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Mr Yap: The group's debt-to-equity ratio dropped to 0.47 – in line with its direction of having more cash for dividend and reducing debt

Qian Hu's Q1 net profit up 0.9% at \$1.4m

Sales rise in fish, plastics segments; fall for accessories

By FELDA CHAY

ORNAMENTAL fish breeder Qian Hu Corporation's net profit for its first quarter rose 0.9 per cent to \$1.41 million from a year earlier. This came as higher revenues seen by its fish and plastics segments were weighed down by lower sales in accessories and as the group's gross profit margin dipped.

Group revenue climbed 0.4 per cent year-on-year to \$23.2 million. While revenue from Singapore grew 22.5 per cent, overseas sales dropped 7.1 per cent.

Earnings per share dipped to 0.33 cent from 0.34 cent a year earlier.

For the quarter ended March 31, sales of ornamental fish grew 4.2 per cent from a year ago to \$12.3 million, while plastics sales saw a 16.7 per cent jump in revenue to \$2.8 million.

Its accessories business fell 9.1 per cent to \$8.1 million from the same period last year, on the back of a delay in the delivery of goods from its suppliers in China after the Chinese New Year period. The

goods were received towards the end of March, resulting in lower revenue from the accessories segment. Last year, Qian Hu's accessories sales amounted to \$8.9 million in the first quarter.

Said the company: "As these orders were only delivered to us towards the end of March, evident by the increase in accessories inventory balances in both

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– Qian Hu

the Singapore and Guangzhou entities, the loss of sales from these products has been attributed to the lower accessories revenue registered in the current quarter as compared to the corresponding period in 2009."

Qian Hu added that it "continues to stay vigilant"

despite the gradually recovering economy.

"Profitability of self-bred Dragon Fish may continue to be affected in the second quarter of 2010, as the supply of Dragon Fish fry require another three to six months in order to grow into marketable sizes," said Qian Hu. It sold fewer self-bred Dragon Fish – which yields a better margin – in Q1 due to drought conditions experienced in Malaysia from end-January to February this year. The group's gross profit margin dipped to 31.9 per cent from 34.9 per cent.

"Barring unforeseen circumstances, Qian Hu expects to remain profitable in FY2010, despite possible fluctuations in its operating profit from quarter to quarter," it said.

It added that its "cash and cash equivalents grew 15.4 per cent, from \$9.8 million as at Dec 31, 2009, to approximately \$11.4 million as at March 31, 2010". The group's debt-to-equity ratio also dropped to 0.47 – in line with its direction of having more cash for dividend and reducing debt, said Kenny Yap, Qian Hu's executive chairman and managing director.

Yesterday, Qian Hu's shares closed unchanged yesterday at 15 cents.