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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
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2011
Description	PLEASE SEE ATTACHED

Attachments
 [Valuetronics_Q3_FY2012_Results_SGX.pdf](#)

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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 2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and a statement of comprehensive income 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 2011

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2011	2010	Change	2011	2010	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	1,771,396	1,438,555	23.1	617,237	524,530	17.7
Cost of sales	(1,515,565)	(1,215,288)	24.7	(533,063)	(443,424)	20.2
Gross profit	255,831	223,267	14.6	84,174	81,106	3.8
Other income/(expense)	10,704	5,110	109.5	4,543	(752)	-704.1
Selling and distribution costs	(61,271)	(52,028)	17.8	(16,842)	(20,113)	-16.3
Administrative expenses	(97,504)	(69,152)	41.0	(32,800)	(23,754)	38.1
Net other operating gains/(losses)	3,740	(192)	-2,047.9	152	135	12.6
Profit from operations	111,500	107,005	4.2	39,227	36,622	7.1
Finance costs	(1,345)	(1,145)	17.5	(531)	(737)	-28.0
Profit before tax	110,155	105,860	4.1	38,696	35,885	7.8
Income tax expense	(18,251)	(12,711)	43.6	(7,207)	(4,314)	67.1
Profit for the period	91,904	93,149	-1.3	31,489	31,571	-0.3
Attributable to:						
Owners of the Company	91,904	93,149	-1.3	31,489	31,571	-0.3

Consolidated Statement of Comprehensive Income for the period ended 31 December 2011

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2011	2010	Change	2011	2010	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	91,904	93,149	-1.3	31,489	31,571	-0.3
Other comprehensive income:						
Exchange differences on translating foreign operations	5,211	-	N/A	47	-	N/A
Net fair value changes of available-for-sale financial assets	-	201	N.M.	-	76	N.M.
Other comprehensive income for the period, net of tax	5,211	201	2,492.5	47	76	-38.2
Total comprehensive income for the period	97,115	93,350	4.0	31,536	31,647	-0.4
Total comprehensive income attributable to:						
Owners of the Company	97,115	93,350	4.0	31,536	31,647	-0.4

NM: 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	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation (Note 1)	31,652	23,099	11,399	8,746
Amortisation of prepaid land lease payments and land use rights	358	290	121	194
Gain on disposals of property, plant and equipment	(212)	(894)	(123)	(8)
Interest income	(210)	(307)	(125)	(64)
Interest expenses	433	365	269	361
Bank charges	912	780	262	376
Net realized exchange (gains)/losses (Note 2)	(4,106)	177	(2,059)	2,388
Net fair value (gains)/losses on derivative financial instruments (Note 3)	(52)	192	(152)	(135)
Write-back of provision for impairment for loss on assets in respect of flash flood (Note 4)	(3,688)	-	-	-

Note 1: Higher depreciation during the period was mainly due to higher depreciation for new property, plant and equipment acquired during the second half of the financial year ended 31 March 2011.

Note 2: Net exchange gains mainly resulted from settlements of United State dollars during the period.

Note 3: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Japanese Yen (last period: Japanese Yen and Renminbi) during the period. The net fair value (gains)/losses on derivative financial instruments represented the unrealised (gains)/losses and mark-to-market values of these contracts as at period end date.

Note 4: In June 2008, the flash flood in Southern China affected the Danshui Plant of the Group and resulted in provision for impairment for loss on assets, which amounted to HK\$10 million. The claim process with insurance company has been concluded during the period ended 30 September 2011. After taking into account of compensation received and the original claim determined based on the final adjustor report, an over-provision of HK\$3.7 million was written back.

