Z-Obee Holdings Limited

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

website: http://www.z-obee.com

SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

These attached quarterly unaudited financial statements are prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited. The financial information set out in these attached quarterly unaudited financial statements (not a complete full set) has been prepared in accordance with the International Financial Reporting Standards and has not been audited or reviewed by auditors. Shareholders of the Company and the public investors should exercise caution when trading in the shares of the Company.

By order of the Board

Z-Obee Holdings Limited

Wang Shih Zen

Chairman and Chief Executive Officer

Hong Kong, 11 November 2011

As at the date of this announcement, the executive Directors are Mr. Wang Shih Zen, Ms. Wang Tao and Mr. Lu Shangmin, the non-executive Director is Mr. Lim Teck Leong David and the independent non-executive Directors are Mr. Chan Kam Loon, Mr. Guo Yanjun, Mr. Lo Hang Fong and Mr. Tham Wan Loong Jerome.

Z-OBEE HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration Number : 39519)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

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.

Group Income Statement for the three months period ended 30 September 2011 ("FY2012 Q2") and six months period ended 30 September 2011 ("FY2012 6M") with comparative figures for the three months period ended 30 September 2010 ("FY2011 Q2") and six months period ended 30 September 2010 ("FY2011 6M"). These figures have not been audited.

	Group			Group		
	FY2012 Q2	FY2011 Q2	Increase/ (Decrease)	FY2012 6M	FY2011 6M	Increase/ (Decrease)
	US$	US$	%	US$	US$	%
Revenue	29,501,038	32,569,133	(9.42)	56,418,957	63,478,230	(11.12)
Cost of goods sold	(27,502,616)	(29,261,810)	(6.01)	(53,493,529)	(56,928,982)	(6.03)
Gross profit	1,998,422	3,307,323	(39.58)	2,925,428	6,549,248	(55.33)
Other income	2,293,853	127,453	1699.76	2,581,165	179,049	1341.60
Selling and distribution costs	(52,775)	(58,001)	(9.01)	(101,157)	(68,383)	47.93
Administrative expenses	(1,135,710)	(1,227,768)	(7.50)	(1,861,050)	(2,789,180)	(33.28)
Profit from operations	3,103,790	2,149,007	44.43	3,544,386	3,870,734	(8.43)
Finance costs	(146,996)	(157,792)	(6.84)	(293,462)	(301,239)	(2.58)
Fair value (losses)/gains on financial assets at fair value through profit or loss	(303,008)	249,223	(221.58)	(324,436)	848,483	(138.24)
Impairment loss on non-current assets classified as held for sale	(149,687)	-	NM	(149,687)	-	NM
Profit before tax	2,504,099	2,240,438	11.77	2,776,801	4,417,978	(37.15)
Income tax expense	(316,817)	(756,637)	(58.13)	(382,509)	(909,310)	(57.93)
Profit for the period attributable to owners of the Company	2,187,282	1,483,801	47.41	2,394,292	3,508,668	(31.76)

NM: Not Meaningful

Note:

Profit before tax is stated after charging/(crediting) the following:

	Group		Group	
	FY2012 Q2	FY2011 Q2	FY2012 6M	FY2011 6M
	US$	US$	US$	US$
Depreciation of property, plant and equipment	464,580	367,646	725,090	651,800
Dividend income from financial assets at fair value through profit or loss	(1,478,591)	-	(1,478,591)	-
Amortisation of intangible assets	17,878	222,069	35,225	443,082
Fair value losses/(gains) on financial assets at fair value through profit or loss	303,008	(249,223)	324,436	(848,483)
Loss on disposals of property, plant and equipment	1,186	57,366	1,186	57,366
Impairment loss on non-current assets classified as held for sale	149,687	-	149,687	-

