

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
Condensed Consolidated Statement of Comprehensive Income
The figures have not been audited

	Note	3 months ended		6 months ended	
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		69,540	69,280	126,334	136,365
Cost of sales		(50,833)	(53,652)	(93,383)	(106,790)
Gross profit		18,707	15,628	32,951	29,575
Administrative and operating expenses		(7,707)	(8,036)	(15,645)	(15,921)
Other operating income		480	553	1,184	1,809
Results from operating activities		11,480	8,145	18,490	15,463
Finance income		579	300	1007	468
Finance costs		(5)	(28)	(17)	(58)
Net finance income		574	272	990	410
Share of profit of associate, net of tax		43	24	13	47
Profit before tax		12,097	8,441	19,493	15,920
Income tax expense	8	(2,383)	(927)	(3,583)	(1,981)
Profit for the period		9,714	7,514	15,910	13,939
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		497	(351)	115	(109)
Fair value of available-for-sale assets		(260)	(44)	(105)	(9)
Other comprehensive income for the period, net of tax		237	(395)	10	(118)
Total comprehensive income for the period		9,951	7,119	15,920	13,821

	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	9,714	7,514	15,910	13,939
Profit for the period	<u>9,714</u>	<u>7,514</u>	<u>15,910</u>	<u>13,939</u>
Total comprehensive income attributable to :				
Owners of the Company	<u>9,951</u>	<u>7,119</u>	<u>15,920</u>	<u>13,821</u>
Total comprehensive income for the period	<u>9,951</u>	<u>7,119</u>	<u>15,920</u>	<u>13,821</u>
Earnings per ordinary share (sen)	20			
- Basic	3.62	2.83	5.92	5.25
- Diluted	3.61	2.82	5.92	5.22

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2011. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000
Assets			
Property, plant and equipment	6	130,025	127,137
Investment property		8,518	8,646
Investment in an associate		4,852	4,839
Other investments		6,133	6,430
Total non-current assets		<u>149,528</u>	<u>147,052</u>
Trade receivables		52,093	37,295
Other receivables, deposits and prepayments		15,662	2,813
Inventories		12,584	12,086
Cash and cash equivalents		90,815	99,160
Total current assets		<u>171,154</u>	<u>151,354</u>
Total assets		<u>320,682</u>	<u>298,406</u>
Equity			
Share capital		135,136	133,790
Share premium		9,084	8,803
Reserves			
Exchange fluctuation reserve		(1,808)	(1,923)
Fair value reserve		755	860
Share option reserve		1,725	1,467
Retained profits		113,985	103,433
Total equity		<u>258,877</u>	<u>246,430</u>
Liabilities			
Deferred tax liabilities		2,779	5,255
Deferred income		922	174
Total non-current liabilities		<u>3,701</u>	<u>5,429</u>
Trade payables		15,271	12,357
Other payables and accruals		34,393	26,076
Bank borrowings	22	460	4,004
Current tax liabilities		7,980	4,110
Total current liabilities		<u>58,104</u>	<u>46,547</u>
Total liabilities		<u>61,805</u>	<u>51,976</u>
Total equity and liabilities		<u>320,682</u>	<u>298,406</u>
Net assets per share (RM)		0.96	0.92

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2011. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable →					Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Retained Profits RM'000	
6 months ended 30/06/2012							
Balance as at 1 January 2012	133,790	8,803	(1,923)	860	1,467	103,433	246,430
Foreign currency translation differences for foreign operations	-	-	115	-	-	-	115
Fair value of available- for-sale assets	-	-	-	(105)	-	-	(105)
Profit for the period	-	-	-	-	-	15,910	15,910
Total comprehensive income for the period	-	-	115	(105)	-	15,910	15,920
Issuance of new ordinary shares pursuant to ESOS III	1,346	281	-	-	-	-	1,627
Share-based payments	-	-	-	-	258	-	258
Dividends to owners	-	-	-	-	-	(5,358)	(5,358)
Total contribution from / (to) owners	1,346	281	-	-	258	(5,358)	(3,473)
Balance as at 30 June 2012	135,136	9,084	(1,808)	755	1,725	113,985	258,877

