

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2014
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The figures have not been audited

	Note	3 months ended		12 months ended	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		89,929	78,494	355,044	321,423
Cost of sales		(72,089)	(58,457)	(258,422)	(233,381)
Gross profit		17,840	20,037	96,622	88,042
Administrative and operating expenses		(9,825)	(10,643)	(39,037)	(34,465)
Other operating income		7,701	5,076	16,085	7,056
Results from operating activities		15,716	14,470	73,670	60,633
Finance income		778	555	2,415	1,795
Finance costs		(20)	(11)	(65)	(21)
Net finance income		758	544	2,350	1,774
Share of profit of equity-accounted associate, net of tax		86	21	196	136
Profit before tax		16,560	15,035	76,216	62,543
Tax expense	8	(1,254)	(1,938)	(11,818)	(9,927)
Profit for the period / year		15,306	13,097	64,398	52,616
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1,103	261	994	985
Fair value of available-for-sale financial assets		57	(6)	72	(411)
Total other comprehensive income for the period / year, net of tax		1,160	255	1,066	574
Total comprehensive income for the period / year		16,466	13,352	65,464	53,190

	3 months ended		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	15,306	13,097	64,398	52,616
Profit for the period / year	15,306	13,097	64,398	52,616
Total comprehensive income attributable to :				
Owners of the Company	16,466	13,352	65,464	53,190
Total comprehensive income for the period / year	16,466	13,352	65,464	53,190
Earnings per ordinary share (sen)				
- Basic	5.45	4.73	22.94	19.02
- Diluted	5.45	4.72	22.94	18.97

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 2013. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Assets			
Property, plant and equipment	6	75,197	87,315
Investment property		7,877	8,134
Investment in an associate		5,244	5,047
Other investments		8,153	6,054
Deferred tax assets	9	5,035	3,601
Total non-current assets		<u>101,506</u>	<u>110,151</u>
Inventories		19,049	14,053
Trade receivables		73,749	62,649
Other receivables, deposits and prepayments		7,989	5,243
Cash and cash equivalents		155,716	147,297
Total current assets		<u>256,503</u>	<u>229,242</u>
Total assets		<u>358,009</u>	<u>339,393</u>
Equity			
Share capital		140,515	139,626
Share premium		19,503	15,455
Reserves			
Share option reserve		1,175	1,014
Capital redemption reserve		-	24
Fair value reserve		53	(19)
Translation reserve		(351)	(1,345)
Retained earnings		123,674	120,447
Total equity		<u>284,569</u>	<u>275,202</u>
Liabilities			
Deferred income		3,305	262
Total non-current liability		<u>3,305</u>	<u>262</u>
Borrowings	22	1,746	5,242
Trade payables		33,534	15,602
Other payables and accruals		33,741	37,748
Current tax payable		1,114	5,337
Total current liabilities		<u>70,135</u>	<u>63,929</u>
Total liabilities		<u>73,440</u>	<u>64,191</u>
Total equity and liabilities		<u>358,009</u>	<u>339,393</u>
Net assets per share (RM)		1.01	0.99

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2013. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
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	
12 months ended 31/12/2014								
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	-	-	-	-	-	994	-	994
Fair value of available-for-sale financial assets	-	-	-	-	72	-	-	72
Profit for the year	-	-	-	-	-	-	64,398	64,398
Total comprehensive income for the year	-	-	-	-	72	994	64,398	65,464
Contributions by and distributions to owners								
Issuance of new ordinary shares pursuant to ESOS III	889	3,610	-	-	-	-	-	4,499
Transfer from share option reserve for share option exercised	-	438	(438)	-	-	-	-	-
Transfer from share option reserve for share option expired	-	-	(579)	-	-	-	579	-
Share-based payment transactions	-	-	1,178	-	-	-	-	1,178
Dividends to owners	-	-	-	-	-	-	(61,774)	(61,774)
Capital redemption reserve	-	-	-	(24)	-	-	24	-
Total contribution from/(to) owners	889	4,048	161	(24)	-	-	(61,171)	(56,097)
At 31 December 2014	140,515	19,503	1,175	-	53	(351)	123,674	284,569

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
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 redemption reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
12 months ended 31/12/2013								
At 1 January 2013	136,135	10,470	1,505	10	392	(2,330)	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/(expense) for the year	-	-	-	-	(411)	985	52,616	53,190
Contributions by and distributions to owners								
Issuance of new ordinary shares pursuant to ESOS III	3,491	3,691	-	-	-	-	-	7,182
Transfer from share option reserve for share option exercised	-	1,294	(1,294)	-	-	-	-	-
Share-based payment transactions	-	-	803	-	-	-	-	803
Dividends to owners	-	-	-	-	-	-	(47,110)	(47,110)
Capital redemption reserve	-	-	-	14	-	-	(14)	-
Total contribution from/(to) owners	3,491	4,985	(491)	14	-	-	(47,124)	(39,125)
At 31 December 2013	139,626	15,455	1,014	24	(19)	(1,345)	120,447	275,202