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

	Group, as at		Company, as at	
	30-Sept-11	31-Mar-11	30-Sept-11	31-Mar-11
	US$	US$	US$	US$
Non-current assets				
Property, plant and equipment	5,694,677	9,363,319	-	-
Intangible assets	196,860	226,748	-	-
Goodwill	1,577,843	1,539,331	-	-
Investment in a subsidiary	-	-	2,570,694	2,570,694
Financial assets at fair value through profit or loss	17,714,118	18,038,554	-	-
Available-for-sale financial asset	1,579,310	1,540,762	-	-
	26,762,808	30,708,714	2,570,694	2,570,694
Current assets				
Inventories	10,863,593	11,062,818	-	-
Trade receivables	38,823,647	50,398,808	-	-
Prepayments, deposits and other receivables	5,011,986	1,784,517	6,079	31,987
Derivative financial instruments	185,975	280,669	-	-
Non-current assets classified as held for sale	1,497,513	-	-	-
Due from subsidiaries	-	-	58,637,595	57,307,259
Restricted bank balances	1,184,557	1,318,972	-	-
Time deposits with original maturity over three months	49,654,428	28,763,424	-	-
Bank and cash balances	5,927,303	14,215,803	184,645	1,849,132
	113,149,002	107,825,011	58,828,319	59,188,378

	Group, as at		Company, as at	
	30-Sept-11	31-Mar-11	30-Sept-11	31-Mar-11
	US$	US$	US$	US$
Current liabilities				
Trade and bills payables	11,562,731	17,463,873	-	-
Accruals and other payables	1,496,646	1,877,760	191,190	229,403
Bank loans	3,595,015	3,962,639	-	-
Trust receipt loans	14,084,453	7,772,450	-	-
Finance lease payables	1,248,979	1,867,002	-	-
Current tax liabilities	775,773	1,929,970	-	-
	32,763,597	34,873,694	191,190	229,403
Net current assets	80,385,405	72,951,317	58,637,129	58,958,975
Net assets	107,148,213	103,660,031	61,207,823	61,529,669
Capital and reserves				
Share capital	5,084,590	5,084,590	5,084,590	5,084,590
Reserves	102,063,623	98,575,441	56,123,233	56,445,079
Total equity	107,148,213	103,660,031	61,207,823	61,529,669

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 Sept 2011		As at 31 Mar 2011	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$	US$	US$	US$
15,981,938	2,946,509	11,118,150	2,483,941

Amount repayable after one year

As at 30 Sept 2011		As at 31 Mar 2011	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$	US$	US$	US$
-	-	-	-

Details of any collateral

As at 30 September 2011, restricted bank deposits of approximately US$1,185,000 and structured deposits of approximately US$687,000 were placed with banks in Hong Kong as pledge for general banking facilities and bank loans.

As at 30 September 2011, the Group's finance lease payables are secured by the lessor's title to the leased assets and corporate guarantees executed by certain subsidiaries of the Company and the Company.

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.

	Group		Group	
	FY2012 Q2	FY2011 Q2	FY2012 6M	FY2011 6M
	US$	US$	US$	US$
Cash flows from operating activities				
Profit before tax	2,504,099	2,240,438	2,776,801	4,417,978
Adjustments for : -				
Finance costs	146,996	157,792	293,462	301,239
Interest income	(490,678)	(127,453)	(632,166)	(179,049)
Impairment loss on disposal of non-current assets classified as held for sale	149,687	-	149,687	-
Dividend income from financial assets at fair value through profit or loss	(1,478,591)	-	(1,478,591)	-
Fair value losses on derivative financial instruments	35,786	56,000	94,694	176,000
Fair value losses/(gains) on financial assets at fair value through profit or loss	303,008	(249,223)	324,436	(848,483)
Depreciation of property, plant and equipment	464,580	367,646	725,090	651,800
Amortisation of intangible assets	17,879	222,069	35,225	443,082
Loss on disposals of property, plant and equipment	1,186	57,366	1,186	57,366
Operating profit before working capital changes	1,653,952	2,724,635	2,289,824	5,019,933
(Increase)/decrease in inventories	(686,384)	(12,725,873)	257,034	(11,859,778)
(Increase)/decrease in trade receivables	(1,488,658)	(6,452,041)	11,615,838	(7,878,900)
Decrease/(increase) in prepayments, deposits and other receivables	507,320	7,456,472	(140,216)	4,896,013
(Decrease)/increase in trade and bills payables	(1,612,739)	11,742,465	(5,926,431)	8,691,359
(Decrease)/increase in accruals and other payables	(263,030)	(851,003)	(397,355)	395,499
Net cash (used in)/generated from operations	(1,889,539)	1,894,655	7,698,694	(735,874)
Interest paid	(146,996)	(157,792)	(293,462)	(291,239)
Income tax (paid)/refund	(82,553)	220,644	(1,560,124)	(1,375,959)
Net cash (used in)/generated from operating activities	(2,119,088)	1,957,507	5,845,108	(2,403,072)
Cash flows from investing activities				
Interest received	319,833	127,453	381,321	179,049
Purchases of property, plant and equipment	(1,016)	(139,193)	(28,277)	(574,982)
Purchases of intangible assets	-	(20,719)	-	(34,509)
Purchases of financial assets at fair value through profit or loss	-	-	-	(7,192,672)
Proceeds from disposals of property, plant and equipment	397	6,143	397	6,143
Proceeds from disposal of a jointly controlled entity classified as held for sale	-	-	-	821,294
Increase in time deposits with original maturity over three months	(1,826,957)	(2,286,103)	(19,980,484)	(2,286,103)
Decrease/(increase) in restricted bank balances	705	815,458	136,500	(517,584)
Net cash used in investing activities	(1,507,038)	(1,496,961)	(19,490,543)	(9,599,364)

