GLOBALTEC FORMATION BERHAD

(Formerly known as Temasek Formation Berhad)

(Incorporated in Malaysia)

Company No: 953031-A

SECOND QUARTERLY REPORT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2013

Contents	**Page**

Condensed unaudited consolidated statement of profit or loss and other comprehensive income for the financial period ended 31 December 2012

	Current quarter 31.12.2012 RM'000	Preceding year corresponding quarter [(1)] 31.12.2011 RM'000	Current period 31.12.2012 RM'000	Preceding year corresponding period [(1)] 31.12.2011 RM'000
Revenue	100,298	-	202,571	-
Cost of sales	(85,137)	-	(169,161)	-
Gross profit	15,161	-	33,410	-
Operating expenses	(13,919)	-	(28,804)	-
Other operating income	2,397	-	4,116	-
Results from operating activities	3,639	-	8,722	-
Finance income	170	-	288	-
Finance costs	(1,384)	-	(2,636)	-
Profit from operations	2,425	-	6,374	-
Share of loss of equity accounted investee, net of tax	(395)	-	(646)	-
Profit before tax	2,030	-	5,728	-
Tax expense	(1,857)	-	(3,312)	-
Profit for the period	173	-	2,416	-
Other comprehensive loss, net of tax				
Foreign currency translation differences for foreign operations	(10)	-	(1,333)	-
Total comprehensive income for the period	163	-	1,083	-
Profit attributable to:				
Owners of the Company	150	-	2,387	-
Non-controlling interests	23	-	29	-
Profit for the period	173	-	2,416	-
Total comprehensive income/(loss) attributable to:				
Owners of the Company	95	-	1,162	-
Non-controlling interests	68	-	(79)	-
Total comprehensive income for the period	163	-	1,083	-
Basic earnings per ordinary share (sen)	0.003	-	0.045	-
Diluted earnings per ordinary share (sen)	0.003	-	0.043	-

Note:
[(1)] Please refer Explanatory Note A1 (ii).

(The condensed unaudited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Financial Report for the period ended 30 June 2012)

Condensed unaudited consolidated statement of financial position as at 31 December 2012

	31.12.2012 RM'000	Audited 30.6.2012 RM'000
Non current assets		
Property, plant and equipment	222,003	231,426
Biological assets	38,020	38,020
Investment property	11,045	11,045
Intangible assets	117,600	118,117
Investment in associate	7,221	7,221
Investment in jointly controlled entity	-	646
Deferred tax assets	832	832
Total non current assets	396,721	407,307
Current assets		
Receivables, deposits and prepayments	87,203	86,324
Inventories	54,501	50,772
Other investments	616	732
Current tax assets	5,721	5,539
Cash and cash equivalents	43,990	30,790
Total current assets	192,031	174,157
TOTAL ASSETS	588,752	581,464
Equity attributable to owners of the Company		
Share capital	527,365	527,365
Share premium	105,473	105,473
Business combination deficit	(157,064)	(157,064)
Reserves	(66,621)	(67,783)
	409,153	407,991
Non-controlling interests	22,303	22,382
Total equity	431,456	430,373
Long term and deferred liabilities		
Borrowings	37,042	35,398
Government grant	6	137
Deferred tax liabilities	16,707	17,346
Total long term and deferred liabilities	53,755	52,881
Current liabilities		
Payables and accruals	63,540	60,583
Government grant	36	57
Tax liabilities	630	1,602
Provision for warranties	1,607	1,282
Borrowings	37,728	34,686
Total current liabilities	103,541	98,210
Total liabilities	157,296	151,091
TOTAL EQUITY AND LIABILITIES	588,752	581,464
Net assets per share attributable to owners of the Company (RM)	0.078	0.077

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the period ended 30 June 2012)

Condensed unaudited consolidated statement of changes in equity for the financial period ended 31 December 2012

	Attributable to owners of the Company										
	Share capital	**Share premium**	**Capital reserve**	**Revaluation reserve**	**Foreign currency translation reserve**	**Fair value adjustment reserve**	**Business combinatinon deficit**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2012											
- As previously stated	527,365	105,473	6,041	5,559	47	(40,155)	(157,064)	(39,275)	407,991	22,382	430,373
- Reclass of revaluation reserves on application of 'Deemed Cost' exemption under MFRS 1 (*)	-	-	-	(5,559)	-	-	-	5,559	-	-	-
At 1 July 2012, restated	527,365	105,473	6,041	-	47	(40,155)	(157,064)	(33,716)	407,991	22,382	430,373
Total comprehensive income/(loss) for the period	-	-	-	-	(1,225)	-	-	2,387	1,162	(79)	1,083
At 31 December 2012	527,365	105,473	6,041	-	(1,178)	(40,155)	(157,064)	(31,329)	409,153	22,303	431,456

Notes:

Comparative period : Please refer Explanatory Note A1 (ii).
* : Please refer Explanatory Note A2 (ii).

