

GLOBETRONICS TECHNOLOGY BHD (410285-W)**INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 DECEMBER 2015****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The figures have not been audited

		3 months ended		12 months ended	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
Continuing operations	Note	RM'000	RM'000	RM'000	RM'000
Revenue		77,224	89,929	343,656	355,044
Cost of sales		(53,471)	(70,095)	(241,214)	(258,435)
Gross profit		23,753	19,834	102,442	96,609
Administrative and operating expenses		(11,692)	(9,825)	(41,750)	(39,024)
Other operating income		4,663	5,707	17,710	16,086
Results from operating activities		16,724	15,716	78,402	73,671
Finance income		1,643	778	3,157	2,415
Finance costs		(30)	(20)	(108)	(65)
Net finance income		1,613	758	3,049	2,350
Share of profit / (loss) of equity-accounted associate, net of tax		(49)	86	143	196
Profit before tax		18,288	16,560	81,594	76,217
Tax expense	8	(2,546)	(1,254)	(10,280)	(11,818)
Profit for the period / year		15,742	15,306	71,314	64,399
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(548)	1,103	4,070	994
Fair value of available-for-sale financial assets		(7)	57	(122)	72
Total other comprehensive income / (expense) for the period / year, net of tax		(555)	1,160	3,948	1,066
Total comprehensive income for the period / year		15,187	16,466	75,262	65,465

	3 months ended		12 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	15,742	15,306	71,314	64,399
Profit for the period / year	15,742	15,306	71,314	64,399
Total comprehensive income attributable to :				
Owners of the Company	15,187	16,466	75,262	65,465
Total comprehensive income for the period / year	15,187	16,466	75,262	65,465
Earnings per ordinary share (sen)	20			
- Basic	5.59	5.45	25.34	22.94
- Diluted	5.59	5.45	25.33	22.94

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 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Assets			
Property, plant and equipment	6	83,819	75,197
Investment property		7,621	7,878
Investment in an associate		5,387	5,244
Other investments		7,022	8,153
Deferred tax assets	9	3,250	5,035
Total non-current assets		<u>107,099</u>	<u>101,507</u>
Inventories		17,867	19,049
Current tax assets		265	187
Trade receivables		51,014	73,749
Other receivables, deposits and prepayments		2,302	7,989
Cash and cash equivalents		177,906	155,716
Total current assets		<u>249,354</u>	<u>256,690</u>
Total assets		<u>356,453</u>	<u>358,197</u>
Equity			
Share capital		140,873	140,515
Share premium		23,372	19,504
Reserves			
Share option reserve		1,516	1,175
Capital reserve		32	32
Fair value reserve		(69)	53
Translation reserve		3,719	(351)
Retained earnings		130,239	123,642
Total equity		<u>299,682</u>	<u>284,570</u>
Liabilities			
Deferred income		2,476	3,305
Total non-current liability		<u>2,476</u>	<u>3,305</u>
Borrowings	22	10,561	1,746
Trade payables		12,615	31,980
Other payables and accruals		30,159	35,294
Current tax liabilities		960	1,302
Total current liabilities		<u>54,295</u>	<u>70,322</u>
Total liabilities		<u>56,771</u>	<u>73,627</u>
Total equity and liabilities		<u>356,453</u>	<u>358,197</u>
Net assets per share (RM)		1.06	1.01

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
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 reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
12 months ended 31/12/2015								
At 1 January 2015	140,515	19,504	1,175	32	53	(351)	123,642	284,570
Foreign currency translation differences for foreign operations	-	-	-	-	-	4,070	-	4,070
Fair value of available-for-sale financial assets	-	-	-	-	(122)	-	-	(122)
Profit for the year	-	-	-	-	-	-	71,314	71,314
Total comprehensive income/(expense) for the year	-	-	-	-	(122)	4,070	71,314	75,262
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	358	3,170	-	-	-	-	-	3,528
Share-based payment transactions	-	-	1,039	-	-	-	-	1,039
Dividends to owners of the Company	-	-	-	-	-	-	(64,717)	(64,717)
Total transactions with owners of the Company	358	3,170	1,039	-	-	-	(64,717)	(60,150)
Transfer to share premium for share options exercised	-	698	(698)	-	-	-	-	-
At 31 December 2015	140,873	23,372	1,516	32	(69)	3,719	130,239	299,682