	Group		Group	
	FY2012 Q2	FY2011 Q2	FY2012 6M	FY2011 6M
	US$	US$	US$	US$
Cash flows from financing activities				
Net bank and other loans repaid	(118,009)	(3,581,143)	(427,519)	(2,418,573)
Repayment of finance lease payables	(322,201)	(322,368)	(618,023)	(630,512)
Increase in trust receipt loans	2,969,253	3,684,085	6,312,003	3,453,107
Net cash generated from/(used in) financing activities	2,529,043	(219,426)	5,266,461	404,022
Net (decrease)/increase in cash and cash equivalents	(1,097,083)	241,120	(8,378,974)	(11,598,414)
Effect of foreign exchange rate changes	90,474	6,201	90,474	6,201
Cash and cash equivalents at beginning of period	6,933,912	10,579,962	14,215,803	22,419,496
Cash and cash equivalents at end of period	5,927,303	10,827,283	5,927,303	10,827,283
Analysis of cash and cash equivalents				
Bank and cash balances	5,927,303	10,827,283	5,927,303	10,827,283

1(d) A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	FY2012 Q2	FY2011 Q2	FY2012 6M	FY2011 6M
	US$	US$	US$	US$
Profit for the period	2,187,282	1,483,801	2,394,292	3,508,668
Other comprehensive income:				
Exchange differences on translating foreign operations	1,093,890	466,755	1,093,890	466,755
Total comprehensive income for the period attributable to owners of the Company	3,281,172	1,950,556	3,488,182	3,975,423

1(e)(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.

	Share capital	Share premium	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Reserve funds	Total equity
	US$	US$	US$	US$	US$	US$
Group						
As at 1 April 2010	4,764,590	45,974,768	1,552,463	23,562,620	1,512,349	77,366,790
Total comprehensive income for the period	-	-	-	2,024,867	-	2,024,867
As at 30 June 2010 and 1 July 2010	4,764,590	45,974,768	1,552,463	25,587,487	1,512,349	79,391,657
Total comprehensive income for the period	-	-	466,755	1,483,801	-	1,950,556
Transfer to reserve funds	-	-	-	(161,048)	161,048	-
As at 30 September 2010	4,764,590	45,974,768	2,019,218	26,910,240	1,673,397	81,342,213
As at 1 April 2011	5,084,590	58,564,536	3,497,023	34,628,624	1,885,258	103,660,031
Total comprehensive income for the period	-	-	-	207,010	-	207,010
As at 30 June 2011 and 1 July 2011	5,084,590	58,564,536	3,497,023	34,835,634	1,885,258	103,867,041
Total comprehensive income for the period	-	-	1,093,890	2,187,282	-	3,281,172
Transfer to reserve funds	-	-	-	(42,367)	42,367	-
As at 30 September 2011	5,084,590	58,564,536	4,590,913	36,980,549	1,927,625	107,148,213
Company						
As at 1 April 2010	4,764,590	45,974,768	-	(1,382,929)	-	49,356,429
Total comprehensive income for the period	-	-	-	(741,309)	-	(741,309)
As at 30 June 2010 and 1 July 2010	4,764,590	45,974,768	-	(2,124,238)	-	48,615,120
Total comprehensive income for the period	-	-	-	(369,959)	-	(369,959)
As at 30 September 2010	4,764,590	45,974,768	-	(2,494,197)	-	48,245,161
As at 1 April 2011	5,084,590	58,564,536	-	(2,119,457)	-	61,529,669
Total comprehensive income for the period	-	-	-	(123,456)	-	(123,456)
As at 30 June 2011 and 1 July 2011	5,084,590	58,564,536	-	(2,242,913)	-	61,406,213
Total comprehensive income for the period	-	-	-	(198,390)	-	(198,390)
As at 30 September 2011	5,084,590	58,564,536	-	(2,441,303)	-	61,207,823

