Kenny Yap’s secret to Qian Hu’s higher profits. Page B3
QIAN HU Q2 RESULTS

Profit up 30% despite inflation

ESTHER FUNG
esther@mediacorp.com.sg

ORNAMENTAL fish company Qian Hu Corporation says its profit margins have not been affected by higher costs of fish feed, even though rising cornmeal costs have eaten into margins of other fish breeders.

Qian Hu executive chairman Kenny Yap yesterday said that unlike breeders of edible fish like catfish and seabass, he controls the diet of his arrowanas.

"Edible fish are sold by the kilogramme. They need to grow their weight. But we have to grow the beauty of our fish: we don’t want them to be too fat. We want them to be colourful,” he said at an earnings briefing yesterday.

"Fat fish are ugly fish.”

Fish feed costs have risen with the global commodities price boom, but Qian Hu said it has managed to contain its spending and pass on its inflationary costs to customers through charging higher prices.

For the second quarter ended June 30, Qian Hu reported that net profits rose 30 per cent to $1.5 million from a year earlier. Revenue grew 4.9 per cent to $46.6 million from the corresponding period, mainly due to strong demand for its arrowana, or "dragon fish", from China, Taiwan and Japan.

The company also has businesses in aquariums and pet accessories, and plastics.

Going forward, Mr Yap said that the company would focus more on mid to high-end products that can weather periods of inflation better. "The increase in sales is not as much as it should be, but we want to concentrate more on profit margins. We want to deploy resources on things that can generate better returns,” he said.