

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	3 months ended		6 months ended	
		30/06/2017	30/06/2016	30/06/2017	30/06/2016
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		62,922	57,409	112,754	116,150
Cost of sales		(46,329)	(40,872)	(82,846)	(82,450)
Gross profit		16,593	16,537	29,908	33,700
Administrative and operating expenses		(9,683)	(9,531)	(18,646)	(19,219)
Other operating income/(expense)		1,149	983	2,594	(1,250)
Results from operating activities		8,059	7,989	13,856	13,231
Finance income		442	581	843	1,114
Finance costs		(4)	(13)	(4)	(35)
Net finance income		438	568	839	1,079
Share of (loss)/income of equity-accounted associate, net of tax		(30)	20	(40)	(14)
Profit before tax		8,467	8,577	14,655	14,296
Tax expense	8	(1,405)	(2,055)	(2,926)	(4,095)
Profit for the period		7,062	6,522	11,729	10,201
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		(619)	74	(955)	(1,370)
Fair value of available-for-sale financial assets		28	12	355	39
Total other comprehensive (expense)/income for the period, net of tax		(591)	86	(600)	(1,331)
Total comprehensive income for the period		6,471	6,608	11,129	8,870

	3 months ended		6 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	7,062	6,522	11,729	10,201
Profit for the period	7,062	6,522	11,729	10,201
Total comprehensive income attributable to :				
Owners of the Company	6,471	6,608	11,129	8,870
Total comprehensive income for the period	6,471	6,608	11,129	8,870
Earnings per ordinary share (sen)	20			
- Basic	2.50	2.31	4.15	3.62
- Diluted	2.48	2.31	4.13	3.61

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 30 JUNE 2017
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2017 RM'000	As at 31/12/2016 RM'000
Assets			
Property, plant and equipment	6	109,112	72,602
Investment property		7,235	7,364
Investment in an associate		5,379	5,419
Other investments		8,946	8,655
Deferred tax assets	9	984	984
Total non-current assets		<u>131,656</u>	<u>95,024</u>
Inventories		11,607	8,995
Current tax assets		299	329
Trade receivables		54,505	39,555
Other receivables, deposits and prepayments		8,933	869
Cash and cash equivalents		145,762	165,642
Total current assets		<u>221,106</u>	<u>215,390</u>
Total assets		<u>352,762</u>	<u>310,414</u>
Equity			
Share capital		150,083	140,947
Share premium		24,199	24,163
Reserves			
Share option reserve		3,385	2,940
Capital reserve		32	32
Fair value reserve		574	219
Translation reserve		3,760	4,715
Retained earnings		88,745	91,131
Total equity		<u>270,778</u>	<u>264,147</u>
Liabilities			
Deferred income		7,752	9,226
Total non-current liability		<u>7,752</u>	<u>9,226</u>
Borrowings	22	3,001	-
Trade payables		12,733	6,939
Other payables and accruals		56,801	28,844
Current tax liabilities		1,697	1,258
Total current liabilities		<u>74,232</u>	<u>37,041</u>
Total liabilities		<u>81,984</u>	<u>46,267</u>
Total equity and liabilities		<u>352,762</u>	<u>310,414</u>
Net assets per share (RM)		0.95	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 30 JUNE 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	
6 months ended 30/06/2017								
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	-	-	-	-	-	(955)	-	(955)
Fair value of available-for-sale financial assets	-	-	-	-	355	-	-	355
Total other comprehensive income/(expense) for the period	-	-	-	-	355	(955)	-	(600)
Profit for the period	-	-	-	-	-	-	11,729	11,729
Total comprehensive income/(expense) for the period	-	-	-	-	355	(955)	11,729	11,129
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	9,136	36	-	-	-	-	-	9,172
Share-based payment transactions	-	-	445	-	-	-	-	445
Dividends to owners of the Company	-	-	-	-	-	-	(14,115)	(14,115)
Total transactions with owners of the Company	9,136	36	445	-	-	-	(14,115)	(4,498)
At 30 June 2017	150,083	24,199	3,385	32	574	3,760	88,745	270,778

