

 [Print this page](#)
**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	09-Nov-2012 07:33:32
Announcement No.	00013

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2012
Description	Please see attached.

**Attachments**
 [Valuetronics\\_Results\\_Q2FY2013\\_SGX.pdf](#)  
 Total size = **177K**  
 (2048K size limit recommended)

[Close Window](#)

**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 2012**
**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 2012**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2012	2011	Change	2012	2011	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		(Restated)			(Restated)	
<b>Continuing operations</b>						
Revenue	1,222,938	1,107,245	10.4	595,481	594,247	0.2
Cost of sales	(1,076,733)	(948,105)	13.6	(523,220)	(516,963)	1.2
<b>Gross profit</b>	<b>146,205</b>	<b>159,140</b>	<b>-8.1</b>	<b>72,261</b>	<b>77,284</b>	<b>-6.5</b>
Other income	5,512	6,159	-10.5	3,200	3,869	-17.3
Selling and distribution costs	(19,047)	(28,107)	-32.2	(9,004)	(15,462)	-41.8
Administrative expenses	(56,998)	(56,080)	1.6	(28,538)	(30,500)	-6.4
Net other operating (losses)/gains	(1,481)	3,588	-141.3	(1,233)	3,588	-134.4
<b>Profit from operations</b>	<b>74,191</b>	<b>84,700</b>	<b>-12.4</b>	<b>36,686</b>	<b>38,779</b>	<b>-5.4</b>
Finance costs	(913)	(703)	29.9	(432)	(317)	36.3
<b>Profit before tax</b>	<b>73,278</b>	<b>83,997</b>	<b>-12.8</b>	<b>36,254</b>	<b>38,462</b>	<b>-5.7</b>
Income tax expense	(6,277)	(11,034)	-43.1	(1,725)	(5,521)	-68.8
<b>Profit for the period from continuing operations</b>	<b>67,001</b>	<b>72,963</b>	<b>-8.2</b>	<b>34,529</b>	<b>32,941</b>	<b>4.8</b>
<b>Discontinued operations*</b>						
Loss for the period from discontinued operations	(37,962)	(12,548)	202.5	(31,220)	(4,174)	648.0
<b>Profit for the period</b>	<b>29,039</b>	<b>60,415</b>	<b>-51.9</b>	<b>3,309</b>	<b>28,767</b>	<b>-88.5</b>
<b>Attributable to:</b>						
Owners of the Company	29,039	60,415	-51.9	3,309	28,767	-88.5
<b>Attributable to Owners of the Company from:</b>						
- continuing operations	67,001	72,963	-8.2	34,529	32,941	4.8
- discontinued operations	(37,962)	(12,548)	202.5	(31,220)	(4,174)	648.0
	29,039	60,415	-51.9	3,309	28,767	-88.5

\*: See Page 3, Note 4

## Consolidated Statement of Comprehensive Income for the period ended 30 September 2012

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2012	2011	Change	2012	2011	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		(Restated)			(Restated)	
<b>Profit for the period</b>	<b>29,039</b>	<b>60,415</b>	<b>-51.9</b>	<b>3,309</b>	<b>28,767</b>	<b>-88.5</b>
<b>Other comprehensive income:</b>						
Exchange differences on translating foreign operations	231	5,164	-95.5	231	2,692	-91.4
<b>Other comprehensive income for the period, net of tax</b>	<b>231</b>	<b>5,164</b>	<b>-95.5</b>	<b>231</b>	<b>2,692</b>	<b>-91.4</b>
<b>Total comprehensive income for the period</b>	<b>29,270</b>	<b>65,579</b>	<b>-55.4</b>	<b>3,540</b>	<b>31,459</b>	<b>-88.7</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	29,270	65,579	-55.4	3,540	31,459	-88.7
<b>Total comprehensive income /(loss) attributable to Owners of the Company from:</b>						
- continuing operations	67,232	78,127	-13.9	34,760	35,633	-2.4
- discontinued operations	(37,962)	(12,548)	202.5	(31,220)	(4,174)	648.0
	<b>29,270</b>	<b>65,579</b>	<b>-55.4</b>	<b>3,540</b>	<b>31,459</b>	<b>-88.7</b>