1(b)(i) A statement of financial position (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 2011

	The Group		The Company	
	At 31.12.2011	At 31.3.2011	At 31.12.2011	At 31.3.2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	21,336	20,873	-	-
Property, plant and equipment	226,150	211,538	-	-
Goodwill	10	10	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	246	238	-	-
	247,742	232,659	83,330	83,330
Current assets				
Inventories	288,111	213,033	-	-
Trade receivables	490,654	430,785	-	-
Prepaid land lease payments and land use rights	358	467	-	-
Prepayments, deposits and other receivables	10,274	18,020	171	259
Long term receivables – current portion	246	238	-	-
Due from subsidiaries	-	-	119,313	170,036
Derivative financial instruments	52	-	-	-
Bank and cash balances	123,297	136,185	213	255
	912,992	798,728	119,697	170,550
Total assets	1,160,734	1,031,387	203,027	253,880
Current liabilities				
Trade payables	395,029	302,400	-	-
Accruals, other payables and deposits received	203,964	196,353	275	244
Current tax liabilities	30,982	14,906	-	-
Bank borrowings	-	38,015	-	-
	629,975	551,674	275	244
Non-current liabilities				
Deferred tax liabilities	3,503	3,503	-	-
Total liabilities	633,478	555,177	275	244
	527,256	476,210	202,752	253,636
Equity attributable to owners of the Company				
Share capital	35,830	35,670	35,830	35,670
Treasury shares	-	(778)	-	(778)
Reserves	491,426	441,318	166,922	218,744
Total equity	527,256	476,210	202,752	253,636

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 2011		As at 31 March 2011	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	38,015	nil

Amount repayable after one year

As at 31 December 2011		As at 31 March 2011	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

Details of any collateral

None

1(c) **A statement of cash flows (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 2011

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	110,155	105,860	38,696	35,885
Adjustments for :				
Equity-settled share-based payments	3,238	2,310	1,592	1,072
Depreciation	31,652	23,099	11,399	8,746
Amortisation of prepaid land lease payments and land use rights	358	290	121	194
Gains on disposals of property, plant and equipment	(212)	(894)	(123)	(8)
Interest expenses	433	365	269	361
Interest income	(210)	(307)	(125)	(64)
Net fair value (gains)/losses on derivative financial instruments	(52)	192	(152)	(135)
Awards for Performance Share Plan	(1,451)	(84)	-	-
Operating profit before working capital changes	143,911	130,831	51,677	46,051
(Increase)/decrease in inventories	(75,078)	(187,781)	95,989	(43,358)
(Increase)/decrease in trade receivables	(59,869)	(236,594)	28,635	(23,320)
Decrease in prepayments, deposits and other receivables	7,746	4,575	6	3,459
Increase/(decrease) in trade payables	92,629	203,450	(106,531)	21,556
Increase/(decrease) in accruals, other payables and deposits received	7,611	23,868	7,217	(6,419)
Cash generated from/(used in) operations	116,950	(61,651)	76,993	(2,031)
Income tax paid	(2,175)	(736)	(577)	(344)
Interest paid	(433)	(365)	(269)	(361)
Net cash generated from/(used in) operating activities	114,342	(62,752)	76,147	(2,736)
Cash flows from investing activities				
Purchase of property, plant and equipment	(43,482)	(68,012)	(11,998)	(39,647)
Proceeds from disposals of property, plant and equipment	337	922	124	36
Interest received	210	307	125	64
Net cash used in investing activities	(42,935)	(66,783)	(11,749)	(39,547)
Cash flows from financing activities				
Dividend paid	(49,998)	(24,654)	-	-
Net (repayment)/advance of bank and trust receipt loans	(38,015)	49,983	(61,526)	26,391
Proceeds from shares issued in exercise of share options	2,142	1,506	-	1,506
Net cash (used in)/generated from financing activities	(85,871)	26,835	(61,526)	27,897
Net (decrease)/increase in cash and cash equivalents	(14,464)	(102,700)	2,872	(14,386)
Effect of foreign exchange rate changes	1,576	-	512	-
Cash and cash equivalents at beginning of the period	136,185	139,899	119,913	51,585
Cash and cash equivalents at end of the period	123,297	37,199	123,297	37,199

