

GLOBETRONICS TECHNOLOGY BHD (410285-W)**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The figures have not been audited

		3 months ended 31/03/2016 31/03/2015		3 months ended 31/03/2016 31/03/2015	
Continuing operations	Note	RM'000	RM'000	RM'000	RM'000
Revenue		58,741	88,695	58,741	88,695
Cost of sales		(41,578)	(62,878)	(41,578)	(62,878)
Gross profit		17,163	25,817	17,163	25,817
Administrative and operating expenses		(13,115)	(10,034)	(13,115)	(10,034)
Other operating income		1,194	4,146	1,194	4,146
Results from operating activities		5,242	19,929	5,242	19,929
Finance income		533	404	533	404
Finance costs		(22)	(21)	(22)	(21)
Net finance income		511	383	511	383
Share of (loss)/profit of equity-accounted associate, net of tax		(34)	51	(34)	51
Profit before tax		5,719	20,363	5,719	20,363
Tax expense	8	(2,040)	(3,214)	(2,040)	(3,214)
Profit for the period		3,679	17,149	3,679	17,149
Other comprehensive (expense)/income, net of tax					
Foreign currency translation differences for foreign operations		(1,444)	639	(1,444)	639
Fair value of available-for-sale financial assets		27	(23)	27	(23)
Total other comprehensive (expense)/income for the period, net of tax		(1,417)	616	(1,417)	616
Total comprehensive income for the period		2,262	17,765	2,262	17,765

		3 months ended		3 months ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		RM'000	RM'000	RM'000	RM'000
Profit attributable to :					
Owners of the Company		3,679	17,149	3,679	17,149
Profit for the period		3,679	17,149	3,679	17,149
Total comprehensive income attributable to :					
Owners of the Company		2,262	17,765	2,262	17,765
Total comprehensive income for the period		2,262	17,765	2,262	17,765
Earnings per ordinary share (sen)					
	20				
-	Basic	1.31	6.10	1.31	6.10
-	Diluted	1.31	6.10	1.31	6.10

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 2015. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Assets			
Property, plant and equipment	6	82,004	83,819
Investment property		7,556	7,621
Investment in an associate		5,353	5,387
Other investments		7,134	7,022
Deferred tax assets	9	3,250	3,250
Total non-current assets		105,297	107,099
Inventories		12,135	17,867
Current tax assets		113	265
Trade receivables		41,255	51,014
Other receivables, deposits and prepayments		4,501	3,267
Cash and cash equivalents		155,479	177,906
Total current assets		213,483	250,319
Total assets		318,780	357,418
Equity			
Share capital		140,922	140,873
Share premium		23,873	23,372
Reserves			
Share option reserve		1,515	1,515
Capital reserve		32	32
Fair value reserve		(42)	(69)
Translation reserve		2,275	3,719
Retained earnings		108,553	130,239
Total equity		277,128	299,681
Liabilities			
Deferred income		2,264	2,476
Total non-current liability		2,264	2,476
Borrowings	22	4,435	10,558
Trade payables		10,744	12,615
Other payables and accruals		23,242	31,125
Current tax liabilities		967	963
Total current liabilities		39,388	55,261
Total liabilities		41,652	57,737
Total equity and liabilities		318,780	357,418
Net assets per share (RM)		0.98	1.06

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2015. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	Attributable to owners of the Company							
	Non-distributable				Distributable			
	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	Total equity RM'000
3 months ended 31/03/2016								
At 1 January 2016	140,873	23,372	1,515	32	(69)	3,719	130,239	299,681
Foreign currency translation differences for foreign operations	-	-	-	-	-	(1,444)	-	(1,444)
Fair value of available-for-sale financial assets	-	-	-	-	27	-	-	27
Total other comprehensive income/(expense) for the period	-	-	-	-	27	(1,444)	-	(1,417)
Profit for the period	-	-	-	-	-	-	3,679	3,679
Total comprehensive income/(expense) for the period	-	-	-	-	27	(1,444)	3,679	2,262
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	49	501	-	-	-	-	-	550
Dividends to owners of the Company	-	-	-	-	-	-	(25,365)	(25,365)
Total transactions with owners of the Company	49	501	-	-	-	-	(25,365)	(24,815)
At 31 March 2016	140,922	23,873	1,515	32	(42)	2,275	108,553	277,128