**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	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)		(Restated)	
<b>Continuing operations</b>				
Depreciation	21,429	19,388	10,802	10,251
Amortisation of land use rights	242	237	118	118
Losses/(gains) on disposals of property, plant and equipment	25	(89)	(12)	(131)
Interest income	(611)	(85)	(382)	(49)
Interest expenses	287	164	169	3
Bank charges	626	539	263	314
Net exchange gains (Note 1)	(1,666)	(2,045)	(1,009)	(1,549)
Net fair value losses on derivative financial instruments (Note 2)	1,233	100	1,233	100
Write-back of provision for impairment for loss on assets in respect of flash flood (Note 3)	-	(3,688)	-	(3,688)
<b>Discontinued operations</b>				
Termination expenditure (Note 4)	24,957	-	24,957	-
Provision for impairment loss on property, plant and equipment (Note 4)	3,043	-	3,043	-

Note 1: Net exchange gains mainly resulted from settlements of Singapore dollars (last period: United State dollars) during the period.

Note 2: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi (last period: Japanese Yen) during the period. The net fair value losses on derivative financial instruments represented the unrealised losses and mark-to-market values of these contracts as at period end date.

Note 3: 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\$10.0 million. The claim process with insurance company has been concluded during the period ended 30 September 2011. After taking into account of the compensations received and the claim amounts, which were determined based on the final adjustor report, an over-provision of HK\$3.7 million was written back during the period.

Note 4: On 7 August 2012, after a rigorous review of the prospects of the Licensing business, the Group has announced its decision to terminate the Licensing business. During the period ended 30 September 2012, the Group recorded provision for termination expenditure of HK\$25.0 million, which included termination cost, royalties payable to the licensors and severance payments for the affected employees. In addition, provision for impairment loss on property, plant and equipment of HK\$3.0 million has been made against the relevant assets in the Licensing business during the period.

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the results and cash flows of the Licensing business have been included in the discontinued operations of the Group upon the termination of Licensing business. Comparative figures for the six months ended 30 September 2011 and three months ended 30 September 2011 have been restated thereon.

**1(b)(i) 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 30 September 2012**

	The Group		The Company	
	At 30.9.2012	At 31.3.2012	At 30.9.2012	At 31.3.2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Land use rights	21,016	21,261	-	-
Property, plant and equipment	209,802	222,689	-	-
Available-for-sale financial assets	1,549	-	-	-
Goodwill	10	10	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	248	248	-	-
	232,625	244,208	83,330	83,330
<b>Current assets</b>				
Inventories	240,381	204,090	-	-
Trade receivables	565,641	508,120	-	-
Land use rights	487	487	-	-
Prepayments, deposits and other receivables	20,794	12,751	203	227
Due from subsidiaries	-	-	122,059	183,781
Available-for-sale financial assets	2,476	-	-	-
Bank and cash balances	179,604	263,730	326	329
	1,009,383	989,178	122,588	184,337
<b>Total assets</b>	1,242,008	1,233,386	205,918	267,667
<b>Current liabilities</b>				
Trade payables	430,794	393,835	-	-
Accruals, other payables and deposits received	231,714	232,102	268	394
Derivative financial instruments	1,233	-	-	-
Current tax liabilities	18,079	15,130	-	-
Bank borrowings	12,000	9,000	-	-
	693,820	650,067	268	394
<b>Non-current liabilities</b>				
Bank borrowings	5,000	11,000	-	-
Deferred tax liabilities	3,944	3,944	-	-
	8,944	14,944	-	-
<b>Total liabilities</b>	702,764	665,011	268	394
	539,244	568,375	205,650	267,273
<b>Equity attributable to owners of the Company</b>				
Share capital	36,004	35,860	36,004	35,860
Reserves	503,240	532,515	169,646	231,413
<b>Total equity</b>	539,244	568,375	205,650	267,273