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the period ended 30 June 2012)

Condensed unaudited consolidated statement of cash flows for the financial period ended 31 December 2012

	Current period 31.12.2012 RM'000	Preceding year corresponding period (1) 31.12.2011 RM'000
Cash flows from operating activities		
Profit before tax	5,728	-
Adjustments for:		
Amortisation of development costs	461	-
Amortisation of government grant	(152)	-
Change in fair value of other investment	115	-
Change in fair value of derivatives	(8)	-
Depreciation	14,116	-
Development costs written off	129	-
Gain on disposal of property, plant and equipment	(3)	-
Finance costs	2,636	-
Finance income	(288)	-
Property, plant and equipment written off	229	-
Provision for warranties	1,130	-
Share of loss of equity accounted investee	646	-
Unrealised foreign exchange loss	233	-
Operating profit before working capital changes	24,972	-
Changes in working capital:		
Inventories	(3,729)	-
Receivables, deposits and prepayments	(870)	-
Payables and accruals	3,010	-
Cash generated from operations	23,383	-
Warranties paid	(805)	-
Taxation paid (net)	(5,195)	-
Net cash generated from operating activities	17,383	-
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,724)	-
Development costs paid	(73)	-
Interest received	288	-
Proceeds from disposal of property, plant and equipment	117	-
Net cash used in investing activities	(6,392)	-

Condensed unaudited consolidated statement of cash flows for the financial period ended 31 December 2012
(continued)

	Current period 31.12.2012 RM'000	Preceding year corresponding period [1] 31.12.2011 RM'000
Cash flows from financing activities		
Repayment of finance lease arrangements	(2,636)	-
Increase in deposits pledged	190	-
Drawdown of bank borrowings – net	1,204	-
Net cash used in financing activities	(1,242)	-
Net increase in cash and cash equivalents	9,749	-
Effect of foreign exchange fluctuation on cash and cash equivalents	(330)	-
Cash and cash equivalents at beginning of period	24,262	-
Cash and cash equivalents at end of period	33,681	-
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	31,334	-
Deposits with licensed banks	12,656	-
	43,990	-
Less:		
Bank overdrafts	(6,342)	-
Deposits pledged as security	(3,967)	-
	33,681	-

Note:

[1] Please refer Explanatory Note A1 (ii).

(The condensed unaudited consolidated statement of cash flows should be read in conjunction with the Annual Financial Report for the period ended 30 June 2012)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

i) This interim financial report of Globaltec Formation Berhad ("GFB" or the "Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements"). The current financial year ending 30 June 2013 represents the first year the Group is applying MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impact on transition to MFRSs is disclosed in Note A2 below.

ii) The Company was incorporated on 15 July 2011 and listed on 31 May 2012. As such there are no comparative financial information for the financial results and cash flows for the current quarter and current period ended 31 December 2012.

A2. Significant Accounting Policies

Save as disclosed below, the significant accounting policies adopted and the basis of preparation of this interim financial report are consistent with those of the audited consolidated financial statements of the Company for the financial year ended 30 June 2012.

Significant changes in accounting policies are as below:

i) Business combinations

Acquisitions prior to 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, ie 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

ii) Property, plant and equipment

Prior to 1 July 2012, the Group revalued its properties comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Any surplus arising from revaluation is dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the profit or loss.

Commencing 1 July 2012 and upon transition to MFRSs:

a) the Group no longer revalues its properties; and

b) the Group elected to apply the optional exemption to use the previous revaluation as deemed cost under MFRSs.

The change in this accounting policy has the effects as shown in the consolidated unaudited statements of changes in equity.

The Group has not applied the following accounting standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Disclosures-Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 July 2013 for those standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group;
- from the annual period beginning 1 July 2014 for those standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2014; and
- from the annual period beginning 1 July 2015 for those standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of a standard which will be applied prospectively or which requires extended disclosures, is not expected to have any impacts to the current and prior periods financial statements upon their first adoption.

A3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period ended 31 December 2012.

A5. Seasonal and cyclical factors

There were no material seasonal or cyclical factors affecting the income and performance of the Group.

A6. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter and financial period ended 31 December 2012.

A7. Dividends

The Board does not recommend any dividend for the financial period ended 31 December 2012.

