

Qian Hu posts 1Q net profit of \$1.4m



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Mainboard-listed integrated ornamental fish service provider Qian Hu Corporation Limited today reported that its net profit attributable to shareholders rose 0.9% to \$1.4 million for the first quarter ended 31 March 2010.

This was achieved on the back of group revenue rising to \$23.2 million, boosted by a 4.2% growth in sales of ornamental fish to \$12.3 million and a 16.7% jump in sales of plastics to \$2.8 million.

The group's accessories business, however dipped by 9.1% to \$8.1 million due to a delay in the delivery of goods from its suppliers in China after the Chinese New Year period as a result of labour shortage and increasing material costs. The goods were received towards the end of the March, resulting in lower revenue from the accessories segment.

On a geographical basis, revenue from Singapore grew by 22.5% while overseas revenue dipped 7.1% in the current quarter of 2010 as compared to the corresponding first quarter of 2009.

Ornamental Fish

Despite higher revenue achieved in 1Q10, the group's operating profit from ornamental fish slid 9.0% to \$1.6 million as a result of selling fewer self-bred Dragon Fish, which yielded a better margin, but more of third-party Dragon Fish due to drought conditions experienced in Malaysia from end January to February 2010.

Accessories

The accessories segment yielded 8.6% lower operating profit to \$0.6 million, in line with the lower revenue contribution as a result of the delay in the delivery of goods from its suppliers in China which affected our production and export of aquarium and pet accessories.

Plastics

Higher prices of plastic resins, which fluctuate in tandem with crude oil prices, were the reason for the lower operating profit from the group's plastics manufacturing business which declined 33.3% to \$248,000 in 1Q2010.

Per Share Data

Based on the group's latest first quarter results, Qian Hu achieved earnings per share on a fully diluted basis of 0.32 cents and net assets backing per share of 16.27 cents as at 31 March 2010.

Qian Hu says the profitability of self-bred Dragon Fish may continue to be affected in the second quarter of 2010 as the supply of Dragon Fish may be limited as Dragon Fish fry require another three to six months in order to grow into marketable sizes. Barring unforeseen circumstances, Qian Hu expects to remain profitable in FY2010, despite possible fluctuations in its operating profit from quarter to quarter.