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**Second Quarter Results \* Financial Statement And Related Announcement**

\* Asterisks denote mandatory information

Name of Announcer *	VALUETRONICS HOLDINGS LIMITED
Company Registration No.	38813
Announcement submitted on behalf of	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted with respect to *	VALUETRONICS HOLDINGS LIMITED
Announcement is submitted by *	Tse Chong Hing
Designation *	Chairman & Managing Director
Date & Time of Broadcast	12-Nov-2010 18:52:33
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2010
Description	PLEASE SEE ATTACHED

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**VALUETRONICS HOLDINGS LIMITED**(Incorporated in Bermuda)  
(Co. Reg. No: 38813)**SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.****Consolidated Income Statement for the period ended 30 September 2010**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2010	2009	Change	2010	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Revenue</b>	914,025	537,524	70.0	518,906	318,898	62.7
Cost of sales	(771,864)	(454,544)	69.8	(442,671)	(271,886)	62.8
<b>Gross profit</b>	<b>142,161</b>	<b>82,980</b>	<b>71.3</b>	<b>76,235</b>	<b>47,012</b>	<b>62.2</b>
Other income	5,862	2,431	141.1	2,113	1,342	57.5
Selling and distribution costs	(31,915)	(19,304)	65.3	(17,022)	(11,642)	46.2
Administrative expenses	(45,398)	(29,342)	54.7	(24,942)	(15,698)	58.9
Net other operating (loss)/gain	(327)	(9,976)	-96.7	953	(460)	-307.2
<b>Profit from operations</b>	<b>70,383</b>	<b>26,789</b>	<b>162.7</b>	<b>37,337</b>	<b>20,554</b>	<b>81.7</b>
Finance costs	(408)	(300)	36.0	(209)	(161)	29.8
<b>Profit before tax</b>	<b>69,975</b>	<b>26,489</b>	<b>164.2</b>	<b>37,128</b>	<b>20,393</b>	<b>82.1</b>
Income tax expense	(8,397)	(3,228)	160.1	(4,454)	(2,533)	75.8
<b>Profit for the period</b>	<b>61,578</b>	<b>23,261</b>	<b>164.7</b>	<b>32,674</b>	<b>17,860</b>	<b>82.9</b>
<b>Attributable to:</b>						
Owners of the Company	61,578	23,261	164.7	32,674	17,860	82.9
Minority interests	-	-	N.M.	-	-	N.M.

**Consolidated Statement of Comprehensive Income for the period ended 30 September 2010**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2010	2009	Change	2009	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Profit for the period</b>	<b>61,578</b>	<b>23,261</b>	<b>164.7</b>	<b>32,674</b>	<b>17,860</b>	<b>82.9</b>
<b>Other comprehensive income:</b>						
Net fair value changes of available-for-sale financial assets	125	1,246	-90.0	80	603	-86.7
<b>Other comprehensive income for the period, net of tax</b>	<b>125</b>	<b>1,246</b>	<b>-90.0</b>	<b>80</b>	<b>603</b>	<b>-86.7</b>
<b>Total comprehensive income for the period</b>	<b>61,703</b>	<b>24,507</b>	<b>151.8</b>	<b>32,754</b>	<b>18,463</b>	<b>77.4</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	61,703	24,507	151.8	32,754	18,463	77.4
Minority interests	-	-	N.M.	-	-	N.M.

N.M: Not Meaningful

**Note:**

The Group's profit before tax is arrived at after charging / (crediting):

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation (Note 1)	14,449	11,495	7,442	5,667
(Gain)/loss on disposals of property, plant and equipment	(886)	16	(886)	-
Allowance for doubtful debts (Note 2)	-	9,976	-	460
Interest income	(243)	(478)	(136)	(200)
Interest expenses	4	-	3	-
Bank charges	404	300	206	161
Net exchange gains (Note 3)	(2,211)	(1,052)	(135)	(548)
Net fair value losses/(gains) on derivative financial instruments (Note 4)	327	-	(953)	-

Note 1: Higher depreciation in the 3 months period ended 30 September 2010 was mainly due to the depreciation effects of additions of property, plant and equipment made during the period.

Note 2: For the 3 months period ended 30 September 2009, allowance for doubtful debts was mainly provided for the amounts due from one of the vocational schools.