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
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	Capital 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	15,456	1,014	24	-	(19)	(1,345)	120,446	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	-	-	-	-	-	-	-	64,399	64,399
Total comprehensive income for the year	-	-	-	-	-	72	994	64,399	65,465
Contributions by and distributions to owners of the Company									
Issuance of new ordinary shares pursuant to ESOS III & ESOS 2014	889	3,610	-	-	-	-	-	-	4,499
Share-based payment transactions	-	-	1,178	-	-	-	-	-	1,178
Dividends to owners of the Company	-	-	-	-	-	-	-	(61,774)	(61,774)
Capital redemption reserve	-	-	-	(24)	32	-	-	(8)	-
Total transactions with owners of the Company	889	3,610	1,178	(24)	32	-	-	(61,782)	(56,097)
Transfer to share premium for share options exercised	-	438	(438)	-	-	-	-	-	-
Transfer to retained earnings for share options expired	-	-	(579)	-	-	-	-	579	-
At 31 December 2014	140,515	19,504	1,175	-	32	53	(351)	123,642	284,570

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		12 months ended 31/12/2015	12 months ended 31/12/2014
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		81,594	76,217
Adjustments for:-			
Depreciation of property, plant and equipment		19,118	36,060
Depreciation of investment property		257	257
Plant and equipment written off		-	610
Impairment loss of plant and equipment		-	195
Gain on disposal of plant and equipment		(1,983)	(1,237)
Interest income		(4,428)	(3,584)
Amortisation of deferred income		(2,782)	(5,778)
Share of profit of equity-accounted associate, net of tax		(143)	(196)
Gain on disposal of other investments	10	(84)	(40)
Share-based payments		1,039	1,178
Finance costs		108	65
Operating profit before changes in working capital		<u>92,696</u>	<u>103,747</u>
Change in inventories		2,674	(4,219)
Change in trade and other receivables		32,195	(12,215)
Change in trade and other payables		(29,725)	11,858
Cash generated from operations		<u>97,840</u>	<u>99,171</u>
Tax paid		<u>(8,914)</u>	<u>(17,475)</u>
Net cash generated from operating activities		88,926	81,696
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(32,355)	(28,159)
Acquisition of other investments	10	(835)	(2,831)
Proceeds from disposal of plant and equipment		6,599	4,750
Interest received		4,428	3,584
Proceeds from disposal of other investments	10	3,614	1,158
Net cash used in investing activities		(18,549)	(21,498)

	12 months ended 31/12/2015 RM'000	12 months ended 31/12/2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(64,717)	(61,774)
Drawdown / (Repayment) of bank borrowings (net)	8,815	(3,496)
Proceeds from issue of shares	3,528	4,499
Interest paid	(108)	(65)
Grant received	1,953	8,821
Net cash used in financing activities	(50,529)	(52,015)
Net increase in cash and cash equivalents	19,848	8,183
Effect of exchange rate fluctuations on cash held	2,342	236
Cash and cash equivalents as at 1 January	155,716	147,297
Cash and cash equivalents as at 31 December	177,906	155,716

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	73,489	73,452
- Short term deposits	30,012	46,746
Cash and bank balances	74,405	35,518
	177,906	155,716

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2014. 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 2015
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 2014.

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, 2015. 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 2014.

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 2014 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 2014.

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 2015, the Group acquired assets with a cost of RM32.35 million (31 December 2014: RM28.26 million).

(b) Capital commitments

During the the year ended 31 December 2015, the Group entered into contracts to purchase property, plant and equipment for RM2.56 million (31 December 2014: RM3.96 million).

(c) Disposals

Assets with a carrying amount of RM4.62 million were disposed of during the the year ended 31 December 2015 (31 December 2014: RM3.51 million), resulting in a gain on disposal of RM1.98 million (31 December 2014: gain of RM1.24 million), which is included as other operating income in the income statement.

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

During the financial period/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		
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	
	RM'000	RM'000	RM'000	RM'000	
Current tax expense					
Malaysian	- current period / year	1,559	3,222	9,255	12,559
	- prior period / year	(798)	(554)	(760)	693
		<u>761</u>	<u>2,668</u>	<u>8,495</u>	<u>13,252</u>
Deferred tax expense					
Malaysian	- prior period / year	1,785	(1,414)	1,785	(1,434)
		<u>2,546</u>	<u>1,254</u>	<u>10,280</u>	<u>11,818</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.

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 31/12/2015 RM'000
Purchases	835
Sales	3,614
Gain on disposal of investments	(84)

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.

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 period/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
4.77	615
5.86	102

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 RM54.49 million of which RM13.97 million has been utilized as at 31 December 2015, an increase of RM8.73 million as compared to 31 December 2014.

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 2014.

