

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 2009**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 2009**

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2009	2008	Change	2009	2008	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	537,524	552,908	-2.8	318,898	317,787	0.3
Cost of Sales	(454,544)	(449,076)	1.2	(271,886)	(259,166)	4.9
Gross Profit	82,980	103,832	-20.1	47,012	58,621	-19.8
Other income	2,431	3,183	-23.6	1,342	2,932	-54.2
Selling and distribution costs	(19,304)	(11,736)	64.5	(11,642)	(6,723)	73.2
Administrative expenses	(29,342)	(35,718)	-17.9	(15,698)	(19,262)	-18.5
Net other operating loss	(9,976)	(10,207)	-2.3	(460)	(10,207)	-95.5
Profit From Operations	26,789	49,354	-45.7	20,554	25,361	-19.0
Finance costs	(300)	(218)	37.6	(161)	(98)	64.3
Profit Before Tax	26,489	49,136	-46.1	20,393	25,263	-19.3
Income tax expense	(3,228)	(5,896)	45.3	(2,533)	(3,031)	-16.4
Profit for the period	23,261	43,240	-46.2	17,860	22,232	-19.7
Attributable to:						
Owners of the Company	23,261	43,240	-46.2	17,860	22,232	-19.7
Minority interests	-	-	N.M.	-	-	N.M.

Consolidated Statement of Comprehensive Income for the period ended 30 September 2009

	The Group			The Group		
	6 months ended 30 September			3 months ended 30 September		
	2009	2008	Change	2009	2008	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	23,261	43,240	-46.2	17,860	22,232	-19.7
Other comprehensive income:						
Net fair value changes of available-for-sale financial assets	1,246	-	N.M.	603	-	N.M.
Other comprehensive income for the period, net of tax	1,246	-	N.M.	603	-	N.M.
Total comprehensive income for the period	24,507	43,240	-43.3	18,463	22,232	-17.0
Total comprehensive income attributable to:						
Owners of the Company	24,507	43,240	-43.3	18,463	22,232	-17.0
Minority interests	-	-	N.M.	-	-	N.M.

N.M.: Not Meaningful

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	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	11,256	8,502	5,548	4,956
Amortisation of prepaid land lease payments and land use rights	239	239	119	120
Loss on disposals of property, plant and equipment	16	-	-	-
Allowance for doubtful debts	9,976	207	460	207
Interest income	(478)	(1,560)	(200)	(700)
Bank charges	300	218	161	98
Net exchange (gain)/loss	(1,052)	666	(548)	(384)
Impairment loss recognised in respect of flash floods that occurred on 13 June 2008 at the Danshui plant	-	10,000	-	10,000

1(b)(i) A balance sheet (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statement of Financial Position as at 30 September 2009

	The Group		The Company	
	At 30.9.2009	At 31.3.2009	At 30.9.2009	At 31.3.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Prepaid land lease payments and land use rights	24,326	24,565	-	-
Property, plant and equipment	158,460	160,068	-	-
Investments in subsidiaries	-	-	83,330	83,330
Club membership, at cost	200	200	-	-
Long term receivables	1,495	1,610	-	-
	184,481	186,443	83,330	83,330
Current assets				
Available-for-sale financial assets (Note 1)	14,785	13,539	-	-
Inventories	87,498	67,074	-	-
Trade receivables	277,309	102,419	-	-
Prepaid land lease payments and land use rights	545	545	-	-
Prepayments, deposits and other receivables	10,573	10,200	-	-
Long term receivables – current portion (Note 2)	690	1,150	-	-
Due from subsidiaries	-	-	115,596	132,941
Current tax assets	335	3,209	-	-
Bank and cash balances	96,912	153,483	224	258
	488,647	351,619	115,820	133,199
Total assets	673,128	538,062	199,150	216,529
Current liabilities				
Trade payables	203,235	77,221	-	-
Accruals, other payables and deposits received	129,245	129,746	220	573
Current tax liabilities	4,469	4,478	-	-
	336,949	211,445	220	573
Non-current liabilities				
Deferred tax liabilities	3,126	3,126	-	-
Total liabilities	340,075	214,571	220	573
	333,053	323,491	198,930	215,956
Equity attributable to owners of the Company				
Share capital	35,500	35,500	35,500	35,500
Treasury share	(1,853)	(2,176)	(1,853)	(2,176)
Reserves	299,419	290,180	165,283	182,632
	333,066	323,504	198,930	215,956
Minority interests	(13)	(13)	-	-
Total equity	333,053	323,491	198,930	215,956

Note 1: Available-for-sale financial assets are measured at fair value.