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	Attributable to owners of the Company							
	Non-distributable				Distributable			
	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	Total equity RM'000
3 months ended 31/03/2015								
At 1 January 2015	140,515	19,504	1,175	32	53	(351)	123,642	284,570
Foreign currency translation differences for foreign operations	-	-	-	-	-	639	-	639
Fair value of available-for-sale financial assets	-	-	-	-	(23)	-	-	(23)
Total other comprehensive (expense)/income for the period	-	-	-	-	(23)	639	-	616
Profit for the period	-	-	-	-	-	-	17,149	17,149
Total comprehensive (expense)/income for the period	-	-	-	-	(23)	639	17,149	17,765
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	52	446	-	-	-	-	-	498
Dividends to owners of the Company	-	-	-	-	-	-	(22,483)	(22,483)
Total transactions with owners of the Company	52	446	-	-	-	-	(22,483)	(21,985)
At 31 March 2015	140,567	19,950	1,175	32	30	288	118,308	280,350

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2015. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		3 months ended 31/03/2016	3 months ended 31/03/2015
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		5,719	20,363
Adjustments for:-			
Depreciation of property, plant and equipment		3,353	8,239
Depreciation of investment property		64	64
Gain on disposal of property, plant and equipment	6	(2)	(367)
Interest income		(758)	(663)
Amortisation of deferred income		(212)	(1,044)
Share of loss/(profit) of equity-accounted associate, net of tax		34	(51)
Finance costs		22	21
Operating profit before changes in working capital		8,220	26,562
Change in inventories		5,034	4,324
Change in trade and other receivables		7,829	8,958
Change in trade and other payables		(9,289)	(25,249)
Cash generated from operations		11,794	14,595
Tax paid		(1,884)	(2,237)
Net cash generated from operating activities		9,910	12,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(1,546)	(2,099)
Acquisition of other investments	10	(411)	(206)
Proceeds from disposal of property, plant and equipment		10	613
Interest received		758	663
Proceeds from disposal of other investments	10	-	400
Net cash used in investing activities		(1,189)	(629)

	3 months ended 31/03/2016 RM'000	3 months ended 31/03/2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(25,365)	(22,483)
(Repayment)/Drawdown of bank borrowings (net)	(5,423)	13,080
Proceeds from issue of shares	550	498
Interest paid	(22)	(21)
Net cash used in financing activities	(30,260)	(8,926)
Net (decrease)/increase in cash and cash equivalents	(21,539)	2,803
Effect of exchange rate fluctuations on cash held	(888)	522
Cash and cash equivalents as at 1 January	177,906	155,716
Cash and cash equivalents as at 31 March	155,479	159,041

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	64,490	67,016
- Short term deposits	28,627	24,675
Cash and bank balances	62,362	67,350
	155,479	159,041

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2015. The accompanying notes are an integral part of this Statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016
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. 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 2015.

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, 2016. 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 2015.

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 2015 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 2015.

There were no changes in estimates of amounts reported in the prior financial periods 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 three months ended 31 March 2016, the Group acquired assets with a cost of RM1.55 million (Three months ended 31 March 2015: RM2.10 million).

(b) Capital commitments

During the three months ended 31 March 2016, the Group entered into contracts to purchase property, plant and equipment for RM1.58 million (Three months ended 31 March 2015: RM22.30 million).

(c) Disposals

Assets with a carrying amount of RM8K were disposed of during the three months ended 31 March 2016 (Three months ended 31 March 2015: RM246K), resulting in a gain on disposal of RM2K (Three months ended 31 March 2015: gain of RM367K), 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 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		3 months ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		RM'000	RM'000	RM'000	RM'000
Current tax expense					
Malaysian	- current	2,040	2,874	2,040	2,874
Deferred tax expense					
Malaysian	- prior period	-	340	-	340
		2,040	3,214	2,040	3,214

The effective tax rate of the Group is higher than the statutory tax rate in the quarter and period mainly due to minimum tax payment guideline formulated by the Inland Revenue Board.

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:

	3 months ended 31/03/2016 RM'000
Purchases	411
Sales	-
Gain on disposal of investments	-

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.

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
4.77	24.2
5.86	74.1

15. **Changes in Contingent Liabilities**

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM63 million of which RM7.80 million has been utilized as at 31 March 2016, a decrease of RM6.17 million as compared to 31 December 2015.

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 2015.