Note 3: Increase in net exchange gains mainly resulted from the settlements of Japanese Yen transactions during the 3 months period ended 30 June 2010.

Note 4: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the period. The net fair value losses/(gains) on derivative financial instruments represented the unrealised losses/(gains) and mark-to-market values of these contracts as at period end date.

**1(b)(i) A balance sheet (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statements of Financial Position as at 30 September 2010**

	The Group		The Company	
	At 30.9.2010	At 31.3.2010	At 30.9.2010	At 31.3.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	203,151	189,235	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	200	200	-	-
Long term receivables – non-current portion	713	920	-	-
Goodwill	10	10	-	-
	204,074	190,365	83,330	83,330
<b>Current assets</b>				
Available-for-sale financial assets	15,241	15,116	-	-
Inventories	274,305	129,882	-	-
Trade receivables	486,937	273,663	-	-
Prepayments, deposits and other receivables	16,655	17,771	171	34
Long term receivables – current portion	782	575	-	-
Due from subsidiaries	-	-	129,992	155,883
Bank and cash balances	51,585	139,909	169	291
	845,505	576,916	130,332	156,208
<b>Total assets</b>	1,049,579	767,281	213,662	239,538
<b>Current liabilities</b>				
Trade payables	411,667	229,773	-	-
Accruals, other payables and deposits received	186,256	155,969	233	313
Derivative financial instruments	327	-	-	-
Bank overdraft	-	10	-	-
Bank borrowings	23,592	-	-	-
Current tax liabilities	16,268	8,263	-	-
	638,110	394,015	233	313
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,984	2,984	-	-
<b>Total liabilities</b>	641,094	396,999	233	313
	408,485	370,282	213,429	239,225
<b>Equity attributable to owners of the Company</b>				
Share capital	35,500	35,500	35,500	35,500
Treasury shares	(778)	(1,853)	(778)	(1,853)
Reserves	373,763	336,635	178,707	205,578
<b>Total equity</b>	408,485	370,282	213,429	239,225

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 30 September 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
23,592	nil	10	nil

**Amount repayable after one year**

As at 30 September 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

**Details of any collateral****None**

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flows for the period ended 30 September 2010**

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	69,975	26,489	37,128	20,393
Adjustments for :				
Share-based payments expenses	1,238	883	641	744
Depreciation	14,449	11,495	7,442	5,667
(Gain)/loss on disposals of property, plant and equipment	(886)	16	(886)	-
Allowance for doubtful debts	-	9,976	-	460
Interest expenses	4	-	3	-
Interest income	(243)	(478)	(136)	(200)
Net fair value loss/(gain) on derivative financial instruments	327	-	(953)	-
Awards for Performance Share Plan	(84)	-	(84)	-
<b>Operating profit before working capital changes</b>	<b>84,780</b>	<b>48,381</b>	<b>43,155</b>	<b>27,064</b>
Decrease in long term receivables	-	115	-	115
(Increase)/decrease in inventories	(144,423)	(20,424)	(32,959)	767
Increase in trade receivables	(213,274)	(184,406)	(97,094)	(111,259)
Decrease/(increase) in prepayments, deposits and other receivables	1,116	(373)	(2,766)	3,402
Increase in trade payables	181,894	126,014	57,003	86,598
Increase/(decrease) in accruals, other payables and deposits received	30,287	(501)	19,035	(3,158)
<b>Cash (used in)/generated from operations</b>	<b>(59,620)</b>	<b>(31,194)</b>	<b>(13,626)</b>	<b>3,529</b>
Income tax paid	(392)	(363)	(182)	(57)
Interest paid	(4)	-	(3)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(60,016)</b>	<b>(31,557)</b>	<b>(13,811)</b>	<b>3,472</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(28,365)	(9,664)	(14,221)	(4,507)
Purchase of available-for-sale financial assets	-	(11,625)	-	(3,875)
Proceeds from disposals of available-for-sale financial assets	-	11,625	-	7,750
Proceeds from disposal of property, plant and equipment	886	-	886	-
Interest received	243	478	136	200
<b>Net cash used in investing activities</b>	<b>(27,236)</b>	<b>(9,186)</b>	<b>(13,199)</b>	<b>(432)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(24,654)	(15,828)	(24,654)	(15,828)
Draw down of bank borrowings	23,592	-	23,592	-
<b>Net cash used in financing activities</b>	<b>(1,062)</b>	<b>(15,828)</b>	<b>(1,062)</b>	<b>(15,828)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(88,314)</b>	<b>(56,571)</b>	<b>(28,072)</b>	<b>(12,788)</b>
Cash and cash equivalents at beginning of the period	139,899	153,483	79,657	109,700
<b>Cash and cash equivalents at end of the period</b>	<b>51,585</b>	<b>96,912</b>	<b>51,585</b>	<b>96,912</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statements of Changes in Equity**