Note 2: Allowance for doubtful debts of HK\$460,000 was made for potential payment default by one of the vocational schools.

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 2009		As at 31 March 2009	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

Amount repayable after one year

As at 30 September 2009		As at 31 March 2009	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
nil	nil	nil	nil

Details of any collateral**None**

1(c) A cash flow statement (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 2009

	The Group		The Group	
	6 months ended 30 September		3 months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Profit before tax	26,489	49,136	20,393	25,263
Adjustments for :				
Amortisation of prepaid land lease payments and land use rights	239	239	119	120
Share-based payments expenses	883	166	744	115
Depreciation	11,256	8,502	5,548	4,956
Loss on disposals of property, plant and equipment	16	-	-	-
Allowance for doubtful debts	9,976	207	460	207
Interest income	(478)	(1,560)	(200)	(700)
Operating profit before working capital changes	48,381	56,690	27,064	29,961
Decrease/(Increase) in long term receivables	115	(630)	115	500
Increase in inventories	(20,424)	(22,031)	767	2,088
Increase in trade receivables	(184,406)	(87,257)	(111,259)	(63,718)
Increase in bills receivables	-	(1,150)	-	(1,150)
Increase in prepayments, deposits and other receivables	(373)	(4,587)	3,402	18,539
Increase in trade payables	126,014	62,751	86,598	27,771
Increase in accruals, other payables and deposits received	(501)	(363)	(3,158)	(17,666)
Cash (used in)/generated from operations	(31,194)	3,423	3,529	(3,675)
Income tax paid	(363)	-	(57)	-
Net cash (used in)/generated from operating activities	(31,557)	3,423	3,472	(3,675)
Cash flows from investing activities				
Purchase of property, plant and equipment	(9,664)	(59,788)	(4,507)	(48,071)
Purchase of available-for-sale financial assets (Note 1)	(11,625)	(39,000)	(3,875)	(31,200)
Proceeds from disposals of available-for-sale financial assets	11,625	23,400	7,750	23,400
Interest received	478	1,560	200	700
Net cash used in investing activities	(9,186)	(73,828)	(432)	(55,171)
Cash flows from financing activities				
Dividend paid	(15,828)	(27,690)	(15,828)	(27,690)
Purchase of treasury shares	-	(639)	-	(639)
Net cash used in financing activities	(15,828)	(28,329)	(15,828)	(28,329)
Net decrease in cash and cash equivalents	(56,571)	(98,734)	(12,788)	(87,175)
Cash and cash equivalents at beginning of the period	153,483	181,691	109,700	170,132
Cash and cash equivalents at end of the period	96,912	82,957	96,912	82,957

Note 1: Being placements of principal protected deposits.

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 Statement of Changes in Equity

The Group	Attributable to the owners of the Company												
	Share capital	Treasury shares	Reserves							Total reserves	Total	Minority Interests	Total equity
			Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (note 1)	Investment revaluation reserve	Retained earnings					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 April 2009	35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491	
Total comprehensive income for the period	-	-	-	-	-	-	1,246	23,261	24,507	24,507	-	24,507	
Share-based payments	-	-	-	883	-	-	-	-	883	883	-	883	
Issue of treasury share as awards	-	323	-	(323)	-	-	-	-	(323)	-	-	-	
Final dividend paid in respect of the previous financial year	-	-	-	-	-	-	-	(15,828)	(15,828)	(15,828)	-	(15,828)	
Balance at 30 September 2009	35,500	(1,853)	85,591	1,131	10,484	242	(815)	202,786	299,419	333,066	(13)	333,053	
Balance at 1 April 2008	35,500	-	85,591	130	6,141	94	-	170,127	262,083	297,583	-	297,583	
Total comprehensive income for the period	-	-	-	-	-	-	-	43,240	43,240	43,240	-	43,240	
Share-based payments	-	-	-	166	-	-	-	-	166	166	-	166	
Final dividend paid in respect of the previous financial year	-	-	-	-	-	-	-	(27,690)	(27,690)	(27,690)	-	(27,690)	
Purchase of treasury shares	-	(639)	-	-	-	-	-	-	-	(639)	-	(639)	
Balance at 30 September 2008	35,500	(639)	85,591	296	6,141	94	-	185,677	277,799	312,660	-	312,660	

