

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	3 months ended		6 months ended	
		30/06/2015	30/06/2014	30/06/2015	30/06/2014
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		89,030	90,619	177,725	174,041
Cost of sales		(62,438)	(63,473)	(125,316)	(121,938)
Gross profit		26,592	27,146	52,409	52,103
Administrative and operating expenses		(9,509)	(9,606)	(19,543)	(19,108)
Other operating income		3,203	2,723	7,349	3,905
Results from operating activities		20,286	20,263	40,215	36,900
Finance income		491	479	895	894
Finance costs		(26)	(14)	(47)	(30)
Net finance income		465	465	848	864
Share of profit of equity-accounted associate, net of tax		21	48	72	58
Profit before tax		20,772	20,776	41,135	37,822
Tax expense	8	(2,839)	(3,480)	(6,053)	(6,424)
Profit for the period		17,933	17,296	35,082	31,398
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		744	(266)	1,383	(332)
Fair value of available-for-sale financial assets		65	198	42	300
Total other comprehensive income for the period, net of tax		809	(68)	1,425	(32)
Total comprehensive income for the period		18,742	17,228	36,507	31,366

	3 months ended		6 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	17,933	17,296	35,082	31,398
Profit for the period	17,933	17,296	35,082	31,398
Total comprehensive income attributable to :				
Owners of the Company	18,742	17,228	36,507	31,366
Total comprehensive income for the period	18,742	17,228	36,507	31,366
Earnings per ordinary share (sen)	20			
- Basic	6.38	6.17	12.48	11.20
- Diluted	6.38	6.17	12.47	11.20

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Assets			
Property, plant and equipment	6	71,287	75,197
Investment property		7,749	7,878
Investment in an associate		5,316	5,244
Other investments		8,620	8,153
Deferred tax assets	9	4,185	5,035
Total non-current assets		<u>97,157</u>	<u>101,507</u>
Inventories		14,675	19,049
Current tax assets		116	187
Trade receivables		69,640	73,749
Other receivables, deposits and prepayments		13,940	7,989
Cash and cash equivalents		177,290	155,716
Total current assets		<u>275,661</u>	<u>256,690</u>
Total assets		<u>372,818</u>	<u>358,197</u>
Equity			
Share capital		140,725	140,515
Share premium		21,303	19,504
Reserves			
Share option reserve		1,535	1,175
Capital reserve		32	32
Fair value reserve		95	53
Translation reserve		1,032	(351)
Retained earnings		136,241	123,642
Total equity		<u>300,963</u>	<u>284,570</u>
Liabilities			
Deferred income		2,904	3,305
Total non-current liability		<u>2,904</u>	<u>3,305</u>
Borrowings	22	15,182	1,746
Trade payables		21,706	31,980
Other payables and accruals		30,697	35,294
Current tax liabilities		1,366	1,302
Total current liabilities		<u>68,951</u>	<u>70,322</u>
Total liabilities		<u>71,855</u>	<u>73,627</u>
Total equity and liabilities		<u>372,818</u>	<u>358,197</u>
Net assets per share (RM)		1.07	1.01

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable				→ Distributable			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
6 months ended 30/06/2015								
At 1 January 2015	140,515	19,504	1,175	32	53	(351)	123,642	284,570
Foreign currency translation differences for foreign operations	-	-	-	-	-	1,383	-	1,383
Fair value of available-for-sale financial assets	-	-	-	-	42	-	-	42
Profit for the period	-	-	-	-	-	-	35,082	35,082
Total comprehensive income for the period	-	-	-	-	42	1,383	35,082	36,507
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	210	1,799	-	-	-	-	-	2,009
Share-based payment transactions	-	-	360	-	-	-	-	360
Dividends to owners of the Company	-	-	-	-	-	-	(22,483)	(22,483)
Total transactions with owners of the Company	210	1,799	360	-	-	-	(22,483)	(20,114)
At 30 June 2015	140,725	21,303	1,535	32	95	1,032	136,241	300,963

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable				→ Distributable			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
6 months ended 30/06/2014								
At 1 January 2014	139,626	15,455	1,014	24	(19)	(1,345)	120,447	275,202
Foreign currency translation differences for foreign operations	-	-	-	-	-	(332)	-	(332)
Fair value of available-for-sale financial assets	-	-	-	-	300	-	-	300
Profit for the period	-	-	-	-	-	-	31,398	31,398
Total comprehensive income/(expense) for the period	-	-	-	-	300	(332)	31,398	31,366
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS III	887	3,597	-	-	-	-	-	4,484
Dividends to owners of the Company	-	-	-	-	-	-	(19,620)	(19,620)
Capital redemption reserve	-	-	-	(24)	-	-	24	-
Total transactions with owners of the Company	887	3,597	-	(24)	-	-	(19,596)	(15,136)
Transfer to share premium for share options exercised	-	435	(435)	-	-	-	-	-
Transfer to retained earnings for share options expired	-	-	(579)	-	-	-	579	-
At 30 June 2014	140,513	19,487	-	-	281	(1,677)	132,828	291,432

