

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	VALUETRONICS HOLDINGS LIMITED
Securities	VALUETRONICS HOLDINGS LIMITED - BMG9316Y1084 - BN2
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	12-Aug-2016 07:17:52
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG160812OTHR4N
Submitted By (Co./ Ind. Name)	Tse Chong Hing
Designation	Chairman and Managing Director
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

For Financial Period Ended	30/06/2016
Attachments	📄 Results announcement FY17Q1.pdf Total size =147K

Like { 0

Tweet

G+1 { 0

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Reg. No: 38813)

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2016**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) A statement of profit or loss and 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 30 June 2016

	The Group		
	3 months ended 30 June		
	2016	2015	Change
	HK\$'000	HK\$'000	%
Revenue	477,497	550,037	-13.2
Cost of sales	(400,889)	(471,576)	-15.0
Gross profit	76,608	78,461	-2.4
Selling and distribution costs	(8,060)	(8,480)	-5.0
Administrative expenses	(36,144)	(35,291)	2.4
Other income and gains, net	1,970	3,387	-41.8
Profit from operations	34,374	38,077	-9.7
Finance costs	(151)	(234)	-35.5
Profit before income tax	34,223	37,843	-9.6
Income tax expense	(4,637)	(4,359)	6.4
Profit for the period	29,586	33,484	-11.6
Attributable to:			
Owners of the Company	29,586	33,484	-11.6

Consolidated Statement of Comprehensive Income for the period ended 30 June 2016

	The Group		
	3 months ended 30 June		
	2016	2015	Change
	HK\$'000	HK\$'000	%
Profit for the period	29,586	33,484	-11.6
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	-	-	-
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	29,586	33,484	-11.6
Attributable to:			
Owners of the Company	29,586	33,484	-11.6

Note:

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

	The Group	
	3 months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	8,222	9,615
Amortisation of land use rights	117	123
Losses / (gains) on disposals of property, plant and equipment	331	(519)
Interest income	(1,202)	(613)
Bank charges	151	234
Net exchange gains	(345)	(112)
Net fair value gains on derivative financial instruments (Note 1)	-	(1,533)

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi and Singapore Dollar during the 3 months period ended 30 June 2015. The net fair value gains on derivative financial instruments represented the unrealised gains on mark-to-market values of these contracts as at period end date.

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 30 June 2016

	The Group		The Company	
	At 30.6.2016	At 31.3.2016	At 30.6.2016	At 31.3.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	18,884	19,001	-	-
Property, plant and equipment	156,006	163,637	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	64,154	71,904	-	-
Others	238	238	-	-
Total non-current assets	239,282	254,780	83,330	83,330
Current assets				
Inventories	249,870	198,682	-	-
Trade receivables	376,885	343,155	-	-
Other receivables and prepayments	13,068	9,468	232	426
Due from subsidiaries	-	-	332,766	332,775
Available-for-sale financial assets	10,310	10,606	-	-
Cash and cash equivalents	744,939	689,260	4,623	4,919
Total current assets	1,395,072	1,251,171	337,621	338,120
Total assets	1,634,354	1,505,951	420,951	421,450
EQUITY				
Share capital	38,014	38,014	38,014	38,014
Treasury shares	(1,980)	(1,980)	(1,980)	(1,980)
Reserves	852,241	821,265	384,507	385,134
Total equity	888,275	857,299	420,541	421,168
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,023	3,023	-	-
Total non-current liabilities	3,023	3,023	-	-
Current liabilities				
Trade payables	366,720	286,209	-	-
Other payables and accruals	351,090	338,534	410	282
Current income tax liabilities	25,246	20,886	-	-
Total current liabilities	743,056	645,629	410	282
Total liabilities	746,079	648,652	410	282
Total equity and liabilities	1,634,354	1,505,951	420,951	421,450
Net current assets	652,016	605,542	337,211	337,838
Total assets less current liabilities	891,298	860,322	420,541	421,168

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 June 2016		As at 31 March 2016	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 June 2016		As at 31 March 2016	
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 30 June 2016

	The Group	
	3 months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations:		
Profit before income tax	34,223	37,843
Adjustments for :		
Amortisation of land use rights	117	123
Depreciation on property, plant and equipment	8,222	9,615
Losses/(gains) on disposals of property, plant and equipment	331	(519)
Net fair value gains on derivative financial instruments	-	(1,533)
Share-based compensation	1,390	1,252
Interest income	(1,202)	(613)
Operating profit before working capital changes	43,081	46,168
Increase in inventories	(51,188)	(14,290)
(Increase)/decrease in trade receivables	(33,730)	371
Increase in prepayments, deposits and other receivables and prepayments	(3,388)	(31,050)
Increase in trade payables	80,511	30,401
Increase in accruals, other payables and accruals deposits received	12,556	30,849
Cash generated from operations	47,842	62,449
Income tax paid	(277)	(3,070)
Net cash generated from operating activities	47,565	59,379
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,881)	(8,708)
Proceeds from disposals of property, plant and equipment	959	634
Purchase of available-for-sale financial assets	-	(23,243)
Redemption of available-for-sale financial assets	8,046	-
Interest received	1,202	613
Net cash generated/(used) in investing activities	8,326	(30,704)
Net increase in cash and cash equivalents	55,891	28,675
Effect of foreign exchange rate changes	(212)	(146)
Cash and cash equivalents at beginning of the period	689,260	505,847
Cash and cash equivalents at end of the period	744,939	534,376

