

 [Print this page](#)
Third 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	25-Jan-2011 07:24:35
Announcement No.	00002

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2010
Description	PLEASE SEE ATTACHED

Attachments

 [Q3_FY2011_Result_Announcement_25Jan2011.pdf](#)
 Total size = **169K**
 (2048K size limit recommended)

[Close Window](#)

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38813)

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 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 31 December 2010**

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2010	2009	Change	2010	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	1,438,555	829,115	73.5	524,530	291,591	79.9
Cost of sales	(1,215,288)	(701,987)	73.1	(443,424)	(247,443)	79.2
Gross profit	223,267	127,128	75.6	81,106	44,148	83.7
Other income/(expense)	5,110	2,629	94.4	(752)	198	-479.8
Selling and distribution costs	(52,028)	(30,816)	68.8	(20,113)	(11,512)	74.7
Administrative expenses	(69,152)	(46,705)	48.1	(23,754)	(17,363)	36.8
Net other operating (loss)/gain	(192)	(9,976)	-98.1	135	-	N.M.
Profit from operations	107,005	42,260	153.2	36,622	15,471	136.7
Finance costs	(1,145)	(488)	134.6	(737)	(188)	292.0
Profit before tax	105,860	41,772	153.4	35,885	15,283	134.8
Income tax expense	(12,711)	(5,007)	153.9	(4,314)	(1,779)	142.5
Profit for the period	93,149	36,765	153.4	31,571	13,504	133.8
Attributable to:						
Owners of the Company	93,149	36,765	153.4	31,571	13,504	133.8

Consolidated Statement of Comprehensive Income for the period ended 31 December 2010

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2010	2009	Change	2010	2009	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	93,149	36,765	153.4	31,571	13,504	133.8
Other comprehensive income:						
Net fair value changes of available-for-sale financial assets	201	1,553	-87.1	76	910	-91.6
Other comprehensive income for the period, net of tax	201	1,553	-87.1	76	910	-91.6
Total comprehensive income for the period	93,350	38,318	143.6	31,647	14,414	119.6
Total comprehensive income attributable to:						
Owners of the Company	93,350	38,318	143.6	31,647	14,414	119.6

N.M. : Not Meaningful

Note:

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

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation (Note 1)	23,389	17,600	8,940	6,105
(Gain)/loss on disposals of property, plant and equipment	(894)	11	(8)	(5)
Allowance for doubtful debts	-	9,976	-	-
Interest income	(307)	(711)	(64)	(233)
Interest expenses	365	1	361	1
Bank charges	780	487	376	187
Net realized exchange losses (Note 2)	177	249	2,388	1,301
Net fair value losses/(gains) on derivative financial instruments (Note 3)	192	-	(135)	-

Note 1: Higher depreciation in the 3 months period ended 31 December 2010 was mainly due to higher depreciation effects for new property, plant and equipment during the period.

Note 2: Increase in net realized exchange losses mainly resulted from the settlements of Japanese Yen transactions during the 3 months period ended 31 December 2010.

Note 3: 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 31 December 2010

	The Group		The Company	
	At 31.12.2010	At 31.3.2010	At 31.12.2010	At 31.3.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	233,830	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	-	-
	234,753	190,365	83,330	83,330
Current assets				
Available-for-sale financial assets	15,317	15,116	-	-
Inventories	317,663	129,882	-	-
Trade receivables	510,257	273,663	-	-
Prepayments, deposits and other receivables	13,196	17,771	221	34
Long term receivables – current portion	782	575	-	-
Due from subsidiaries	-	-	130,802	155,883
Bank and cash balances	37,199	139,909	97	291
	894,414	576,916	131,120	156,208
Total assets	1,129,167	767,281	214,450	239,538
Current liabilities				
Trade payables	433,223	229,773	-	-
Accruals, other payables and deposits received	179,837	155,969	357	313
Derivative financial instruments	192	-	-	-
Bank overdraft	-	10	-	-
Bank borrowings	49,983	-	-	-
Current tax liabilities	20,238	8,263	-	-
	683,473	394,015	357	313
Non-current liabilities				
Deferred tax liabilities	2,984	2,984	-	-
Total liabilities	686,457	396,999	357	313
	442,710	370,282	214,093	239,225
Equity attributable to owners of the Company				
Share capital	35,670	35,500	35,670	35,500
Treasury shares	(778)	(1,853)	(778)	(1,853)
Reserves	407,818	336,635	179,201	205,578
Total equity	442,710	370,282	214,093	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 31 December 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
49,983	nil	10	nil

