

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	3 months ended		3 months ended	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		49,832	58,741	49,832	58,741
Cost of sales		(36,517)	(41,578)	(36,517)	(41,578)
Gross profit		13,315	17,163	13,315	17,163
Administrative and operating expenses		(8,963)	(7,850)	(8,963)	(7,850)
Other operating income/(expense)		1,445	(4,071)	1,445	(4,071)
Results from operating activities		5,797	5,242	5,797	5,242
Finance income		401	533	401	533
Finance costs		-	(22)	-	(22)
Net finance income		401	511	401	511
Share of loss of equity-accounted associate, net of tax		(10)	(34)	(10)	(34)
Profit before tax		6,188	5,719	6,188	5,719
Tax expense	8	(1,521)	(2,040)	(1,521)	(2,040)
Profit for the period		4,667	3,679	4,667	3,679
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		(336)	(1,444)	(336)	(1,444)
Fair value of available-for-sale financial assets		327	27	327	27
Total other comprehensive expense for the period, net of tax		(9)	(1,417)	(9)	(1,417)
Total comprehensive income for the period		4,658	2,262	4,658	2,262

	3 months ended		3 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	4,667	3,679	4,667	3,679
Profit for the period	4,667	3,679	4,667	3,679
Total comprehensive income attributable to :				
Owners of the Company	4,658	2,262	4,658	2,262
Total comprehensive income for the period	4,658	2,262	4,658	2,262
Earnings per ordinary share (sen)	20			
- Basic	1.65	1.31	1.65	1.31
- Diluted	1.65	1.31	1.65	1.31

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 2016. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Assets			
Property, plant and equipment	6	73,506	72,602
Investment property		7,300	7,364
Investment in an associate		5,410	5,419
Other investments		8,939	8,655
Deferred tax assets	9	984	984
Total non-current assets		<u>96,139</u>	<u>95,024</u>
Inventories		10,447	8,995
Current tax assets		320	329
Trade receivables		41,466	39,555
Other receivables, deposits and prepayments		4,742	869
Cash and cash equivalents		143,911	165,642
Total current assets		<u>200,886</u>	<u>215,390</u>
Total assets		<u>297,025</u>	<u>310,414</u>
Equity			
Share capital		142,769	140,947
Share premium		24,199	24,163
Reserves			
Share option reserve		2,940	2,940
Capital reserve		32	32
Fair value reserve		546	219
Translation reserve		4,379	4,715
Retained earnings		81,683	91,131
Total equity		<u>256,548</u>	<u>264,147</u>
Liabilities			
Deferred income		8,355	9,226
Total non-current liability		<u>8,355</u>	<u>9,226</u>
Trade payables		9,984	6,939
Other payables and accruals		20,533	28,844
Current tax liabilities		1,605	1,258
Total current liabilities		<u>32,122</u>	<u>37,041</u>
Total liabilities		<u>40,477</u>	<u>46,267</u>
Total equity and liabilities		<u>297,025</u>	<u>310,414</u>
Net assets per share (RM)		0.91	0.94

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2016. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Attributable to owners of the Company →							Total equity RM'000
	← Non-distributable				→ Distributable			
	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	
3 months ended 31/03/2017								
At 1 January 2017	140,947	24,163	2,940	32	219	4,715	91,131	264,147
Foreign currency translation differences for foreign operations	-	-	-	-	-	(336)	-	(336)
Fair value of available-for-sale financial assets	-	-	-	-	327	-	-	327
Total other comprehensive income/(expense) for the period	-	-	-	-	327	(336)	-	(9)
Profit for the period	-	-	-	-	-	-	4,667	4,667
Total comprehensive income/(expense) for the period	-	-	-	-	327	(336)	4,667	4,658
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	1,822	36	-	-	-	-	-	1,858
Dividends to owners of the Company	-	-	-	-	-	-	(14,115)	(14,115)
Total transactions with owners of the Company	1,822	36	-	-	-	-	(14,115)	(12,257)
At 31 March 2017	142,769	24,199	2,940	32	546	4,379	81,683	256,548