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									
	Reserves									
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Investment revaluation reserve	Retained earnings	Total reserves	Total equity
Balance at 1 April 2011	HK\$'000 35,670	HK\$'000 (778)	HK\$'000 87,244	HK\$'000 3,566	HK\$'000 14,588	HK\$'000 749	HK\$'000 -	HK\$'000 335,171	HK\$'000 441,318	HK\$'000 476,210
Total comprehensive income for the period	-	-	-	-	5,211	-	-	91,904	97,115	97,115
Issue of shares on exercise of share options	160	-	1,982	-	-	-	-	-	1,982	2,142
Share-based payments	-	-	-	3,238	-	-	-	-	3,238	3,238
Awards of Performance Share Plan	-	-	-	(1,451)	-	-	-	-	(1,451)	(1,451)
Awards from treasury shares	-	778	-	(778)	-	-	-	-	(778)	-
Dividend paid	-	-	-	-	-	-	-	(49,998)	(49,998)	(49,998)
Balance at 31 December 2011	35,830	-	89,226	4,575	19,799	749	-	377,077	491,426	527,256
Balance at 1 April 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282
Total comprehensive income for the period	-	-	-	-	-	-	201	93,149	93,350	93,350
Share-based payments	-	-	-	2,310	-	-	-	-	2,310	2,310
Awards from treasury shares	-	1,075	-	(1,075)	-	-	-	-	(1,075)	-
Awards of 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	-	-
Dividend paid	-	-	-	-	-	-	-	(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

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 2011	35,670	(778)	87,244	3,566	67,239	60,695	218,744	253,636
Total comprehensive income for the period	-	-	-	-	-	(4,815)	(4,815)	(4,815)
Issue of shares on exercise of share options	160	-	1,982	-	-	-	1,982	2,142
Share-based payments	-	-	-	3,238	-	-	3,238	3,238
Awards from treasury shares	-	778	-	(778)	-	-	(778)	-
Awards for Performance Share Plan	-	-	-	(1,451)	-	-	(1,451)	(1,451)
Dividend paid	-	-	-	-	-	(49,998)	(49,998)	(49,998)
Balance at 31 December 2011	35,830	-	89,226	4,575	67,239	5,882	166,922	202,752
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
Awards from treasury shares	-	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	-	-
Dividend paid	-	-	-	-	-	(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

Note 1: In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the 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 (31 December 2010: 1,700,000) since the end of the previous period reported on. As at 31 December 2011, the share capital of the Company comprises 358,300,000 shares (31 December 2010: 356,700,000).

As at 31 December 2011, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2011	Additions	Share options exercised	Options cancelled (Note 3)	Balance as at 31.12.2011
(a) Incentive Options (Note 1)	S\$0.225	800,000	-	(800,000)	-	-
	S\$0.175	400,000	-	(300,000)	-	100,000
	S\$0.144	1,200,000	-	-	-	1,200,000
	S\$0.105	2,750,000	-	-	-	2,750,000
	S\$0.150	2,400,000	-	-	-	2,400,000
	S\$0.160	1,150,000	-	-	-	1,150,000
	S\$0.174	-	4,900,000	-	-	4,900,000
(b) Market Options (Note 2)	S\$0.215	800,000	-	(500,000)	-	300,000
	S\$0.184	600,000	-	-	-	600,000
Total		10,100,000	4,900,000	(1,600,000)	-	13,400,000

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	Options cancelled (Note 3)	Balance as at 31.12.2010
(a) Incentive Options (Note 1)	S\$0.225	800,000	-	-	-	800,000
	S\$0.175	900,000	-	(400,000)	(100,000)	400,000
	S\$0.144	2,400,000	-	(1,200,000)	-	1,200,000
	S\$0.105	2,750,000	-	-	-	2,750,000
	S\$0.150	-	2,400,000	-	-	2,400,000
	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
	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 2011, no shares were held as treasury shares (31 December 2010: 1,174,600 shares). The 1,174,600 treasury shares were transferred during the period to partially satisfy the 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 31.12.2011	As at 31.3.2011
Total number of issued shares	358,300,000	356,700,000
Total number of treasury shares	-	(1,174,600)
Total number of issued shares excluding treasury shares	358,300,000	355,525,400

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 2011	1,174,600
Transferred to employees to fulfil obligations under Performance Share Plan	(1,174,600)
Total number of treasury shares as at 31 December 2011	-

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2011, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are relevant to the Group's operations and became effective for the financial year beginning 1 April 2011.

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.

The adoption of the new and revised International Financial Reporting Standards ("IFRSs"), which are effective for the financial year beginning 1 April 2011, did not result in significant changes to the Group's accounting policies or have any material impact on the Group's and the Company's financial statements.

