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Qian Hu's profit dips 65% in Q4

■ BY JONATHAN KWOK

ORNAMENTAL fish group Qian Hu yesterday reported a 64.8 per cent dip in fourth-quarter net profits to \$634,000, as heavy snowfall in North America and Europe last month led to flight cancellations – and lost sales.

Revenue for the period ended Dec 31 fell 6.8 per cent to \$22.2 million.

“The fourth quarter was the quarter that really disappointed me and my executives,” said Qian Hu executive chairman Kenny Yap. “We couldn’t have much exports or sales for the last two weeks, which is usually the busiest export season for the company... We couldn’t ship out anything.”

Fourth-quarter earnings per share were 0.13 cent, down from 0.43 cent a year earlier. Net asset value per share was 16.08 cents as of Dec 31 last year, compared with 16.4 cents a year earlier.

The weak final quarter dragged down Qian Hu’s full-year earnings, which fell 35.7 per cent to \$4.2 million as sales dropped 3.6 per cent to \$91.2 million.

Dry weather in Singapore and Malaysia in the first four months of the year had affected the production of its self-bred dragon fish. The company added that the anticipated curbs in government spending in Europe also contributed to weaker demand from its markets there, which contribute more than 20 per cent of its ornamental fish revenue.

Qian Hu has proposed a first and final dividend of 0.5 cent per share.

Mr Yap told The Straits Times that he expects higher profits this year, barring unforeseen circumstances. The company statement also noted that operating profit from quarter to quarter could see fluctuations.

Other than dealing in ornamental fish, Qian Hu has businesses in aquarium and pet accessories, and in supplying plastic bags for industrial use. Growth this year should come mainly from organic growth of these businesses, said Mr Yap.

The company took a step towards expansion yesterday when it announced a joint venture with tropical fish group Joe Aquatic Indonesia. Qian Hu will hold 55 per cent of PT Qian Hu Joe Aquatic Indonesia, which will have an initial paid-up capital of 7 billion rupiah (\$1 million).

The joint venture will breed, trade and sell ornamental fish in Indonesia. In 2003, Qian Hu had entered Indonesia via another tie-up, but pulled out within a year owing to “differences in cultures and values” with the partner. Mr Yap said the firm has gained experience since then, and believes the new partner will be on the same page as it.

He added that the firm will now look at expansion in Vietnam.

Prior to the results announcement yesterday, the counter closed flat at 13 cents.