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 31/12/2015

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	42,731	27,378	6,727	550	(112)	77,274
Revenue from external customers	178,011	141,064	22,501	1,808	272	343,656

12 months ended 31/12/2014

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	50,648	20,443	1,808	83	(284)	72,698
Revenue from external customers	215,648	124,627	13,546	1,161	62	355,044

	31/12/2015	31/12/2014
	RM'000	RM'000
Reconciliation of segment profit:		
Reportable segments	77,274	72,698
Finance costs	(108)	(65)
Interest income	4,428	3,584
Consolidated profit before taxation	81,594	76,217
Tax expense	(10,280)	(11,818)
Consolidated profit after taxation	71,314	64,399

19. **Related parties**

Identity of related parties

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

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

The Group has related party relationship with:

- i) Subsidiaries and associate of the Company as disclosed in Note 5 and Note 6 of the audited Consolidated Financial Statements of the Group as at and for the year ended 31 December 2014;
- ii) Key management personnel; and
- iii) Companies in which Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No: 51580 - M)
 - Wiserite Sdn. Bhd. (Company No: 410593 - W)
 - Glencare Sdn. Bhd. (Company No: 549058 - U)

Significant related party transactions are as follows:

	12 months ended 31/12/2015 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	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	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net profit for the period / year	(RM'000)	15,742	15,306	71,314	64,399
Issued ordinary shares at beginning of the period / year	('000)	281,029	279,252	281,029	279,252
Effect of shares issued during the period / year	('000)	360	1,472	360	1,472
Weighted average number of ordinary shares	('000)	281,389	280,724	281,389	280,724
Basic earnings per share	(sen)	5.59	5.45	25.34	22.94

(b) Diluted earnings per share

		3 months ended		12 months ended	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net profit for the period / year	(RM'000)	15,742	15,306	71,314	64,399
Issued ordinary shares at beginning of the period / year	('000)	281,029	279,252	281,029	279,252
Effect of shares issued during the period / year	('000)	360	1,472	360	1,472
Effect of share option-ESOS	('000)	107	-	107	-
Weighted average number of ordinary shares (diluted)		281,496	280,724	281,496	280,724
Diluted earnings per share	(sen)	5.59	5.45	25.33	22.94

21. Profit Before Tax

	Current Year Quarter 31/12/2015 RM'000	Current Year To-date 31/12/2015 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	3,174	19,118
Depreciation of investment property	64	257
Research and development expenditure	13	45
Rental of office equipment	28	120
Rental of premises	151	651
Rental income from premises and investment property	(518)	(2,045)
Amortization of deferred income	(212)	(2,782)
Gain on disposal of property, plant and equipment	(1,527)	(1,983)
Interest income	(2,065)	(4,428)
Finance expense	30	108
Gain on foreign exchange – realised	(1,193)	(4,519)
Gain on foreign exchange – unrealised	(1,479)	(4,140)

22. Borrowings

Borrowings denominated in foreign currency:

	As at 31/12/2015 USD'000	As at 31/12/2015 RM'000 Equivalent
Current		
Term loans - unsecured	2,457	10,561

The term loans are backed by a corporate guarantee of a subsidiary of the Group.

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

The Group's revenue for the quarter under review was RM77.2 million, a decrease of 12.9% from the preceding quarter of RM88.7 million while the net profit of the Group for the quarter was RM15.7 million, a decrease of 23.2% from the preceding quarter of RM20.5 million.

The lower net profit achieved in the quarter was mainly due to lower volume loadings from some of the Group's customer (decrease in end customers' demand) and the shut down of manufacturing hubs/customers' facilities especially in the month of December 2015.

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 RM343.7 million and RM71.3 million as compared to RM355 million and RM64.4 million respectively in the corresponding last year (3% decrease and 11% increase respectively). The Malaysia segment recorded a lower sales but this is offset by Singapore and United States segments recording healthy sales and net profit improvement as compared to last year.

Higher net profit achieved was mainly due to better economy of scale/product mix 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 with our key customer. 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 remains optimistic of achieving satisfactory performance in financial year 2016.

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

Not Applicable.

29. **Dividends**

A first interim single tier ordinary dividend of 4% (2014: 4%) per share and a single tier special dividend of 12% (2014: 10%) per share, totalling RM22.48 million in respect of the financial year ending 31 December 2015 was paid on 26 March 2015.

A final single tier ordinary dividend of 4% (2013: 4%) per share and a single tier special dividend of 6% (2013: 4%) per share, totalling RM14.06 million in respect of the financial year ended 31 December 2014 was paid on 2 July 2015.

A second interim single tier ordinary dividend of 10% (2014: 10%) per share and a single tier special dividend of 10% (2014: 12%) per share, totalling RM28.16 million in respect of the financial year ending 31 December 2015 was paid on 4 November 2015.

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 2015 and 30 September 2015, 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 31/12/2015 RM'000	As At End of Preceding Quarter 30/09/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	129,102	137,600
- Unrealised	7,390	10,654
	<u>136,492</u>	<u>148,254</u>
Total share of retained earnings of an associate:-		
- Realised	4,615	4,663
- Unrealised	(12)	(12)
	4,603	4,651
Add: Consolidation adjustments	(10,856)	(10,246)
Total retained earnings	<u><u>130,239</u></u>	<u><u>142,659</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 23 February 2016