systems. This energy-efficient Hydro-Pure technology is eco-friendly and truly the first of its kind in the world. It can also be applied to other areas in the ornamental fish industry as it promotes a natural, chemical free environment for all aquatic lives. Under the agreement, Clean World is responsible to develop the internal design of the filtration system while Qian Hu is responsible for the external design and commercialisation of the product. It is our intention to develop a series of these revolutionalised aquarium products which will provide an added boost to our Group's accessories export business and propel Qian Hu to a whole new level in the global accessories market.

Sustained growth in breeding and sales of selective bred Dragon Fish in a transforming market

With the completion of the first phase of our research collaboration with Temasek Life Sciences Laboratory on the breeding behaviour of Dragon Fish, we are now able to incorporate the findings into actual production as we have a genetic-based selected set of brooder stocks where the quality sits way above our competitors. Our Dragon Fish production efficiency will be enhanced as a result of our ability in sexing the brooder stocks and putting them in the right ratios for breeding.

Although the Dragon Fish market is undergoing a major metamorphosis due to more market players as well as changing demand in terms of the quality and phenotypes of Dragon Fish, we are confident that our Dragon Fish sales will continue to grow in FY 2010 with our expanded distribution network in China, while we continue to explore "non-traditional" Dragon fish markets in Asia and Europe by tapping on our strong network from our ornamental fish export business. In addition, the high quality selectively bred dragon fish will enable us to conquer a premium portion of the market which will increase our profit margin generated from the sales of these Dragon Fish.

10 **PROSPECTS (cont'd)**

Increase in our sales revenue and cash flow generation

Our Group's current business model is now even more robust and diversified, after the completion of the restructuring exercise in FY 2006. Since then, our profit margins have shown improvement, and in FY 2009, our efforts in containing operating costs and increasing our productivity had helped to grow profitability at a faster pace than revenue (in percentage terms). As we are operating in the niche lifestyle and service industry, we believe that we can achieve a respectable profit margin by leveraging on our propriety brands, strong R&D efforts and an efficient supply chain management. Going forward, our focus is also on generating stronger cash flow from operating activities, and our internal target is that at least half of the Group's profitability should be realised into cash.

Expansion of our regional domestic distribution network

Our headquarters in Singapore, together with our subsidiaries in Bangkok, Kuala Lumpur, Beijing, Shanghai, and Guangzhou, distribute ornamental fish and aquarium and pet accessories in their respective countries. The Singapore base should record organic growth, but we anticipate that the Thailand, Malaysia, and China markets will continue to grow healthily with much untapped markets. In China, we intend to further increase our distribution points from the existing 289 locations (from more than 150 locations in FY 2008) to approximately 400 locations by end Year 2010. Our newly set up joint venture in India will also enable us to expedite our penetration into the India market.

Despite the gradual recovery of the global economy, we must continue to stay vigilant. Barring any unforeseen circumstances, we envisage continued growth in our revenue and profitability in Year 2010.

OUR LONG-TERM PROSPECTS

To be the world's Number 1 ornamental fish exporter

As mentioned earlier, currently, we export ornamental fish to more than 80 countries around the world and we believe that Qian Hu has captured more than 5% of the world's market share in terms of ornamental fish export. Our long-term goal is to gradually increase our global market share to 10% and that we are able to export ornamental fish to 100 countries – this will make us the top ornamental fish exporter in the world. We hope to achieve this by exporting more ornamental fish to more customers and countries all over the world from our existing distribution hubs and exporting more Dragon Fish to China, India and Vietnam.

In addition, we are looking out for investment opportunities in Indonesia and Vietnam where we intend to set up subsidiaries within the next four years. Through these possible opportunities and strategic investments, we believe that there will be a positive contribution to our ornamental fish revenue moving forward.

While putting in effort in exploring more overseas markets, we will also leverage on our research & development capability to improve our ornamental fish packaging technology and quarantine skills to further differentiate ourselves from the other industry players. We are exploring the feasibility of pursuing high-end agriculture, such as bio-secured farming of selected fish species. This will enable us to mitigate and to manage risks related to negative weather conditions that will affect fish farming so as to ensure the consistency in the supply of these fish species.