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, 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 was no change in the Company's share capital during FY2012 6M and there were no outstanding convertibles and treasury shares as at 30 September 2011 and 30 September 2010.

1(e)(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 preceeding year.

The Company has 635,573,662 ordinary shares at par value of US$0.008 each which were issued and fully paid as at 30 September 2011 and 31 March 2011.

1(e)(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.

The Company has not sold, transferred, disposed, cancelled and/or used any treasury shares as at the end of the period ended 30 September 2011.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for the three months ended 30 September 2011 under the disclosure requirements of Listing Manual of the Singapore Exchange Securities Trading Limited have not been audited or reviewed by the auditors.

The figures in respect of the interim results announcement of the Group for the six months ended 30 September 2011 have been agreed by the Group's auditor, RSM Nelson Wheeler. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by RSM Nelson Wheeler on the interim results announcement.

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.

In the current period, the Group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" since the Group entered into an agreement to dispose of certain property, plant and equipment during the current period which are subsequently disposed.

Except for the above and those stated in paragraph 5 below, there are no changes in accounting policies and methods of computation.

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 the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 April 2011.

The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior periods.

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.

	Group			
	FY2012 Q2	FY2011 Q2	FY2012 6M	FY2011 6M
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in US cents):				
(a) Based on weighted average number of ordinary shares on issue; and	0.35	0.25	0.38	0.59
(b) On a fully diluted basis	NA	NA	NA	NA

NA: not applicable

The Company has not issued any option, warrant or other instrument that could result in any possible outstanding shares and therefore no fully diluted earnings per ordinary share is presented.

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.

	Group, as at		Company, as at	
	30 Sept 2011	31 Mar 2011	30 Sept 2011	31 Mar 2011
Net asset value per ordinary share based on issued share capital at the end of (in US cents):	16.86	16.31	9.63	9.68

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.

Consolidated income statement

Set out below are the major movements in the consolidated income statement for FY2012 Q2 and FY2012 6M.

<u>Revenue</u>

Revenue decreased by approximately 9.42% from approximately US$32,569,000 in FY2011 Q2 to approximately US$29,501,000 in FY2012 Q2 and decreased by approximately 11.12% from approximately US$63,478,000 in FY2011 6M to approximately US$56,419,000 in FY2012 6M.

Such decrease was mainly due to the decrease in the Solution and Assembly segments for both periods.

<u>Cost of goods sold</u>

Cost of goods sold decreased by approximately 6.01% from approximately US$29,262,000 in FY2011 Q2 to approximately US$27,503,000 in FY2012 Q2 and decreased by approximately 6.03% from approximately US$56,929,000 in FY2011 6M to approximately US$53,494,000 in FY2012 6M. Such decrease was in line with the decrease in revenue.

<u>Gross profit</u>

Gross profit decreased by approximately 39.58% from approximately US$3,307,000 in FY2011 Q2 to approximately US$1,998,000 in FY2012 Q2 and the gross profit margin decreased from approximately 10.15% in FY2011 Q2 to approximately 6.77% in FY2012 Q2.