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Attributable to owners of the Company →							Total equity RM'000
	← Non-distributable			→ Distributable				
	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	
3 months ended 31/03/2016								
At 1 January 2016	140,873	23,372	1,515	32	(69)	3,719	130,239	299,681
Foreign currency translation differences for foreign operations	-	-	-	-	-	(1,444)	-	(1,444)
Fair value of available-for-sale financial assets	-	-	-	-	27	-	-	27
Total other comprehensive income/(expense) for the period	-	-	-	-	27	(1,444)	-	(1,417)
Profit for the period	-	-	-	-	-	-	3,679	3,679
Total comprehensive income/(expense) for the period	-	-	-	-	27	(1,444)	3,679	2,262
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	49	501	-	-	-	-	-	550
Dividends to owners of the Company	-	-	-	-	-	-	(25,365)	(25,365)
Total transactions with owners of the Company	49	501	-	-	-	-	(25,365)	(24,815)
At 31 March 2016	140,922	23,873	1,515	32	(42)	2,275	108,553	277,128

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2016. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		3 months ended 31/03/2017	3 months ended 31/03/2016
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		6,188	5,719
Adjustments for:-			
Depreciation of property, plant and equipment		4,103	3,353
Depreciation of investment property		64	64
Gain on disposal of property, plant and equipment	6	(323)	(2)
Interest income		(614)	(758)
Amortisation of deferred income		(872)	(212)
Share of loss of equity-accounted associate, net of tax		10	34
Finance costs		-	22
Operating profit before changes in working capital		<u>8,556</u>	<u>8,220</u>
Change in inventories		(1,469)	5,034
Change in trade and other receivables		(5,789)	7,829
Change in trade and other payables		(5,260)	(9,289)
Cash (used in)/generated from operations		<u>(3,962)</u>	<u>11,794</u>
Tax paid		<u>(1,165)</u>	<u>(1,884)</u>
Net cash (used in)/generated from operating activities		(5,127)	9,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(5,399)	(1,546)
Acquisition of other investments	10	(4)	(411)
Proceeds from disposal of property, plant and equipment	6	715	10
Interest received		614	758
Net cash used in investing activities		(4,074)	(1,189)

	3 months ended 31/03/2017 RM'000	3 months ended 31/03/2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(14,115)	(25,365)
Repayment of bank borrowings (net)	-	(5,423)
Proceeds from issue of ordinary shares	1,858	550
Interest paid	-	(22)
Net cash used in financing activities	(12,257)	(30,260)
Net decrease in cash and cash equivalents	(21,458)	(21,539)
Effect of exchange rate fluctuations on cash held	(273)	(888)
Cash and cash equivalents as at 1 January	165,642	177,906
Cash and cash equivalents as at 31 March	143,911	155,479

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	76,906	64,490
- Short term deposits	24,636	28,627
Cash and bank balances	42,369	62,362
	143,911	155,479

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2016. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017
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, requirements of the Companies Act 2016 ("CA 2016") that became effective on 31 January 2017 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR"). 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 2016.

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, 2017. 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 2016.

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 2016 was unmodified.

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 2016.

There were no changes in estimates of amounts reported in the prior financial periods 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 three months ended 31 March 2017, the Group acquired assets with a cost of RM5.40 million (Three Months ended 31 March 2016: RM1.55 million).

(b) Capital commitments

During the three months ended 31 March 2017, the Group entered into contracts to purchase property, plant and equipment for RM46.5 million (Three Months ended 31 March 2016: RM1.58 million).

(c) Disposals

Assets with a carrying amount of RM392K were disposed of during the three months ended 31 March 2017 (Three Months ended 31 March 2016: RM8K), resulting in a gain on disposal of RM323K (Three Months ended 31 March 2016: gain of RM2K), 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		3 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current period	1,521	2,040	1,521	2,040

The effective tax rate of the Group is higher than the statutory tax rate in the current quarter mainly due to minimum tax payment guideline formulated by the Inland Revenue Board.

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:

	3 months ended 31/03/2017 RM'000
Purchases	4
Sales	-
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 exercised by the eligible employees pursuant to the Company's ESOS :

ESOS Option Price RM per share	Number of Shares '000
3.29	562.9
3.90	1.5

15. **Changes in Contingent Liabilities**

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM67.5 million of which RM3 million has been utilized as at 31 March 2017, no changes as compared to 31 December 2016.

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 2016.