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 2009	35,500	(2,176)	85,591	571	67,239	29,231	182,632	215,956
Total comprehensive income for the period	-	-	-	-	-	(2,081)	(2,081)	(2,081)
Share-based payments	-	-	-	883	-	-	883	883
Issue of treasury share as awards	-	323	-	(323)	-	-	(323)	-
Final dividend paid in respect of the previous financial year	-	-	-	-	-	(15,828)	(15,828)	(15,828)
Balance at 30 September 2009	35,500	(1,853)	85,591	1,131	67,239	11,322	165,283	198,930
Balance at 1 April 2008	35,500	-	85,591	130	67,239	27,697	180,657	216,157
Total comprehensive income for the period	-	-	-	-	-	(2,665)	(2,665)	(2,665)
Share-based payments	-	-	-	166	-	-	166	166
Final dividend paid in respect of the previous financial year	-	-	-	-	-	(27,690)	(27,690)	(27,690)
Purchase of treasury shares	-	(639)	-	-	-	-	-	(639)
Balance at 30 September 2008	35,500	(639)	85,591	296	67,239	(2,658)	150,468	185,329

Note 1: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior years' losses of the PRC 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 since the end of the previous period reported on. As at 30 September 2009, the share capital of the Company comprises 355,000,000 shares.

As at 30 September 2009, the Company has the following outstanding share options:

Employee Share Option Scheme ("ESOS")	Exercise Price	Balance as at 31.3.2009	Additions	Options cancelled (Note 5)	Balance as at 30.9.2009
(a) Incentive Options	S\$0.225	800,000	-	-	800,000
(Note 1)	S\$0.175	900,000	-	-	900,000
(Note 2)	S\$0.144	2,400,000	-	-	2,400,000
(Note 3)	S\$0.105	-	2,750,000	-	2,750,000
(b) Market Options (Note 4)	S\$0.215	1,000,000	-	-	1,000,000
Total		5,100,000	2,750,000	-	7,850,000

As at 30 September 2008, the Company has the following outstanding share options:

Employee Share Option Scheme ("ESOS")	Exercise Price	Balance as at 31.3.2008	Additions	Options cancelled (Note 5)	Balance as at 30.9.2008
(a) Incentive Options	S\$0.225	1,000,000	-	200,000	800,000
(Note 1)	S\$0.175	-	900,000	-	900,000
(Note 2)	S\$0.144	-	2,400,000	-	2,400,000
(b) Market Options (Note 4)	S\$0.215	-	1,000,000	-	1,000,000
Total		1,000,000	4,300,000	200,000	5,100,000

As at 30 September 2009, 2,797,000 shares were held as treasury shares (2Q FY2009:700,000 shares)

Notes:

- (1) The Incentive Options were issued at 18.6% discount of the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding 8 July 2008, the date of grant of the Options.
- (2) The Incentive Options were issued at 19.6% discount of the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding 27 August 2008, the date of grant of the Options.
- (3) The Incentive Options were issued at 16.7% discount of the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding 12 August 2009, the date of grant of the Options.
- (4) 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 8 July 2008, the date of grant of the Options.
- (5) 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 30.9.2009	As at 31.3.2009
Total number of issued shares	355,000,000	355,000,000
Total number of treasury shares	(2,797,000)	(3,277,000)
Total number of issued shares excluding treasury shares	352,203,000	351,723,000

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 2009	3,277,000
Transferred to employees to fulfil obligations under Performance Share Plan	(480,000)
Total number of treasury shares as at 30 September 2009	2,797,000

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.

Except as disclosed under note 5, the Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in preparing the audited consolidated financial statements for the year ended 31 March 2009.

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.

In current period, the Group and the Company have adopted the following new and revised International Financial Reporting Standards ("IFRS") that were effective from 1 January 2009.

IFRS 1 (Revised)	Presentation of Financial Statements
IFRS 8	Operating Segments

The adoption of the above IFRS did not result in any substantial change to the Group's and the Company's accounting policies nor any significant impact on the financial statement.

The main impact from the application of IFRS 1 (Revised) related to a change of presentation of all non-owner changes in the equity in a Statement of Comprehensive Income. This change does not affect the recognition and measurement of the entity's transactions. The 'Balance Sheets' and 'Consolidated Cash Flow Statement' have been re-titled to 'Statements of Financial Position' and 'Consolidated Statement of Cash Flows' respectively.