Gross profit decreased by approximately 55.33% from approximately US$6,549,000 in FY2011 6M to approximately US$2,925,000 in FY2012 6M and the gross profit margin decreased from approximately 10.32% in FY2011 6M to approximately 5.19% in FY2012 6M.

Such decrease in gross profit as well as gross profit margin was mainly due to the decrease in contribution from the Solution and Assembly segments with comparatively high profit margins.

<u>Other income</u>

Other income increased by approximately 1699.76% from approximately US$127,000 in FY2011 Q2 to approximately US$2,294,000 in FY2012 Q2 and increased by approximately 1341.60% from approximately US$179,000 in FY2011 6M to approximately US$2,581,000 in FY2012 6M.

Such increase was mainly due to dividend income from financial assets at fair value through profit or loss for both periods.

<u>Administrative expenses</u>

Administrative expenses decreased by approximately 7.50% from approximately US$1,228,000 in FY2011 Q2 to approximately US$1,136,000 in FY2012 Q2 and decreased by approximately 33.28% from approximately US$2,789,000 in FY2011 6M to approximately US$1,861,000 in FY2012 6M.

Such decrease was mainly due to the decrease in the general operational costs of the Group for both periods.

<u>Fair value changes on financial assets at fair value through profit or loss</u>
Fair value losses approximately US$303,000 was recognised in FY2012 Q2 compared to fair value gains approximately US$249,000 in FY2011 Q2. Fair value losses approximately US$324,000 was recognised in FY2012 6M compared to fair value gains approximately US$848,000 in FY2011 6M.

Such change was mainly due to the fair value loss on a listed equity investment.

<u>Impairment loss on non-current assets classified as held for sale</u>
Both amounts represented the difference between the net proceeds to be received upon the completion of disposal of non-current assets classified as held for sale and the net carrying amounts of the underlying assets.

<u>Income tax expense</u>
Income tax expense decreased by approximately 58.13% from approximately US$757,000 in FY2011 Q2 to approximately US$317,000 in FY2012 Q2 and decreased by approximately 57.93% from approximately US$909,000 in FY2011 6M to approximately US$383,000 in FY2012 6M.

The decrease was mainly due to the decrease in profits of the Group in the PRC for both periods.

<u>Net profit for the period</u>
As a result of the above, net profit for the period increased by 47.41% to approximately US$2,187,000 for FY2012 Q2 and decreased by 31.76% to approximately US$2,394,000 for FY2012 6M.

Statement of financial position
Set out below are the major changes in the items of the consolidated statements of financial position as at 30 September 2011 and 31 March 2011:

Property, plant and equipment	:	The decrease from approximately US$9,363,000 as at 31 March 2011 to approximately US$5,695,000 as at 30 September 2011 was mainly due to disposal of property, plant and equipment upon cessation of one of the Group's assembly operation during the current period.
Trade receivables	:	The decrease from approximately US$50,399,000 as at 31 March 2011 to approximately US$38,824,000 as at 30 September 2011 was in line with the decrease in revenue.
Prepayments, deposits and other receivables	:	The increase from approximately US$1,785,000 as at 31 March 2011 to approximately US$5,012,000 as at 30 September 2011 was mainly due to the increases in (i) dividend receivable from financial assets at fair value through profit or loss and (ii) a receivable arising from disposal of property, plant and machinery classified as non-current assets classified as held for sale.
Non-current assets classified as held for sale	:	This amount represented the carrying amounts of property, plant and equipment to be disposed as mentioned above.
Time deposits with original maturity over three months	:	The increase from approximately US$28,763,000 as at 31 March 2011 to approximately US$49,654,000 as at 30 September 2011 was mainly due to the increase in time deposits placed in banks to earn higher interest income.