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

3 months ended 31/03/2017

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	3,513	1,086	892	9	74	5,574
Revenue from external customers	36,172	8,998	4,293	342	27	49,832

3 months ended 31/03/2016

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	3,718	810	321	(22)	156	4,983
Revenue from external customers	32,711	21,527	4,250	184	69	58,741

	31/03/2017 RM'000	31/03/2016 RM'000
Reconciliation of segment profit:		
Reportable segments	5,574	4,983
Finance costs	-	(22)
Interest income	614	758
Consolidated profit before taxation	6,188	5,719
Tax expense	(1,521)	(2,040)
Consolidated profit after taxation	4,667	3,679

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 2016;
- 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:

	3 months ended 31/03/2017 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	471
Provision of management support services	<u>48</u>

20. **Earnings Per Ordinary Share**

(a) Basic earnings per ordinary share

		3 months ended		3 months ended	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net profit for the period	(RM'000)	4,667	3,679	4,667	3,679
Issued ordinary shares at beginning of the period	('000)	281,894	281,746	281,894	281,746
Effect of shares issued during the period	('000)	223	87	223	87
Weighted average number of ordinary shares	('000)	282,117	281,833	282,117	281,833
Basic earnings per ordinary share	(sen)	1.65	1.31	1.65	1.31

(b) Diluted earnings per ordinary share

		3 months ended		3 months ended	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net profit for the period	(RM'000)	4,667	3,679	4,667	3,679
Issued ordinary shares at beginning of the period	('000)	281,894	281,746	281,894	281,746
Effect of shares issued during the period	('000)	223	87	223	87
Effect of share option-ESOS	('000)	1,018	66	1,018	66
Weighted average number of ordinary shares (diluted)		283,135	281,899	283,135	281,899
Diluted earnings per ordinary share	(sen)	1.65	1.31	1.65	1.31

21. Profit Before Tax

	Current Year Quarter 31/03/2017 RM'000	Current Year To-date 31/03/2017 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	4,103	4,103
Depreciation of investment property	64	64
Rental of office equipment	57	57
Rental of premises	132	132
Rental income from premises and investment property	(521)	(521)
Amortization of deferred income	(872)	(872)
Gain on disposal of property, plant and equipment	(323)	(323)
Interest income	(614)	(614)
Gain on foreign exchange – realised	(783)	(783)
Loss on foreign exchange – unrealised	1,374	1,374

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

The Group's revenue for the quarter under review was RM49.8 million, a increase of 7% from the preceding quarter of RM46.7 million while the net profit of the Group for the quarter was RM4.7 million, a decrease of 27% from the preceding quarter of RM6.4 million.

The higher revenue was due to the higher volume loadings seen from some of the Group's customers.

Lower net profit achieved was mainly due to:-

- i) Forex loss (net) of RM0.6 million recognised in the income statement as compared to preceding quarter forex gain of RM3.1 million; and
- ii) Start-up expenses incurred amounting to RM0.7 mil.

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

For the period under review, the Group recorded a revenue and net profit of RM49.8 million and RM4.7 million as compared to RM58.7 million and RM3.7 million respectively in the corresponding period last year (decrease of 15% and increase of 27% respectively). Singapore segments recorded sales decline as compared to the last corresponding period.

The lower revenue achieved in the period was mainly due to lower volume loadings from some of the Group's customer as a result of reduction in end customers' demand and higher net profit achieved was mainly due to lower forex loss (net) of RM0.6 million as compared to forex loss of RM5 million in the comparative corresponding period.

24. **Events Subsequent to the Balance Sheet Date**

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

25. **Seasonal/Cyclical Factors**

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

26. **Prospects**

The Group expects to see improvement in business and volume loading in the next quarter.

The mass production of new products will enable the Group to register strong recovery in our business and product loading in the second half of the financial year.

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 with our key customer. This initiative is expected to result in the manufacturing of new products in year 2017.

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

Not Applicable.

28. **Dividends**

A first interim single tier ordinary dividend of 2 sen (2016: 2 sen) per share and a single tier special dividend of 3 sen (2016: 7 sen) per share, totalling RM14.12 million in respect of the financial year ending 31 December 2017 was paid on 29 March 2017.

A final single tier ordinary dividend of 2 sen (2015: 2 sen) per share and a single tier special dividend of 3 sen (2015: 3 sen) per share have been recommended by the Directors in respect of the financial year ended 31 December 2016, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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

The breakdown of the retained earnings of the Group as at 31 March 2017 and 31 December 2016, 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 31/03/2017 RM'000	As At End of Preceding Quarter 31/12/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	93,018	99,131
- Unrealised	(390)	2,936
	<u>92,628</u>	<u>102,067</u>
Total share of retained earnings of an associate:-		
- Realised	4,638	4,647
- Unrealised	(12)	(12)
	<u>4,626</u>	<u>4,635</u>
Less: Consolidation adjustments	(15,571)	(15,571)
Total retained earnings	<u><u>81,683</u></u>	<u><u>91,131</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 25 April 2017