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		6 months ended 30/06/2015	6 months ended 30/06/2014
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		41,135	37,822
Adjustments for:-			
Depreciation of property, plant and equipment		12,534	19,189
Depreciation of investment property		129	128
Gain on disposal of plant and equipment		(371)	-
Interest income		(1,425)	(1,395)
Amortisation of deferred income		(2,354)	(2,116)
Share of profit of equity-accounted associate, net of tax		(72)	(58)
Gain on disposal of other investments	10	-	14
Share-based payments		360	-
Finance costs		47	30
Operating profit before changes in working capital		<u>49,983</u>	<u>53,614</u>
Change in inventories		4,957	563
Change in trade and other receivables		(570)	(7,308)
Change in trade and other payables		(17,197)	(3,592)
Cash generated from operations		<u>37,173</u>	<u>43,277</u>
Tax paid		(5,068)	(8,806)
Net cash generated from operating activities		<u>32,105</u>	<u>34,471</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(8,891)	(11,120)
Acquisition of other investments	10	(285)	(1,947)
Proceeds from disposal of plant and equipment		638	-
Interest received		1,425	1,395
Proceeds from disposal of other investments	10	700	786
Net cash used in investing activities		<u>(6,413)</u>	<u>(10,886)</u>

	6 months ended 30/06/2015 RM'000	6 months ended 30/06/2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(22,483)	(19,620)
Drawdown of bank borrowings (net)	13,436	6,287
Proceeds from issue of shares	2,009	4,484
Interest paid	(47)	(30)
Grant received	1,953	7,845
Net cash used in financing activities	(5,132)	(1,034)
Net increase in cash and cash equivalents	20,560	22,551
Effect of exchange rate fluctuations on cash held	1,014	(324)
Cash and cash equivalents as at 1 January	155,716	147,297
Cash and cash equivalents as at 30 June	177,290	169,524

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	73,548	72,909
- Short term deposits	27,154	26,912
Cash and bank balances	76,588	69,703
	177,290	169,524

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2015
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 2014.

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, 2015. 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 2014.

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 2014 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 2014.

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 six months ended 30 June 2015, the Group acquired assets with a cost of RM8.89million (Six months ended 30 June 2014: RM11.12 million).

(b) Capital commitments

During the six months ended 30 June 2015, the Group entered into contracts to purchase property, plant and equipment for RM11.62 million (Six months ended 30 June 2014: RM12.77 million).

(c) Disposals

Assets with a carrying amount of RM267K were disposed of during the six months ended 30 June 2015 (Six months ended 30 June 2014: RM2), resulting in a gain on disposal of RM371K (Six months ended 30 June 2014: gain of RM12), which is included as other operating 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. **Tax Expense**

	3 months ended		6 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	- current	2,329	3,480	5,203
	- prior period	-	-	6,081
				343
		<u>2,329</u>	<u>3,480</u>	<u>6,424</u>
Deferred tax expense				
Malaysian	- prior period	510	-	850
				-
		<u>2,839</u>	<u>3,480</u>	<u>6,053</u>
		<u>2,839</u>	<u>3,480</u>	<u>6,424</u>

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

9. **Deferred Tax Assets**

Deferred tax assets of the Group are in relation to the following:-

- i) Unutilised investment tax allowance of a subsidiary; and
- ii) Other temporary timing differences arising from accounting depreciation and capital allowances.

The Board of Directors is of the view that it is probable that future taxable profits will be available against which the deferred tax assets 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:

	6 months ended 30/06/2015 RM'000
Purchases	285
Sales	700
Gain on disposal of investments	-

11. **Unquoted Investments**

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

12. **Corporate Proposals**

There were no corporate proposals 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 :

ESOS Option Price RM per share	Number of Shares '000
4.77	417.5
5.86	3.0

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 RM32.22 million of which RM18.71 million has been utilized as at 30 June 2015, an increase of RM13.47 million as compared to 31 December 2014.

16. **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 2014.

17. **Changes In Material Litigation**

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

18. **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, LED lighting system, LED components and modules, small outline components, sensors and optical products and technical plating services 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

6 months ended 30/06/2015

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	21,921	15,341	2,227	339	(71)	39,757
Revenue from external customers	92,730	74,376	9,653	865	101	177,725

6 months ended 30/06/2014

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	24,755	10,840	908	77	(123)	36,457
Revenue from external customers	113,445	53,649	6,341	594	12	174,041

	30/06/2015	30/06/2014
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	39,757	36,457
Finance costs	(47)	(30)
Interest income	1,425	1,395
Consolidated profit before taxation	41,135	37,822
Tax expense	(6,053)	(6,424)
Consolidated profit after taxation	<u>35,082</u>	<u>31,398</u>

19. **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.