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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	
6 months ended 30/06/2016								
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	-	-	-	-	-	(1,370)	-	(1,370)
Fair value of available-for-sale financial assets	-	-	-	-	39	-	-	39
Total other comprehensive income/(expense) for the period	-	-	-	-	39	(1,370)	-	(1,331)
Profit for the period	-	-	-	-	-	-	10,201	10,201
Total comprehensive income/(expense) for the period	-	-	-	-	39	(1,370)	10,201	8,870
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	68	623	-	-	-	-	-	691
Share-based payment transactions	-	-	452	-	-	-	-	452
Dividends to owners of the Company	-	-	-	-	-	-	(25,365)	(25,365)
Total transactions with owners of the Company	68	623	452	-	-	-	(25,365)	(24,222)
At 30 June 2016	140,941	23,995	1,967	32	(30)	2,349	115,075	284,329

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 30 JUNE 2017
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		6 months ended 30/06/2017	6 months ended 30/06/2016
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		14,655	14,296
Adjustments for:-			
Depreciation of property, plant and equipment		7,958	7,506
Depreciation of investment property		128	128
Gain on disposal of property, plant and equipment	6	(1,083)	-
Interest income		(1,380)	(1,674)
Amortisation of deferred income		(1,474)	(420)
Share of loss of equity-accounted associate, net of tax		40	14
Share-based payments		445	452
Finance costs		4	35
Operating profit before changes in working capital		<u>19,293</u>	<u>20,337</u>
Change in inventories		(2,660)	9,707
Change in trade and other receivables		(23,027)	10,601
Change in trade and other payables		33,768	(10,594)
Cash generated from operations		<u>27,374</u>	<u>30,051</u>
Tax paid		<u>(2,456)</u>	<u>(1,932)</u>
Net cash generated from operating activities		24,918	28,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(44,869)	(3,926)
Acquisition of other investments	10	(69)	(415)
Proceeds from disposal of:			
- property, plant and equipment	6	1,484	-
- other investments	10	-	1,206
Interest received		1,380	1,674
Net cash used in investing activities		(42,074)	(1,461)

	6 months ended 30/06/2017 RM'000	6 months ended 30/06/2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(14,115)	(25,365)
Drawdown/(Repayment) of bank borrowings (net)	3,001	(7,926)
Proceeds from issue of ordinary shares	9,172	691
Interest paid	(4)	(35)
Net cash used in financing activities	(1,946)	(32,635)
Net decrease in cash and cash equivalents	(19,102)	(5,977)
Effect of exchange rate fluctuations on cash held	(778)	(842)
Cash and cash equivalents as at 1 January	165,642	177,906
Cash and cash equivalents as at 30 June	145,762	171,087

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	80,829	64,377
- Short term deposits	26,677	37,447
Cash and bank balances	38,256	69,263
	145,762	171,087

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 30 JUNE 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 six months ended 30 June 2017, the Group acquired assets with a cost of RM44.87 million (Six Months ended 30 June 2016: RM3.93 million).

(b) Capital commitments

During the six months ended 30 June 2017, the Group entered into contracts to purchase property, plant and equipment for RM35.1 million (Six Months ended 30 June 2016: RM1.55 million).

(c) Disposals

Assets with a carrying amount of RM0.4 million were disposed of during the six months ended 30 June 2017 (Six Months ended 30 June 2016: RM57), resulting in a gain on disposal of RM1.08 million (Six Months ended 30 June 2016: gain of RM306), which is included as other operating income in the income statement.

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

During the financial period under review, there were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size, or incidence.