**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 2012		As at 31 March 2012	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
12,000	Nil	9,000	Nil

**Amount repayable after one year**

As at 30 September 2012		As at 31 March 2012	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
5,000	Nil	11,000	Nil

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

**1(c) 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 30 September 2012**

	The Group		The Group	
	6 months ended 30		3 months ended 30	
	September		September	
	2012	2011	2012	2011
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Restated)		(Restated)	
<b>Cash flows from operating activities</b>				
Cash generated from operations of continuing operations:				
Profit before tax	73,278	83,997	36,254	38,462
Adjustments for :				
Equity-settled share-based payments	2,353	1,646	1,278	573
Depreciation	21,429	19,388	10,802	10,251
Amortisation of land use rights	242	237	118	118
Losses/(gains) on disposals of property, plant and equipment	25	(89)	(12)	(131)
Interest expenses	287	164	169	3
Interest income	(611)	(85)	(382)	(49)
Net fair value losses on derivative financial instruments	1,233	100	1,233	100
Awards for Performance Share Plan	-	(1,451)	-	(1,451)
<b>Operating profit before working capital changes</b>	<b>98,236</b>	<b>103,907</b>	<b>49,460</b>	<b>47,876</b>
(Increase)/decrease in inventories	(37,767)	(174,095)	48,662	(64,993)
(Increase)/decrease in trade receivables	(73,459)	(74,647)	41,930	(28,501)
(Increase)/decrease in prepayments, deposits and other receivables	(8,297)	5,407	(6,863)	3,045
Increase/(decrease) in trade payables	38,574	200,241	(120,075)	62,405
Decrease in accruals, other payables and deposits received	(7,746)	(8,084)	(24,533)	(3,955)
<b>Cash generated from/(used in) operations</b>	<b>9,541</b>	<b>52,729</b>	<b>(11,419)</b>	<b>15,877</b>
Income tax paid	(3,328)	(1,598)	(121)	-
Interest paid	(287)	(164)	(169)	(3)
Net cash generated from/(used in) operating activities of continuing operations	5,926	50,967	(11,709)	15,874
Net cash used in operating activities of discontinued operations	(13,270)	(12,772)	(14,524)	(22,375)
<b>Net cash (used in)/generated from operating activities</b>	<b>(7,344)</b>	<b>38,195</b>	<b>(26,233)</b>	<b>(6,501)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(9,619)	(28,949)	(3,111)	(27,017)
Proceeds from disposal of property, plant and equipment	11	213	11	30
Interest received	611	85	382	49
Net cash used in investing activities of continuing operations	(8,997)	(28,651)	(2,718)	(26,938)
Net cash used in investing activities of discontinued operations	(240)	(2,535)	(21)	(1,290)
<b>Net cash used in investing activities</b>	<b>(9,237)</b>	<b>(31,186)</b>	<b>(2,739)</b>	<b>(28,228)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(61,022)	(49,998)	(61,022)	(49,998)
Net (repayment)/advance of trust receipt loans/bank borrowings	(3,000)	23,511	(3,000)	61,526
Proceeds from shares issued in exercise of share options	268	2,142	268	2,142
Investment in available-for-sale financial assets	(4,025)	-	(4,025)	-
Net cash (used in)/generated from financing activities of continuing operations	(67,779)	(24,345)	(67,779)	13,670
Net cash from financing activities of discontinued operations	-	-	-	-
<b>Net cash (used in)/ generated from financing activities</b>	<b>(67,779)</b>	<b>(24,345)</b>	<b>(67,779)</b>	<b>13,670</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(84,360)</b>	<b>(17,336)</b>	<b>(96,751)</b>	<b>(21,059)</b>
<b>Effect of foreign exchange rate changes</b>	<b>234</b>	<b>1,064</b>	<b>234</b>	<b>814</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>263,730</b>	<b>136,185</b>	<b>276,121</b>	<b>140,158</b>
<b>Cash and cash equivalents at end of the period</b>	<b>179,604</b>	<b>119,913</b>	<b>179,604</b>	<b>119,913</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								
	Reserves								
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Retained earnings	Total reserves	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2012	35,860	-	90,283	4,411	21,202	1,198	415,421	532,515	568,375
Total comprehensive income for the period	-	-	-	-	231	-	29,039	29,270	29,270
Issue of shares on exercise of share options	35	-	233	-	-	-	-	233	268
Issue of shares on award of performance share	109	-	-	(109)	-	-	-	(109)	-
Share-based payments	-	-	-	2,353	-	-	-	2,353	2,353
Dividend paid	-	-	-	-	-	-	(61,022)	(61,022)	(61,022)
<b>Balance at 30 September 2012</b>	<b>36,004</b>	<b>-</b>	<b>90,516</b>	<b>6,655</b>	<b>21,433</b>	<b>1,198</b>	<b>383,438</b>	<b>503,240</b>	<b>539,244</b>
Balance at 1 April 2011	35,670	(778)	87,244	3,566	14,588	749	335,171	441,318	476,210
Total comprehensive income for the period	-	-	-	-	5,164	-	60,415	65,579	65,579
Issue of shares on exercise of share options	160	-	1,982	-	-	-	-	1,982	2,142
Share-based payments	-	-	-	1,646	-	-	-	1,646	1,646
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)
<b>Balance at 30 September 2011</b>	<b>35,830</b>	<b>-</b>	<b>89,226</b>	<b>2,983</b>	<b>19,752</b>	<b>749</b>	<b>345,588</b>	<b>458,298</b>	<b>494,128</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 2012	35,860	-	90,283	4,411	67,239	69,480	231,413	267,273
Total comprehensive income for the period	-	-	-	-	-	(3,222)	(3,222)	(3,222)
Issue of shares on exercise of share options	35	-	233	-	-	-	233	268
Issue of shares on award of performance share	109	-	-	(109)	-	-	(109)	-
Share-based payments	-	-	-	2,353	-	-	2,353	2,353
Dividend paid	-	-	-	-	-	(61,022)	(61,022)	(61,022)
<b>Balance at 30 September 2012</b>	<b>36,004</b>	<b>-</b>	<b>90,516</b>	<b>6,655</b>	<b>67,239</b>	<b>5,236</b>	<b>169,646</b>	<b>205,650</b>
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	-	-	-	-	-	(2,518)	(2,518)	(2,518)
Issue of shares on exercise of share options	160	-	1,982	-	-	-	1,982	2,142
Share-based payments	-	-	-	1,646	-	-	1,646	1,646
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)
<b>Balance at 30 September 2011</b>	<b>35,830</b>	<b>-</b>	<b>89,226</b>	<b>2,983</b>	<b>67,239</b>	<b>8,179</b>	<b>167,627</b>	<b>203,457</b>