To improve revenue contribution from pet accessories

In FY 2009, the percentage of our ornamental fish and aquarium and pet accessories revenue was 50% and 39% of total revenue respectively, and within accessories, approximately 90% were revenue contribution from aquarium accessories products with the balance 10% from the pet accessories business. It is our long-term target to have equal revenue contribution from both the ornamental fish and the accessories businesses. In addition, within the accessories segment, half of the revenue should be from aquarium accessories sales and the other half from pet accessories. In order to achieve that, we will continue to leverage on our propriety brands, namely "BARK" and 'Nature Gift" for dog accessories products, "Aristo-cats YI HU" for cat accessories products and "Delikate" for small animals.

10 **PROSPECTS (cont'd)**

To export our aquarium and pet accessories to more countries

It is our intention to grow our export of aquarium and pet accessories to as many countries as our ornamental fish export in five years' time. We aim to do this by cross selling our accessories products to our existing ornamental fish customers, as well as expanding our customer base in new countries through active marketing and participation in trade shows. It is important that we focus on innovative product development, ensuring consistency in quality and the building up of our own propriety brand names.

To have the widest distribution network in China and India

China

With more than 280 distribution points across China distributing our Dragon Fish and aquarium accessories as at 31 December 2009, we are on track to achieving our target of more than 500 locations in the next few years by increasing our marketing efforts and leveraging on our premium brand status. We expect that as China becomes more prosperous, we will need to move beyond the 1st-tier cities into the 2nd, 3rd or 4th tiers cities in order to open up more distribution points. Distribution points are managed by our appointed agents in the respective cities or with our strategic partners in China.

India

Our joint venture in Chennai, India will initially focus on the manufacturing of aquarium accessories and fish foods. However, we also intend to grow our distribution network for ornamental fish in various cities in India eventually. Similar to our vision for China, our aim is to have the widest distribution network in the India subcontinent.

To strengthen our commitment and continue our investment in research & development ("R&D")

We have formed a R&D team in the Singapore HQ in the first quarter of 2009. With the conscientious R&D effort put into the researching of Dragon Fish breeding behaviour, we aim to be Asia's most innovative and profitable dragon fish breeder.

Other than the R&D work in Dragon Fish breeding, our R&D team has engaged in the following three major research directions:-

(i) Provide fish disease diagnosis and cure in order to improve and upgrade the quality of our export of ornamental fish. This is also in connection with the research work we carry out in developing new fish medications and conditioners for our accessories business.

(ii) Develop a new range and design of new generation aquarium accessories, ranging from filtration systems to sterilization unit for aquariums with the Hydro-Pure technology which we anticipate to revolutionalise the ornamental fish industry.

(iii) Explore new form of ornamental fish farming technology to meet the changing demand in the ornamental fish market which include the incorporation of novel, efficient and rapid system in place to produce high quality and disease-free fish.

To be a debt-free and high dividend yield company

We do not expect to incur substantial amounts of capital expenditure or investments in the foreseeable future. Even if the possible investment opportunities in Indonesia and Vietnam mentioned earlier materialise in subsequent years, the investment amounts should not be significant, which will be funded through cash generated from operating activities.

In view of the above, coupled with better cash management skill and the consistency in generating cash from operating activities with the stable profit from all the entities within the Group, we believe that Qian Hu will soon move towards becoming a debt-free company with high dividend yield.

10 **PROSPECTS (cont'd)**

To be able to change in accordance with the changing environment and to continue to differentiate ourselves

The achievability of our long-term growth will depend on our ability to change and react in accordance with the ever changing environment. We have demonstrated our tenacity by enduring the painful process of restructuring in FY 2004. We will work on building up a knowledgeable and competitive workforce, to keep on differentiating ourselves through innovative products and services, to pursue business excellent practices and finding new ways of doing things. We need to challenge the status quo and to better equip ourselves so that we can build an organisation that will last for generations.

To stay focused in whatever we do

We are an integrated ornamental fish service provider and must always capitalise on our core competencies and stay focus dealing with the ornamental fish and aquarium and pet accessories related activities. We may be a small company now but we are in a niche market and we are one of the leaders in the ornamental fish market. By staying focused, and relentlessly pursuing business excellence, Qian Hu will become a bigger and better company one day and we will continue to enjoy better long-term prospects.

11 **RISK FACTORS AND RISK MANAGEMENT**

Risk management form an integral part of business management. The Group's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations, by ensuring compliances with legal requirements and by safeguarding the integrity of the Group's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and the implementation of appropriate risk management processes. The risk management policies and reviewed regularly to reflect changes in market conditions and the activities of the Group.

The following set out an overview of Qian Hu's approach to risk management and business control with a brief description of the nature and the extent of its exposure to these risks. The risk overview, however, is not exhaustive.

