

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

The figures have not been audited

	Note	3 months ended		6 months ended	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		85,473	69,423	162,802	126,107
Cost of sales		(61,605)	(50,933)	(119,984)	(93,583)
Gross profit		23,868	18,490	42,818	32,524
Administrative and operating expenses		(8,739)	(7,900)	(16,595)	(16,312)
Other operating income		600	890	1,320	2,278
Results from operating activities		15,729	11,480	27,543	18,490
Finance income		728	579	1,230	1,007
Finance costs		-	(5)	-	(17)
Net finance income		728	574	1,230	990
Share of profit of associate, net of tax		64	43	90	13
Profit before tax		16,521	12,097	28,863	19,493
Income tax expense	8	(2,383)	(2,383)	(4,530)	(3,583)
Profit for the period		14,138	9,714	24,333	15,910
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		268	497	430	115
Fair value of available-for-sale assets		(302)	(260)	(572)	(105)
Other comprehensive income for the period, net of tax		(34)	237	(142)	10
Total comprehensive income for the period		14,104	9,951	24,191	15,920

	3 months ended		6 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	14,138	9,714	24,333	15,910
Profit for the period	14,138	9,714	24,333	15,910
Total comprehensive income attributable to :				
Owners of the Company	14,104	9,951	24,191	15,920
Total comprehensive income for the period	14,104	9,951	24,191	15,920
Earnings per ordinary share (sen)	21			
- Basic	5.15	3.62	8.86	5.92
- Diluted	5.13	3.61	8.83	5.92

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 JUNE 2013
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2013 RM'000	As at 31/12/2012 RM'000
Assets			
Property, plant and equipment	6	99,111	111,068
Investment property		8,261	8,389
Investment in an associate		5,001	4,911
Deferred tax assets	9	921	921
Other investments		5,640	6,290
Total non-current assets		118,934	131,579
Trade receivables		63,331	68,453
Other receivables, deposits and prepayments		3,300	1,789
Inventories		15,355	17,833
Cash and cash equivalents		131,029	106,142
Total current assets		213,015	194,217
Total assets		331,949	325,796
Equity			
Share capital		138,830	136,135
Share premium		12,814	10,470
Reserves			
Exchange fluctuation reserve		(1,900)	(2,330)
Fair value reserve		(180)	392
Share option reserve		1,696	1,505
Capital redemption reserve		22	10
Retained profits		125,603	114,955
Total equity		276,885	261,137
Liabilities			
Deferred income		233	386
Total non-current liabilities		233	386
Trade payables		19,291	25,847
Other payables and accruals		30,822	33,272
Current tax liabilities		4,718	5,154
Total current liabilities		54,831	64,273
Total liabilities		55,064	64,659
Total equity and liabilities		331,949	325,796
Net assets per share (RM)		1.00	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 JUNE 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	
6 months ended 30/06/2013								
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	-	-	430	-	-	-	-	430
Fair value of available-for-sale assets	-	-	-	(572)	-	-	-	(572)
Profit for the period	-	-	-	-	-	-	24,333	24,333
Total comprehensive income for the period	-	-	430	(572)	-	-	24,333	24,191
Issuance of new ordinary shares pursuant to ESOS III	2,695	2,344	-	-	-	-	-	5,039
Share-based payments	-	-	-	-	191	-	-	191
Dividends to owners	-	-	-	-	-	-	(13,673)	(13,673)
Capital Redemption Reserve	-	-	-	-	-	12	(12)	-
Total contribution from / (to) owners	2,695	2,344	-	-	191	12	(13,685)	(8,443)
Balance as at 30 June 2013	138,830	12,814	(1,900)	(180)	1,696	22	125,603	276,885

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 JUNE 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	
6 months ended 30/06/2012								
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	-	-	115	-	-	-	-	115
Fair value of available-for-sale assets	-	-	-	(105)	-	-	-	(105)
Profit for the period	-	-	-	-	-	-	15,910	15,910
Total comprehensive income for the period	-	-	115	(105)	-	-	15,910	15,920
Issuance of new ordinary shares pursuant to ESOS III	1,346	281	-	-	-	-	-	1,627
Share-based payments	-	-	-	-	258	-	-	258
Dividends to owners	-	-	-	-	-	-	(5,358)	(5,358)
Total contribution from / (to) owners	1,346	281	-	-	258	-	(5,358)	(3,473)
Balance as at 30 June 2012	135,136	9,084	(1,808)	755	1,725	-	113,985	258,877

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 JUNE 2013
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		6 months ended 30/06/2013	6 months ended 30/06/2012
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		28,863	19,493
Adjustments for:-			
Depreciation of property, plant and equipment		20,649	19,346
Depreciation of investment property		128	128
Property, plant and equipment written off		2	-
Impairment loss of property, plant and equipment		-	496
Gain on disposal of property, plant and equipment		(2)	(310)
Finance income		(1,230)	(1,007)
Amortisation of deferred income		(154)	(867)
Share of profit of associate, net of tax		(90)	(13)
Gain on disposal of other investments	10	(127)	(240)
Share-based payments		191	258
Finance costs		-	17
Operating profit before changes in working capital		48,230	37,301
Changes in working capital:			
Inventories		2,478	(498)
Receivables, deposits and prepayments		3,611	(27,651)
Payables and accruals		(9,007)	11,235
Cash generated from / (used in) operations		45,312	20,387
Income tax paid		(4,966)	(2,188)
Net cash generated from / (used in) operating activities		40,346	18,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(8,694)	(23,152)
Purchase of other investments		(500)	(2,271)
Proceeds from disposal of property, plant and equipment		2	732
Proceeds from disposal of other investments	10	841	2,720
Interest received		1,230	1,007
Net cash used in investing activities		(7,121)	(20,964)

