

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Condensed Consolidated Statement of Comprehensive Income

The figures have not been audited

	Note	3 months ended		9 months ended	
		30/09/2013	30/09/2012	30/09/2013	30/09/2012
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		79,457	78,114	242,260	204,222
Cost of sales		(54,940)	(58,054)	(174,925)	(151,638)
Gross profit		24,517	20,060	67,335	52,584
Administrative and operating expenses		(7,226)	(8,308)	(23,821)	(24,620)
Other operating income		660	5,639	1,980	7,917
Results from operating activities		17,951	17,391	45,494	35,881
Finance income		679	552	1,909	1,559
Finance costs		(10)	(1)	(10)	(18)
Net finance income		669	551	1,899	1,541
Share of profit of associate, net of tax		25	15	115	28
Profit before tax		18,645	17,957	47,508	37,450
Income tax expense	8	(3,459)	(3,745)	(7,989)	(7,328)
Profit for the period		15,186	14,212	39,519	30,122
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		294	(520)	724	(405)
Fair value of available-for-sale assets		167	(250)	(405)	(355)
Other comprehensive income for the period, net of tax		461	(770)	319	(760)
Total comprehensive income for the period		15,647	13,442	39,838	29,362

	3 months ended		9 months ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	15,186	14,212	39,519	30,122
Profit for the period	15,186	14,212	39,519	30,122
Total comprehensive income attributable to :				
Owners of the Company	15,647	13,442	39,838	29,362
Total comprehensive income for the period	15,647	13,442	39,838	29,362
Earnings per ordinary share (sen)	21			
- Basic	5.51	5.28	14.33	11.18
- Diluted	5.49	5.27	14.29	11.16

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Assets			
Property, plant and equipment	6	93,534	111,068
Investment property		8,197	8,389
Investment in an associate		5,026	4,911
Deferred tax assets	9	921	921
Other investments		6,425	6,290
Total non-current assets		114,103	131,579
Trade receivables		59,953	68,453
Other receivables, deposits and prepayments		3,814	1,789
Inventories		17,200	17,833
Cash and cash equivalents		148,759	106,142
Total current assets		229,726	194,217
Total assets		343,829	325,796
Equity			
Share capital		139,380	136,135
Share premium		13,721	10,470
Reserves			
Exchange fluctuation reserve		(1,606)	(2,330)
Fair value reserve		(13)	392
Share option reserve		1,811	1,505
Capital redemption reserve		24	10
Retained profits		132,459	114,955
Total equity		285,776	261,137
Liabilities			
Deferred income		178	386
Total non-current liabilities		178	386
Trade payables		15,637	25,847
Other payables and accruals		32,582	33,272
Bank borrowing		4,801	-
Current tax liabilities		4,855	5,154
Total current liabilities		57,875	64,273
Total liabilities		58,053	64,659
Total equity and liabilities		343,829	325,796
Net assets per share (RM)		1.03	0.96

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable →				Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000	
9 months ended 30/09/2013								
Balance as at 1 January 2013	136,135	10,470	(2,330)	392	1,505	10	114,955	261,137
Foreign currency translation differences for foreign operations	-	-	724	-	-	-	-	724
Fair value of available-for-sale assets	-	-	-	(405)	-	-	-	(405)
Profit for the period	-	-	-	-	-	-	39,518	39,518
Total comprehensive income for the period	-	-	724	(405)	-	-	39,518	39,837
Issuance of new ordinary shares pursuant to ESOS III	3,245	3,251	-	-	-	-	-	6,496
Share-based payments	-	-	-	-	306	-	-	306
Dividends to owners	-	-	-	-	-	-	(22,000)	(22,000)
Capital Redemption Reserve	-	-	-	-	-	14	(14)	-
Total contribution from / (to) owners	3,245	3,251	-	-	306	14	(22,014)	(15,198)
Balance as at 30 September 2013	139,380	13,721	(1,606)	(13)	1,811	24	132,459	285,776

