

GLOBETRONICS TECHNOLOGY BHD (410285-W)

INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The figures have not been audited

	Note	3 months ended		12 months ended	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		78,493	85,329	321,423	290,007
Cost of sales		(55,899)	(65,070)	(230,824)	(221,031)
Gross profit		22,594	20,259	90,599	68,976
Administrative and operating expenses		(9,171)	(10,703)	(32,992)	(35,259)
Other operating income		1,047	606	3,026	12,918
Results from operating activities		14,470	10,162	60,633	46,635
Finance income		555	687	1,795	1,656
Finance costs		(11)	-	(21)	(20)
Net finance income		544	687	1,774	1,636
Share of profit of associate, net of tax		21	45	136	72
Profit before tax		15,035	10,894	62,543	48,343
Income tax expense	8	(1,938)	330	(9,927)	(6,998)
Profit for the period / year		13,097	11,224	52,616	41,345
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		261	(1)	985	(407)
Fair value of available-for-sale financial assets		(6)	(113)	(411)	(468)
Other comprehensive income for the period / year, net of tax		255	(114)	574	(875)
Total comprehensive income for the period / year		13,352	11,110	53,190	40,470

	3 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	13,097	11,224	52,616	41,345
Profit for the period / year	13,097	11,224	52,616	41,345
Total comprehensive income attributable to :				
Owners of the Company	13,352	11,110	53,190	40,470
Total comprehensive income for the period / year	13,352	11,110	53,190	40,470
Earnings per ordinary share (sen)				
- Basic	4.73	4.16	19.02	15.31
- Diluted	4.72	4.15	18.97	15.29

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 2012. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Assets			
Property, plant and equipment	6	87,315	111,068
Investment property		8,134	8,389
Investment in an associate		5,048	4,911
Deferred tax assets	9	3,601	921
Other investments		6,054	6,290
Total non-current assets		<u>110,152</u>	<u>131,579</u>
Trade receivables		62,448	68,453
Other receivables, deposits and prepayments		4,717	1,789
Inventories		14,153	17,833
Cash and cash equivalents		147,297	106,142
Total current assets		<u>228,615</u>	<u>194,217</u>
Total assets		<u>338,767</u>	<u>325,796</u>
Equity			
Share capital		139,626	136,135
Share premium		15,456	10,470
Reserves			
Translation fluctuation reserve		(1,345)	(2,330)
Fair value reserve		(19)	392
Share option reserve		1,014	1,505
Capital redemption reserve		24	10
Retained earnings		120,447	114,955
Total equity		<u>275,203</u>	<u>261,137</u>
Liabilities			
Deferred income		262	386
Total non-current liabilities		<u>262</u>	<u>386</u>
Trade payables		18,414	25,847
Other payables and accruals		34,331	33,272
Bank borrowings	22	5,243	-
Current tax liabilities		5,314	5,154
Total current liabilities		<u>63,302</u>	<u>64,273</u>
Total liabilities		<u>63,564</u>	<u>64,659</u>
Total equity and liabilities		<u>338,767</u>	<u>325,796</u>
Net assets per share (RM)		0.99	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 YEAR ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable →				Distributable			
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000	Total RM'000
12 months ended 31/12/2013								
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	-	-	985	-	-	-	-	985
Fair value of available-for-sale financial assets	-	-	-	(411)	-	-	-	(411)
Profit for the year	-	-	-	-	-	-	52,616	52,616
Total comprehensive income for the year	-	-	985	(411)	-	-	52,616	53,190
Issuance of new ordinary shares pursuant to ESOS III	3,491	3,692	-	-	-	-	-	7,183
Transfer from share option reserve for share option exercised	-	1,294	-	-	(1,294)	-	-	-
Share-based payments	-	-	-	-	803	-	-	803
Dividends to owners	-	-	-	-	-	-	(47,110)	(47,110)
Capital redemption reserve	-	-	-	-	-	14	(14)	-
Total contribution from / (to) owners	3,491	4,986	-	-	(491)	14	(47,124)	(39,124)
Balance as at 31 December 2013	139,626	15,456	(1,345)	(19)	1,014	24	120,447	275,203