	6 months ended 30/06/2013 RM'000	6 months ended 30/06/2012 RM'000
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(13,673)	(5,358)
Repayment of bank borrowings	-	(3,544)
Proceeds from issue of shares	5,040	1,627
Finance costs	-	(17)
Grant received	-	1,615
Net cash used in financing activities	(8,633)	(5,677)
Net increase / (decrease) in cash and cash equivalents	24,592	(8,442)
Cash and cash equivalents as at 1 January	106,142	99,160
Effect of exchange rates difference on cash and cash equivalents	295	97
Cash and cash equivalents as at 30 June	131,029	90,815

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	51,892	29,986
- Short term deposits	22,848	23,409
Cash and bank balances	56,289	37,420
	131,029	90,815

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 JUNE 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 six months ended 30 June 2013, the Group acquired assets with a cost of RM8.69 million (Six months ended 30 June 2012: RM23.15 million).

(b) Capital commitments

During the six months ended 30 June 2013, the Group entered into contracts to purchase property, plant and equipment for RM8.32 million (Six months ended 30 June 2012: RM10.2 million).

(c) Disposals

Assets with a carrying amount of RM7 were disposed of during the three months ended 30 June 2013 (Six months ended 30 June 2012: RM422K), resulting in a gain on disposal of RM2K (Six months ended 30 June 2012: gain of RM310K), 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		6 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia - current	2,383	2,383	4,530	3,583
- prior period	-	-	-	-
	<u>2,383</u>	<u>2,383</u>	<u>4,530</u>	<u>3,583</u>
Deferred tax (asset) / expense				
Malaysia	-	-	-	-
	<u>2,383</u>	<u>2,383</u>	<u>4,530</u>	<u>3,583</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:

	6 months ended 30/06/2013 RM'000
Purchases	500
Sales	841
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	1,597.1
0.80	51.6
1.52	129.5
1.09	824
1.08	262.3
0.90	1,395.7
1.10	373.2
1.46	642.4
1.75	114.8

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 RM11.50 million of which RM3.42 million has been utilized as at 30 June 2013, a decrease of RM0.01 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 23 July 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

6 months ended 30/06/2013

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	19,749	300	2,154	5,407	23	27,633
Revenue from external customers	107,787	2,151	6,747	46,102	15	162,802

6 months ended 30/06/2012

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	16,392	(73)	524	1,380	280	18,503
Revenue from external customers	98,601	680	12,473	14,291	62	126,107

	30/06/2013	30/06/2012
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	27,633	18,503
Finance costs	-	(17)
Finance income	1,230	1,007
Consolidated profit before taxation	28,863	19,493
Tax expense	(4,530)	(3,583)
Consolidated profit after taxation	24,333	15,910

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:

	6 months ended
	30/06/2013
	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	941
Provision of management support services	96
	<u>96</u>

21. **Earnings Per Share**

(a) Basic earnings per share

		3 months ended		6 months ended	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
Net profit for the period	(RM'000)	14,138	9,714	24,333	15,910
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)	2,264	985	2,264	985
Weighted average number of ordinary shares	('000)	274,535	268,565	274,535	268,565
Basic earnings per share	(sen)	5.15	3.62	8.86	5.92

(b) Diluted earnings per share

		3 months ended		6 months ended	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
Net profit for the period	(RM'000)	14,138	9,714	24,333	15,910
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)	2,264	985	2,264	985
Effect of share option-ESOS	('000)	893	195	893	195
Weighted average number of ordinary shares		275,428	268,760	275,428	268,760
Diluted earnings per share	(sen)	5.13	3.61	8.83	5.92

22. Profit Before Tax

	Current Year Quarter 30/06/2013 RM'000	Current Year To-date 30/06/2013 RM'000
Profit before tax is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	8,880	20,649
Depreciation of investment property	64	128
Property, plant and equipment written off	2	2
Rental of office equipment	30	94
Rental of premises	(354)	(658)
Amortization of deferred income	(74)	(154)
(Gain) on disposal of property, plant and equipment	(1)	(2)
Finance income	(726)	(1,230)
(Gain) on disposal of other investments	(2)	(127)
Foreign exchange (gain) or loss – realised	18	(400)
– unrealised	277	(235)

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

The Group's revenue for quarter under review was RM85.5 million, an increase of 10.6% from the preceding quarter of RM77.3 million while the net profit of the Group for the quarter was RM14.1 million as compared to RM10.2 million for the preceding quarter. Revenue from the Singapore segment, increase from RM21.2 million to RM24.9 million (increase of 17.3%). Malaysia recorded the highest segment revenue of RM56.2 million for the quarter, an increase of 9.1% when compared to the last quarter.

The better net profit achieved (38% improvement quarter-on-quarter) 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.

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 RM162.8 million and RM24.3 million as compared to RM126.1 million and RM15.9 million respectively in the corresponding period last year (a 29% and 53% 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.

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 2013 and 31 March 2013, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As At End of Current Quarter 30/06/2013 RM'000	As At End of Preceding Quarter 31/03/2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	122,066	107,367
- Unrealised	139	280
	<u>122,205</u>	<u>107,647</u>
 Add: Consolidation adjustments	 3,398	 3,823
Total retained earnings	<u><u>125,603</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 30 July 2013