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2013. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		12 months ended 31/12/2014	12 months ended 31/12/2013
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		76,216	62,543
Adjustments for:-			
Depreciation of property, plant and equipment		36,060	38,166
Depreciation of investment property		257	255
Plant and equipment written off		610	2
Gain on disposal of property, plant and equipment		(1,237)	(47)
Interest income		(3,584)	(2,776)
Amortisation of deferred income		(5,778)	(124)
Share of profit of equity-accounted associate, net of tax		(196)	(137)
Gain on disposal of other investments	10	(39)	(131)
Share-based payments		1,178	803
Finance costs		65	21
Operating profit before changes in working capital		103,552	98,575
Change in working capital:			
Trade and other receivables		(12,215)	2,350
Inventories		(4,219)	3,780
Trade and other payables		11,960	(5,477)
Cash generated from operations		99,078	99,228
Tax paid		(17,475)	(12,423)
Net cash generated from operating activities		81,603	86,805
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(28,093)	(14,510)
Acquisition of other investments	10	(2,831)	(1,136)
Proceeds from disposal of property, plant and equipment		4,777	51
Interest received		3,584	2,776
Proceeds from disposal of other investments	10	1,158	1,391
Net cash used in investing activities		(21,405)	(11,428)

	12 months ended 31/12/2014 RM'000	12 months ended 31/12/2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners	(61,774)	(47,110)
(Repayment) / Drawdown of bank borrowings (net)	(3,496)	5,242
Proceeds from issue of shares	4,499	7,182
Interest paid	(65)	(21)
Grant received	8,821	-
Net cash used in financing activities	(52,015)	(34,707)
Net increase in cash and cash equivalents	8,183	40,670
Effect of exchange rate fluctuations on cash held	236	485
Cash and cash equivalents as at 1 January	147,297	106,142
Cash and cash equivalents as at 31 December	155,716	147,297

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	73,451	67,237
- Short term deposits	46,746	33,675
Cash and bank balances	35,519	46,385
	155,716	147,297

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2013. 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 2014
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 2013.

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, 2014. 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 2013.

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 2013 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 2013.

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter/year.

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 2014, the Group acquired assets with a cost of RM28.09 million (Year ended 31 December 2013: RM14.42 million).

(b) Capital commitments

During the year ended 31 December 2014, the Group entered into contracts to purchase property, plant and equipment for RM3.98 million (Year ended 31 December 2013: RM6.02 million).

(c) Disposals

Assets with a carrying amount of RM3.54 mil were disposed of during the year ended 31 December 2014 (Year ended 31 December 2013: RM4K), resulting in a gain on disposal of RM1.24 mil (Year ended 31 December 2013: gain of RM47K), 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/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. **Tax Expense**

	3 months ended		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	4,584	5,089	13,921	13,465
- prior period / year	(1,916)	(471)	(669)	(858)
	<u>2,668</u>	<u>4,618</u>	<u>13,252</u>	<u>12,607</u>
Deferred tax asset				
Malaysian - current	(1,414)	(1,818)	(1,414)	(1,818)
- prior period / year	-	(862)	(20)	(862)
	<u>(1,414)</u>	<u>(2,680)</u>	<u>(1,434)</u>	<u>(2,680)</u>
	<u>1,254</u>	<u>1,938</u>	<u>11,818</u>	<u>9,927</u>

The effective tax rate of the Group is lower than the statutory tax rate in the quarter/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 of certain subsidiaries in the Group.

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/year under review, as disclosed below:

	12 months ended
	31/12/2014
	RM'000
Purchases	2,831
Sales	1,158
Gain on disposal of investments	(39)

11. **Unquoted Investments**

During the financial period/year 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/year to date except for the establishment of a new Employees Share Option Scheme (ESOS) to the eligible directors and employees, to subscribe for up to ten per cent of the total and issued paid up capital of the Company.

All requisite approvals had been obtained from Bursa Malaysia Securities Berhad and an Extraordinary General Meeting had been held on 20 May 2014 to approve all the said resolutions pertaining to the ESOS.

The new ESOS Scheme 2014 had been implemented by the Company on 12 August 2014.

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 :

ESOS Option Price RM per share	Number of Shares '000
0.51	38.0
1.52	55.9
1.09	35.8
1.08	35.3
0.90	69.8
1.10	47.7
1.46	148.9
1.75	177.1
3.14	1,165.7
4.77	3.0

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 RM29.10 million of which RM5.24 million has been utilized as at 31 December 2014, a decrease of RM6.38 million as compared to 31 December 2013.