Market risk

The Group has established subsidiaries in four countries. These subsidiaries are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. In addition, our business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets. Although these circumstances may be beyond our control, the Board and the management consistently keep themselves up-to-date on the changes in political and industry regulations so as to be able to anticipate or respond to any adverse changes in market conditions in an efficient and timely manner.

Business risk

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds is uncommon. We have institutionalised a comprehensive health management and quarantine system for all our domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for our fishes. Currently, all our domestic and overseas fish operations have attained ISO 9002 certification, including the breeding of Dragon Fish. There is no known disease that is fatal to the Dragon Fish because of its primitive and prehistoric origin.

11 **RISK FACTORS AND RISK MANAGEMENT (cont'd)**

Operational risk

Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The operational risk management process is to minimise unexpected losses and manage expected losses.

Our Group currently operates in four countries with assets and activities spreading across the Asia Pacific. As at 31 December 2009, approximately 70% of our Group's assets are located overseas. Revenue from our overseas' customers constitute approximately 71% of the total revenue in FY 2009. In view of our Group's expansion plan, the percentage of its overseas assets and activities will continue to increase moving forward. The effect of greater geographical diversification reduces the risk of concentration in a single operation.

It is also noted that Qian Hu has always been viewed as a family business largely run and controlled by the Yap family. However, in fact, it is run by a team of dedicated Qian Hu family members, not solely by the Yap family members. Although no individual is indispensible, the loss of specialized skills and the leadership of our Executive Chairman & Managing Director, Mr Kenny Yap, and the other founding members, including our key management, could result in business interruptions and a loss in shareholders' confidence. To dispel the worries, we have since put in place a structured succession planning programme so as to identify and develop a team of talented employees based on their merit – family members are not given special preferences – who can take Qian Hu to the next lap of growth. We believe that training a team of next-generation leaders is critical to the continuity of the business which should last beyond our generation.

Product risk

For the year ended 31 December 2009, our Dragon Fish sales contributed approximately 25% of our Group total revenue. We sell over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 countries and are not reliant on the sale of any particular type or species of fish or accessories products. We are diversified in both our products and markets.

Investment risk

Our Group grows businesses through organic growth of our existing activities, development of new capabilities (e.g. setting up retail chain stores) and through acquisitions of operating business entities. Investment activities are evaluated through performing of due diligence exercise and are supported by external professional advices. All business proposals are reviewed by the Company's Board of Directors and its senior management before obtaining final Board approval.

Foreign exchange risk

The foreign exchange risk of our Group arises from sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily the United States dollar, Euro, Malaysian Ringgit and Chinese Renminbi.

Our Group does not have any formal hedging policy against foreign exchange fluctuations. However, we continuously monitor the exchange rates of major currencies and enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact the Group's profitability.

Foreign currencies received are kept in foreign currencies accounts and are converted to the respective measurement currencies of the Group companies on a need-to basis so as to minimise foreign exchange exposure.

11 **RISK FACTORS AND RISK MANAGEMENT (cont'd)**

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to our Group as and when they fall due. Credit risk is managed through the application of credit approvals, performing credit evaluations, setting credit limits and monitoring procedures.

None of our customers or suppliers contributes more than 5% of our Group's revenue and purchases. It is our Group's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk. Cash terms, advance payments are required for customers with lower credit standing.

While our Group faces the normal business risks associated with ageing collections, we have adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Accordingly, our Group does not expect to incur material credit losses on its risk management or other financial instruments.

Interest rate risk

Interest rate risk is managed by our Group on an on-going basis with the objective to limit the extent to which our Group's results could be affected by an adverse movement in interest rate.

Our Group's cash balances are placed with reputable banks and financial institutions. For financing obtained through bank borrowings and finance lease arrangements, our Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Our aim to move towards becoming a debt-free company will also address this risk.

Liquidity risk

The objective of liquidity management is to ensure that our Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. To manage liquidity risk, our Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows. Over the years, we have enhanced our ability to generate cash from operating activities; accordingly, we envisage that our cash management skill will continue to improve.

Derivative financial instrument risk

Our Group does not hold or issue derivative financial instruments for trading purposes.