Related parties also include 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.

The Group has related party relationship with:

- 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 2014;

- ii) Key management personnel; and

- iii) Companies in which Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No: 51580 - M)
 - Wiserite Sdn. Bhd. (Company No: 410593 - W)
 - Glencare Sdn. Bhd. (Company No: 549058 - U)

Significant related party transactions are as follows:

	6 months ended 30/06/2015 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i> <i>(Formerly known as Nippon Steel & Sumikin Globetronics Technology Sdn. Bhd.)</i>	
Rental of investment property	941
Provision of management support services	<u>96</u>

20. Earnings Per Share		3 months ended		6 months ended	
		30/06/2015	30/06/2014	30/06/2015	30/06/2014
(a) Basic earnings per share					
Net profit for the period	(RM'000)	17,933	17,296	35,082	31,398
Issued ordinary shares at beginning of the period	('000)	281,029	279,252	281,029	279,252
Effect of shares issued during the period	('000)	146	1,163	146	1,163
Weighted average number of ordinary shares	('000)	281,175	280,415	281,175	280,415
Basic earnings per share	(sen)	6.38	6.17	12.48	11.20
(b) Diluted earnings per share					
Net profit for the period	(RM'000)	17,933	17,296	35,082	31,398
Issued ordinary shares at beginning of the period	('000)	281,029	279,252	281,029	279,252
Effect of shares issued during the period	('000)	146	1,163	146	1,163
Effect of share option-ESOS	('000)	104	-	104	-
Weighted average number of ordinary shares (diluted)		281,279	280,415	281,279	280,415
Diluted earnings per share	(sen)	6.38	6.17	12.47	11.20

21. **Profit Before Tax**

	Current Year Quarter 30/06/2015 RM'000	Current Year To-date 30/06/2015 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	4,295	12,534
Depreciation of investment property	65	129
Rental of office equipment	30	60
Rental of premises	161	339
Rental income from premises and investment property	506	(1,013)
Gain on disposal of property, plant and equipment	(4)	(371)
Interest income	(762)	(1,425)
Finance expense	26	47
Gain on foreign exchange – realised	(87)	(516)
Gain on foreign exchange – unrealised	(1,533)	(2,432)

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 30/06/2015 USD'000	As at 30/06/2015 RM'000 Equivalent
Current		
Term loans - unsecured	4,030	15,182

The term loans are backed by a corporate guarantee of a subsidiary of the Group.

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

The Group's revenue for the quarter under review was RM89 million, an increase of 0.4% from the preceding quarter of RM88.7 million while the net profit of the Group for the quarter was RM17.9 million as compared to RM17.1 million for the preceding quarter.

The higher net profit achieved in the quarter was mainly due to better economy of scale coupled with productivity improvement/cost control programme carried out in 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 RM177.7 million and RM35.1 million as compared to RM174 million and RM31.4 million respectively in the corresponding period last year (2% and 12% increase respectively). The Singapore and United States segments recorded healthy sales and net profit improvement as compared to the last corresponding period.

The higher net profit achieved was mainly due to higher volume loadings from some 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 remained optimistic of achieving satisfactory performance in financial year 2015.

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

Not Applicable.

29. **Dividends**

A first interim single tier ordinary dividend of 4% (2014: 4%) per share and a single tier special dividend of 12% (2014: 10%) per share, totalling RM22.48 million in respect of the financial year ending 31 December 2015 was paid on 26 March 2015.

A final single tier ordinary dividend of 4% (2013: 4%) per share and a single tier special dividend of 6% (2013: 4%) per share, totalling RM14.07 million in respect of financial year ended 31 December 2014 was paid on 2 July 2015.

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 June 2015 and 31 March 2015, into realised and unrealised profits, pursuant to the paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:-

	As At End of Current Quarter 30/06/2015 RM'000	As At End of Preceding Quarter 31/03/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	135,458	118,590
- Unrealised	6,617	5,594
	<hr/> 142,075	<hr/> 124,184
Total share of retained earnings of an associate:-		
- Realised	4,544	4,523
- Unrealised	(12)	(12)
	<hr/> 4,532	<hr/> 4,511
Add: Consolidation adjustments	(10,366)	(10,387)
Total retained earnings	<hr/> <hr/> 136,241	<hr/> <hr/> 118,308

By Order of the Board

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

Joint Secretaries

Dated this 28 July 2015