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 YEAR ENDED 31 DECEMBER 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	Translation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000	
12 months ended 31/12/2012								
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	-	-	(407)	-	-	-	-	(407)
Fair value of available-for-sale financial assets	-	-	-	(468)	-	-	-	(468)
Profit for the year	-	-	-	-	-	-	41,345	41,345
Total comprehensive income for the year	-	-	(407)	(468)	-	-	41,345	40,470
Issuance of new ordinary shares pursuant to ESOS III	2,345	1,039	-	-	-	-	-	3,384
Transfer from share option reserve for share option exercised	-	628	-	-	(628)	-	-	-
Share-based payments	-	-	-	-	666	-	-	666
Dividends to owners	-	-	-	-	-	-	(29,813)	(29,813)
Capital Redemption Reserve	-	-	-	-	-	10	(10)	-
Total contribution from / (to) owners	2,345	1,667	-	-	38	10	(29,823)	(25,763)
Balance as at 31 December 2012	136,135	10,470	(2,330)	392	1,505	10	114,955	261,137

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 YEAR ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		12 months ended 31/12/2013	12 months ended 31/12/2012
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		62,543	48,343
Adjustments for:-			
Depreciation of property, plant and equipment		38,167	51,203
Depreciation of investment property		255	257
Property, plant and equipment written off		2	3
Impairment loss of property, plant and equipment		-	496
Gain on disposal of property, plant and equipment		(47)	(7,769)
Interest income		(2,776)	(2,360)
Amortisation of deferred income		(124)	(1,158)
Share of profit of associate, net of tax		(136)	(72)
Gain on disposal of other investments	10	(120)	(894)
Share-based payments		803	667
Finance costs		21	20
Operating profit before changes in working capital		<u>98,588</u>	<u>88,736</u>
Changes in working capital:			
Inventories		3,679	(5,747)
Receivables, deposits and prepayments		3,076	(30,134)
Payables and accruals		(5,396)	20,129
Cash generated from operations		<u>99,947</u>	<u>72,984</u>
Income tax paid		(12,446)	(12,130)
Net cash generated from operating activities		87,501	60,854
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(14,490)	(37,474)
Purchase of other investments		(1,130)	(6,592)
Proceeds from disposal of property, plant and equipment		122	10,166
Proceeds from disposal of other investments	10	1,475	6,599
Interest received		2,776	2,360
Net cash used in investing activities		(11,247)	(24,941)

	12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
--	--	--

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(47,110)	(29,813)
Drawdown / (Repayment) of bank borrowings	5,243	(4,004)
Proceeds from issue of shares	7,183	3,384
Finance costs	(21)	(20)
Grant received	-	1,371
Net cash used in financing activities	(34,705)	(29,082)
Net increase in cash and cash equivalents	41,549	6,831
Cash and cash equivalents as at 1 January	106,142	99,160
Effect of exchange rates difference on cash and cash equivalents	(394)	151
Cash and cash equivalents as at 31 December	147,297	106,142

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	67,237	41,811
- Short term deposits	29,197	30,334
Cash and bank balances	50,863	33,997
	147,297	106,142

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 AND YEAR ENDED 31 DECEMBER 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 year'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 year ended 31 December 2013, the Group acquired assets with a cost of RM14.49 million (Year ended 31 December 2012: RM37.47 million).

(b) Capital commitments

During the year ended 31 December 2013, the Group entered into contracts to purchase property, plant and equipment for RM6.02 million (Year ended 31 December 2012: RM3.73 million).

(c) Disposals

Assets with a carrying amount of RM75K were disposed of during the year ended 31 December 2013 (Year ended 31 December 2012: RM2.40 million), resulting in a gain on disposal of RM47K (Year ended 31 December 2012: gain of RM7.77 million), which is included as other income in the Statement of Profit and Loss and Other Comprehensive Income.

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

During the financial year 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		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia - current	4,187	3,843	12,564	11,171
- prior period / year	(149)	2,003	(537)	2,003
	<u>4,038</u>	<u>5,846</u>	<u>12,027</u>	<u>13,174</u>
Deferred tax asset				
Malaysia	(2,100)	(6,176)	(2,100)	(6,176)
	<u>1,938</u>	<u>(330)</u>	<u>9,927</u>	<u>6,998</u>

The effective tax rate of the Group is higher than the statutory tax rate during the quarter mainly due to certain expenses disallowed for tax purpose in the Group.

The effective tax rate of the Group is lower than the statutory tax rate in the year 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 year under review, as disclosed below:

	12 months ended 31/12/2013 RM'000
Purchases	1,130
Sales	1,475
Gain on disposal of investments	120

11. **Unquoted Investments**

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

12. **Corporate Proposals**

There were no corporate proposals made by the Company during the financial year 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 year 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 year 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	1,687.8
0.80	53.6
1.52	330.8
1.09	918.6
1.08	361.2
0.90	1,516.5
1.10	489.4
1.46	1,239.4
1.75	383.8

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 RM32.05 million of which RM8.16 million has been utilized as at 31 December 2013, an increase of RM4.73 million as compared to 31 December 2012.