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 2009	6 months ended 30 September 2008
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 6.6 cents	HK 12.2 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	351,763,000	354,300,000
Effect of potentially dilutive ordinary shares – Share options	N/A	N/A
Weighted average number of ordinary shares	351,763,000	354,300,000

Notes

The calculation of basic earnings per share for the 6 months period ended 30 September 2009 is based on profit attributable to owners of the Company of approximately HK\$23.3 million (30 September 2008: HK\$43.2 million) divided by the weighted average number of ordinary shares of 351,763,000 (30 September 2008: 354,300,000) in issue during the period.

There were no diluted earnings per share for both the 6 months periods ended 30 September 2009 and 30 September 2008 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	
	30.9.2009	31.03.2009	30.9.2009	31.03.2009
	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:	94.6	92.0	56.5	61.4
Number of ordinary shares in issue excluding treasury shares	352,203,000	351,723,000	352,203,000	351,723,000

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 focusing on the designing and developing products that meet the ever-changing needs of customers. We are the preferred choice of certain successful global companies for the total value chain management including Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis.

Review – 2Q FY2010 (3 months ended 30 September 2009) vs 2Q FY2009 (3 months ended 30 September 2008)

Revenue

Although the Group's operating environment remained challenging in 2Q FY2010, the general market sentiment had improved as customers began restocking their inventories and the new business opportunities gained during the quarter had contributed a similar quarter revenue level of HK\$318.9 million as compared to HK\$317.8 million of corresponding quarter ended 30 September 2008 ("2Q FY2009").

OEM revenue decreased by 10.8% to HK\$239.8 million (2Q FY2009: HK\$268.9 million) as a result of decreased in demands from some major customers which were affected by the economic crisis.

ODM revenue increased by 61.8% to HK\$79.1 million (2Q FY2009: HK\$48.9 million) which was mainly contributed by additional sales from the new ODM projects for a Fortune 500 MNC customer.

Gross profit and gross profit margin

Gross profit decreased by 19.8% to HK\$47.0 million (2Q FY2009: HK\$58.6 million) and gross profit margin decreased by 3.7% to 14.7% (2Q FY2009: 18.4%). The decrease in gross profit margin was mainly due to change in sales mix.

Other income

Other income decreased by 54.2% to HK\$1.3 million (2Q FY2009: HK\$2.9 million). This was mainly due to a 60% decrease in tooling income to HK\$0.4 million (2Q FY2009: HK\$1.0 million) and decrease in interest income received by 71.5% to HK\$0.2 million (2Q FY2009: HK\$0.7 million).

Selling and distribution costs

Selling and distribution costs increased by 73.2% to HK\$11.6 million (2Q FY2009: HK\$6.7 million). This was mainly due to an increase in sales and marketing spend and sales commissions paid to our sales representatives.

Administrative expenses

Administrative expenses decreased by 18.5% to HK\$15.7 million (2Q FY2009: HK\$19.3 million). This was mainly due to the Group's continuous effort to tighten expenses as part of ongoing cost management.

Net other operating loss

Net other operating loss decreased by 95.5% to HK\$0.5 million (2Q FY2009: HK\$10.2 million) as there was a HK\$10 million one-off estimated assets impairments loss caused by the flash flood last year accounted in prior corresponding quarter. Current quarter loss of HK\$0.5 million was in respect of allowance for doubtful debts made on a potential payment default by one of the vocational schools.

Profit before tax

As a result of the above, on a quarter-on-quarter basis, profit before tax decreased by 19.3% to HK\$20.4 million (2Q FY2009: HK\$25.3 million).

Review – 1H FY2010 (6 months ended 30 September 2009) vs 1H FY2009 (6 months ended 30 September 2008)

Revenue

Six months revenue ended 30 September 2009 ("1H FY2010") marginally decreased by 2.8% or HK\$15.4 million from HK\$552.9 million ("1H FY2009") to HK\$537.5 million. The decrease in revenue was attributable to the drop in the customers orders in 1Q FY2010 as the recessionary climate eroded consumers and businesses confidences during the quarter. However the gradual recovery in market sentiments resulted from the restocking activities and our new business opportunities in 2Q FY2010 had offset some of the preceding quarter loss of revenue effects and achieved similar sales level as per corresponding quarter.