Amount repayable after one year

As at 31 December 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 31 December 2010

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	105,860	41,772	35,885	15,283
Adjustments for :				
Share-based payments expenses	2,310	1,607	1,072	724
Depreciation	23,389	17,600	8,940	6,105
(Gain)/loss on disposals of property, plant and equipment	(894)	11	(8)	(5)
Allowance for doubtful debts	-	9,976	-	-
Interest expenses	365	1	361	1
Interest income	(307)	(711)	(64)	(233)
Net fair value loss/(gain) on derivative financial instruments	192	-	(135)	-
Awards for Performance Share Plan	(84)	-	-	-
Operating profit before working capital changes	130,831	70,256	46,051	21,875
Decrease in long term receivables	-	115	-	-
Increase in inventories	(187,781)	(38,623)	(43,358)	(18,199)
(Increase)/decrease in trade receivables	(236,594)	(179,919)	(23,320)	4,487
Decrease in prepayments, deposits and other receivables	4,575	1,689	3,459	2,062
Increase in trade payables	203,450	131,397	21,556	5,383
Increase/(decrease) in accruals, other payables and deposits received	23,868	9,428	(6,419)	9,929
Cash (used in)/generated from operations	(61,651)	(5,657)	(2,031)	25,537
Income tax (paid)/refund	(736)	(292)	(344)	71
Interest paid	(365)	(1)	(361)	(1)
Net cash (used in)/generated from operating activities	(62,752)	(5,950)	(2,736)	25,607
Cash flows from investing activities				
Purchase of property, plant and equipment	(68,012)	(18,758)	(39,647)	(9,094)
Purchase of available-for-sale financial assets	-	(11,625)	-	-
Proceeds from disposals of available-for-sale financial assets	-	11,625	-	-
Proceeds from disposals of property, plant and equipment	922	-	36	-
Interest received	307	711	64	233
Net cash used in investing activities	(66,783)	(18,047)	(39,547)	(8,861)
Cash flows from financing activities				
Dividend paid	(24,654)	(15,828)	-	-
Net advancement from invoice financing	49,983	-	26,391	-
Proceeds from shares issued in exercise of share options	1,506	-	1,506	-
Net cash generated from/(used in) financing activities	26,835	(15,828)	27,897	-
Net (decrease)/increase in cash and cash equivalents	(102,700)	(39,825)	(14,386)	16,746
Cash and cash equivalents at beginning of the period	139,899	153,483	51,585	96,912
Cash and cash equivalents at end of the period	37,199	113,658	37,199	113,658

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	Minority Interests	Total equity
			Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Investment revaluation reserve	Retained earnings	Total reserves			
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	-	-	-	-	-	-	201	93,149	93,350	93,350	-	93,350
Share-based payments	-	-	-	2,310	-	-	-	-	2,310	2,310	-	2,310
Issue of treasury shares as awards	-	1,075	-	(1,075)	-	-	-	-	(1,075)	-	-	-
Awards for Performance Share Plan	-	-	-	(84)	-	-	-	-	(84)	(84)	-	(84)
Issue of shares on exercise of share options	170	-	1,653	(317)	-	-	-	-	1,336	1,506	-	1,506
Awards for Performance Share Plan lapsed	-	-	-	(632)	-	-	-	632	-	-	-	-
Share option lapsed	-	-	-	(43)	-	-	-	43	-	-	-	-
Final dividend paid in respect of the previous financial year	-	-	-	-	-	-	-	(24,654)	(24,654)	(24,654)	-	(24,654)
Balance at 31 December 2010	35,670	(778)	87,244	2,617	10,541	383	(283)	307,316	407,818	442,710	-	442,710
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	-	-	-	-	-	-	1,553	36,765	38,318	38,318	-	38,318
Share-based payments	-	-	-	1,607	-	-	-	-	1,607	1,607	-	1,607
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)
Balance at 31 December 2009	35,500	(1,853)	85,591	1,855	10,484	242	(508)	216,290	313,954	347,601	(13)	347,588

