

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The figures have not been audited

	Note	3 months ended		9 months ended	
		30/09/2014	30/09/2013	30/09/2014	30/09/2013
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		91,074	79,694	265,115	242,929
Cost of sales		(63,995)	(54,940)	(185,933)	(174,925)
Gross profit		27,079	24,754	79,182	68,004
Administrative and operating expenses		(8,804)	(7,226)	(27,912)	(23,821)
Other operating income		2,779	660	6,684	1,980
Results from operating activities		21,054	18,188	57,954	46,163
Finance income		743	442	1,637	1,240
Finance costs		(15)	(10)	(45)	(10)
Net finance income		728	432	1,592	1,230
Share of profit of equity-accounted associate, net of tax		52	25	110	115
Profit before tax		21,834	18,645	59,656	47,508
Tax expense	8	(4,140)	(3,459)	(10,564)	(7,989)
Profit for the period		17,694	15,186	49,092	39,519
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		223	294	(109)	724
Fair value of available-for-sale financial assets		(285)	167	15	(405)
Total other comprehensive income/ (expense) for the period, net of tax		(62)	461	(94)	319
Total comprehensive income for the period		17,632	15,647	48,998	39,838

	3 months ended		9 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	17,694	15,186	49,092	39,519
Profit for the period	<u>17,694</u>	<u>15,186</u>	<u>49,092</u>	<u>39,519</u>
Total comprehensive income attributable to :				
Owners of the Company	17,632	15,647	48,998	39,838
Total comprehensive income for the period	<u>17,632</u>	<u>15,647</u>	<u>48,998</u>	<u>39,838</u>
Earnings per ordinary share (sen)	20			
- Basic	6.31	5.51	17.49	14.33
- Diluted	6.31	5.49	17.49	14.29

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 QUARTER ENDED 30 SEPTEMBER 2014
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Assets			
Property, plant and equipment	6	78,178	87,315
Investment property		7,942	8,134
Investment in an associate		5,157	5,047
Other investments		7,217	6,054
Deferred tax assets	9	3,621	3,601
Total non-current assets		<u>102,115</u>	<u>110,151</u>
Inventories		15,151	14,053
Trade receivables		65,905	62,649
Other receivables, deposits and prepayments		11,954	5,243
Cash and cash equivalents		167,777	147,297
Total current assets		<u>260,787</u>	<u>229,242</u>
Total assets		<u>362,902</u>	<u>339,393</u>
Equity			
Share capital		140,515	139,626
Share premium		19,500	15,455
Reserves			
Share option reserve		494	1,014
Capital redemption reserve		-	24
Fair value reserve		(4)	(19)
Translation reserve		(1,454)	(1,345)
Retained earnings		139,281	120,447
Total equity		<u>298,332</u>	<u>275,202</u>
Liabilities			
Deferred income		5,936	262
Total non-current liability		<u>5,936</u>	<u>262</u>
Borrowings	22	8,096	5,242
Trade payables		16,227	15,602
Other payables and accruals		31,391	37,748
Current tax payable		2,920	5,337
Total current liabilities		<u>58,634</u>	<u>63,929</u>
Total liabilities		<u>64,570</u>	<u>64,191</u>
Total equity and liabilities		<u>362,902</u>	<u>339,393</u>
Net assets per share (RM)		1.06	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 QUARTER ENDED 30 SEPTEMBER 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	
9 months ended 30/09/2014								
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	-	-	-	-	-	(109)	-	(109)
Fair value of available-for-sale financial assets	-	-	-	-	15	-	-	15
Profit for the period	-	-	-	-	-	-	49,092	49,092
Total comprehensive income/(expense) for the period	-	-	-	-	15	(109)	49,092	48,998
Contributions by and distributions to owners								
Issuance of new ordinary shares pursuant to ESOS III	889	3,610	-	-	-	-	-	4,499
Transfer from share option reserve for share option exercised	-	435	(435)	-	-	-	-	-
Transfer from share option reserve for share option expired	-	-	(579)	-	-	-	579	-
Share-based payment transactions	-	-	494	-	-	-	-	494
Dividends to owners	-	-	-	-	-	-	(30,861)	(30,861)
Capital redemption reserve	-	-	-	(24)	-	-	24	-
Total contribution from/(to) owners	889	4,045	(520)	(24)	-	-	(30,258)	(25,868)
At 30 September 2014	140,515	19,500	494	-	(4)	(1,454)	139,281	298,332