A8. Valuation of property, plant and equipment

As at 31 December 2012, the carrying value of the Group's land and buildings have been brought forward without amendments from the audited financial statements as at 30 June 2012.

A9. Material events subsequent to the period end

There were no material events subsequent to the financial period end.

A10. Changes in composition of the Group

There were no changes in the Group structure for the financial period and up to the date of this report.

A11. Debt and equity securities

There were no issuances, cancellations, share splits, repurchases and repayments of the Company's debt or equity securities for the financial period ended 31 December 2012.

As at 31 December 2012, there are 10.9 million redeemable convertible preference shares of AutoV Systems Sdn Bhd ("ASSB"), a wholly owned subsidiary ("ASSB RCPS"), which are convertible to ordinary shares of RM0.10 each in GFB ("GFB Shares") at a conversion ratio of 119 GFB Shares for every 6 ASSB RCPS held. The ASSB RCPS were issued as part of the consideration on the acquisition of Proreka (M) Sdn Bhd ("Proreka") by AutoV. The conversion period for the ASSB RCPS is up to 31 December 2013, upon inter-alia the profit guarantee from the vendors of Proreka being met. Any unconverted ASSB RCPS shall be automatically redeemed upon expiry of the conversion period.

A12. Segmental information

Analysis by business segments being the primary basis of the Group's segmental reporting for the financial period ended 31 December 2012 is as follows:

	Integrated manufacturing services RM'000	Resources RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Consolidated RM'000
Segment revenue					
Revenue from external customers	198,703	3,854	14	-	202,571
Inter-segment revenue	-	-	663	(663)	-
Total revenue	198,703	3,854	677		202,571
Segment profit/(loss)	7,938	(4)	(2,206)	-	5,728
Segment assets	381,828	68,526	21,748	(39)	472,063
Goodwill on consolidation					116,689
Consolidated total assets					588,752

A13. Contingent liabilities/assets

As at 31 December 2012, the Company had executed corporate guarantees in favour of licensed financial institutions of up to a limit of RM87.7 million for credit facilities granted to subsidiaries and a jointly controlled entity. Out of the total banking facilities secured by corporate guarantees by the Company, a total of RM48.2 million was outstanding at the period end.

The corporate guarantee of RM5.0 million to the jointly controlled entity, together with advances totaling RM3.1 million as at 31 December 2012 by the Group to the jointly controlled entity, represents a form of provision of financial assistance by the Company in accordance to paragraph 8.23(1)(ii) of the Listing Requirements. Out of the total banking facilities granted to the jointly controlled entity and secured by a corporate guarantee by the Company, a total of RM3.9 million was outstanding at the period end.

A14. Capital commitments

Capital commitments as at 31 December 2012 were as follows:

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	1,853
- Approved but not contracted for	835
Lease agreement ^	5,510
Total	8,198

Note:

^ *Based on the remaining lease obligation of a subsidiary with CIMB Islamic Trustee Berhad (formerly known as CIMB Trustee Berhad) (As Trustee for the Amanah Raya Real Estate Investment Trust) ("CIMB Trustee") to lease certain leasehold land and buildings from CIMB Trustee.*

OTHER NOTES PURSUANT TO BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1. Review of performance

The Integrated Manufacturing Services ("IMS") segment comprises the following divisions:

(i) precision stamping and tooling ("PST");
(ii) precision machining and automation ("PMA");
(iii) semiconductor; and
(iv) automotive components design and manufacturing ("Automotive").

The Resources segment is principally involved in the harvesting and selling of fresh fruit bunches of oil palm ("FFB").

For the current period todate, the Group attained a revenue of RM202.6 million with the IMS segment and Resources segment registering a revenue of RM198.7 million (98.1%) and RM3.9 million (1.9%) respectively. A net profit of RM2.4 million was posted by the Group. This comprises a net profit contribution of RM4.7 million from the IMS segment and net loss contributions of RM0.1 million and RM2.2 million from the Resources and Investment Holding segment respectively.

For the current quarter revenue of RM100.3 million, the IMS and Resources segments registered a revenue of RM98.7 million (98.4%) and RM1.6 million (1.6%) respectively. The Group registered a net profit of RM0.2 million for the current quarter, which comprises a net profit contribution of RM1.4 million from the IMS segment and was offset by net loss of RM0.5 million and RM0.7 million by the Resources segment and Investment Holding segment respectively.

The slowing global economy and lacklustre manufacturing business condition, locally and abroad, particularly in the semiconductor and electronics and electrical industry, continued to dampen the current period and current quarter performance of the IMS segment. The Resources segment's performance was also affected by an overall weak demand for the crude palm oil ("CPO") from Malaysia and the resultant low FFB prices.