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	-	-	-	-	-	(4,210)	(4,210)	(4,210)
Share-based payments	-	-	-	2,310	-	-	2,310	2,310
Issue of treasury shares as awards	-	1,075	-	(1,075)	-	-	(1,075)	-
Awards for Performance Share Plan	-	-	-	(84)	-	-	(84)	(84)
Issue of shares on exercise of share options	170	-	1,653	(317)	-	-	1,336	1,506
Awards for Performance Share Plan lapsed	-	-	-	(632)	-	632	-	-
Share option lapsed	-	-	-	(43)	-	43	-	-
Final dividend paid in respect of the previous financial year	-	-	-	-	-	(24,654)	(24,654)	(24,654)
Balance at 31 December 2010	35,670	(778)	87,244	2,617	67,239	22,101	179,201	214,093
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	-	-	-	-	-	(3,527)	(3,527)	(3,527)
Share-based payments	-	-	-	1,607	-	-	1,607	1,607
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)
Balance at 31 December 2009	35,500	(1,853)	85,591	1,855	67,239	9,876	164,561	198,208

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.

The Company issued and allotted 1,700,000 ordinary shares (31 December 2009: Nil) since the end of the previous period reported on. As at 31 December 2010, the share capital of the Company comprises 356,700,000 shares (31 December 2009: 355,000,000 shares).

As at 31 December 2010, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2010	Additions	Share options exercised	Share options cancelled (Note 3)	Balance as at 31.12.2010
(a) Incentive Options	S\$0.225	800,000	-	-	-	800,000
(Note 1)	S\$0.175	900,000	-	(400,000)	(100,000)	400,000
(Note 1)	S\$0.144	2,400,000	-	(1,200,000)	-	1,200,000
(Note 1)	S\$0.105	2,750,000	-	-	-	2,750,000
(Note 1)	S\$0.150	-	2,400,000	-	-	2,400,000
(Note 1)	S\$0.160	-	1,150,000	-	-	1,150,000
(b) Market Options (Note 2)	S\$0.215	1,000,000	-	(100,000)	(100,000)	800,000
(Note 2)	S\$0.184	-	600,000	-	-	600,000
Total		7,850,000	4,150,000	(1,700,000)	(200,000)	10,100,000

As at 31 December 2009, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2009	Additions	Share options exercised	Share options cancelled (Note 3)	Balance as at 31.12.2009
(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 31 December 2010, 1,174,600 shares were held as treasury shares (31 December 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 31.12.2010	As at 31.3.2010
Total number of issued shares	356,700,000	355,000,000
Total number of treasury shares	(1,174,600)	(2,797,000)
Total number of issued shares excluding treasury shares	355,525,400	352,203,000

- 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 31 December 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 section 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	
	9 months ended 31 December 2010	9 months ended 31 December 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 26.4 cents	HK 10.4 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	353,550,735	351,883,000
Effect of potentially dilutive ordinary shares – Share options	N/A	N/A
Weighted average number of ordinary shares	353,550,735	351,883,000

Notes

The calculation of basic earnings per share for the period ended 31 December 2010 is based on profit attributable to owners of the Company of approximately HK\$93.1 million (31 December 2009: HK\$36.8 million) divided by the weighted average number of ordinary shares of 353,550,735 (31 December 2009: 351,883,000) in issue during the period.