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 for the period ended 30 June 2016

The Group	Attributable to the owners of the Company								
	Reserves								Total equity
	Share capital	Treasury share	Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (Note)	Retained earnings	Total reserves	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2016	38,014	(1,980)	120,522	7,829	18,359	3,063	671,492	821,265	857,299
Total comprehensive income for the period	-	-	-	-	-	-	29,586	29,586	29,586
Share-based compensation	-	-	-	1,390	-	-	-	1,390	1,390
Changes in equity for the period	-	-	-	1,390	-	-	29,586	30,976	30,976
Balance at 30 June 2016	38,014	(1,980)	120,522	9,219	18,359	3,063	701,078	852,241	888,275
Balance at 1 April 2015	37,473	-	112,471	5,808	23,333	2,873	626,585	771,070	808,543
Total comprehensive income for the period	-	-	-	-	-	-	33,484	33,484	33,484
Share-based compensation	-	-	-	1,252	-	-	-	1,252	1,252
Changes in equity for the period	-	-	-	1,252	-	-	33,484	34,736	34,736
Balance at 30 June 2015	37,473	-	112,471	7,060	23,333	2,873	660,069	805,806	843,279

The Company	Reserves							Total equity
	Share capital	Treasury Share	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 2016	38,014	(1,980)	120,522	7,829	67,239	189,544	385,134	421,168
Total comprehensive income for the period	-	-	-	-	-	(2,017)	(2,017)	(2,017)
Share-based compensation	-	-	-	1,390	-	-	1,390	1,390
Changes in equity for the period	-	-	-	1,390	-	(2,017)	(627)	(627)
Balance at 30 June 2016	38,014	(1,980)	120,522	9,219	67,239	187,527	384,507	420,541
Balance at 1 April 2015	37,473	-	112,471	5,808	67,239	148,562	334,080	371,553
Total comprehensive income for the period	-	-	-	-	-	(2,147)	(2,147)	(2,147)
Share-based compensation	-	-	-	1,252	-	-	1,252	1,252
Changes in equity for the period	-	-	-	1,252	-	(2,147)	(895)	(895)
Balance at 30 June 2015	37,473	-	112,471	7,060	67,239	146,415	333,185	370,658

Note : 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.

SHARE CAPITAL

As at 30 June 2016 and 31 March 2016, the number of ordinary shares in issue was 380,138,750 of which 925,400 were held by the Company as treasury shares. The share capital was \$38 million.

SHARE OPTIONS

As at 30 June 2016, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2016	Additions	Share options exercised	Lapsed	Balance as at 30.6.2016
(a) Incentive Options (Note 1)	S\$0.162	2,200,000	-	-	-	2,200,000
	S\$0.406	5,850,000	-	-	-	5,850,000
	S\$0.295	6,500,000	-	-	-	6,500,000
Total		14,550,000	-	-	-	14,550,000

As at 30 June 2015, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2015	Additions	Share options exercised	Lapsed	Balance as at 30.6.2015
(a) Incentive Options (Note 1)	S\$0.174	462,500	-	-	-	462,500
	S\$0.201	2,200,000	-	-	-	2,200,000
	S\$0.162	5,050,000	-	-	-	5,050,000
	S\$0.406	6,000,000	-	-	-	6,000,000
Total		13,712,500	-	-	-	13,712,500

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.

PERFORMANCE SHARE PLAN

The Company has no outstanding performance shares as at 30 June 2016 and 31 March 2016.

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 is 380,138,750 as at 30 June 2016 and 31 March 2016.

Total number of treasury shares is 925,400 as at 30 June 2016 and 31 March 2016.

Total number of issued shares (excluding treasury shares) is 379,213,350 as at 30 June 2016 and 31 March 2016.

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 2016. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2016, 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.

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.

Not applicable.

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	
	3 months ended 30 June 2016	3 months ended 30 June 2015
Earnings per ordinary share based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	HK 7.8 cents	HK 8.9 cents
(b) On a fully diluted basis	HK 7.7 cents	HK 8.8 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	379,213,350	374,726,250
Effect of potentially dilutive ordinary shares – Share options	3,333,643	4,179,893
Weighted average number of ordinary shares for the purpose of diluted earnings per share	382,546,993	378,906,143

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	
	30.06.2016	31.03.2016	30.06.2016	31.03.2016
	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:	234.2	226.1	110.9	111.1
Number of ordinary shares in issue excluding treasury shares	379,213,350	379,213,350	379,213,350	379,213,350

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 involved 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.