B2. Material changes from the preceding quarter

Comparing quarter on quarter, the Group recorded a revenue of RM100.3 million which is comparable to RM102.3 million registered in the preceding quarter.

However, the Group's profit before tax declined from RM3.7 million to RM2.0 million. The decrease in profit was due to lower profit contribution by both the IMS and Resources segments due to poor business condition experienced by the semiconductor and resources segment.

B3. Prospects

The uncertainty of the global economy growth and of the growth in the advanced economies continues to pose a challenging condition to the business environment of the Group, especially on the IMS segment. The improving trend of the CPO prices provides a better outlook for the Resources segment.

The Board is of the opinion that the Group's performance for the remaining period to the end of the financial year, shall be challenging.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Corporate proposals

There were no corporate proposals announced but not completed within 7 days from the date of issue of this report.

B6. Taxation

The tax expense for the current quarter and financial period are as follows:

	Current quarter 31.12.2012 RM'000	Financial period 31.12.2012 RM'000
Tax expense		
Malaysia		
- current year	1,028	2,431
- under provision in prior years	1,185	1,185
Overseas - current	260	336
Deferred tax expense		
Malaysia	(616)	(640)
Total income tax expense	1,857	3,312

The effective tax rate for both current quarter and financial period are higher than the statutory tax rate principally due to losses incurred by the semiconductor division, a division within the IMS segment, the Resources Segment and the Investment Holding segment.

B7. Borrowings

The Group's borrowings as at 31 December 2012, which were all secured, were as follows:

	RM'000
Current	37,728
Non-current	37,042
Total Group Borrowings	74,770

The borrowings denominated in foreign currencies and RM as at 31 December 2012 were as follows:

	RM'000
Foreign Currencies:	
- (1) USD1,706,000 @ RM3.0679/USD1	5,234
- (2) RMB9,200,000 @ RM0.4909/RMB1	4,516
- (3) IDR25,031,646,000@ RM0.03173/IDR100	7,942
RM	57,078
Total Group Borrowings	74,770

Foreign currencies:

(1) USD	United States of America Dollar
(2) RMB	Renminbi of The People's Republic of China
(3) IDR	Indonesian Rupiah of Indonesia

B8. Material litigation

There is no material litigation as at the date of this report.

B9. Notes to the statement of profit or loss and other comprehensive income

Other than interest income and finance costs, included in the statement of profit or loss and other comprehensive income are the following credits/(charges):

	Current quarter 31.12.2012 RM'000	Preceding year corresponding quarter 31.12.2011 RM'000	Current period 31.12.2012 RM'000	Preceding year corresponding period 31.12.2011 RM'000
Amortisation of development costs	(224)	-	(461)	-
Amortisation of government grant	126	-	152	-
Changes in fair value of derivatives	-	-	8	-
Changes in fair value of other investment	(17)	-	(115)	-
Depreciation	(7,023)	-	(14,116)	-
Development costs written off	(129)	-	(129)	-
Foreign exchange gain/(loss)	119	-	(1,049)	-
Gain on disposal of property, plant and equipment	(6)	-	3	-
Property, plant and equipment written off	(105)	-	(229)	-
Provision for warranties	(525)	-	(1,130)	-
Rental income	1	-	3	-

B10. Realised and unrealised losses

The breakdown of accumulated losses of the Group into realised and unrealised losses are as follows:

	As at 31.12.2012 RM'000	As at 30.6.2012 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(19,998)	(30,939)
- Unrealised	(10,110)	(8,135)
	(30,108)	(39,074)
The share of accumulated losses from a jointly controlled entity		
- Realised	(725)	(79)
Consolidation adjustments	(496)	(122)
Total accumulated losses	(31,329)	(39,275)

B11. Earnings per share

Basic earnings per share
The basic earnings per share for the Group is computed as follows:

	Current quarter 31.12.2012	Financial period 31.12.2012
Profit attributable to owners of the Company (RM'000)	150	2,387
Weighted average number of ordinary shares ('000)	5,273,646	5,273,646
Basic earnings per share (sen)	0.003	0.045

Diluted earnings per share
The diluted earnings per share of the Group is arrived as follows:

	Current quarter 31.12.2012	Financial period 31.12.2012
Profit attributable to owners of the Company (RM'000)	150	2,387
Weighted average number of ordinary shares (basic) ('000)	5,273,646	5,273,646
Effect of conversion of ASSB RCPS ('000)	216,183	216,183
Weighted average number of ordinary shares (diluted) ('000)	5,489,829	5,489,829
Diluted earnings per share (sen)	0.003	0.043