

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

	Note	3 months ended		9 months ended	
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		88,707	91,074	266,432	265,115
Cost of sales		(61,979)	(65,695)	(187,743)	(187,633)
Gross profit		26,728	25,379	78,689	77,482
Administrative and operating expenses		(10,515)	(10,104)	(30,058)	(29,212)
Other operating income		5,250	5,779	13,047	9,684
Results from operating activities		21,463	21,054	61,678	57,954
Finance income		619	743	1,514	1,637
Finance costs		(31)	(15)	(78)	(45)
Net finance income		588	728	1,436	1,592
Share of profit of equity-accounted associate, net of tax		120	52	192	110
Profit before tax		22,171	21,834	63,306	59,656
Tax expense	8	(1,681)	(4,140)	(7,734)	(10,564)
Profit for the period		20,490	17,694	55,572	49,092
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		3,235	223	4,618	(109)
Fair value of available-for-sale financial assets		(157)	(285)	(115)	15
Total other comprehensive income for the period, net of tax		3,078	(62)	4,503	(94)
Total comprehensive income for the period		23,568	17,632	60,075	48,998

	3 months ended		9 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	20,490	17,694	55,572	49,092
Profit for the period	20,490	17,694	55,572	49,092
Total comprehensive income attributable to :				
Owners of the Company	23,568	17,632	60,075	48,998
Total comprehensive income for the period	23,568	17,632	60,075	48,998
Earnings per ordinary share (sen)	20			
- Basic	7.28	6.31	19.76	17.49
- Diluted	7.28	6.31	19.75	17.49

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 SEPTEMBER 2015
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Assets			
Property, plant and equipment	6	82,890	75,197
Investment property		7,685	7,878
Investment in an associate		5,435	5,244
Other investments		8,767	8,153
Deferred tax assets	9	5,035	5,035
Total non-current assets		<u>109,812</u>	<u>101,507</u>
Inventories		12,960	19,049
Current tax assets		583	187
Trade receivables		69,585	73,749
Other receivables, deposits and prepayments		14,484	7,989
Cash and cash equivalents		195,760	155,716
Total current assets		<u>293,372</u>	<u>256,690</u>
Total assets		<u>403,184</u>	<u>358,197</u>
Equity			
Share capital		140,774	140,515
Share premium		21,731	19,504
Reserves			
Share option reserve		2,075	1,175
Capital reserve		32	32
Fair value reserve		(62)	53
Translation reserve		4,267	(351)
Retained earnings		142,659	123,642
Total equity		<u>311,476</u>	<u>284,570</u>
Liabilities			
Deferred income		2,688	3,305
Total non-current liability		<u>2,688</u>	<u>3,305</u>
Borrowings	22	20,367	1,746
Trade payables		17,707	31,980
Other payables and accruals		48,441	35,294
Current tax liabilities		2,505	1,302
Total current liabilities		<u>89,020</u>	<u>70,322</u>
Total liabilities		<u>91,708</u>	<u>73,627</u>
Total equity and liabilities		<u>403,184</u>	<u>358,197</u>
Net assets per share (RM)		1.11	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 SEPTEMBER 2015
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← 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	Total equity RM'000
9 months ended 30/09/2015								
At 1 January 2015	140,515	19,504	1,175	32	53	(351)	123,642	284,570
Foreign currency translation differences for foreign operations	-	-	-	-	-	4,618	-	4,618
Fair value of available-for-sale financial assets	-	-	-	-	(115)	-	-	(115)
Profit for the period	-	-	-	-	-	-	55,572	55,572
Total comprehensive income for the period	-	-	-	-	(115)	4,618	55,572	60,075
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	259	2,227	-	-	-	-	-	2,486
Share-based payment transactions	-	-	900	-	-	-	-	900
Dividends to owners of the Company	-	-	-	-	-	-	(36,555)	(36,555)
Total transactions with owners of the Company	259	2,227	900	-	-	-	(36,555)	(33,169)
At 30 September 2015	140,774	21,731	2,075	32	(62)	4,267	142,659	311,476