OEM revenue decreased by 10.4% to HK\$410.6 million (1H FY2009: HK\$458.2 million) as a result of decreased in demands from some major customers which were affected by the economic crisis.

ODM revenue increased by 34% to HK\$126.9 million (1H FY2009: HK\$94.7 million) which was mainly contributed by additional sales from the new ODM projects for a Fortune 500 MNC customer.

Gross profit and gross profit margin

Gross profit decreased by 20.1% to HK\$83.0 million (1H FY2009: HK\$103.8 million) and gross profit margin decreased by 3.4% to 15.4% (1H FY2009: 18.8%). The decrease in gross profit margin was mainly due to a change in sales mix.

Other income

Other income decreased by 23.6% to HK\$2.4 million (1H FY2009: HK\$3.2 million). This was mainly due to decrease of interest income received by 68.8% to HK\$0.5 million (1H FY2009: HK\$1.6 million).

Selling and distribution costs

Selling and distribution costs increased by 64.5% to HK\$19.3 million (1H FY2009: HK\$11.7 million). This was mainly due to an increase in sales and marketing spend and sales commissions paid to our sales representatives.

Administrative expenses

Administrative expenses decreased by 17.9% to HK\$29.3 million (1H FY2009: HK\$35.7 million). This was mainly due to the Group's continuous effort to tighten expenses as part of ongoing cost management

Net other operating loss

Current period expense of HK\$9.98 million mainly in respect of doubtful debt allowance for a customer who had experienced working capital distress consequent to the economic turmoil. Prior period amount constituted a HK\$10.0 million one-off estimated assets impairments loss resulted from the flash flood last year.

Profit before tax

As a result of the above, on a period-on-period basis, profit before tax decreased by 46.1% to HK\$26.5 million (1H FY2009: HK\$49.1 million).

Financial position

Available-for-sale financial assets held by the Group increased by HK\$1.3 million from HK\$13.5 million as at 31 March 2009 to HK\$14.8 million as at 30 September 2009, mainly due to increase in market value of Senior Notes of Citigroup.

The Group's inventory balance increased by HK\$20.4 million from HK\$67.1 million as at 31 March 2009 to HK\$87.5 million as at 30 September 2009. The increase was in line with year end customer restocking program.

The Group's trade receivables increased by HK\$174.9 million from HK\$102.4 million as at 31 March 2009 to HK\$277.3 million as at 30 September 2009. The increase resulted from the increased sales and longer payment terms granted to one of the Group's major MNC customers who is currently contributing more than one-third of the Group's total revenue. To achieve a more healthy financial position, the Group continues to diversify its customer base.

The Group's trade payables as of 30 September were mainly current and balances increased from HK\$77.2 million as at 31 March 2009 to HK\$203.2 million which was in line with the increases in trade receivables.

Cash flow statement

Cash and cash equivalents held by the Group stood at HK\$96.9 million as at 30 September 2009 (31 March 2009: HK\$153.5 million) which was mainly due to higher working capital requirements to support additional inventories as well as trade receivables during the period. The Group ended with stronger cash position as compare to HK\$83.0 million as of 30 September 2008 which mainly attributed by lesser capital expenditures during the period.

The Group currently has not invested in any financial derivatives and places most of its bank deposits with authorised institutions in Hong Kong which are fully secured by Hong Kong Government's Exchange Fund until the end of 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The 2Q FY2010 results announcement is in line with the prospect statement disclosed to shareholders in 1Q FY2010 results announcement.

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 challenging issues narrated in 1Q FY2010 announcement, namely, uncertainty in demand patterns and sales orders, price pressures from customers, deteriorating credit conditions and fluctuations in exchange rates, continue to prevail in the remaining financial year. The Group also has to contend with additional working capital requirement for the extended credit periods to customers.

Lately, however, there are nascent signs of the thawing of such adverse market conditions. Some customers have begun to re-stock and if this trend persists, future sustainability of orders will provide greater assurance of future revenues and consequently, profit performance.

Amidst such challenges, the Group will continue to focus on improving business and financial fundamentals including design and development improvements, achieving greater productivity gains and maintaining service excellence. The Group continues to be vigilant in working capital management including rigorous credit controls and active inventory management.

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/recommendeded for the current financial period reported on.

BY ORDER OF THE BOARD

TSE Chong Hing

Chairman and Managing Director
9 November 2009

Confirmation By Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST.

We, Tse Chong Hing and Chow Kok Kit, being two 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 2Q FY2010 financial results 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