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MEDIA RELEASE - VALUETRONICS' NET PROFIT ROSE 9.5% TO HK\$31.6 MILLION FOR 1Q FY2012 * 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-Aug-2011 07:13:02
Announcement No.	00021

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2011
Description	PLEASE SEE ATTACHED

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 [Valuetronics-1Q2012-MediaRelease.pdf](#)

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Media Release - For Immediate Release

Valuetronics' Net Profit rose 9.5% to HK\$31.6 million for 1Q FY2012

- Revenue for 1Q FY2012 grew by 33.4% to HK\$527.1 million from HK\$395.1 million in 1Q FY2011
- Gross Profit for 1Q FY2012 increased by 27.7% to HK\$84.2 million from HK\$65.9 million in 1Q FY2011

Singapore, 12 August 2011 - Mainboard listed Valuetronics Holdings Limited ("Valuetronics", "鸿通电子控股有限公司" or collectively with its subsidiaries, the "Group"), a premier design, manufacturing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors and a licensee of a well-known brand for home comfort appliances, today announced that its net profit registered for its first quarter three months ended 30 June 2011 ("1Q FY2012") increased by 9.5% to HK\$31.6 million as compared to the previous corresponding financial period ("1Q FY2011").

Commenting on the results, Mr Ricky Tse Chong Hing ("谢创兴"), Chairman and Managing Director remarked, *"Our first quarter financial results had healthy contributions from our three business segments. With the current global market uncertainties and concerns, we expect business conditions to remain challenging in FY2012. Nevertheless, we will remain vigilant and continue improving business and financial fundamentals."*

Financial Highlights

Financial Highlights (HK\$'M)	3 Months ended 30 June		
	1Q FY2012	1Q FY2011	% Change
Turnover	527.1	395.1	33.4
Gross Profit	84.2	65.9	27.7
Net Profit	31.6	28.9	9.5

The Group registered a revenue of HK\$527.1 million for 1Q FY2012, a 33.4% or HK\$132.0 million increase from HK\$395.1 million in 1Q FY2011. This increase was driven by significant growth in the number of sales orders received from its major OEM customers, coupled with steady revenue contributions from the Licensing business.

Segmental Revenue		
HK\$'M	1Q FY2012	1Q FY2011
OEM	444.5	326.7
ODM	68.5	64.4
Licensing	14.1	4.0
Total	527.1	395.1

The OEM segment continued to show strong and positive growth, which was mainly contributed by the significant increase in demand from one of the Group's key customers. Due to stable growth in the number of sales orders received from its existing major customers, the Group's ODM segment revenue grew marginally by 6.4%.

Valuetronics' Licensing business which commenced in 1Q FY2011, contributed HK\$14.1 million in revenue for 1Q FY2012.

Commenting on its Licensing business, Mr Tse said, ***"Our licensing products have been well-received by our customers. Our sales and marketing team is increasing their efforts to penetrate major retailers to enhance our US market footprint."***

Gross profit rose by 27.7% to HK\$84.2 million in 1Q FY2012 from HK\$65.9 million recorded in 1Q FY2011, whilst gross profit margins slightly decreased by 0.7 percentage points to a stable 16.0%, largely due to an increase in OEM product contribution to the sales mix for the period under review.

As the Group's ongoing marketing efforts is essential for it to capture new sales opportunities, coupled with the full quarter effect of the Licensing business (including salaries and allowances for marketing staff and sales commissions payable to sales representatives) selling and distribution cost correspondingly increased 25.5% to HK\$18.7 million in 1Q FY2012 from HK\$14.9 million in 1Q FY2011.

Administrative expenses for 1Q FY2012 also went up by 47.2% to HK\$30.1 million from HK\$20.5 million in 1Q FY2011, due to increases in salaries and bonuses for administrative and corporate employees as well as the full quarter effect of the staff costs and higher headcount incurred for the Licensing business.

Overall, Valuetronics recorded a profit after tax of HK\$31.6 million for 1Q FY2012, which rose 9.5% from HK\$28.9 million recorded in 1Q FY2011. As a result, earnings per share registered for 1Q FY2012 was HK8.9 cents compared to HK8.2 cents¹ in 1Q FY2011. Net asset value per share² as at 30 June 2011 and as at 31 March 2011 was HK143.8 cents and HK133.9 cents respectively.

Financial Position

Corresponding to the overall growth in customers' orders, inventories balance increased by HK\$108.4 million from HK\$213.0 million as at 31 March 2011 to HK\$321.4 million as at 30 June 2011.

¹ The calculation of basic earnings per share is based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the respective periods.

² The calculation of net asset value per ordinary share is based on number of issued capital excluding treasury shares during the respective periods.

In view of the significant growth in sales from a number of major customers, the Group's trade receivables increased from HK\$430.8 million as at 31 March 2011 to HK\$462.2 million as at 30 June 2011. Trade payables also increased from HK\$302.4 million as at 31 March 2011 to HK\$439.2 million as at 30 June 2011. This increase mainly resulted from the overall growth in purchases so as to cope with the increase in sales orders and demand from customers during the financial period.

Cash and cash equivalents held by the Group stood at HK\$140.2 million as at 30 June 2011, as compared to HK\$136.2 million as at 31 March 2011.

Business Outlook

Valuetronics believes that business conditions in FY2012 will remain challenging as anemic economic growth together with current uncertainties in the US and European financial markets may weaken demand. The Group also expects to incur higher manufacturing costs in FY2012, with the increase in PRC labor costs and the strengthening of the Renminbi.

EMS Business

In 1Q FY2012, Valuetronics' OEM business continued to enjoy growth momentum from one of its major OEM customers, while its ODM customers maintained steady growth. As part of ongoing efforts to expand its customer base, Valuetronics has new OEM customers in the pipeline, whose products are expected to commence mass production in early 2012.

Licensing Business

Valuetronics' Licensing business currently includes the rights to design, manufacture, and distribute home comfort appliances such as air purifiers, electric fans and heaters. The Group's sales and marketing team will continue efforts to explore and penetrate major retailers with its existing product portfolio.

Moving forward, the Group will continue to remain vigilant and continue improving its business and financial fundamentals which include its design and development capabilities, production efficiencies and inventory management. Additionally, the Group will continue its efforts in business development to enrich its customer base and product portfolio.

Barring unforeseen circumstances, the directors are confident that the Group will be profitable in FY2012.

- End -

Issued for and on behalf of Valuetronics Holdings Limited
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About Valuetronics Holdings Limited (Bloomberg: VALUE.SP / Reuters: VLUE.SI)

Valuetronics is a premier design, manufacturing, and licensing partner for the world's leading brands. The Group's customer base covers the industrial and commercial electronics, medical equipment and consumer electronics industries, which span across a wide geographical region that covers America, Europe and the Asia Pacific. The Group's customers include OEMs and ODMs as well as international brand owners such as as "Dymo", "TransAct", "Graco", "Hemisphere", "HID", "KitchenAid", and "Philips". Leveraging on its product design and development capabilities, Valuetronics has also moved into brand management with the exclusive license to use the "Whirlpool", "Maytag" and "Amana" brands for a range of home comfort appliances in the North American market. Headquartered in Hong Kong, the Group's main manufacturing facility is located in Dong Er Road, Western District of Science and Technology Park, Daya Bay Economy and Technology Development District, Huizhou City, Guangdong Province, PRC. For more information, please visit: www.valuetronics.com.hk