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

3 months ended 31/03/2016

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	4,512	101	236	(22)	156	4,983
Revenue from external customers	36,053	18,185	4,250	184	69	58,741

3 months ended 31/03/2015

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	11,223	7,402	958	297	(159)	19,721
Revenue from external customers	46,596	37,103	4,461	479	56	88,695

	31/03/2016 RM'000	31/03/2015 RM'000
Reconciliation of segment profit:		
Reportable segments	4,983	19,721
Finance costs	(22)	(21)
Interest income	758	663
Consolidated profit before taxation	5,719	20,363
Tax expense	(2,040)	(3,214)
Consolidated profit after taxation	3,679	17,149

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 2015;
- 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:

	3 months ended 31/03/2016 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	471
Provision of management support services	48

20. **Earnings Per Ordinary Share**

(a) Basic earnings per ordinary share

		3 months ended		3 months ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
Net profit for the period	(RM'000)	3,679	17,149	3,679	17,149
Issued ordinary shares at beginning of the period	('000)	281,746	281,029	281,746	281,029
Effect of shares issued during the period	('000)	87	21	87	21
Weighted average number of ordinary shares	('000)	281,833	281,050	281,833	281,050
Basic earnings per ordinary share	(sen)	1.31	6.10	1.31	6.10

(b) Diluted earnings per ordinary share

		3 months ended		3 months ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
Net profit for the period	(RM'000)	3,679	17,149	3,679	17,149
Issued ordinary shares at beginning of the period	('000)	281,746	281,029	281,746	281,029
Effect of shares issued during the period	('000)	87	21	87	21
Effect of share option-ESOS	('000)	66	56	66	56
Weighted average number of ordinary shares (diluted)		281,899	281,106	281,899	281,106
Diluted earnings per ordinary share	(sen)	1.31	6.10	1.31	6.10

21. **Profit Before Tax**

	Current Year Quarter 31/03/2016 RM'000	Current Year To-date 31/03/2016 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	3,353	3,353
Depreciation of investment property	64	64
Rental of office equipment	30	30
Rental of premises	181	181
Rental income from premises and investment property	(518)	(518)
Amortization of deferred income	(212)	(212)
Gain on disposal of property, plant and equipment	(2)	(2)
Interest income	(758)	(758)
Finance expense	22	22
Loss on foreign exchange – realised	828	828
Loss on foreign exchange – unrealised	4,180	4,180

22. **Borrowings**

Borrowings denominated in foreign currency:

	As at 31/03/2016 USD'000	As at 31/03/2016 RM'000 Equivalent
Current		
Term loans - unsecured	1,105	4,435

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 RM58.7 million, a decrease of 24% from the preceding quarter of RM77.2 million while the net profit of the Group for the quarter was RM3.7 million, a decrease of 77% from the preceding quarter of RM15.7 million.

The lower revenue and net profit achieved in the quarter was mainly due to lower volume loadings from some of the Group's customer as a result of reduction in end customers' demand and forex loss of RM4.8 million.

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 RM58.7 million and RM3.7 million as compared to RM88.7 million and RM17.1 million respectively in the corresponding period last year (34% and 78% decrease respectively). All the operating segments recorded sales and net profit decline as compared to the last corresponding period.

The lower revenue and net profit achieved in the quarter was mainly due to lower volume loadings from some of the Group's customer as a result of reduction in end customers' demand and forex loss of RM4.6 million.

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

The Group expects to see soft volume loadings from some of the Group's customer in Quarter 2 as a result of reduction in end customers' demand and general slow down in the industry.

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. This initiative is expected to result in the manufacturing of new products in the second half of the financial year.

28. Variance of Actual Profit from Forecast Profit

Not Applicable.

29. Dividends

A first interim single tier ordinary dividend of 4% (2015: 4%) per share and a single tier special dividend of 14% (2015: 12%) per share, totalling RM25.37 million in respect of the financial year ending 31 December 2016 was paid on 29 March 2016.

A final single tier ordinary dividend of 4% (2014: 4%) per share and a single tier special dividend of 6% (2014: 6%) per share have been recommended by the Directors in respect of the financial year ended 31 December 2015, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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 March 2016 and 31 December 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 31/03/2016 RM'000	As At End of Preceding Quarter 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	120,373	133,705
- Unrealised	(930)	7,390
	<u>119,443</u>	<u>141,095</u>
Total share of retained earnings of an associate:-		
- Realised	4,581	4,615
- Unrealised	(12)	(12)
	<u>4,569</u>	<u>4,603</u>
Less: Consolidation adjustments	(15,459)	(15,459)
Total retained earnings	<u><u>108,553</u></u>	<u><u>130,239</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 26 April 2016