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	
9 months ended 30/09/2013								
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	-	-	-	-	-	724	-	724
Fair value of available-for-sale financial assets	-	-	-	-	(405)	-	-	(405)
Profit for the period	-	-	-	-	-	-	39,518	39,518
Total comprehensive income/(expense) for the period	-	-	-	-	(405)	724	39,518	39,837
Contributions by and distributions to owners								
Issuance of new ordinary shares pursuant to ESOS III	3,245	3,251	-	-	-	-	-	6,496
Share-based payment transactions	-	-	306	-	-	-	-	306
Dividends to owners	-	-	-	-	-	-	(22,000)	(22,000)
Capital redemption reserve	-	-	-	14	-	-	(14)	-
Total contribution from/(to) owners	3,245	3,251	306	14	-	-	(22,014)	(15,198)
At 30 September 2013	139,380	13,721	1,811	24	(13)	(1,606)	132,459	285,776

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 QUARTER ENDED 30 SEPTEMBER 2014
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		9 months ended 30/09/2014	9 months ended 30/09/2013
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		59,656	47,508
Adjustments for:-			
Depreciation of property, plant and equipment		27,446	28,802
Depreciation of investment property		193	193
Plant and equipment written off		-	2
Gain on disposal of property, plant and equipment		(10)	(32)
Interest income		(2,452)	(1,909)
Amortisation of deferred income		(3,147)	(208)
Share of profit of equity-accounted associate, net of tax		(110)	(115)
Gain on disposal of other investments	10	(40)	(127)
Share-based payments		494	306
Finance costs		45	10
Operating profit before changes in working capital		82,075	74,430
Change in working capital:			
Trade and other receivables		(10,051)	6,474
Inventories		(1,078)	633
Trade and other payables		(5,503)	(10,900)
Cash generated from operations		65,443	70,637
Tax paid		(13,001)	(8,288)
Net cash generated from operating activities		52,442	62,349
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(18,309)	(11,344)
Acquisition of other investments	10	(2,249)	(1,122)
Proceeds from disposal of property, plant and equipment		10	106
Interest received		2,452	1,909
Proceeds from disposal of other investments	10	1,101	1,041
Net cash used in investing activities		(16,995)	(9,410)

	9 months ended 30/09/2014 RM'000	9 months ended 30/09/2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners	(30,861)	(22,000)
Drawdown of bank borrowings (net)	2,855	4,801
Proceeds from issue of shares	4,499	6,496
Interest paid	(45)	(10)
Grant received	8,821	-
Net cash used in financing activities	(14,731)	(10,713)
Net increase in cash and cash equivalents	20,716	42,226
Effect of exchange rate fluctuations on cash held	(236)	391
Cash and cash equivalents as at 1 January	147,297	106,142
Cash and cash equivalents as at 30 September	167,777	148,759

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	75,875	57,391
- Short term deposits	27,879	28,344
Cash and bank balances	64,023	63,024
	167,777	148,759

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 ENDED 30 SEPTEMBER 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.

5. Comparative Figures

Certain comparative figures have been reclassified to conform with current period's presentation.

6. **Property, Plant and Equipment**

The carrying amount of land and buildings has been brought forward, without amendment from the previous audited financial statements.

(a) Acquisitions

During the nine months ended 30 September 2014, the Group acquired assets with a cost of RM18.31 million (Nine months ended 30 September 2013: RM11.34 million).

(b) Capital commitments

During the nine months ended 30 September 2014, the Group entered into contracts to purchase property, plant and equipment for RM6.58 million (Nine months ended 30 September 2013: RM4.08 million).

(c) Disposals

Assets with a carrying amount of RM3 were disposed of during the nine months ended 30 September 2014 (Nine months ended 30 September 2013: RM74K), resulting in a gain on disposal of RM10K (Nine months ended 30 September 2013: gain of RM32K), 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 under review, there were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size, or incidence.

8. **Tax Expense**

	3 months ended		9 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	3,256	3,847	9,337	8,377
- prior period	904	(388)	1,247	(388)
	<u>4,160</u>	<u>3,459</u>	<u>10,584</u>	<u>7,989</u>
Deferred tax (asset)/expense				
Malaysian	(20)	-	(20)	-
	<u>4,140</u>	<u>3,459</u>	<u>10,564</u>	<u>7,989</u>

The effective tax rate of the Group is lower than the statutory tax rate in the quarter/period mainly due to tax incentives enjoyed by certain subsidiaries in the Group.

9. **Deferred Tax Assets**

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

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

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

10. **Quoted Securities and Bond**

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

	9 months ended 30/09/2014 RM'000
Purchases	2,249
Sales	1,101
Gain on disposal of investments	(40)

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 except for the proposed 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 period to date.