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 2011	9 months ended 31 December 2010
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 25.7 cents	HK 26.4 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	357,073,658	353,550,735
Effect of potentially dilutive ordinary shares – Share options	N/A	N/A
Weighted average number of ordinary shares	357,073,658	353,550,735

Notes

The calculation of basic earnings per share for the period ended 31 December 2011 is based on profit attributable to owners of the Company of approximately HK\$91.9 million (31 December 2010: HK\$93.1 million) divided by the weighted average number of ordinary shares of 357,073,658 (31 December 2010: 353,550,735) in issue during the period.

There were no diluted earnings per share for both the periods ended 31 December 2011 and 31 December 2010 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	
	31.12.2011	31.03.2011	31.12.2011	31.03.2011
	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:	147.2	133.9	56.6	71.3
Number of ordinary shares in issue excluding treasury shares	358,300,000	355,525,400	358,300,000	355,525,400

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 American market.

Review – 3 months ended 31 December 2011 ("Q3 FY2012") vs 3 months ended 31 December 2010 ("Q3 FY2011")

Revenue

Revenue increased by 17.7% or HK\$92.7 million from HK\$524.5 million in Q3 FY2011 to HK\$617.2 million in Q3 FY2012. Such increase was mainly attributable to the growth from one of the Group's OEM customers. Our Licensing business continued to contribute to the Group's revenue and recorded HK\$10.1 million sales in Q3 FY2012, an increase of 84.5% from Q3 FY2011 of HK\$5.5 million.

OEM revenue increased by 24.3% to HK\$526.9 million (Q3 FY2011: HK\$423.9 million), mainly contributed by the increase in demand from one of our major OEM customers.

ODM revenue decreased by 15.7% to HK\$80.2 million (Q3 FY2011: HK\$95.1 million), mainly due to slowdown in demand from major ODM customers.

Gross profit and gross profit margin

Gross profit increased by 3.8% to HK\$84.2 million (Q3 FY2011: HK\$81.1 million) and gross profit margin declined to 13.6% (Q3 FY2011: 15.5%). Such change in gross profit margin was mainly due to the change in product sales mix during the period.

Other income / (expense)

The change from other expense of HK\$0.8 million in Q3 FY2011 to other income of HK\$4.5 million in Q3 FY2012 is mainly due to the increase of net realized exchange gains of HK\$2.1 million (Q3 FY2011: losses of HK\$2.4 million).

Selling and distribution costs

Selling and distribution costs decreased by 16.3% to HK\$16.8 million (Q3 FY2011: HK\$20.1 million). Such decrease was mainly contributed by drop in advertising and promotional expenses and sales commissions payable to our sales representatives during the period.

Administrative expenses

Administrative expenses increased by 38.1% to HK\$32.8 million (Q3 FY2011: HK\$23.8 million), mainly contributed by the increase in salaries and bonus for our administrative and corporate employees.

Net other operating gains

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Japanese Yen during Q3 FY2012 (Q3 FY2011: Japanese Yen and Renminbi). The net fair value gains of HK\$0.2 million (Q3 FY2011: HK\$0.1 million) on derivative financial instruments represented the unrealized gains and changes to the mark-to-market values of these contracts as at period end date.

Profit before tax

As a result of the above, the profit before tax of Q3 FY2012 increased by 7.8% to HK\$38.7 million (Q3 FY2011: HK\$35.9 million).

Review – 9 months ended 31 December 2011 (“9 months FY2012”) vs 9 months ended 31 December 2010 (“9 months FY2011”)**Revenue**

Revenue in 9 months FY2012 increased by 23.1% or HK\$332.8 million from HK\$1,438.6 million to HK\$1,771.4 million. Such increase was mainly attributable to the growth from one of the Group's OEM customers as well as steady revenue contributions from the Licensing business, which recorded HK\$57.0 million sales during the period (9 months FY2011: HK\$15.7 million).

OEM revenue increased by 24.8% to HK\$1,469.9 million (9 months FY2011: HK\$1,178.2 million), mainly contributed by the increase in demand from one of our major OEM customers.