The Group	Attributable to the owners of the Company												
	Share capital	Treasury shares	Reserves							Total reserves	Total	Minority Interests	Total equity
			Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Investment revaluation reserve	Retained earnings					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282	-	370,282	
Total comprehensive income for the period	-	-	-	-	-	-	125	61,578	61,703	61,703	-	61,703	
Share-based payments	-	-	-	1,238	-	-	-	-	1,238	1,238	-	1,238	
Issue of treasury shares as awards	-	1,075	-	(1,075)	-	-	-	-	(1,075)	-	-	-	
Awards for Performance Share Plan	-	-	-	(84)	-	-	-	-	(84)	(84)	-	(84)	
Final dividend paid in respect of the previous financial year	-	-	-	-	-	-	-	(24,654)	(24,654)	(24,654)	-	(24,654)	
<b>Balance at 30 September 2010</b>	<b>35,500</b>	<b>(778)</b>	<b>85,591</b>	<b>2,537</b>	<b>10,541</b>	<b>383</b>	<b>(359)</b>	<b>275,070</b>	<b>373,763</b>	<b>408,485</b>	<b>-</b>	<b>408,485</b>	
Balance at 1 April 2009	35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491	
Total comprehensive income for the period	-	-	-	-	-	-	1,246	23,261	24,507	24,507	-	24,507	
Share-based payments	-	-	-	883	-	-	-	-	883	883	-	883	
Issue of treasury shares as awards	-	323	-	(323)	-	-	-	-	(323)	-	-	-	
Final dividend paid in respect of the previous financial year	-	-	-	-	-	-	-	(15,828)	(15,828)	(15,828)	-	(15,828)	
<b>Balance at 30 September 2009</b>	<b>35,500</b>	<b>(1,853)</b>	<b>85,591</b>	<b>1,131</b>	<b>10,484</b>	<b>242</b>	<b>(815)</b>	<b>202,786</b>	<b>299,419</b>	<b>333,066</b>	<b>(13)</b>	<b>333,053</b>	

The Company	Reserves							Total
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2010	35,500	(1,853)	85,591	2,458	67,239	50,290	205,578	239,225
Total comprehensive income for the period	-	-	-	-	-	(2,296)	(2,296)	(2,296)
Share-based payments	-	-	-	1,238	-	-	1,238	1,238
Issue of treasury shares as awards	-	1,075	-	(1,075)	-	-	(1,075)	-
Awards for Performance Share Plan	-	-	-	(84)	-	-	(84)	(84)
Final dividend paid in respect of the previous financial year	-	-	-	-	-	(24,654)	(24,654)	(24,654)
<b>Balance at 30 September 2010</b>	<b>35,500</b>	<b>(778)</b>	<b>85,591</b>	<b>2,537</b>	<b>67,239</b>	<b>23,340</b>	<b>178,707</b>	<b>213,429</b>
Balance at 1 April 2009	35,500	(2,176)	85,591	571	67,239	29,231	182,632	215,956
Total comprehensive income for the period	-	-	-	-	-	(2,081)	(2,081)	(2,081)
Share-based payments	-	-	-	883	-	-	883	883
Issue of treasury shares as awards	-	323	-	(323)	-	-	(323)	-
Final dividend paid in respect of the previous financial year	-	-	-	-	-	(15,828)	(15,828)	(15,828)
<b>Balance at 30 September 2009</b>	<b>35,500</b>	<b>(1,853)</b>	<b>85,591</b>	<b>1,131</b>	<b>67,239</b>	<b>11,322</b>	<b>165,283</b>	<b>198,930</b>

Note 1: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior years' losses of the PRC subsidiaries.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, repurchase of shares, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since the end of the previous period reported on. As at 30 September 2010, the share capital of the Company comprises 355,000,000 shares.