Bank and cash balances	:	The decrease from approximately US$14,216,000 as at 31 March 2011 to approximately US$5,927,000 as at 30 September 2011 was mainly due to the reasons mentioned in the major movements in the consolidated statement of cash flows for FY2012 6M set out below.
Trade and bills payables	:	The decrease from approximately US$17,464,000 as at 31 March 2011 to approximately US$11,563,000 as at 30 September 2011 was mainly due to the decrease in purchases during the current period.
Borrowings and debts	:	The increase from approximately US$13,602,000 as at 31 March 2011 to approximately US$18,928,000 as at 30 September 2011 was mainly due to the combined effects of (i) more trust receipt loans drawn-down for trade finance purpose and (ii) monthly repayment of the outstanding principal balances of the finance lease payables and bank loans during the current period.
Current tax liabilities	:	The decrease from approximately US$1,930,000 as at 31 March 2011 to approximately US$776,000 as at 30 September 2011 was mainly due to the reasons mentioned in income tax expense above.
Net assets	:	As a result of the above, the net assets increased from approximately US$103,660,000 as at 31 March 2011 to approximately US$107,148,000 as at 30 September 2011.

Consolidated statement of cash flows
Set out below are the major movements in the consolidated statement of cash flows for FY2012 6M:

Operating activities	:	There was a net cash inflow of approximately US$2,290,000 before reinvestment in working capital. The net cash inflow was further increased mainly due to the net effect of the decrease in inventories, trade receivables, trade and bills payables and accruals and other payables and increase in prepayments, deposits and other receivables amounted to approximately US$5,409,000, plus the interest and income tax payments amounted to approximately US$1,854,000. The resultant cash inflow from operating activities amounted to US$5,845,000.
Investing activities	:	There was a net cash outflow of approximately US$19,490,000 which was mainly due to the increase in time deposits with original maturity over three months.
Financing activities	:	There was a net cash inflow of approximately US$5,266,000 which was mainly due to the increase in trust receipt loans during the current period.
Net movements	:	As a result of the above, there was a net decrease in cash and cash equivalents of approximately US$8,379,000 during the current period.

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

No forecast, or prospect statement has been previously disclosed to shareholders.

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.

In 2011, the global mobile handset industry maintained a stable growth. According to the statistics from Gartner, Inc., during the first six months of the year, approximately 856.5 million mobile handsets were sold globally, representing an increase of approximately 17.75% compared to the same period in 2010. The mobile handset market of China also maintained steady growth. During the first five months, there was an increase of approximately 51.1 million to 910.1 million in the number of mobile handset users, of which more than 50% are 3G subscribers. Despite the steady year-on-year growth maintained in the statistics of sales of mobile handsets, the growth rate recorded a quarterly decrease in the same year. According to the analysis of Gartner, Inc., the growth rate of the mobile handset market was affected by factors such as the increase in inventories level of the distribution channels, weak demand in the emerging markets and the uncertainties in global economy.

Having benefited from the development of the intermediate smart phone market, the popularisation of the smart phones was accelerated. Smart phones recorded excellent sales performance, increasing by approximately 80% in average compared to the corresponding period in 2010, representing 24% of the overall sales of mobile handsets. The Android system has enjoyed the largest market share of the operating platform of smart phones, which showing great potential in the portal and intermediate smart phone markets. As advised in the analysis, an ecosystem of the operating platform of mobile handsets is being built in an effort to strengthen the loyalty of subscribers to the platform, while applications and services are the key factors in the success of the smart phones. In this regard, manufacturers should regard the smart phones as a continuation of computers.

The Group will continue to take cautious measures in its business operation and advance its development plan. It will keep abreast of the latest developments of the global economy and the mobile handset industry, while adjusting its business strategies as necessary from time to time.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions such as changes in economic and industry conditions, global and regional political environment, regulatory requirements and consumer behaviour etc. You are cautioned not to place undue reliance on these forward looking statements, which are based on the view of the management on certain major events that happened currently.

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 or recommended for FY2012 6M.

13. Interested person transactions

The Company is not required to have a shareholders' mandate for interested person transactions.

BY ORDER OF THE BOARD

Wang Shih Zen
Chairman and CEO

11 November 2011

Statement Pursuant to Rule 705(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of Z-Obee Holdings Limited for the second quarter ended 30 September 2011, to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of
Z-Obee Holdings Limited

Wang Shih Zen Director	Lu Shangmin Director

Date: 11 November 2011