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable →				Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000	
9 months ended 30/09/2012								
Balance as at 1 January 2012	133,790	8,803	(1,923)	860	1,467	-	103,433	246,430
Foreign currency translation differences for foreign operations	-	-	(405)	-	-	-	-	(405)
Fair value of available-for-sale assets	-	-	-	(355)	-	-	-	(355)
Profit for the period	-	-	-	-	-	-	30,122	30,122
Total comprehensive income for the period	-	-	(405)	(355)	-	-	30,122	29,362
Issuance of new ordinary shares pursuant to ESOS III	1,849	595	-	-	-	-	-	2,444
Share-based payments	-	-	-	-	409	-	-	409
Dividends to owners	-	-	-	-	-	-	(10,763)	(10,763)
Total contribution from / (to) owners	1,849	595	-	-	409	-	(10,763)	(7,910)
Balance as at 30 September 2012	135,639	9,398	(2,328)	505	1,876	-	122,792	267,882

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		9 months ended 30/09/2013	9 months ended 30/09/2012
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		47,508	37,450
Adjustments for:-			
Depreciation of property, plant and equipment		28,802	35,244
Depreciation of investment property		193	193
Property, plant and equipment written off		2	2
Impairment loss of property, plant and equipment		-	496
Gain on disposal of property, plant and equipment		(32)	(4,545)
Finance income		(1,909)	(1,559)
Amortisation of deferred income		(208)	(1,421)
Share of profit of associate, net of tax		(115)	(28)
Gain on disposal of other investments	10	(127)	(640)
Share-based payments		306	409
Finance costs		10	18
Operating profit before changes in working capital		74,430	65,619
Changes in working capital:			
Inventories		633	1,442
Receivables, deposits and prepayments		6,474	(24,462)
Payables and accruals		(10,900)	5,303
Cash generated from operations		70,637	47,902
Income tax paid		(8,288)	(8,079)
Net cash generated from operating activities		62,349	39,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(11,344)	(35,188)
Purchase of other investments		(1,122)	(4,050)
Proceeds from disposal of property, plant and equipment		106	9,974
Proceeds from disposal of other investments	10	1,041	4,937
Interest received		1,909	1,559
Net cash used in investing activities		(9,410)	(22,768)

	9 months ended 30/09/2013 RM'000	9 months ended 30/09/2012 RM'000
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(22,000)	(10,763)
Drawdown / (repayment) of bank borrowings	4,801	(4,004)
Proceeds from issue of shares	6,496	2,443
Finance costs	(10)	(18)
Grant received	-	1,887
Net cash used in financing activities	(10,713)	(10,455)
Net increase in cash and cash equivalents	42,226	6,600
Cash and cash equivalents as at 1 January	106,142	99,160
Effect of exchange rates difference on cash and cash equivalents	391	(75)
Cash and cash equivalents as at 30 September	148,759	105,685

Cash and cash equivalents

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise :

Funds placed with financial institutions		
- Short term investment funds / bond funds	57,391	38,602
- Short term deposits	28,344	26,536
Cash and bank balances	63,024	40,547
	148,759	105,685

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013
Notes to the condensed consolidated interim financial statements

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2013. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

2. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2012.

3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2012 was not qualified.

4. Changes in Estimates

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter.

5. Comparative Figures

Certain comparative figures have been reclassified to conform with current period's presentation.

6. Property, Plant and Equipment

The carrying amount of land and buildings has been brought forward, without amendment from the previous audited financial statements.

(a) Acquisitions

During the nine months ended 30 September 2013, the Group acquired assets with a cost of RM11.34 million (Nine months ended 30 September 2012: RM35.19 million).

(b) Capital commitments

During the nine months ended 30 September 2013, the Group entered into contracts to purchase property, plant and equipment for RM4.08 million (Nine months ended 30 September 2012: RM9.5 million).

(c) Disposals

Assets with a carrying amount of RM74K were disposed of during the nine months ended 30 September 2013 (Nine months ended 30 September 2012: RM5.43 million), resulting in a gain on disposal of RM32K (Nine months ended 30 September 2012: gain of RM4.55mil), which is included as other income in the income statement.

7. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

During the financial period under review, there were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size, or incidence.

8. Income Tax Expense

	3 months ended		9 months ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia - current	3,847	3,745	8,377	7,328
- prior period	(388)	-	(388)	-
	<u>3,459</u>	<u>3,745</u>	<u>7,989</u>	<u>7,328</u>
Deferred tax (asset) / expense				
Malaysia	-	-	-	-
	<u>3,459</u>	<u>3,745</u>	<u>7,989</u>	<u>7,328</u>

The effective tax rate of the Group is lower than the statutory tax rate in the quarter / period mainly due to tax incentives enjoyed by certain subsidiaries in the Group.