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2011. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	← Non-distributable →					Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Retained Profits RM'000	
6 months ended 30/06/2011							
Balance as at 1 January 2011	133,149	8,656	(2,257)	1,328	936	99,464	241,276
Foreign currency translation differences for foreign operations	-	-	(109)	-	-	-	(109)
Fair value of available- for-sale assets	-	-	-	(9)	-	-	(9)
Profit for the period	-	-	-	-	-	13,939	13,939
Total comprehensive income for the period	-	-	(109)	(9)	-	13,939	13,821
Issuance of new ordinary shares pursuant to ESOS III	594	15	-	-	-	-	609
Share-based payments	-	-	-	-	248	-	248
Dividends to owners	-	-	-	-	-	(3,995)	(3,995)
Total contribution from / (to) owners	594	15	-	-	248	(3,995)	(3,138)
Balance as at 30 June 2011	133,743	8,671	(2,366)	1,319	1,184	109,408	251,959

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2011. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

		6 months ended 30/06/2012	6 months ended 30/06/2011
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		19,493	15,920
Adjustments for:-			
Depreciation of property, plant and equipment		19,346	19,818
Depreciation of investment property		128	128
Property, plant and equipment written off		-	103
Impairment loss of property, plant and equipment		496	-
Gain on disposal of property, plant and equipment		(310)	(158)
Finance income		(1,007)	(468)
Amortisation of deferred income		(867)	(515)
Share of (profit) / loss of associate, net of tax		(13)	(46)
Gain on disposal of other investments	9	(240)	(27)
Share-based payments		258	248
Finance costs		17	58
Operating profit before changes in working capital		37,301	35,061
Changes in working capital:			
Inventories		(498)	2,767
Receivables, deposits and prepayments		(27,651)	905
Payables and accruals		11,235	(7,128)
Cash generated from / (used in) operations		20,387	31,605
Income tax paid		(2,188)	(901)
Net cash generated from / (used in) operating activities		18,199	30,704
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(23,152)	(13,255)
Purchase of other investments	9	(2,271)	(2,134)
Proceeds from disposal of property, plant and equipment		732	18,028
Proceeds from disposal of other investments	9	2,720	637
Interest received		1,007	468
Net cash (used in) / generated from investing activities		(20,964)	3,744

6 months ended 30/06/2012 RM'000	6 months ended 30/06/2011 RM'000
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(5,358)	(3,995)
(Repayment) / Drawdown of bank borrowings	(3,544)	899
Proceeds from issue of shares	1,627	609
Interest paid	(17)	(58)
Grant received	1,615	-
Net cash (used in) / generated from financing activities	(5,677)	(2,545)
Net (decrease) / increase in cash and cash equivalents	(8,442)	31,903
Cash and cash equivalents as at 1 January	99,160	49,242
Effect of exchange rates difference on cash and cash equivalents	97	(78)
Cash and cash equivalents as at 30 June	90,815	81,067

Cash and cash equivalents

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise :

Funds placed with financial institutions		
- Short term investment funds / bond funds	29,986	33,661
- Short term deposits	23,409	16,389
Cash and bank balances	37,420	31,017
	90,815	81,067

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2011. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012
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 2011.

The Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

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 2011.

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 2011 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 2011.

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 six months ended 30 June 2012, the Group acquired assets with a cost of RM23.15 million (Six months ended 30 June 2011: RM13.26 million).

(b) Capital commitments

During the six months ended 30 June 2012, the Group entered into contracts to purchase property, plant and equipment for RM10.2 million (Six months ended 30 June 2011: RM6.74 million).

(c) Disposals

Assets with a carrying amount of RM422K were disposed of during the six months ended 30 June 2012 (Six months ended 30 June 2011: RM16.09 million), resulting in a gain on disposal of RM310K (Six months ended 30 June 2011: gain of RM158K), which is included as other income in the income statement.