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 comp'ny'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.**

#### SHARE OPTIONS

As at 30 September 2012, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2012	Additions	Share options exercised	Balance as at 30.9.2012
(a) Incentive Options (Note 1)	S\$0.175	100,000	-	(100,000)	-
	S\$0.144	1,200,000	-	-	1,200,000
	S\$0.105	2,750,000	-	(250,000)	2,500,000
	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
	S\$0.201	-	5,400,000	-	5,400,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	-	200,000
	S\$0.184	400,000	-	-	400,000
Total		13,100,000	5,400,000	(350,000)	18,150,000

As as 30 September 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	Balance as at 30.9.2011
(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

#### 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.

**PERFORMANCE SHARE PLAN**

As at 30 September 2012, the Company has the following outstanding Share Awards:

Date of grant	Outstanding at 31 March 2012	Granted	Awarded by way of issue of new shares	Lapsed	Outstanding at 30 September 2012
16 August 2011	1,625,000	-	(1,088,750)	(536,250)	-
19 July 2012	-	700,000	-	-	700,000
<b>Total</b>	<b>1,625,000</b>	<b>700,000</b>	<b>(1,088,750)</b>	<b>(536,250)</b>	<b>700,000</b>

As at 30 September 2012, no shares were held as treasury shares. There were no treasury shares transferred during the period under the Company's Employee Share Option Scheme and Performance Share Plan.

