

Qian Hu Q4 profit plummets 65%

But annual dividend is unchanged at half a cent per share

By FELDA CHAY

ORNAMENTAL fish provider Qian Hu Corporation yesterday reported a sharp drop in net profit for its fourth quarter following a fall in ornamental fish sales during the period. Still, the company has decided to reward shareholders with a dividend payout similar to that of last year.

Earnings for the period ended Dec 31 nosedived to \$634,000 – 64.8 per cent lower than the \$1.8 million it earned over the October-December period last year. This translates into earnings per share of 0.13 of a cent, compared with 0.43-cent previously.

Revenue fell 6.8 per cent to \$22.2 million, with declines seen in both its fish and accessories businesses.

The company has declared a dividend of half a cent per ordinary share.

"2010 was a very chal-

lenging year for the ornamental fish industry despite the strong recovery in the global economy," said Kenny Yap, Qian Hu managing director.

The ornamental fish business, which accounts for the bulk of earnings, slumped 87.4 per cent to \$284,000 on weakened purchasing sentiment in Europe, said Qian Hu.

The closure of European and North American airspace due to heavy snowfall nearing the end of the year further depressed earnings. The European market accounts for a significant chunk of earnings.

Despite a disappointing year, Mr Yap remains upbeat on business prospects. "Our business model remains robust and diversified. Going forward, we will continue to build a resilient balance sheet, and our focus is on generating stronger cash flow from operations with an internal target of turning half of the group's profit into cash.

"Barring unforeseen circumstances, we envisage that the current year will be



FILE PHOTO

Mr Yap: Sees 2011 as another profitable year for Qian Hu, despite possible fluctuations in quarterly performance

another profitable year for Qian Hu, despite possible fluctuations in our operating profit from quarter to quarter."

Full year net profit came to \$4.2 million, a 35.7 per cent drop from FY2009. Sales dipped 3.6 per cent to \$91.2 million, said the firm in an announcement after the stock market closed.

Yesterday, Qian Hu also said that it would work

with Indonesian fish and aquatic plant exporter Joe Aquatic Indonesia to set up a subsidiary that would further grow its ornamental fish business, and the manufacturing and trading of aquarium accessories.

Qian Hu Joe Aquatic Indonesia will have an initial paid-up capital of seven billion rupiah (S\$1 million), with Qian Hu contributing about \$550,000 for a 55

per cent stake of the company.

Joe Aquatic Indonesia will take up 35 per cent, while two other individuals

will take up the remaining 10 per cent.

Yesterday, Qian Hu shares closed unchanged at 13 cents.