There were no diluted earnings per share for both the periods ended 31 December 2010 and 31 December 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	
	31.12.2010	31.03.2010	31.12.2010	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:	124.5	105.1	60.2	67.9
Number of ordinary shares in issue excluding treasury shares	355,525,400	352,203,000	355,525,400	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 2010, 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 portable air purifiers, portable electric fans and portable heaters in the North America market.

Review – 3 months period ended 31 December 2010 ("3Q FY2011") vs 3 months period ended 31 December 2009 ("3Q FY2010")

Revenue

Revenue increased by 79.9% or HK\$232.9 million from HK\$291.6 million in 3Q FY2010 to HK\$524.5 million in 3Q FY2011. Such increase was mainly attributable to the significant growth from OEM and ODM major customers. Our Licensing business recorded HK\$5.5 million sales in 3Q FY2011.

OEM revenue increased by 72.8% to HK\$423.9 million (3Q FY2010: HK\$245.4 million) mainly contributed by the significant increase in demand from a number of major customers.

ODM revenue increased by 105.7% to HK\$95.1 million (3Q FY2010: HK\$46.2 million), mainly attributable to additional sales orders and significant growth from our major customers.

Gross profit and gross profit margin

Gross profit increased by 83.7% to HK\$81.1 million (3Q FY2010: HK\$44.1 million) and gross profit margin remained stable at 15.5% (3Q FY2010: 15.1%). No significant change in gross profit margin as similar product sales mix was achieved during the period.

Other (expense)/income

Other expense in 3Q FY2011 represents the net realized exchange loss of HK\$2.4 million less tooling income of HK\$0.6 million, income from insurance claim of HK\$0.4 million, interest and sundry income of HK\$0.6 million. Other income decreased by HK\$0.9 million to other expense HK\$0.7 million (3Q FY2010: HK\$0.2 million). The decrease was mainly due to the increase of net realized exchange loss by HK\$1.1 million to HK\$2.4 million (3Q FY2010: net realized exchange loss HK\$1.3 million), which mainly resulted from the settlements of Japanese Yen transactions during the period.

Selling and distribution costs

Selling and distribution costs increased by 74.7% to HK\$20.1 million (3Q FY2010: HK\$11.5 million). Such increase was driven mainly by increases in salaries and allowances for our marketing staff as well as the increase in sales commissions payable to our sales representatives. The increase is in line with the overall increase in revenue and headcount.

Administrative expenses

Administrative expenses increased by 36.8% to HK\$23.8 million (3Q FY2010: HK\$17.4 million), mainly contributed by increases in salaries and bonus for our administrative and corporate employees as a result of business recovery during the period. The increase is consistent with the increase in headcount from 3Q FY2010 for both Licensing and EMS businesses.

Net other operating gain

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Japanese Yen during the first and third quarters of the current financial year. 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 30 September 2010 to 31 December 2010.

Profit before tax

As a result of the above, profit before tax increased by 134.8% to HK\$35.9 million (3Q FY2010: HK\$15.3 million).

Review – 9 months period ended 31 December 2010 (“9 months FY2011”) vs 9 months ended 31 December 2009 (“9 months FY2010”)

Revenue

Revenue in 9 months FY2011 increased by 73.5% or HK\$609.5 million from HK\$829.1 million in 9 months FY2010 to HK\$1,438.6 million. Such increase was mainly attributable to the significant growth from OEM and ODM major customers. Our Licensing business, which commenced in April 2010 recorded HK\$15.7 million sales in 9 months FY2011.

OEM revenue increased by 79.6% to HK\$1,178.2 million (9 months FY2010: HK\$656.0 million) mainly contributed by the significant increase in demand from a number of major customers.

ODM revenue increased by 41.3% to HK\$244.7 million (9 months FY2010: HK\$173.1 million), mainly attributable to additional sales orders and growth from our major customers.