**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.**

Total number of issued shares (excluding treasury shares)

As at 31 March 2012	358,600,000
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 17 July 2012	350,000
- Performance Share Plan on 13 September 2012	1,088,750
As at 30 September 2012	360,038,750

**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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**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 2012, 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 2012.

**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 2012, 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	
	6 months ended 30 September 2012	6 months ended 30 September 2011 (Restated)
Earnings/(loss) per ordinary share for the period based on the net profit/(loss) for the period		
(a) Based on weighted average number of ordinary shares on issue; and		
- continuing operations	HK 18.7 cents	HK 20.5 cents
- discontinued operations	HK (10.6) cents	HK (3.6) cents
	HK 8.1 cents	HK 16.9 cents
(b) On a fully diluted basis		
- continuing operations	HK 18.5 cents	HK 20.5 cents
- discontinued operations	HK (10.5) cents	HK (3.6) cents
	HK 8.0 cents	HK 16.9 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	358,852,445	356,457,137
Effect of potentially dilutive ordinary shares – Share options	4,290,117	150,216
Weighted average number of ordinary shares for the purpose of diluted earnings per share	363,142,562	356,607,353

**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	
	30.9.2012	31.03.2012	30.9.2012	31.03.2012
	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:	149.8	158.5	57.1	74.5
Number of ordinary shares in issue excluding treasury shares	360,038,750	358,600,000	360,038,750	358,600,000

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, which focuses on the design and development of products that meet the ever-changing customers' needs. We are the preferred choice of some successful global companies in consumer electronics as well as industrial and commercial electronics products, 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 the previous periods, the Group classified its business into 3 reportable segments, namely Original Equipment Manufacturers products ("OEM"), Original Design Manufacturer products ("ODM") and Licensed products ("Licensing"). Due to the high involvement in the designing and manufacturing engineering process of our OEM customers' products, the differentiation between services provided to the OEM and ODM customers is blurring and may not reflect the actual performance of the each business segment. Accordingly, we begin to classify the business segments with reference to the nature and characteristic of market where the product is sold, namely consumer electronics products ("Consumer Electronics"), industrial and commercial electronics products ("Industrial and Commercial Electronics") and Licensing effective from 1 April 2012.

**Review – 3 months ended 30 September 2012 ("Q2 FY2013") vs 3 months ended 30 September 2011 ("Q2 FY2012")**

**Revenue (Continuing operations)**

Revenue from continuing operations increased by 0.2% or HK\$1.3 million from HK\$594.2 million in Q2 FY2012 to HK\$595.5 million in Q2 FY2013. Such change was mainly attributable to the slowdown in demand from some of our Consumer Electronics customers but compensated by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 1.2% to HK\$436.4 million (Q2 FY2012: HK\$441.6 million), which was mainly contributed by the slowdown in demand from some of our Consumer Electronics customers.

Industrial and Commercial Electronics revenue increased by 4.3% to HK\$159.1 million (Q2 FY2012: HK\$152.6 million), which was mainly attributable to the increase in demand from some of our Industrial and Commercial Electronics customers.

**Gross profit and gross profit margin (Continuing operations)**

Gross profit from continuing operations decreased by 6.5% to HK\$72.3 million (Q2 FY2012: HK\$77.3 million) and gross profit margin declined to 12.1% (Q2 FY2012: 13.0%). Such change in gross profit margin was mainly due to a change in product sales mix towards Consumer Electronics during the period.

