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Qian Hu's Q1 profit falls 29%, revenue rises 4%

By WONG SU-JIN

ORNAMENTAL fish service provider Qian Hu yesterday reported a 28.6 per cent drop in net profit for Q1 2011, from \$1.4 million to \$1.0 million.

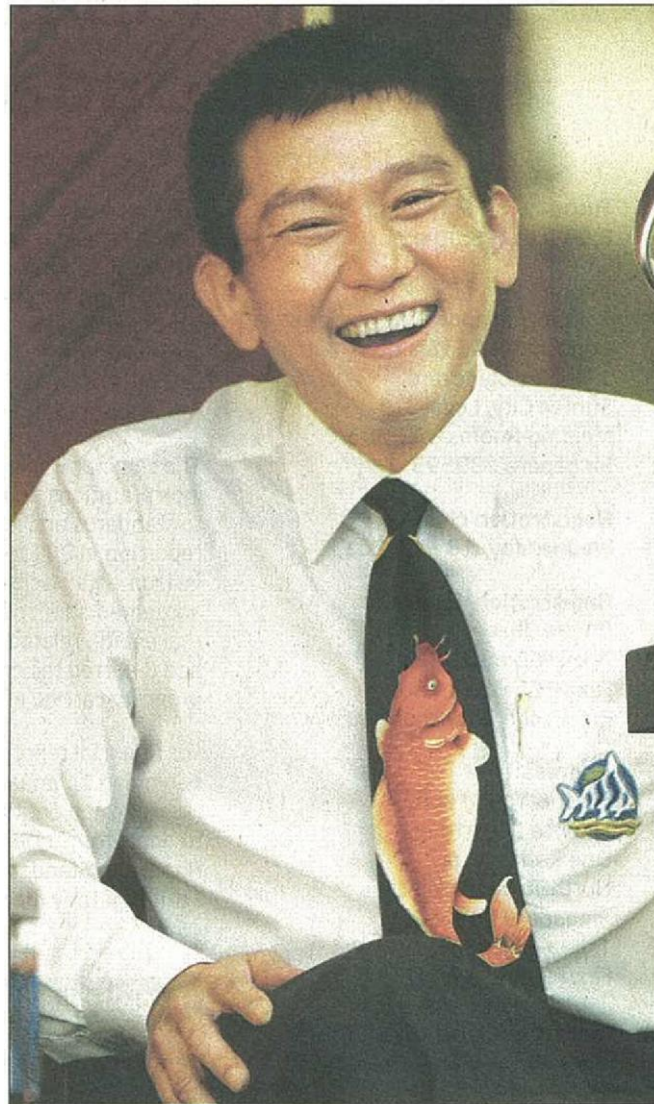
Revenue rose 3.9 per cent, from \$23.2 million to \$24.2 million. Gross profit margin inched up as cost of goods rose 3.8 per cent year on year to \$16.4 million.

Qian Hu attributed the fall in net profit despite higher revenue to product mix differences.

Its ornamental fish segment saw operating profit slide 16.7 per cent to \$1.3 million as the weaker European markets saw demand for lower-margin ornamental fish. Also, stricter European Union regulations necessitated more expensive supply sources. However, the fall in operating profit was mitigated by stabilisation of the supply of high-margin Dragon fish.

The accessories segment saw a 21.8 per cent shrinkage in operating profit to \$430,000, due to the firm's compliance with China's recent increase of its minimum wage level. Higher raw material and crude oil prices also dampened the operating profit of the plastic segment, which rose marginally by 4.4 per cent to \$259,000.

Sequentially, the results were better. In Q4 last year, revenue was \$22 million



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Mr Yap: *Despite challenges, the group's business model remains robust and diversified. We continue to be vigilant, focusing on growing our revenue base*

and net profit was \$634,000.

Kenny Yap, Qian Hu's executive chairman and managing director, said: "Despite these challenges, the group's business model remains robust and diversified. We continue to be vigilant, focusing on growing our revenue base – such as increasing our exports of ornamental fish and accessories, sustaining growth in our breeding of high-margin dragon fish, as well as expanding our distribution network locally and region-

ally. We are also excited about the prospects of our joint ventures in Indonesia and India."

"Barring unforeseen circumstances, we envisage that the current year will be another profitable year for Qian Hu, despite possible fluctuations in our operating profit from quarter to quarter," he said.

Q1 earnings per share stood at 0.22 cent, down from 0.33 cent. Qian Hu's share price closed unchanged at 12 cents yesterday.