Gross profit and gross profit margin

Gross profit increased by 75.6% to HK\$223.3 million (9 months FY2010: HK\$127.1 million) and gross profit margin increased by 0.2% to 15.5% (9 months FY2010: 15.3%). No significant change in gross profit margin as similar product sales mix was achieved during the period.

Other income

Other income in 9 months FY2011 represent tooling income of HK\$2.3 million, gain on disposal of property, plant & equipment of HK\$0.9 million, income from insurance claim of HK\$0.4 million, income from sales of scrap materials of HK\$0.4 million, interest and sundry income of HK\$1.1 million. Other income increased by 94.4% to HK\$5.1 million (9 months FY2010: HK\$2.6 million) was mainly due to gain on disposal of machinery and equipment of HK\$0.9 million (9 months FY2010: loss of HK\$11K), increase of tooling income by 37.8% to HK\$2.3 million (9 months FY2010: HK\$1.7 million), income from insurance claim of HK\$0.4 million (9 months FY2010: nil).

Selling and distribution costs

Selling and distribution costs increased by 68.8% to HK\$52.0 million (9 months FY2010: HK\$30.8 million). Such increase was driven mainly by increases in salaries and allowances for our marketing staff as well as the increase in sales commissions payable to our sales representatives. The increase is in line with the overall increase in revenue and headcount.

Administrative expenses

Administrative expenses increased by 48.1% to HK\$69.2 million (9 months FY2010: HK\$46.7 million), mainly contributed by increases in salaries and bonus for our administrative and corporate employees as a result of business recovery during the period. The 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 other operating loss for the period solely represents 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.

Profit before tax

As a result of the above, profit before tax increased by 153.4% to HK\$105.9 million (9 months FY2010: HK\$41.8 million)

Financial position

The Group's available-for-sale financial assets increased by HK\$0.2 million from HK\$15.1 million as at 31 March 2010 to HK\$15.3 million as at 31 December 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. Interest income is received on a quarterly basis as scheduled.

The Group's inventories increased by HK\$187.8 million from HK\$129.9 million as at 31 March 2010 to HK\$317.7 million as at 31 December 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\$236.6 million from HK\$273.7 million as at 31 March 2010 to HK\$510.3 million as at 31 December 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\$433.2 million as of 31 December 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\$37.2 million as at 31 December 2010 (31 March 2010: HK\$139.9 million). This 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, as well as the additions of property, plant and equipment to cope with increase in demands and orders during the period.

The Group currently places most of its bank deposits with authorised institutions in Hong Kong.

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.

While there are no clear signals of full recovery in the US economy, the Group expects the world market conditions and global economy to be stable. In the past 9 months, the Group experienced strong demands from its major customers which is indicative of stabilization of the overall economy since the Global Financial Crisis since late 2008 and early 2009.

The sustained growth in our OEM and ODM businesses and the higher level of inventories in the third quarter of this financial year was mainly driven by the significant increases in sales orders as well as the launch of new products from our major customers during the period. Some of our major customers experienced exceptional growth this year, which is mainly due to new project wins or re-stocking from their end customers as a result of a more stabilized economy. Such exceptional growth may not be sustained. However, the Group expects our customers' organic growth to remain intact. New ODM products have been shipped to a new customer during this quarter and new OEM products are being prepared for another new customer with expected contributions in next financial year.

The Licensing business which started in April 2010 has achieved HK\$15.7 million sales, mainly from the portable air purifiers in the past 9 months. Portable electric fans and portable electric heaters have been added to our portfolio in September 2010 and shipments of these products will be made to some of the US retailers in the next few months. With our enhanced footprint among major US retailers, the Group expects the Licensing business to bring in additional contributions for the rest of the year.

Despite of the prevalence of operational challenges, including increases in raw materials and component prices, pricing pressure, appreciation in Renminbi and Japanese Yen, higher labour costs and inflation in the PRC, 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.

Given the cumulative results for the 9 months ended 31 December 2010, barring unforeseeable circumstances, the Group is confident that its performance in FY2011 would be significantly 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
25 January 2011

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 31 December 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