As at 30 September 2010, the Company has the following outstanding share options:

Employee Share Option Scheme ("ESOS")	Exercise Price	Balance as at 31.3.2010	Additions	Options cancelled (Note 3)	Balance as at 30.9.2010
(a) Incentive Options	S\$0.225	800,000	-	-	800,000
(Note 1)	S\$0.175	900,000	-	(100,000)	800,000
(Note 1)	S\$0.144	2,400,000	-	-	2,400,000
(Note 1)	S\$0.105	2,750,000	-	-	2,750,000
(Note 1)	S\$0.150	-	2,400,000	-	2,400,000
(b) Market Options (Note 2)	S\$0.215	1,000,000	-	(100,000)	900,000
(Note 2)	S\$0.184	-	600,000	-	600,000
Total		7,850,000	3,000,000	(200,000)	10,650,000

As at 30 September 2009, the Company has the following outstanding share options:

Employee Share Option Scheme ("ESOS")	Exercise Price	Balance as at 31.3.2009	Additions	Options cancelled (Note 3)	Balance as at 30.9.2009
(a) Incentive Options	S\$0.225	800,000	-	-	800,000
(Note 1)	S\$0.175	900,000	-	-	900,000
(Note 1)	S\$0.144	2,400,000	-	-	2,400,000
(Note 1)	S\$0.105	-	2,750,000	-	2,750,000
(b) Market Options (Note 2)	S\$0.215	1,000,000	-	-	1,000,000
Total		5,100,000	2,750,000	-	7,850,000

As at 30 September 2010, 1,174,600 shares were held as treasury shares (30 September 2009: 2,797,000 shares). The difference of 1,622,400 being issue of shares under the Company's Employee Share Option Scheme and Performance Share Plan.

**Notes:**

- (1) The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (2) The Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (3) Cancelled due to resignation of staff.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Issued Ordinary Shares	Number of Shares	
	As at 30.9.2010	As at 31.3.2010
Total number of issued shares	355,000,000	355,000,000
Total number of treasury shares	(1,174,600)	(2,797,000)
<b>Total number of issued shares excluding treasury shares</b>	<b>353,825,400</b>	<b>352,203,000</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Number of Shares
Total number of treasury shares as at 31 March 2010	2,797,000
Transferred to employees to fulfil obligations under Performance Share Plan	(1,622,400)
Total number of treasury shares as at 30 September 2010	1,174,600

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed under note 5, the Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in preparing the audited consolidated financial statements for the year ended 31 March 2010.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In current period, the Group and the Company have adopted all the new and revised International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") that are relevant to its operations and effective from 1 April 2010. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

**Classification of Land Leases**

The adoption of the amendment to IAS 17 "Leases" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, the leasehold land of the Group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	6 months ended 30 September 2010	6 months ended 30 September 2009
Earnings per ordinary share for the period based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	HK 17.5 cents	HK 6.6 cents
(b) On a fully diluted basis	N/A	N/A
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	352,743,800	351,763,000
Effect of potentially dilutive ordinary shares – Share options	N/A	N/A
Weighted average number of ordinary shares	352,743,800	351,763,000

**Notes**

The calculation of basic earnings per share for the period ended 30 September 2010 is based on profit attributable to owners of the Company of approximately HK\$61.6 million (30 September 2009: HK\$23.3 million) divided by the weighted average number of ordinary shares of 352,743,800 (30 September 2009: 351,763,000) in issue during the period.

There were no diluted earnings per share for both the periods ended 30 September 2010 and 30 September 2009 as there were no dilutive shares for these periods.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	The Group		The Company	
	30.9.2010	31.03.2010	30.9.2010	31.03.2010
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	115.4	105.1	60.3	67.9
Number of ordinary shares in issue excluding treasury shares	353,825,400	352,203,000	353,825,400	352,203,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Valuetronics is an Electronic Manufacturing Service ("EMS") provider focusing on the design and development of products that meet the ever-changing needs of customers. We are the preferred choice of certain successful global companies for Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") services, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis. In March this year, Valuetronics has enhanced its existing business model and extended its value chain through its acquisitions of exclusive brand licensing agreements to use the "Whirlpool", "Maytag" and "Amana" brands, for a portfolio of home comfort appliances, which included the portable air purifiers, portable electric fans and portable heaters in the North America market.

