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**MEDIA RELEASE - VALUETRONICS REGISTERS REVENUE GROWTH ACROSS ALL BUSINESS SEGMENTS IN 1H 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	08-Nov-2011 07:11:45
Announcement No.	00004

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2011
Description	PLEASE SEE ATTACHED

**Attachments**
 [Valuetronics\\_MR\\_2Q2012.pdf](#)

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**Media Release - For Immediate Release**

## **Valuetronics registers revenue growth across all business segments in 1H FY2012**

- **Revenue for 1H FY2012 increased by 26.3% to HK\$1,154.2 million from HK\$914.0 million in 1H FY2011 and net profit for 1H FY2012 decreased slightly by 1.9% to HK\$60.4 million from HK\$61.6 million in 1H FY2011**
- **Newly-commenced Licensing business increased its contribution to the Group's revenue by 359.8% to HK\$46.9 million for 1H FY2012 from HK\$10.2 million in 1H FY2011**

**Singapore, 8 November 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, announced that its revenue increased 26.3% to HK\$1,154.2 million and net profit decreased slightly by 1.9% to HK\$60.4 million in its financial results for the 6 months ended 30 September 2011 ("1H FY2012") compared to previous corresponding period ("1H FY2011").

## Financial Highlights

(HK\$'M)	3 Months ended 30 September			6 Months ended 30 September		
	2011	2010	% Change	2011	2010	% Change
Turnover	627.1	518.9	20.8	1,154.2	914.0	26.3
Gross Profit	87.5	76.2	14.8	171.7	142.2	20.7
Net Profit	28.8	32.7	(12.0)	60.4	61.6	(1.9)

For the three months ended 30 September 2011 (“2Q FY2012”), revenue saw an increase of 20.8% to HK\$627.1 million and net profit decreased by 12% from the previous corresponding quarter (“2Q FY2011”) to HK\$28.8 million.

The Group’s total revenue of HK\$1,154.2 million in 1H FY2012 saw increased contributions from the OEM, ODM and Licensing business segments.

Segmental Revenue						
HK\$'M	2Q FY2012	2Q FY2011	% change	1H FY2012	1H FY2011	% change
OEM	498.5	427.6	16.6	943.0	754.2	25.0
ODM	95.8	85.1	12.6	164.3	149.6	9.8
Licensing	32.8	6.2	429.0	46.9	10.2	359.8
Total	627.1	518.9	20.8	1,154.2	914.0	26.3

Commenting on the financial results, Mr Ricky Tse Chong Hing (“谢创兴”), Chairman and Managing Director said, ***“In 1H FY2012, we saw growth from all our business segments amidst the challenging business conditions. Moving forward, the weakening business climate will continue to be the major challenge in maintaining our momentum.”***

The Group’s OEM segment contributed HK\$498.5 million in revenue in 2Q FY2012 which was a 16.6% increase from HK\$427.6 million in 2Q FY2011, mainly due to a significant increase in demand from one of the Group’s major OEM customers. For 1H FY2012, the

OEM segment contributed HK\$943.0 million, which was a 25.0% increase from HK\$754.2 million in 1H FY2011.

On the ODM front, revenue increased by 12.6% to HK\$95.8 million from HK\$85.1 million in 2Q FY2011 mainly due to the steady growth from one of the Group's major ODM customers. 1H FY2012, the ODM segment contributed HK\$164.3 million in revenue compared to HK\$149.6 million recorded in 1H FY2011.

Valuetronics' Licensing business which commenced in first quarter of FY2011, picked up its growth momentum and contributed HK\$32.8 million in 2Q FY2012, which was an 429.0% increase from HK\$6.2 million in 2Q FY2011. On a half-year basis, revenue contribution from the Licensing business increased by 359.8% to HK\$46.9 million in 1H FY2012 from HK\$10.2 million in 1H FY2011.

Commenting on the Licensing business, Mr Tse said, ***"I am pleased that the Licensing business is steadily gaining traction with US retailers. We will push for greater penetration of major retailers and growth in the Licensing business with the expanded product mix of our product portfolio including air purifiers, fans and heaters."***

2Q FY2012 gross profit grew 14.8% to HK\$87.5 million from HK\$76.2 million in 2Q FY2011 with the gross profit margin declining slightly to 14.0% from 14.7%. The change in gross profit was mainly due to the change in product sales mix during the period. On a half-year basis, gross profit increased by 20.7% to HK\$171.7 million in 1H FY2012 from HK\$142.2 million in 1H FY2011 .

Selling and distribution costs increased by 51.2% to HK\$ 25.7 million in 2Q FY2012 from HK\$17.0 million in 2Q FY2011 mainly attributable by the full quarter effect of the Licensing business' operations and administrative expenses also went up by 38.7% to HK\$34.6 million from HK\$24.9 million, largely due to the 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. For 1H FY2012,

selling and distribution costs was HK\$44.4 million (1H FY2011: HK\$31.9 million) and administrative expenses was HK\$64.7 million (1H FY2011: HK\$45.4 million).

For 2Q FY2012, profit before tax decreased 7.6% to HK\$34.3 million compared to HK\$37.1 million in 2Q FY2011, and net profit was recorded at HK\$28.8 million, a decrease of 12.0% compared to HK\$32.7 million in the previous corresponding quarter.

On a whole, profit before tax for 1H FY2012 increased by 2.1% to HK\$71.5 million from HK\$70.0 million in 1H FY2011, and net profit hit HK\$60.4 million, representing a slight decrease of 1.9% from HK\$61.6 million in the previous corresponding period.

### **Financial Position**

The Group's inventories increased from HK\$213.0 million as at 31 March 2011 to HK\$384.1 million as at 30 September 2011, in line with the growth in one of its OEM customers' demand.

Trade receivables also increased to HK\$519.3 million as at 30 September 2011 from HK\$430.8 million as at 31 March 2011, in line with the significant growth in sales from one of the Group's major OEM customers.

The increase of trade payables from HK\$302.4 million as at 31 March 2011 to HK\$501.6 million as at 30 September 2011 resulted from the overall growth in purchases to cope with the increase in sales orders and the demand from customers during the period.

Cash and cash equivalents held by the Group stood at HK\$119.9 million as at 30 September 2011, compared to HK\$136.2 million as at 31 March 2011. This was largely attributable to the higher working capital requirements for the purpose of additional inventories, trade payables and trade receivables as well as the additions of machineries to cope with the increase in revenue and orders during the period.

## **Business Outlook**

Valuetronics believes that consumer demand in major markets that the Group have business linkages with continue to remain subdued. In particular, Europe and the United States continue to face high unemployment and anaemic economic growth. Of late, world manufacturing is slowing down, and has added further uncertainties to the already challenging business conditions.

The Group has experienced a slowdown in demand from some of its OEM and ODM customers in 2Q FY2012, which was offset by the continuous strong growth momentum from one of its OEM customers. Notwithstanding this, mass production for a number of new OEM customers is expected to commence in early 2012.

The Group's Licensing business, which currently includes the rights to design, manufacture, and distribute home comfort appliances, continued its growth momentum. The Group is continuing its efforts to explore and penetrate major retailers in North America with its existing product portfolio which includes air purifiers, fans and heaters.

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 business development efforts broaden the customer base for its OEM/ODM business while growing its Licensing business simultaneously.

Barring unforeseen circumstances, the Board of Directors of Valuetronics is confident that the Group will be profitable in FY2012.

- End -

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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](http://www.valuetronics.com.hk)*