14. **Debt and Equity Securities**

There were no issuance and repayments of debt and equity securities, share buy back, shares held as treasury stocks and resale of treasury shares for the financial period to date except for the issuance of the following ordinary shares of RM0.50 each exercised by the eligible employees pursuant to the Company's ESOS :

ESOS Option Price RM per share	Number of Shares '000
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 RM29.43 million of which RM11.62 million has been utilized as at 30 September 2014, an increase of RM3.46 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 period-to-date is as follows:-

Analysis By Geographical Segments

9 months ended 30/09/2014

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

9 months ended 30/09/2013

	Malaysia	China	United States	Singapore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before taxation	35,003	303	3,027	7,152	124	45,609
Revenue from external customers	164,667	3,308	9,381	65,535	38	242,929

	30/09/2014	30/09/2013
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	57,249	45,609
Finance costs	(45)	(10)
Interest income	2,452	1,909
Consolidated profit before taxation	59,656	47,508
Tax expense	(10,564)	(7,989)
Consolidated profit after taxation	49,092	39,519

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:**

	9 months ended 30/09/2014 RM'000
i) Transactions with an associate <i>Nippon Steel & Sumikin Globetronics Technology Sdn. Bhd.</i>	
Rental of premises	1,412
Provision of management support services	<u>144</u>

20. Earnings Per Share

(a) Basic earnings per share

		3 months ended		9 months ended	
		30/09/2014	30/09/2013	30/09/2014	30/09/2013
Net profit for the period	(RM'000)	17,694	15,186	49,092	39,519
Issued ordinary shares at beginning of the period	('000)	279,252	272,271	279,252	272,271
Effect of shares issued during the period	('000)	1,369	3,585	1,369	3,585
Weighted average number of ordinary shares	('000)	280,621	275,856	280,621	275,856
Basic earnings per share	(sen)	6.31	5.51	17.49	14.33

(b) Diluted earnings per share

		3 months ended		9 months ended	
		30/09/2014	30/09/2013	30/09/2014	30/09/2013
Net profit for the period	(RM'000)	17,694	15,186	49,092	39,519
Issued ordinary shares at beginning of the period	('000)	279,252	272,271	279,252	272,271
Effect of shares issued during the period	('000)	1,369	3,585	1,369	3,585
Effect of share option-ESOS	('000)	-	687	-	687
Weighted average number of ordinary shares (diluted)		280,621	276,543	280,621	276,543
Diluted earnings per share	(sen)	6.31	5.49	17.49	14.29

21. **Profit Before Tax**

	Current Year Quarter 30/09/2014 RM'000	Current Year To-date 30/09/2014 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	8,257	27,446
Depreciation of investment property	65	193
Rental of office equipment	42	133
Rental of premises	(341)	(1,017)
Amortization of deferred income	(1,031)	(3,147)
Gain on disposal of property, plant and equipment	(10)	(10)
Interest income	(1,057)	(2,452)
Finance expense	15	45
Gain on disposal of other investments	(54)	(40)
Foreign exchange loss – realised	591	751
Foreign exchange gain – unrealised	(1,918)	(965)

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 30/09/2014 USD'000	As at 30/09/2014 RM'000 Equivalent
Current		
Term loans - unsecured	2,484	8,096

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 RM91.1 million, an increase of 0.5% from the preceding quarter of RM90.6 million while the net profit of the Group for the quarter was RM17.7 million as compared to RM17.3 million for the preceding quarter. Revenue from the Singapore segment, increase from RM28.9 million to RM32.2 million (increase of 11.4%). Malaysia segment recorded the highest revenue of RM54.5 million for the quarter, a decrease of 6.01% as compared to the last quarter.

The higher net profit achieved (2.3% improvement quarter-on-quarter) 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.

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 RM265.1 million and RM49.1 million as compared to RM242.9 million and RM39.5 million respectively in the corresponding period last year (9% and 24% increase respectively). The Malaysia and Singapore segments recorded healthy sales and net profit improvement as compared to the previous corresponding period.

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 is optimistic of achieving better performance and growth in financial year 2014.

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 ending 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 ending 31 December 2014 has been approved and will be 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 30 September 2014 and 30 June 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 30/09/2014 RM'000	As At End of Preceding Quarter 30/06/2014 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	145,187	140,732
- Unrealised	4,586	2,648
	<u>149,773</u>	<u>143,380</u>
Add: Consolidation adjustments	(10,492)	(10,552)
Total retained earnings	<u><u>139,281</u></u>	<u><u>132,828</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 28 October 2014