**Review – 3 months period ended 30 September 2010 ("2Q FY2011") vs 3 months period ended 30 September 2009 ("2Q FY2010")**

**Revenue**

Revenue increased by 62.7% or HK\$200.0 million from HK\$318.9 million in 2Q FY2010 to HK\$518.9 million in 2Q FY2011. Such increase was mainly attributable to the significant growth from OEM sales and steady growth from major ODM customers. Our Licensing business recorded HK\$6.2 million sales in 2Q FY2011.

OEM revenue increased by 78.3% to HK\$427.6 million (2Q FY2010: HK\$239.8 million) mainly contributed by the significant increase in demand from a number of major customers.

ODM revenue increased by 7.6% to HK\$85.1 million (2Q FY2010: HK\$79.1 million), mainly attributable to additional sales orders and steady growth from our major customers.

**Gross profit and gross profit margin**

Gross profit increased by 62.2% to HK\$76.2 million (2Q FY2010: HK\$47.0 million) and gross profit margin remained stable at 14.7% (2Q FY2010: 14.7%). No significant change in gross profit margin as similar product sales mix was achieved during the period.

**Other income**

Other income increased by 57.5% to HK\$2.1 million (2Q FY2010: HK\$1.3 million), mainly due to gain on disposal of fully depreciated machineries of HK\$0.9 million (2Q FY2010: Nil).

**Selling and distribution costs**

Selling and distribution costs increased by 46.2% to HK\$17.0 million (2Q FY2010: HK\$11.6 million). Such increase was driven mainly by the increase in salaries and allowances for our marketing staff as well as the increase in sales commissions payable to our sales representatives. Such an increase is in line with the overall increase in revenue and headcount as compared to the same period of last year.

**Administrative expenses**

Administrative expenses increased by 58.9% to HK\$24.9 million (2Q FY2010: HK\$15.7 million), which was mainly contributed by the increase in salaries and bonus for our administrative and corporate employees as a result of business recovery during the period. In addition, such an increase is consistent with the increase in headcount from 2Q FY2010 for both licensing and EMS businesses.

**Net other operating gain / (loss)**

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during Q1 FY2011. The net fair value gains on derivative financial instruments represented the unrealized gains and changes to the mark-to-market values of these contracts from Q1 FY2011 to Q2 FY2011. No other operating gain was recorded in 2Q FY2011.

There was no bad debt provision made during the period.

#### **Profit before tax**

As a result of the above, the profit before tax increased by 82.1% to HK\$37.1 million (2Q FY2010: HK\$20.4 million).

#### **Review – 6 months period ended 30 September 2010 (“1H FY2011”) vs 6 months ended 30 September 2009 (“1H FY2010”)**

#### **Revenue**

Revenue in 1H FY2011 increased by 70.0% or HK\$376.5 million from HK\$537.5 million in 1H FY2010 to HK\$914.0 million. Such increase was mainly attributable to the significant growth from OEM sales and steady growth from major ODM customers. Our Licensing business, which commenced in 1Q FY2011 recorded HK\$10.2 million sales in 1H FY2011.

OEM revenue increased by 83.7% to HK\$754.2 million (1H FY2010: HK\$410.6 million) mainly contributed by the significant increase in demand from a number of major customers.

ODM revenue increased by 17.8% to HK\$149.6 million (1H FY2010: HK\$126.9 million), mainly attributable to additional sales orders and steady growth from our major customers.

#### **Gross profit and gross profit margin**

Gross profit increased by 71.3% to HK\$142.2 million (1H FY2010: HK\$83.0 million) and gross profit margin increased by 0.2% to 15.6% (1H FY2010: 15.4%). No significant change in gross profit margin as similar product sales mix was achieved during the period.

#### **Other income**

Other income increased by 141.1% to HK\$5.9 million (1H FY2010: HK\$2.4 million), due to the increase in tooling income by HK\$1.1 million to HK\$1.7 million (1H FY2010: HK\$0.6 million), gain on disposal of fully depreciated machineries by HK\$0.9 million (1H FY2010: Loss of HK\$0.02 million) and the increase in net exchange gains by HK\$1.1 million to HK\$2.2 million.

