

Qian Hu Q3 net profit drops 27.9%

By **JOYCE HOOI**

ORNAMENTAL fish supplier Qian Hu reported a 27.9 per cent drop in net profit for Q3 2010, from \$1.68 million to \$1.21 million, yesterday.

Revenue for the same period shrank 3.9 per cent, from \$23.9 million to \$22.9 million, due in part to the “unprecedented severe hot weather” that affected the supply of dragon fish from Qian Hu’s farm in Malaysia during Q1 this year.

The contractions in quarterly profit and turnover reflected the nine-month figures, in which net profit fell 24.7 per cent to \$3.58 million and revenue dipped 2.6 per cent to \$68.9 million.

Across the group’s three business segments of fish, accessories and plastics, the only segment that experienced year-on-year growth during the quarter was its smallest one – the plastics segment which saw an 8 per cent increase in revenue to \$2.97 million.

Its fish and accessories segments shrank 5.5 per cent and 5.3 per cent to



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\$11.3 million and \$8.6 million, respectively.

Turnover from its accessories segment suffered largely from flagging European demand due to the region’s lacklustre economy.

The uncertainty over Europe’s economic situation also took its toll on Qian Hu’s fish segment, as European markets account for more than 20 per cent of its

ornamental fish revenue, according to the group.

Qian Hu expects the dragon fish supply to stabilise in the coming months, which will in turn prop up sales.

Kenny Yap, Qian Hu’s executive chairman and managing director, believes that the worst is behind his firm.

“Our robust and diversified business model enables us to build a resilient balance sheet, and generate and maintain a strong operating cash flow while we continue to reduce bank borrowings in the fourth quarter,” he said.

“We envisage that Qian Hu will remain profitable in the fourth quarter and that the second half of FY2010 will be better than the first half.”

Earnings per share stood at 0.27 cents for the quarter and 0.81 cents for the nine-month period, down from earnings per share of 0.40 cents and 1.13 cents for the same periods a year ago, respectively.

The group’s counter closed half a cent lower at \$0.13 in trading yesterday.