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 2013.

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 year-to-date is as follows:-

Analysis By Geographical Segments

12 months ended 31/12/2014

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	50,647	83	1,808	20,443	(284)	72,697
Revenue from external customers	215,648	1,161	13,546	124,627	62	355,044

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	47,804	327	3,372	8,198	87	59,788
Revenue from external customers	217,763	3,655	11,801	88,156	48	321,423

	31/12/2014 RM'000	31/12/2013 RM'000
Reconciliation of segment profit:		
Reportable segments	72,697	59,788
Finance costs	(65)	(21)
Interest income	3,584	2,776
Consolidated profit before taxation	76,216	62,543
Tax expense	(11,818)	(9,927)
Consolidated profit after taxation	64,398	52,616

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.

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 2013.
- ii) 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)
- iii) Directors of the Group

19.2. Significant related party transactions are as follows:

	12 months ended 31/12/2014 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd (Formerly known as 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	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net profit for the period / year	(RM'000)	15,306	13,097	64,398	52,616
Issued ordinary shares at beginning of the year	('000)	279,252	272,271	279,252	272,271
Effect of shares issued during the year	('000)	1,472	4,416	1,472	4,416
Weighted average number of ordinary shares	('000)	280,724	276,687	280,724	276,687
Basic earnings per share	(sen)	5.45	4.73	22.94	19.02

(b) Diluted earnings per share

		3 months ended		12 months ended	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net profit for the period / year	(RM'000)	15,306	13,097	64,398	52,616
Issued ordinary shares at beginning of the year	('000)	279,252	272,271	279,252	272,271
Effect of shares issued during the year	('000)	1,472	4,416	1,472	4,416
Effect of share option-ESOS	('000)	-	615	-	615
Weighted average number of ordinary shares (diluted)		280,724	277,302	280,724	277,302
Diluted earnings per share	(sen)	5.45	4.72	22.94	18.97

21. **Profit Before Tax**

	Current Year Quarter 31/12/2014 RM'000	Current Year To-date 31/12/2014 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	8,614	36,060
Depreciation of investment property	64	257
Property, plant and equipment written off	610	610
Inventories written off	415	415
Rental of office equipment	30	163
Rental of premises	(343)	(1,360)
Gain on disposal of property, plant and equipment	(1,226)	(1,237)
Interest income	(1,132)	(3,584)
Finance expense	20	65
Gain on disposal of other investments	-	(39)
Foreign exchange gain – realised	(1,182)	(993)
Foreign exchange gain – unrealised	(775)	(3,465)

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 31/12/2014 USD'000	As at 31/12/2014 RM'000 Equivalent
Current		
Term loans - unsecured	500	1,746

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 quarter under review was RM89.9 million, a decrease of 1.3% from the preceding quarter of RM91.1 million while the net profit of the Group for the quarter was RM15.3 million as compared to RM17.7 million for the preceding quarter. Malaysia segment recorded the highest revenue of RM47.7 million for the quarter, a decrease of 12.5% as compared to the last quarter. This is offset by revenue from the Singapore segment, increasing from RM32.2 million to RM38.8 million (increase of 20.5%).

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 2014.

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 RM355 million and RM64.4 million as compared to RM321.4 million and RM52.6 million respectively in the corresponding last year (10.5% and 22.4% increase respectively). The Malaysia and Singapore segments recorded healthy sales and net profit improvement as compared to last year.

The higher net profit achieved was 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 remained 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% (2013: 4%) per share and a single tier special dividend of 10% (2013: 6%) per share, totalling RM19.62 million in respect of the financial year ended 31 December 2014 was paid on 26 March 2014.

A final single tier ordinary dividend of 4% (2012: 4%) per share and a single tier special dividend of 4% (2012: 2%) per share, totalling RM11.24 million in respect of the financial year ended 31 December 2013 was paid on 3 July 2014.

A second single tier ordinary dividend of 10% (2013: 10%) per share and a single tier special dividend of 12% (2013: 8%) per share, totalling RM30.91 million in respect of the financial year ended 31 December 2014 was paid on 5 November 2014.

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 2014 and 30 September 2014, into realised and unrealised profits, pursuant to the paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:-

	As At End of Current Quarter 31/12/2014 RM'000	As At End of Preceding Quarter 30/09/2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	125,580	145,187
- Unrealised	8,500	4,586
	<u>134,080</u>	<u>149,773</u>
 Add: Consolidation adjustments	 (10,406)	 (10,492)
Total retained earnings	<u>123,674</u>	<u>139,281</u>

By Order of the Board

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

Joint Secretaries

Dated this 24 February 2015