(d) Proposed disposal

The company, via its wholly owned subsidiary has entered into a sales and purchase agreement to dispose its land and factory building to Scenic Drive Sdn. Bhd. for a total consideration of RM8.2 million. ("Transaction").

No announcement was made in respect of the Transaction to Bursa Malaysia Securities Berhad, as the higher percentage ratio applicable to the Transaction pursuant to paragraph 10.02 (g) of the Main Market Listing Requirements is 3.4%.

The above Transaction is expected to be completed by September 2012.

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. Income Tax Expense

	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysia - current	2,383	927	3,583	1,981
- prior period		-		-
	<u>2,383</u>	<u>927</u>	<u>3,583</u>	<u>1,981</u>
Deferred tax expenses				
Malaysia	-	-	-	-
	<u>2,383</u>	<u>927</u>	<u>3,583</u>	<u>1,981</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the availability of tax incentives enjoyed by certain subsidiaries during the current financial period.

9. **Quoted Securities and Bond**

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

	6 months ended 30/06/2012 RM'000
Purchases	2,271
Sales	2,720
Gain on disposal of investments	240

10. **Unquoted Investments**

During the financial period to date, there was no disposal of unquoted investment by the Company.

11. **Corporate Proposals**

There were no corporate proposals made by the Company during the financial period to date.

12. **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.

13. **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 current 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 III :

ESOS Option Price RM per share	Number of Shares '000
0.51	2,074.5
0.80	23.7
0.90	511
1.08	42
1.09	40.5
1.10	0.9

14. **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 RM22.14 million of which RM4 million has been utilized as at 30 June 2012, a decrease of RM3.61 million as compared to 31 December 2011.

15. **Off Balance Sheet Financial Instruments**

The Group did not have any financial instruments with off balance sheet risk as at 17 July 2012, the latest practicable date that shall not be earlier than 7 days from the date of issue of the quarterly report.

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 2011.

17. **Changes In Material Litigation**

To date, the Company has no material litigation case pending.

18. **Operating Segments**

The Group's operating segment comprises of only one key business activities, which is the manufacture, assembly, testing and sales of integrated circuits, chip carrier quartz crystal products, optoelectronic products, printed circuit boards and small outline components for the semiconductor and electronics industries.

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

Analysis By Geographical Segments

6 months ended 30/06/2012

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	16,392	(73)	524	1,380	280	18,503
Revenue from external customers	98,828	680	12,473	14,291	62	126,334

6 months ended 30/06/2011

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	14,038	(198)	1,357	343	(30)	15,510
Revenue from external customers	101,367	5,549	17,615	11,757	77	136,365

	30/06/2012	30/06/2011
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	18,503	15,510
Finance costs	(17)	(58)
Finance income	1007	468
Consolidated profit before taxation	<u>19,493</u>	<u>15,920</u>
Tax expense	(3,583)	(1,981)
Consolidated profit after taxation	<u><u>15,910</u></u>	<u><u>13,939</u></u>

19. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

19.1 Controlling related party relationships are as follows :

- i) Subsidiaries and associate of the Company as disclosed in Note 5 and Note 6 of the audited Consolidated Financial Statements of the Group as at and for the year ended 31 December 2011.
- ii) Companies in which Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Wiserite Sdn. Bhd. (Company No : 410593 - W)
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No : 51580 - M)
 - Glencare Sdn. Bhd. (Company No : 549058 - U)
- iii) Directors of the Group

19.2 Significant transactions with related parties are as follows:

	6 months ended 30/06/2012 RM'000
i) Transactions with an associate <i>SMCi Globetronics Technology Sdn. Bhd.</i>	
Sales	11
Rental of premises	941
Provision of management support services	96
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20. **Earnings Per Share**