8. **Tax Expense**

	3 months ended		6 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current period	1,624	1,883	3,145	3,923
- prior periods	(219)	172	(219)	172
	<u>1,405</u>	<u>2,055</u>	<u>2,926</u>	<u>4,095</u>

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

9. **Deferred Tax Assets**

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

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

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

10. **Quoted Securities and Bond**

There were purchases and disposals of quoted investments during the financial period under review, as disclosed below:

	6 months ended 30/06/2017 RM'000
Purchases	69
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	2,494.3
3.90	4.3
4.77	153.7
5.07	40.9
5.86	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 RM130.4 million of which RM6.2 million has been utilized as at 30 June 2017, an increase of RM3.2 million 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

6 months ended 30/06/2017

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	9,167	2,086	1,915	(14)	125	13,279
Revenue from external customers	76,833	26,414	8,782	664	61	112,754

6 months ended 30/06/2016

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	8,109	2,438	1,859	94	157	12,657
Revenue from external customers	75,325	27,882	11,929	915	99	116,150

	30/06/2017 RM'000	30/06/2016 RM'000
Reconciliation of segment profit:		
Reportable segments	13,279	12,657
Finance costs	(4)	(35)
Interest income	1,380	1,674
Consolidated profit before taxation	14,655	14,296
Tax expense	(2,926)	(4,095)
Consolidated profit after taxation	11,729	10,201

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:

	6 months ended 30/06/2017 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	941
Provision of management support services	<u>96</u>

20. **Earnings Per Ordinary Share**

(a) Basic earnings per ordinary share

		3 months ended		6 months ended	
		30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net profit for the period	(RM'000)	7,062	6,522	11,729	10,201
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)	988	103	988	103
Weighted average number of ordinary shares	('000)	282,882	281,849	282,882	281,849
Basic earnings per ordinary share	(sen)	2.50	2.31	4.15	3.62

(b) Diluted earnings per ordinary share

		3 months ended		6 months ended	
		30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net profit for the period	(RM'000)	7,062	6,522	11,729	10,201
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)	988	103	988	103
Effect of share option-ESOS	('000)	1,377	998	1,377	998
Weighted average number of ordinary shares (diluted)		284,259	282,847	284,259	282,847
Diluted earnings per ordinary share	(sen)	2.48	2.31	4.13	3.61

21. **Profit Before Tax**

	Current Year Quarter 30/06/2017 RM'000	Current Year To-date 30/06/2017 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	3,855	7,958
Depreciation of investment property	64	128
Rental of office equipment	50	104
Rental of premises	64	196
Rental income from premises and investment property	(520)	(1,041)
Amortization of deferred income	(602)	(1,474)
Gain on disposal of property, plant and equipment	(760)	(1,083)
Interest income	(614)	(1,380)
Loss on foreign exchange – realised	2,083	1,300
(Gain)/loss on foreign exchange – unrealised	(1,062)	312

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 30/06/2017 USD'000	As at 30/06/2017 RM'000 Equivalent
Current		
Term loans - unsecured	698	3,001

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 RM62.9 million, an increase of 26% from the preceding quarter of RM49.8 million while the net profit of the Group for the quarter was RM7.1 million, an increase of 51% from the preceding quarter of RM4.7 million.

The higher revenue and net profit was due to the higher volume loadings and commencement of mass production of new products from certain customers 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 RM112.8 million and RM11.7 million as compared to RM116.2 million and RM10.2 million respectively in the corresponding period last year (decrease of 3% and increase of 15% respectively). United States segments recorded sales decline as compared to the last corresponding period.

The higher net profit achieved was mainly due to the pick up in volume loadings from the mass production of new products from certain customers 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**

The Group expects to see significant improvement in business and volume loadings from the mass production of new products from July 2017. The mass production of new products will enable the Group to register a strong recovery in its financial performance for 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 additional new products in year 2017 and 2018.

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

Not Applicable.

29. **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, totalling RM14.23 million in respect of the financial year ended 31 December 2016, was paid on 04 July 2017.

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 2017 and 31 March 2017, into realised and unrealised profits, pursuant to the paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:-

	As At End of Current Quarter 30/06/2017 RM'000	As At End of Preceding Quarter 31/03/2017 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	99,363	93,018
- Unrealised	672	(390)
	<u>100,035</u>	<u>92,628</u>
Total share of retained earnings of an associate:-		
- Realised	4,607	4,638
- Unrealised	(12)	(12)
	4,595	4,626
Less: Consolidation adjustments	(15,885)	(15,571)
Total retained earnings	<u><u>88,745</u></u>	<u><u>81,683</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 25 July 2017