12 **DIVIDEND**

(a) **Present period**

Name of dividend	First & final
Dividend type	Cash
Dividend rate	0.5 cents per ordinary share
Tax rate	One-tier tax exempt

(b) **Previous corresponding period**

Name of dividend	Interim	Final
Dividend type	Nil	Cash
Dividend rate	Nil	0.2 cents per ordinary share
Tax rate	Nil	One-tier tax exempt

12 **DIVIDEND (cont'd)**

(c) **Total annual dividend**

	Latest year ($'000)	Previous year ($'000)
Ordinary	2,111	840
Preference	-	-
Total:	2,111	840

(d) **Date payable**

Subject to shareholders' approval at the Annual General Meeting to be held on 16 March 2010, the dividends will be paid on 12 April 2010.

(e) **Books closure date**

Registrable Transfers received by the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5:00 pm on 30 March 2010 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 31 March 2010 for the preparation of dividend warrants.

13 **RELATED PARTIES & INTERESTED PERSON TRANSACTIONS**

During the financial year, there were related parties transactions based on terms agreed between the parties as follows:-

	Group		Company	
	31 Dec 2009 $	31 Dec 2008 $	31 Dec 2009 $	31 Dec 2008 $
Fees paid to a firm of which a director is a member	3,000	-	3,000	-
Consultancy fees paid to a company in which a director has a substantial interest	38,800	8,300	38,800	8,300

Except for the above, there was no other interested person transactions, 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 financial year ended 31 December 2009.

14 **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.

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

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

	Financial year ended 31 Dec 2009				
Group	**Fish** $'000	**Accessories** $'000	**Plastics** $'000	**Others** $'000	**Total** $'000
Revenue					
External revenue	46,993	37,029	10,589	-	94,611
Inter-segment revenue	6,695	8,147	177	(15,019)	-
Total Revenue	53,688	45,176	10,766	(15,019)	94,611
Results					
EBITDA *	10,232	3,488	1,281	(2,225)	12,776
Depreciation and amortisation	(1,705)	(794)	(135)	-	(2,634)
Interest expenses	(428)	(45)	(1)	(214)	(688)
Interest income	4	2	-	-	6
	8,103	2,651	1,145	(2,439)	9,460
Share of losses of associates	-	(20)	-	-	(20)
Profit before taxation	8,103	2,631	1,145	(2,439)	9,440
Taxation	(1,217)	(416)	(162)	-	(1,795)
Profit for the year	6,886	2,215	983	(2,439)	7,645
Net profit margin	**14.7%**	**6.0%**	**9.3%**		**8.1%**
Assets and Liabilities					
Total Assets	65,526	32,097	3,748	2,396	103,767
Investments in associates	-	1,171	-	-	1,171
Total Liabilities	19,364	3,731	1,897	9,555	34,547
Other Segment Information					
Expenditures for non-current assets **	6,655	2,056	17	-	8,728
Other non-cash items:					
Bad trade receivables recovered	(1)	-	-	-	(1)
Gain on disposal of property, plant and equipment	(5)	(23)	(5)	-	(33)
Property, plant and equipment written off	39	5	-	-	44
Allowance for					
- doubtful trade receivables	295	1	3	-	299
- inventory obsolescence	-	129	-	-	129
Change in fair value less estimated point-of-sale costs	106	-	-	-	106

* *EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.*
** *This includes capital expenditure and additions to other non-current assets.*

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

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

	Financial year ended 31 Dec 2008				
Group	**Fish** $'000	**Accessories** $'000	**Plastics** $'000	**Others** $'000	**Total** $'000
Revenue					
External revenue	45,708	35,627	11,727	-	93,062
Inter-segment revenue	6,983	8,839	173	(15,995)	-
Total Revenue	52,691	44,466	11,900	(15,995)	93,062
Results					
EBITDA	10,739	3,303	880	(2,402)	12,520
Depreciation and amortisation	(1,502)	(761)	(162)	-	(2,425)
Interest expenses	(506)	(69)	-	(301)	(876)
Interest income	20	1	-	-	21
	8,751	2,474	718	(2,703)	9,240
Share of losses of associate	-	(49)	-	-	(49)
Profit before taxation	8,751	2,425	718	(2,703)	9,191
Taxation	(1,345)	(340)	(105)	-	(1,790)
Profit for the year	7,406	2,085	613	(2,703)	7,401
Net profit margin	**16.2%**	**5.9%**	**5.2%**		**8.0%**
Assets and Liabilities					
Total Assets	61,745	33,005	3,752	2,010	100,512
Investment in associate	-	788	-	-	788
Total Liabilities	20,116	4,773	1,947	10,942	37,778
Other Segment Information					
Expenditures for non-current assets	10,186	923	90	-	11,199
Other non-cash items:					
Bad trade receivables					
- written off	8	2	-	-	10
- recovered	-	(17)	-	-	(17)
Gain on disposal of property, plant and equipment	(15)	(28)	(21)	-	(64)
Property, plant and equipment written off	8	3	-	-	11
Allowance for (Write back of)					
- doubtful trade receivables	143	25	27	-	195
- inventory obsolescence	-	(22)	-	-	(22)
Change in fair value less estimated point-of-sale costs	275	-	-	-	275

(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.