**Other income (Continuing operations)**

Other income from continuing operations decreased by 17.3% to HK\$3.2 million (Q2 FY2012: HK\$3.9 million), which was mainly due to the decrease in net exchange gains by HK\$0.5 million.

**Selling and distribution costs (Continuing operations)**

Selling and distribution costs of continuing operations decreased by 41.8% to HK\$9.0 million (Q2 FY2012: HK\$15.5 million). Such decrease was mainly contributed by decrease in sales commissions paid to our sales representatives.

**Administrative expenses (Continuing operations)**

Administrative expenses of continuing operations decreased by 6.4% to HK\$28.5 million (Q2 FY2012: HK\$30.5 million), which was mainly contributed by the decrease in administrative expenses as a result of stringent cost control measures compensated by the increase in salaries for our administrative and corporate employees during the period.

**Profit before tax from continuing operations**

As a result of the above, the profit before tax from continuing operations of Q2 FY2013 decreased by 5.7% to HK\$36.3 million (Q2 FY2012: HK\$38.5 million).

**Results of discontinued operations**

Revenue from discontinued operations decreased by 76.5% or HK\$25.1 million from HK\$32.8 million in Q2 FY2012 to HK\$7.7 million in Q2 FY2013, which is as a result of the termination of the Licensing business during the period. (See Page 3, Note 4)

The loss from discontinued operations in Q2 FY2013 increased by 648.0% to HK\$31.2 million from HK\$4.2 million in Q2 FY2012, resulting from a termination expenditure of HK\$25.0 million and provision for impairment loss on property, plant and equipment of HK\$3.0 million. No income tax expense was incurred during the period as the Licensing business was loss making.

**Review – 6 months ended 30 September 2012 (“1H FY2013”) vs 6 months ended 30 September 2011 (“1H FY2012”)****Revenue (Continuing operations)**

Revenue from continuing operations increased by 10.4% or HK\$115.7 million from HK\$1,107.2 million in 1H FY2012 to HK\$1,222.9 million in 1H FY2013. Such increase was mainly attributable to the growth from some of our Consumer Electronics customers.

Consumer Electronics revenue increased by 15.7% to HK\$915.3 million (1H FY2012: HK\$791.4 million), which was mainly contributed by the increase in demand from some of our Consumer Electronics customers.

Industrial and Commercial Electronics revenue decreased by 2.6% to HK\$307.6 million (1H FY2012: HK\$315.8 million), which was mainly attributable to the slowdown in demand from some of our Industrial and Commercial Electronics customers.

**Gross profit and gross profit margin (Continuing operations)**

Gross profit from continuing operations decreased by 8.1% to HK\$146.2 million (1H FY2012: HK\$159.1 million) and gross profit margin decreased to 12.0% (1H FY2012: 14.4%). Such change in gross profit margin was mainly due to the change in product sales mix towards Consumer Electronics during the period.

**Other income (Continuing operations)**

Other income from continuing operations decreased by 10.5% to HK\$5.5 million (1H FY2012: HK\$6.2 million), which was mainly due to the decrease in net exchange gains by HK\$0.4 million and decrease in tooling income by HK\$0.2 million.

**Selling and distribution costs (Continuing operations)**

Selling and distribution costs of continuing operations decreased by 32.2% to HK\$19.0 million (1H FY2012: HK\$28.1 million). Such decrease was mainly contributed by decrease in sales commissions paid to our sales representatives.

**Administrative expenses (Continuing operations)**

Administrative expenses of continuing operations increased by 1.6% to HK\$57.0 million (1H FY2012: HK\$56.1 million), which was mainly contributed by the increase in salaries for our administrative and corporate employees compensated by the decrease in administrative expenses a result of stringent cost control measures implemented during the period.

**Profit before tax from continuing operations**

As a result of the above, the profit before tax from continuing operations of 1H FY2013 decreased by 12.8% to HK\$73.3 million (1H FY2012: HK\$84.0 million).

