

Qian Hu net profit plunges 73.5% in Q2

By MELISSA TAN

HIGHER raw material costs and foreign exchange losses weighed down earnings at ornamental fish seller Qian Hu Corporation in the second quarter.

Net profit plunged 73.5 per cent from the preceding quarter to \$22,000 in the three months to June 30, the firm said yesterday.

Revenue dipped marginally to \$21.1 million, 0.6 per cent lower compared with the previous year.

Qian Hu said in a statement that higher costs of raw materials such as resin had led it to raise the prices of plastics products in January, which hit demand. Sales of those items fell by \$1.1 million, or 30.6 per cent in the quarter from the year before.

It also suffered a foreign exchange loss due to the weakening of the yuan and Indonesian rupiah in the quarter. But Qian Hu said those blows to revenue were partly offset by contributions from key business segments – ornamental fish and accessories.

It sold more dragon fish (arowana) in the quarter to its north-east Asian markets, particularly China, where it “enjoys a robust market share, expanding distribution network and a strong brand following”.

It also cited revenue contributions from its newly incorporated subsidiary in Indonesia.

The firm also raked in more sales from its accessories segment due to its focus on selling its proprietary brands and changing its sales mix, it said.

For the first half of its financial year, net profit sank 5.5 per cent to \$137,000 and turnover rose 0.9 per cent to \$41.8 million from the preceding year.

Executive chairman and managing director Kenny Yap said in a statement that the company would continue to produce new accessories and use technology to boost efficiency. “The automation of our Singapore farm is also progressing very well.”

Earnings per share came in at zero for the quarter due to the low profit, down from 0.02 cents a year earlier, while net asset value declined from 11.23 cents per share as at Dec 31 to 11.15 cents as at June 30. The shares closed flat at 8.4 cents yesterday.

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