#### **Selling and distribution costs**

Selling and distribution costs increased by 65.3% to HK\$31.9 million (1H FY2010: HK\$19.3 million). Such increase was driven mainly by the increase in salaries and allowances for our marketing staff as well as the increase in sales commissions payable to our sales representatives. Such an increase is in line with the overall increase in revenue and headcount as compared to the same period of last year.

#### **Administrative expenses**

Administrative expenses increased by 54.7% to HK\$45.4 million (1H FY2010: HK\$29.3 million), which was mainly contributed by the increase in salaries and bonus for our administrative and corporate employees as a result of business recovery during the period. In addition, such an increase is consistent with the increase in headcount from the same period of last year.

#### **Net other operating loss**

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the period. The net fair value losses on derivative financial instruments represented the unrealized losses and mark-to-market values of these contracts as at period end date. No other operating loss was recorded in 1H FY2011.

There was no bad debt provision made during the period.

#### **Profit before tax**

As a result of the above, the profit before tax increased by 164.2% to HK\$70.0 million (1H FY2010: HK\$26.5 million).

**Financial position**

The Group's available-for-sale financial assets increased by HK\$0.1 million from HK\$15.1 million as at 31 March 2010 to HK\$15.2 million as at 30 September 2010. The slight increase in the balance represents the change in the fair value of Senior Notes of Citigroup as of the period end date.

The Group's inventories increased by HK\$144.4 million from HK\$129.9 million as at 31 March 2010 to HK\$274.3 million as at 30 September 2010. The increase in balance was in line with the overall growth in customers' orders as well as buffer inventories holding requirements by certain major customers.

The Group's trade receivables increased by HK\$213.2 million from HK\$273.7 million as at 31 March 2010 to HK\$486.9 million as at 30 September 2010. This is in line with the significant growth in sales from a number of major blue chip customers, who were granted longer credit terms.

The Group's trade payables increased from HK\$229.8 million as at 31 March 2010 to HK\$411.7 million as of 30 September 2010. The increase in trade payable resulted from the overall growth in purchase and to cope with the increase in sales orders and demand from customers during the period.

**Statement of cash flows**

Cash and cash equivalents held by the Group stood at HK\$51.6 million as at 30 September 2010 (31 March 2010: HK\$139.9 million) which was mainly contributed by the higher working capital requirements to cope with additional inventories, trade payables and trade receivables, which resulted from the significant increase in revenue, during the period.

The Group currently places most of its bank deposits with authorised institutions in Hong Kong which are fully secured by Hong Kong Government's Exchange Fund until the end of 2010.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Despite concerns raised at the recent G20 meeting, the Group continues to expect the world market conditions and global economy in the second half of FY2011 to remain relatively stable. The operational challenges narrated in the previous announcement, including increases in raw materials and component prices, pricing pressure, appreciation in foreign currencies, such as Renminbi and Japanese Yen, and higher labour costs, will continue to prevail.

The significant growth in our OEM and ODM business in 1H FY2011 as compared to the lower base 1H FY2010 was mainly driven by the significant increases in sales orders across major customers. Order levels from these existing major customers have resumed to previous pre-crisis level. In addition, the Group is preparing to ship ODM products to a new customer.

Since the conclusion of the first Licensing Agreement in March, our Licensing business had recorded HK\$10.2 million in 1H FY2011 from the sales of licensed air purifiers. With the addition of portable electric fans and portable electric heaters to our existing licensed product portfolio in September will allow the Group to enhance its footprint and brand equity in major US retailers. Despite the slow pace of recovery in the US economy, the Group expects the Licensing business to bring in additional contributions for the rest of the year.

The Group will continue to remain cautious and prudent in monitoring and responding to market developments. In addition, the Group will continue its efforts in improving its design and development capabilities, achieving greater production efficiencies through system automation and lean production management as well as active inventory management and rigorous credit controls.

Barring unforeseen circumstances, the Group expects performance in FY2011 to be better than FY2010.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**BY ORDER OF THE BOARD**

**TSE Chong Hing**

**Chairman and Managing Director**  
**12 November 2010**

**Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.**

We, Tse Chong Hing and Chow Kok Kit, being two of the Directors of Valuetronics Holdings Limited (the "Company"), confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3 months period ended 30 September 2010 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of  
Valuetronics Holdings Limited

**Tse Chong Hing**  
*Chairman and Managing Director*

**Chow Kok Kit**  
*Executive Director*