**Results of discontinued operations**

Revenue from discontinued operations decreased by 68.7% or HK\$32.2 million from HK\$46.9 million in 1H FY2012 to HK\$14.7 million in 1H FY2013, which is as a result of the termination of the Licensing business during the period. (See Page 3, Note 4)

The loss from discontinued operations of 1H FY2013 increased by 202.5% to HK\$38.0 million from HK\$12.5 million in 1H FY2012, resulting from a termination expenditure of HK\$25.0 million and provision for impairment loss on property, plant and equipment of HK\$3.0 million incurred during the period. No income tax expense was incurred during the period as the Licensing business was loss making.

**Financial position and cash flows**

As at 30 September 2012, the Group had net current assets of HK\$315.6 million (31 March 2012: HK\$339.1 million), total assets of HK\$1,242.0 million (31 March 2012: HK\$1,233.4 million) and shareholders' funds of HK\$539.2 million (31 March 2012: HK\$568.4 million).

The Group's trade receivables increased by HK\$57.5 million from HK\$508.1 million as at 31 March 2012 to HK\$565.6 million as at 30 September 2012. The Group's trade payables increased by HK\$37.0 million from HK\$393.8 million as at 31 March 2012 to HK\$430.8 million as at 30 September 2012. These changes are in line with the growth in business during the period.

The Group's inventories increased by HK\$36.3 million from HK\$204.1 million as at 31 March 2012 to HK\$240.4 million as at 30 September 2012. This is in line with the revenue growth during the period.

The working capital of the Group as at 30 September 2012, which is the sum of trade receivables and inventories less trade payables, was HK\$375.2 million (31 March 2012: HK\$318.4 million).

As at 30 September 2012, the Group had cash and cash equivalents of HK\$179.6 million (31 March 2012: HK\$263.7 million) owing to changes in working capital and payment of final dividend during the period.

The Group's bank borrowings as at 30 September 2012 amounted to HK\$17.0 million (31 March 2012: HK\$20.0 million), arising from term loans for acquisitions of machineries. The net cash as at 30 September 2012, which is equivalent to the net balance of cash and cash equivalents and bank borrowings, amounted to HK\$162.6 million (31 March 2012: HK\$243.7 million).

**Statement of cash flows**

Cash and cash equivalents held by the Group stood at HK\$179.6 million as at 30 September 2012 (31 March 2012: HK\$263.7 million). This was mainly contributed by the changes in working capital and payment of final dividend 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.**

During Q2 FY2013, the Group experienced a slowdown in demand and orders from some of its Consumer Electronics customers. Such decrease was compensated by the improvement in demand in some of its Industrial and Commercial Electronics customers. However, the uncertainties in global economy and the recurring operational challenges, such as costs pressure, higher labour costs, appreciation in RMB and inflation in the PRC, are expected to continue and business conditions for manufacturing industry and the Group will remain challenging in second half of our financial year.

In our Q1 FY2013 results announcement dated 7 August 2012, we announced the termination of the Licensing business. The termination would become effective before the end of calendar year 2012. As a result, our Group's Q2 FY2013 results have been significantly impacted as a provision for termination expenditure and impairment loss for property, plant and equipment of HK\$28.0 million was recognised. We do not expect further provision for termination expenditure and impairment loss for property, plant and equipment. However, as we gradually phase out the Licensing business over the next 12 months, operating expenses are expected to be incurred.

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. In addition, the Group will actively drive its business development activities so as to widen its customer and product portfolios in Industrial and Commercial Electronics and to improve its profitability.

Barring unforeseen circumstances the directors expect the Group to remain profitable for the financial year.

**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/recommendeded, a statement to that effect.**

No dividend has been declared / recommended for Q2 FY2013.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.**

The Company does not have a Shareholders' Mandate for IPTs.

**14. 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 30 September 2012 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*  
9 November 2012

**Chow Kok Kit**  
*Executive Director*