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	
9 months ended 30/09/2014	<hr/>							
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	-	-	-	-	-	(109)	-	(109)
Fair value of available-for-sale financial assets	-	-	-	-	15	-	-	15
Profit for the period	-	-	-	-	-	-	49,092	49,092
Total comprehensive income/(expense) for the period	-	-	-	-	15	(109)	49,092	48,998
Contributions by and distributions to owners of the Company	<hr/>							
Issuance of new ordinary shares pursuant to ESOS III	889	3,610	-	-	-	-	-	4,499
Share-based payment transactions	-	-	494	-	-	-	-	494
Dividends to owners of the Company	-	-	-	-	-	-	(30,861)	(30,861)
Capital redemption reserve	-	-	-	(24)	-	-	24	-
Total transactions with owners of the Company	889	3,610	494	(24)	-	-	(30,837)	(25,868)
Transfer to share premium for share options exercised	-	435	(435)	-	-	-	-	-
Transfer to retained earnings for share options expired	-	-	(579)	-	-	-	579	-
At 30 September 2014	140,515	19,500	494	-	(4)	(1,454)	139,281	298,332

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 SEPTEMBER 2015
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		9 months ended 30/09/2015	9 months ended 30/09/2014
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		63,306	59,656
Adjustments for:-			
Depreciation of property, plant and equipment		15,944	27,446
Depreciation of investment property		193	193
Gain on disposal of plant and equipment		(456)	(10)
Interest income		(2,363)	(2,452)
Amortisation of deferred income		(2,570)	(3,147)
Share of profit of equity-accounted associate, net of tax		(192)	(110)
Gain on disposal of other investments	10	(81)	(40)
Share-based payments		900	494
Finance costs		78	45
Operating profit before changes in working capital		<u>74,759</u>	<u>82,075</u>
Change in inventories		7,597	(1,078)
Change in trade and other receivables		2,492	(10,051)
Change in trade and other payables		(8,415)	(5,503)
Cash generated from operations		<u>76,433</u>	<u>65,443</u>
Tax paid		<u>(6,926)</u>	<u>(13,001)</u>
Net cash generated from operating activities		69,507	52,442
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(24,367)	(18,309)
Acquisition of other investments	10	(22)	(2,249)
Proceeds from disposal of plant and equipment		1,187	10
Interest received		2,363	2,452
Proceeds from disposal of other investments	10	1,983	1,101
Net cash used in investing activities		(18,856)	(16,995)

	9 months ended 30/09/2015 RM'000	9 months ended 30/09/2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(36,555)	(30,861)
Drawdown of bank borrowings (net)	18,621	2,855
Proceeds from issue of shares	2,486	4,499
Interest paid	(78)	(45)
Grant received	1,953	8,821
Net cash used in financing activities	(13,573)	(14,731)
Net increase in cash and cash equivalents	37,078	20,716
Effect of exchange rate fluctuations on cash held	2,966	(236)
Cash and cash equivalents as at 1 January	155,716	147,297
Cash and cash equivalents as at 30 September	195,760	167,777

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	83,313	75,875
- Short term deposits	26,573	27,879
Cash and bank balances	85,874	64,023
	195,760	167,777

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 SEPTEMBER 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 nine months ended 30 September 2015, the Group acquired assets with a cost of RM24.37million (Nine months ended 30 September 2014: RM18.31 million).

(b) Capital commitments

During the nine months ended 30 September 2015, the Group entered into contracts to purchase property, plant and equipment for RM6.23 million (Nine months ended 30 September 2014: RM6.58 million).

(c) Disposals

Assets with a carrying amount of RM731K were disposed of during the nine months ended 30 September 2015 (Nine months ended 30 September 2014: RM3), resulting in a gain on disposal of RM456K (Nine months ended 30 September 2014: gain of RM10k), 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		9 months ended		
	30/09/2015	30/09/2014	30/09/2015	30/09/2014	
	RM'000	RM'000	RM'000	RM'000	
Current tax expense					
Malaysian	- current	2,493	3,256	7,696	9,337
	- prior period	38	904	38	1,247
		<u>2,531</u>	<u>4,160</u>	<u>7,734</u>	<u>10,584</u>
Deferred tax expense					
Malaysian	- prior period	(850)	(20)	-	(20)
		<u>1,681</u>	<u>4,140</u>	<u>7,734</u>	<u>10,564</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:

	9 months ended 30/09/2015 RM'000
Purchases	22
Sales	1,983
Gain on disposal of investments	(81)

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	509
5.86	10

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 RM55.70 million of which RM23.87 million has been utilized as at 30 September 2015, an increase of RM18.63 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

9 months ended 30/09/2015

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	35,277	22,433	3,073	416	(178)	61,021
Revenue from external customers	135,891	113,676	15,190	1,468	207	266,432

9 months ended 30/09/2014

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	40,383	15,188	1,797	74	(193)	57,249
Revenue from external customers	167,978	85,823	10,411	860	43	265,115

	30/09/2015	30/09/2014
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	61,021	57,249
Finance costs	(78)	(45)
Interest income	2,363	2,452
Consolidated profit before taxation	63,306	59,656
Tax expense	(7,734)	(10,564)
Consolidated profit after taxation	<u>55,572</u>	<u>49,092</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:

	9 months ended 30/09/2015 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	1,412
Provision of management support services	<u>144</u>

20. Earnings Per Share		3 months ended		9 months ended	
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
(a) Basic earnings per share					
Net profit for the period	(RM'000)	20,490	17,694	55,572	49,092
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)	260	1,369	260	1,369
Weighted average number of ordinary shares	('000)	281,289	280,621	281,289	280,621
Basic earnings per share	(sen)	7.28	6.31	19.76	17.49
(b) Diluted earnings per share					
Net profit for the period	(RM'000)	20,490	17,694	55,572	49,092
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)	260	1,369	260	1,369
Effect of share option-ESOS	('000)	110	-	110	-
Weighted average number of ordinary shares (diluted)		281,399	280,621	281,399	280,621
Diluted earnings per share	(sen)	7.28	6.31	19.75	17.49

21. **Profit Before Tax**

	Current Year Quarter 30/09/2015 RM'000	Current Year To-date 30/09/2015 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	3,410	15,944
Depreciation of investment property	64	193
Research and development expenditure	32	32
Rental of office equipment	32	92
Rental of premises	161	500
Rental income from premises and investment property	(514)	(1,527)
Amortization of deferred income	(216)	(2,570)
Gain on disposal of property, plant and equipment	(85)	(456)
Interest income	(938)	(2,363)
Finance expense	31	78
Gain on foreign exchange – realised	(656)	(1,172)
Gain on foreign exchange – unrealised	(3,187)	(5,619)

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 30/09/2015 USD'000	As at 30/09/2015 RM'000 Equivalent
Current		
Term loans - unsecured	4,608	20,367

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 RM88.7 million, a decrease of 0.4% from the preceding quarter of RM89 million while the net profit of the Group for the quarter was RM20.5 million, an increase of 14% from the preceding quarter of RM17.9 million.

The higher net profit achieved in the quarter was mainly due to better economy of scale/product mix 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 RM266.4 million and RM55.6 million as compared to RM265 million and RM49.1 million respectively in the corresponding period last year (0.5% and 13% 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/product mix 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 with our key customer. 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 remains 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 RM14.06 million in respect of the financial year ended 31 December 2014 was paid on 2 July 2015.

A second interim single tier ordinary dividend of 10% (2014: 10%) per share and a single tier special dividend of 10% (2014: 12%) per share, totalling RM28.16 million in respect of the financial year ending 31 December 2015 has been approved and will be paid on 4 November 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 September 2015 and 30 June 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 30/09/2015 RM'000	As At End of Preceding Quarter 30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	137,600	135,458
- Unrealised	10,654	6,617
	<u>148,254</u>	<u>142,075</u>
Total share of retained earnings of an associate:-		
- Realised	4,663	4,544
- Unrealised	(12)	(12)
	<u>4,651</u>	<u>4,532</u>
Add: Consolidation adjustments	(10,246)	(10,366)
Total retained earnings	<u><u>142,659</u></u>	<u><u>136,241</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 27 October 2015