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 2012.

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, printed circuit boards and small outline components for the semiconductor and electronics industries.

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

Analysis By Geographical Segments

12 months ended 31/12/2013

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	48,785	327	3,372	8,198	87	60,769
Revenue from external customers	217,764	3,655	11,801	88,155	48	321,423

12 months ended 31/12/2012

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	35,945	742	1,583	8,155	282	46,707
Revenue from external customers	214,001	3,225	20,051	52,584	146	290,007

	31/12/2013	31/12/2012
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	60,769	46,707
Finance costs	(21)	(20)
Finance income	1,795	1,656
Consolidated profit before taxation	<u>62,543</u>	<u>48,343</u>
Tax expense	(9,927)	(6,998)
Consolidated profit after taxation	<u><u>52,616</u></u>	<u><u>41,345</u></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.

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.

19.1. 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

19.2. Significant transactions with related parties are as follows:

	12 months ended
	31/12/2013
	RM'000
i) Transactions with an associate	
<i>Nippon Steel & Sumikin Globetronics Technology Sdn. Bhd.</i>	
Rental of premises	1,883
Provision of management support services	<u>192</u>

20. **Earnings Per Share**

(a) Basic earnings per share

		3 months ended		12 months ended	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit for the period / year	(RM'000)	13,097	11,224	52,616	41,345
Issued ordinary shares at beginning of the year	('000)	272,271	267,580	272,271	267,580
Effect of shares issued during the year	('000)	4,416	2,495	4,416	2,495
Weighted average number of ordinary shares	('000)	276,687	270,075	276,687	270,075
Basic earnings per share	(sen)	4.73	4.16	19.02	15.31

(b) Diluted earnings per share

		3 months ended		12 months ended	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit for the period / year	(RM'000)	13,097	11,224	52,616	41,345
Issued ordinary shares at beginning of the year	('000)	272,271	267,580	272,271	267,580
Effect of shares issued during the year	('000)	4,416	2,495	4,416	2,495
Effect of share option-ESOS	('000)	615	364	615	364
Weighted average number of ordinary shares		277,302	270,439	277,302	270,439
Diluted earnings per share	(sen)	4.72	4.15	18.97	15.29

21. **Profit Before Tax**

	Current Year Quarter 31/12/2013 RM'000	Current Year To-date 31/12/2013 RM'000
Profit before tax is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	9,364	38,167
Depreciation of investment property	62	255
Property, plant and equipment written off	-	2
Rental of office equipment	35	120
Rental of premises	(361)	(1,387)
Amortization of deferred income	84	(124)
Gain on disposal of property, plant and equipment	(15)	(47)
Interest income	(867)	(2,776)
Finance costs	11	21
Loss / (Gain) on disposal of other investments	7	(120)
Foreign exchange (gain) / loss – realised	671	(2,197)
– unrealised	(922)	(1,087)

22. **Borrowings and debt securities**

Borrowings denominated in foreign currency:

	As at 31/12/2013 USD'000	31/12/2013 RM'000 Equivalent
Short term borrowings		
Secured term loan	1,595	5,243

The US Dollar term loan is secured by a corporate guarantee from the Company.

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

The Group's revenue for quarter under review was RM78.5 million, a decrease of 1.5% from the preceding quarter of RM79.7 million while the net profit of the Group for the quarter was RM13.1 million as compared to RM15.2 million for the preceding quarter. Revenue from the Malaysia segment which recorded the highest segment revenue, decreased from RM56.4 million to RM53.1 million (decrease of 6%), offset by Singapore segment which had increased from RM19.4 million to RM22.6 million (increase of 16%) as compared to the last quarter.

The lower net profit achieved in the quarter was mainly due to inventory adjustment in the supply chain and the shut down of manufacturing hubs / customers' facilities especially in the month of December 2013.

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

For the year under review, the Group recorded a revenue and net profit of RM321.4 million and RM52.6 million as compared to RM290 million and RM41.3 million respectively in the corresponding last year (11% and 27% increase respectively). The Malaysia and Singapore segments recorded healthy sales and net profit improvement as compared to last year.

The higher 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 2014.

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 ended 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 ended 31 December 2013 totalling RM25.11 million was 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 31 December 2013 and 30 September 2013, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As At End of Current Quarter 31/12/2013 RM'000	As At End of Preceding Quarter 30/09/2013 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	119,937	129,730
- Unrealised	8,687	(160)
	<u>128,624</u>	<u>129,570</u>
Add: Consolidation adjustments	(8,177)	2,889
Total retained earnings	<u><u>120,447</u></u>	<u><u>132,459</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 25 February 2014