		3 months ended		6 months ended	
		30/06/2012	30/06/2011	30/06/2012	30/06/2011
(a) Basic earnings per share					
Net profit for the period	(RM'000)	9,714	7,514	15,910	13,939
Issued ordinary shares at beginning of the period	('000)	267,580	265,248	267,580	265,248
Effect of shares issued during the period	('000)	985	383	985	383
Weighted average number of ordinary shares	('000)	268,565	265,631	268,565	265,631
Basic earnings per share	(sen)	3.62	2.83	5.92	5.25
(b) Diluted earnings per share					
Net profit for the period	(RM'000)	9,714	7,514	15,910	13,939
Issued ordinary shares at beginning of the period	('000)	267,580	265,248	267,580	265,248
Effect of shares issued during the period	('000)	985	383	985	383
Effect of share option-ESOS	('000)	195	1,234	195	1,234
Weighted average number of ordinary shares		268,760	266,865	268,760	266,865
Diluted earnings per share	(sen)	3.61	2.82	5.92	5.22

21. **Profit Before Tax**

	Current Year Quarter 30/06/2012 RM'000	Current Year To-date 30/06/2012 RM'000
Profit before tax is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	10,254	19,346
Depreciation of investment property	64	128
(Gain) on disposal of property, plant and equipment	(308)	(310)
Impairment loss of property, plant and equipment	496	496
Finance income	(579)	(1007)
(Gain) on disposal of other investments	(7)	(240)
Finance costs	5	17
Foreign exchange (gain) or loss – realised	(1,072)	(896)
– unrealised	209	225

22. **Borrowings and debt securities**

Borrowings denominated in foreign currency:

	As at 30/06/2012 USD'000	As at 30/06/2012 RM'000 Equivalent
Short term borrowings		
Secured term loan	144	460

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

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

The Group's revenue for quarter under review was RM69.5 million, an increase of 22% from the preceding quarter of RM56.8 million while the net profit of the Group for the quarter was RM9.7 million as compared to RM6.2 million for the preceding quarter. Malaysia recorded the highest segment revenue of RM54 million for the quarter, an increase of 20% when compared to the last quarter. Singapore segment also performed well whereby the revenue increased from RM5 million to RM9 million (an increase of 80%).

The better net profit achieved was mainly due to higher volume loadings from most of the Group's customers in the quarter, better product mix and economy of scale.

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 RM126.3 million and RM15.9 million as compared to RM136.4 million and RM13.9 million respectively in the corresponding period of last year. The Malaysian and Singapore segments registered healthy net profit improvement compared to the same 6 months period last year. The better net profit achieved is mainly due to better product mix coupled with various productivity improvement and cost control programs implemented.

25. **Events Subsequent To The Balance Sheet Date**

There were no material events subsequent to the balance sheet date.

26. **Seasonal / Cyclical Factors**

The business operations of the Group are not affected by any major seasonal or cyclical factors.

27. **Prospects**

Moving forward, the Group will continue to focus on escalating up the value chain and riding on the R&D initiatives in new products' design and development. The Group will also continue to step up efforts in improving the efficiency and cost reduction measures in its Group's operations to achieve the necessary competitive edge in the market.

Premised on the above and barring any unforeseen circumstances, the Group is optimistic of achieving better performance and growth in financial year 2012.

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

Not Applicable.

29. **Dividends**

A first single tier interim dividend of 4% (2011: 3%) per share for the financial year ending 31 December 2012 totaling RM5.3 million was paid on 28 March 2012.

A single tier final dividend of 4% (2010: 4%) per share for the financial year ended 31 December 2011 totaling RM5.36 million was paid on 12 July 2012.

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 2012 and 31 March 2012, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As At End of Current Quarter 30/06/2012 RM'000	As At End of Preceding Quarter 31/03/2012 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	106,760	93,993
- Unrealised	4,262	6,314
	<hr/> 111,022	<hr/> 100,307
Add: Consolidation adjustments	2,963	3,964
Total retained earnings	<hr/> <hr/> 113,985	<hr/> <hr/> 104,271

By Order of the Board

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

Joint Secretaries

Dated this 24 July 2012