ODM revenue recorded HK\$244.5 million (9 months FY2011: HK\$244.7 million) represented a slight drop by 0.1%, resulted from slowdown in demand from ODM customers.

Gross profit and gross profit margin

Gross profit increased by 14.6% to HK\$255.8 million (9 months FY2011: HK\$223.3 million) and gross profit margin decreased by 1.1% to 14.4% (9 months FY2011: 15.5%). Such change in gross profit margin was mainly due to the change in product sales mix during the period.

Other income

Other income increased by 109.5% to HK\$10.7 million (9 months FY2011: HK\$5.1 million), mainly due to the increase in net realized exchange gains by HK\$4.3 million and increase in tooling income by HK\$0.9 million.

Selling and distribution costs

Selling and distribution costs increased by 17.8% to HK\$61.3 million (9 months FY2011: HK\$52.0 million). Such increase was mainly contributed by the full period effect of the Licensing business, which included salaries and allowances for our marketing staff, sales commissions payable to our sales representatives and advertising and promotional expenses.

Administrative expenses

Administrative expenses increased by 41.0% to HK\$97.5 million (9 months FY2011: HK\$69.2 million), mainly contributed by the increase in salaries and bonus for our administrative and corporate employees as well as the full period effect of staff costs and the higher number of headcounts for the Licensing business as compared to the same period last year.

Net other operating gains / (losses)

Net other operating gains mainly represents the write-back of provision for impairment for loss on assets of HK\$3.7 million (9 months FY2011: Nil) with respect to the flash flood incident in 2008.

The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Japanese Yen (9 months FY2011: Japanese Yen and Renminbi) during the period. The net fair value gains of HK\$0.1 million (9 months FY2011: losses of HK\$0.2 million) on derivative financial instruments represented the unrealized gains (9 months FY2011: losses) and changes to the mark-to-market values of these contracts as at period end date.

Profit before tax

As a result of the above, the profit before tax of 9 months FY2012 increased by 4.1% to HK\$110.2 million (9 months FY2011: HK\$105.9 million).

Financial position

The Group's inventories increased by HK\$75.1 million from HK\$213.0 million as at 31 March 2011 to HK\$288.1 million as at 31 December 2011. The increase in balance was in line with the growth in one of our OEM customers' demand.

The Group's trade receivables increased by HK\$59.9 million from HK\$430.8 million as at 31 March 2011 to HK\$490.7 million as at 31 December 2011. This is in line with the growth in sales to one of our major OEM customers.

The Group's trade payables increased from HK\$302.4 million as at 31 March 2011 to HK\$395.0 million as at 31 December 2011. The increase in trade payable resulted from the overall growth in purchase 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\$123.3 million as at 31 December 2011 (31 March 2011: HK\$136.2 million). This was mainly due to 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.

The Group currently places most of its cash as bank deposits with reputable financial 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.

The downgrade of credit ratings and debt crisis issues in the European Union together with the anaemic economic growth in the United States continue to drag the recovery of global economy and consumer spending. Combined with the pricing pressure, appreciation in Renminbi, higher labour costs and inflation in the PRC, business conditions for manufacturing industry continued to be challenging in the year 2012.

During Q3 FY2012, the Group continued to benefit from the strong demand and growth from one of its OEM customers, which compensated for the slowdown in demand from some other OEM and ODM customers.

In the past 9 months, the Licensing business continued to grow and contributed HK\$57.0 million to the Group's revenue. Our sales and marketing team will continue their efforts to explore and penetrate major retailers with our existing product portfolio, which included air purifiers, fans and heaters.

The Group will continue to remain vigilant in monitoring market developments and will continue with our efforts in improving our fundamentals, which include our design and development capabilities, production efficiencies and inventory management.

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

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.

13. Interested Parties Transactions

The Company does not have a Shareholders' Mandate for Interested Person Transactions ("IPTs"). The IPTs for the period ended 31 December 2011 was below the 3% threshold of the Group's audited Net Tangible Assets as of 31 March 2011.

BY ORDER OF THE BOARD

TSE Chong Hing

**Chairman and Managing Director
3 February 2012**

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 period ended 31 December 2011 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