9. **Deferred Tax Assets**

Deferred tax asset is in relation to previously unrecognised unutilised investment tax allowance of a subsidiary that was suffering losses / marginally profitable were recognised in Year 2012 as management considered it probable that future taxable profits will be available against which they can be utilised.

10. **Quoted Securities and Bond**

There were purchases and disposals of quoted investments during the financial period under review, as disclosed below:

	9 months ended 30/09/2013 RM'000
Purchases	1,122
Sales	1,041
Gain on disposal of investments	127

11. **Unquoted Investments**

During the financial period to date, there was no disposal of unquoted investment by the Company.

12. **Corporate Proposals**

There were no corporate proposals made by the Company during the financial period to date.

13. **Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial period to date.

14. **Debt and Equity Securities**

There were no issuance and repayments of debt and equity securities, share buy back, shares held as treasury stocks and resale of treasury shares for the financial period to date except for the issuance of the following ordinary shares of RM0.50 each exercised by the eligible employees pursuant to the Company's ESOS III :

ESOS Option Price RM per share	Number of Shares '000
0.51	1,665.4
0.80	53.6
1.52	226.8
1.09	884
1.08	316
0.90	1,499.1
1.10	476.1
1.46	1,086
1.75	283.4

15. Changes in Contingent Liabilities

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM31.68 million of which RM7.69 million has been utilized as at 30 September 2013, an increase of RM4.26 million as compared to 31 December 2012.

16. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 22 October 2013, the latest practicable date that shall not be earlier than 7 days from the date of issue of the quarterly report.

17. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

18. Changes In Material Litigation

To date, the Company has no material litigation case pending.

19. **Operating Segments**

The Group's operating segment comprises of only one key business activities, which is the manufacture, assembly, testing and sales of integrated circuits, chip carrier quartz crystal products, optoelectronic products, printed circuit boards and small outline components for the semiconductor and electronics industries.

The Group's geographical segmental report for the financial period-to-date is as follows:-

Analysis By Geographical Segments

9 months ended 30/09/2013

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	35,003	303	3,027	7,152	124	45,609
Revenue from external customers	163,998	3,308	9,381	65,535	38	242,260

9 months ended 30/09/2012

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	27,795	1,029	2,094	4,710	281	35,909
Revenue from external customers	156,385	2,174	16,698	28,944	21	204,222

	30/09/2013	30/09/2012
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	45,609	35,909
Finance costs	(10)	(18)
Finance income	1,909	1,559
Consolidated profit before taxation	<u>47,508</u>	<u>37,450</u>
Tax expense	(7,989)	(7,328)
Consolidated profit after taxation	<u><u>39,519</u></u>	<u><u>30,122</u></u>

20. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

20.1. Controlling related party relationships are as follows :

- i) Subsidiaries and associate of the Company as disclosed in Note 5 and Note 6 of the audited Consolidated Financial Statements of the Group as at and for the year ended 31 December 2012.
- ii) Companies in which Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Wiserite Sdn. Bhd. (Company No : 410593 - W)
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No : 51580 - M)
 - Glencare Sdn. Bhd. (Company No : 549058 - U)
- iii) Directors of the Group

20.2. Significant transactions with related parties are as follows:

	9 months ended
	30/09/2013
	RM'000
i) Transactions with an associate <i>Nippon Steel & Sumikin Globetronics Technology Sdn. Bhd.</i> <i>(Formerly known as SMCi Globetronics Technology Sdn. Bhd.)</i>	
Sales	-
Rental of premises	1,412
Provision of management support services	<u>144</u>

21. **Earnings Per Share**

(a) Basic earnings per share

		3 months ended		9 months ended	
		30/09/2013	30/09/2012	30/09/2013	30/09/2012
Net profit for the period	(RM'000)	15,186	14,212	39,519	30,122
Issued ordinary shares at beginning of the period	('000)	272,271	267,580	272,271	267,580
Effect of shares issued during the period	('000)	3,585	1,771	3,585	1,771
Weighted average number of ordinary shares	('000)	275,856	269,351	275,856	269,351
Basic earnings per share	(sen)	5.51	5.28	14.33	11.18