The Group classified its EMS business into 2 reportable segments, namely consumer electronics products (“Consumer Electronics”) and industrial and commercial electronics products (“Industrial and Commercial”).

Review – 3 months ended 30 June 2016 (“Q1 FY2017”) vs 3 months ended 30 June 2015 (“Q1 FY2016”)**Revenue**

Revenue decreased by 13.2% or HK\$72.5 million from HK\$550.0 million in Q1 FY2016 to HK\$477.5 million in Q1 FY2017.

Industrial and Commercial Electronics revenue increased by 15.8% to HK\$312.5 million (Q1 FY2016: HK\$269.8 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 41.1% to HK\$165.0 million (Q1 FY2016: HK\$280.2 million), which was mainly due to the decline in demand of LED lighting products, as the Group phased out and exited from the mass market LED light bulb business in the third quarter of last financial year.

Gross profit and gross profit margin

Gross profit decreased slightly by 2.4% to HK\$76.6 million (Q1 FY2016: HK\$78.5 million), however gross profit margin improved to 16.0% (Q1 FY2016: 14.3%). Improved gross profit margin was mainly due to a change in product sales mix during the period.

Other income and gains, net

Other income decreased by HK\$1.4 million from the corresponding period of last year (Q1 FY2016: HK\$3.4 million) to HK\$2.0 million. During the last period, the Group recorded an one-off net fair value gains on derivative financial instruments amounting to HK\$1.5 million.

Selling and distribution costs

Selling and distribution costs decreased by 5.0% to HK\$8.1 million. The reduction was in line with the drop in revenue.

Administrative expenses

Administrative expenses increased slightly by 2.4% to HK\$36.1 million. Such increase was in line with the inflation.

Profit for the period

As a result of the above, profit for the period decreased by 11.6% to HK\$29.6 million. (Q1 FY2016: HK\$33.5 million).

Financial position and cash flows

As at 30 June 2016, the Group had net current assets of HK\$652.0 million (31 March 2016: HK\$605.5 million), total assets of HK\$1,634.4 million (31 March 2016: HK\$1,506.0 million) and shareholders' funds of HK\$888.3 million (31 March 2016: HK\$857.3 million).

The Group's trade receivables increased by HK\$33.7 million from HK\$343.2 million as at 31 March 2016 to HK\$376.9 million as at 30 June 2016. The Group's trade payables increased by HK\$80.5 million from HK\$286.2 million as at 31 March 2016 to HK\$366.7 million as at 30 June 2016. The Group's inventories increased by HK\$51.2 million from HK\$198.7 million as at 31 March 2016 to HK\$249.9 million as at 30 June 2016, such increases in Balance Sheet items were in line with the growth in sales and production in Q1 FY2017 as compared to the fourth quarter of last financial year.

The working capital of the Group as at 30 June 2016, which is the sum of trade receivables and inventories less trade payables, was HK\$260.1 million (31 March 2016: HK\$255.7 million).

With the strong free cash flow generated by the Group, total cash increased from HK\$689.3 million as at 31 March 2016 to HK\$744.9 million as at 30 June 2016. Over 96% of its cash and cash equivalents were kept in reputable financial institutions in Hong Kong. For the remaining balance, mainly in PRC, the cash and cash equivalents were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors.

The Group had no bank borrowings as at 30 June 2016 (31 March 2016: Nil).

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 Q1 FY2017, Valuetronics continued to benefit from the widened customer base in the Industrial and Commercial Electronics ("ICE") segment, and the significant growth in this segment has mitigated the decline in Consumer Electronics ("CE") revenue. Overall gross profit margin improved with increased weightage in ICE segment.

Valuetronics has phased out and exited from mass market LED light bulb business since the third quarter of FY2016, and we saw the revenue contribution from CE segment stabilizing at between HK\$140 million and HK\$165 million per quarter since the second half of FY2016. CE segment now comprises predominantly products with customized consumer applications for a portfolio of customers.

Riding on the new revenue stream from the automotive industry, ICE segment continued the sustainable double digit growth in Q1 FY2017. The entry into the automotive industry further extended the breadth of our ICE segment and also placed us in a new era of customer requirements that are characterized by visibility, flexibility, scalability and stringent quality deliverables. We will further pursue opportunities in ICE by providing enhanced value with our design and development capabilities.

While we are well positioned to take advantage of a widened product portfolio and opportunities in the pipeline, in common with most manufacturers, we are operating in an uncertain macro-economic environment. We remain mindful on the impact on our overall business which may result from a stronger US dollar and a further slowdown in China's economy.

Barring unforeseen circumstances, we expect the Group to remain profitable for the financial year ended 31 March 2017.

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.

No dividend has been declared / recommended for Q1 FY2017.

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 the Company Pursuant to Rule 720(1) of the Listing Rules of Singapore Exchange Securities Trading Limited

The Company confirms that it has procured undertakings from all its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Rules of the SGX-ST.

15. 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 June 2016 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
12 August 2016

Chow Kok Kit
Executive Director