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

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

	Revenue Financial year ended 31 Dec		Non-current assets Financial year ended 31 Dec		Total assets Financial year ended 31 Dec	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Group	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	27,102	25,832	10,175	6,459	33,670	31,539
Other Asian countries	36,210	39,021	38,794	37,131	69,186	67,677
Europe	20,912	19,138	768	788	911	1,296
Others	10,387	9,071	-	-	-	-
Total	94,611	93,062	49,737	44,378	103,767	100,512

15 **BREAKDOWN OF REVENUE**

Group	**Fish** $'000	**Accessories** $'000	**Plastics** $'000	**Total** $'000
4Q 2009				
Singapore (including domestic sales & sales to Singapore)	2,865	1,862	2,807	7,534
Overseas (including export to & sales in overseas)	8,266	8,004	63	16,333
Total revenue	11,131	9,866	2,870	23,867
4Q 2008				
Singapore	1,524	1,927	2,706	6,157
Overseas	8,959	7,658	85	16,702
Total revenue	10,483	9,585	2,791	22,859

Group	**Fish** $'000	**Accessories** $'000	**Plastics** $'000	**Total** $'000
Financial year ended 31 Dec 2009				
Singapore (including domestic sales & sales to Singapore)	9,297	7,518	10,287	27,102
Overseas (including export to & sales in overseas)	37,696	29,511	302	67,509
Total revenue	46,993	37,029	10,589	94,611
Financial year ended 31 Dec 2008				
Singapore	6,585	7,859	11,388	25,832
Overseas	39,123	27,768	339	67,230
Total revenue	45,708	35,627	11,727	93,062

16 **QUARTERLY ANALYSIS**

	2009	2008	Increase (Decrease)
	$'000	$'000	%
Revenue			
1st Quarter	23,152	23,014	0.6
2nd Quarter	23,718	23,576	0.6
3rd Quarter	23,874	23,613	1.1
4th Quarter	23,867	22,859	4.4
	94,611	93,062	1.7
Profit before taxation			
1st Quarter	2,085	2,126	(1.9)
2nd Quarter	2,552	2,366	7.9
3rd Quarter	2,233	2,357	(5.3)
4th Quarter	2,570	2,342	9.7
	9,440	9,191	2.7
Profit after taxation and minority interests			
1st Quarter	1,399	1,266	10.5
2nd Quarter	1,663	1,508	10.3
3rd Quarter	1,683	1,533	9.8
4th Quarter	1,799	1,736	3.6
	6,544	6,043	8.3

- **Revenue**

  During the financial year, our Group's revenue grew steadily as compared to the previous year.

  Our ornamental fish and accessories business has performed comparably to the previous financial year. Our continuous effort in exploring and increasing our export market for ornamental fish and accessories to more customers and to more countries around the world has resulted in the improved revenue contributions. Our subsidiaries in Malaysia, Thailand and China have also managed to expand their domestic distribution network in those countries to capture more sales during the financial year.

  In addition, with the completion of our new breeding facilities in Singapore and Malaysia in FY 2009, we are able to maintain a reliable supply of Dragon Fish to cope with the continuous rise in demand. Our Dragon Fish sales continue to grow in tandem with our other ornamental fish revenue in the current financial year.

  Our Guangzhou factory was also able to further increase its revenue contributions throughout 2009 by securing, fulfilling and delivering increasing number of production orders every quarter.

- **Profitability**

  The steady increase in our Group's overall profitability during the financial year was due to:

  - increase in sales of our self-bred Dragon Fish with better margin yield;
  - increase in export sales of both ornamental fish and accessories;
  - improved profitability from our retail chain stores throughout the region; and
  - increase in production orders delivered by our Guangzhou factory which led to the improvement in operational efficiency and profitability.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
11/01/2010

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
Qian Hu Corporation Limited

We have audited the accompanying financial statements of Qian Hu Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the income statements and statements of comprehensive income and changes in equity of the Group and the Company, and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS53.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position, income statement and statement of comprehensive income and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
11 January 2010