(b) Diluted earnings per share

		3 months ended		9 months ended	
		30/09/2013	30/09/2012	30/09/2013	30/09/2012
Net profit for the period	(RM'000)	15,186	14,212	39,519	30,122
Issued ordinary shares at beginning of the period	('000)	272,271	267,580	272,271	267,580
Effect of shares issued during the period	('000)	3,585	1,771	3,585	1,771
Effect of share option-ESOS	('000)	687	516	687	516
Weighted average number of ordinary shares		276,543	269,867	276,543	269,867
Diluted earnings per share	(sen)	5.49	5.27	14.29	11.16

22. Profit Before Tax

	Current Year Quarter 30/09/2013 RM'000	Current Year To-date 30/09/2013 RM'000
Profit before tax is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	8,153	28,802
Depreciation of investment property	65	193
Property, plant and equipment written off	-	2
Rental of office equipment	9	85
Rental of premises	(377)	(1,035)
Amortization of deferred income	(54)	(208)
(Gain) on disposal of property, plant and equipment	(30)	(32)
Finance income	(679)	(1,909)
Finance expense	10	10
(Gain) on disposal of other investments	-	(127)
Foreign exchange (gain) or loss – realised	(2,886)	(2,868)
– unrealised	400	165

23. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The Group's revenue for quarter under review was RM79.5 million, a decrease of 7% from the preceding quarter of RM85.5 million while the net profit of the Group for the quarter was RM15.2 million as compared to RM14.1 million for the preceding quarter. Revenue from the Singapore segment, decrease from RM24.9 million to RM19.4 million (decrease of 22.1%). Malaysia recorded the highest segment revenue of RM56.2 million for the quarter, flat when compared to the last quarter.

The better net profit achieved (8% improvement quarter-on-quarter) is mainly due to cost control / productivity improvement carried out across the Group.

24. Review of Performance of the Company and its Principal Subsidiaries

For the period under review, the Group recorded a revenue and net profit of RM242.3 million and RM39.5 million as compared to RM204.2 million and RM30.1 million respectively in the corresponding period last year (19% and 31% increase respectively). The Malaysian and Singapore segments registered healthy sales and net profit improvement compared to last year.

The better net profit achieved is mainly due to higher volume loadings from most of the Group's customers, better economy of scale coupled with productivity improvement / cost control programme carried out in the Group.

25. **Events Subsequent To The Balance Sheet Date**

There were no material events subsequent to the balance sheet date.

26. **Seasonal / Cyclical Factors**

The business operations of the Group are not affected by any major seasonal or cyclical factors.

27. **Prospects**

Moving forward, the Group will continue to focus on escalating up the value chain and riding on the R&D initiatives in new products' design and development. The Group will also continue to step up efforts in improving the efficiency and cost reduction measures in its Group's operations to achieve the necessary competitive edge in the market.

Premised on the above and barring any unforeseen circumstances, the Group is optimistic of achieving better performance and growth in financial year 2013.

28. **Variance of Actual Profit from Forecast Profit**

Not Applicable.

29. **Dividends**

A first single tier interim dividend of 4% (2012: 4%) per share and a single tier special dividend of 6% (2012: NIL) per share for the financial year ending 31 December 2013 totalling RM13.67 million was paid on 26 March 2013.

A single tier final dividend of 4% (2011: 4%) and a single tier special dividend of 2% (2011: NIL) per share for the financial year ended 31 December 2012 totalling RM8.33 million was paid on 3 July 2013.

A second single tier interim dividend of 10% (2012: 10%) and a single tier special dividend of 8% (2012: 4%) per share for the financial year ending 31 December 2013 totalling RM25.11 million has been approved and will be paid on 29 October 2013.

30. **Supplementary information on the breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group as at 30 September 2013 and 30 June 2013, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As At End of Current Quarter 30/09/2013 RM'000	As At End of Preceding Quarter 30/06/2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	129,730	107,367
- Unrealised	(160)	280
	<u>129,570</u>	<u>107,647</u>
Add: Consolidation adjustments	2,889	3,823
Total retained earnings	<u><u>132,459</u></u>	<u><u>111,470</u></u>

By Order of the Board

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

Joint Secretaries

Dated this 29 October 2013