

GLOBETRONICS TECHNOLOGY BHD (410285-W)**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The figures have not been audited

		3 months ended		6 months ended	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
Continuing operations	Note	RM'000	RM'000	RM'000	RM'000
Revenue		57,409	89,030	116,150	177,725
Cost of sales		(40,872)	(62,438)	(82,450)	(125,316)
Gross profit		16,537	26,592	33,700	52,409
Administrative and operating expenses		(9,531)	(9,509)	(22,646)	(19,543)
Other operating income		983	3,203	2,177	7,349
Results from operating activities		7,989	20,286	13,231	40,215
Finance income		581	491	1,114	895
Finance costs		(13)	(26)	(35)	(47)
Net finance income		568	465	1,079	848
Share of profit/(loss) of equity-accounted associate, net of tax		20	21	(14)	72
Profit before tax		8,577	20,772	14,296	41,135
Tax expense	8	(2,055)	(2,839)	(4,095)	(6,053)
Profit for the period		6,522	17,933	10,201	35,082
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operations		74	744	(1,370)	1,383
Fair value of available-for-sale financial assets		12	65	39	42
Total other comprehensive income/(expense) for the period, net of tax		86	809	(1,331)	1,425
Total comprehensive income for the period		6,608	18,742	8,870	36,507

		3 months ended		6 months ended	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
		RM'000	RM'000	RM'000	RM'000
Profit attributable to :					
Owners of the Company		6,522	17,933	10,201	35,082
Profit for the period		6,522	17,933	10,201	35,082
Total comprehensive income attributable to :					
Owners of the Company		6,608	18,742	8,870	36,507
Total comprehensive income for the period		6,608	18,742	8,870	36,507
Earnings per ordinary share (sen)					
	20				
- Basic		2.31	6.38	3.62	12.48
- Diluted		2.31	6.38	3.61	12.47

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 30 JUNE 2016
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Assets			
Property, plant and equipment	6	80,238	83,819
Investment property		7,492	7,621
Investment in an associate		5,373	5,387
Other investments		5,961	7,022
Deferred tax assets	9	3,250	3,250
Total non-current assets		102,314	107,099
Inventories		7,496	17,867
Current tax assets		105	265
Trade receivables		41,677	51,014
Other receivables, deposits and prepayments		1,341	3,267
Cash and cash equivalents		171,087	177,906
Total current assets		221,706	250,319
Total assets		324,020	357,418
Equity			
Share capital		140,941	140,873
Share premium		23,995	23,372
Reserves			
Share option reserve		1,967	1,515
Capital reserve		32	32
Fair value reserve		(30)	(69)
Translation reserve		2,349	3,719
Retained earnings		115,075	130,239
Total equity		284,329	299,681
Liabilities			
Deferred income		2,056	2,476
Total non-current liability		2,056	2,476
Borrowings	22	1,966	10,558
Trade payables		7,928	12,615
Other payables and accruals		24,775	31,125
Current tax liabilities		2,966	963
Total current liabilities		37,635	55,261
Total liabilities		39,691	57,737
Total equity and liabilities		324,020	357,418
Net assets per share (RM)		1.01	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 30 JUNE 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
6 months ended 30/06/2016								
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	-	-	-	-	-	(1,370)	-	(1,370)
Fair value of available-for-sale financial assets	-	-	-	-	39	-	-	39
Total other comprehensive income/(expense) for the period	-	-	-	-	39	(1,370)	-	(1,331)
Profit for the period	-	-	-	-	-	-	10,201	10,201
Total comprehensive income/(expense) for the period	-	-	-	-	39	(1,370)	10,201	8,870
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	68	623	-	-	-	-	-	691
Share-based payment transactions	-	-	452	-	-	-	-	452
Dividends to owners of the Company	-	-	-	-	-	-	(25,365)	(25,365)
Total transactions with owners of the Company	68	623	452	-	-	-	(25,365)	(24,222)
At 30 June 2016	140,941	23,995	1,967	32	(30)	2,349	115,075	284,329

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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
6 months ended 30/06/2015								
At 1 January 2015	140,515	19,504	1,175	32	53	(351)	123,642	284,570
Foreign currency translation differences for foreign operations	-	-	-	-	-	1,383	-	1,383
Fair value of available-for-sale financial assets	-	-	-	-	42	-	-	42
Total other comprehensive income for the period	-	-	-	-	42	1,383	-	1,425
Profit for the period	-	-	-	-	-	-	35,082	35,082
Total comprehensive income for the period	-	-	-	-	42	1,383	35,082	36,507
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS 2014	210	1,799	-	-	-	-	-	2,009
Share-based payment transactions	-	-	360	-	-	-	-	360
Dividends to owners of the Company	-	-	-	-	-	-	(22,483)	(22,483)
Total transactions with owners of the Company	210	1,799	360	-	-	-	(22,483)	(20,114)
At 30 June 2015	140,725	21,303	1,535	32	95	1,032	136,241	300,963

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 30 JUNE 2016
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

		6 months ended 30/06/2016	6 months ended 30/06/2015
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		14,296	41,135
Adjustments for:-			
Depreciation of property, plant and equipment		7,506	12,534
Depreciation of investment property		128	129
Gain on disposal of property, plant and equipment	6	-	(371)
Interest income		(1,674)	(1,425)
Amortisation of deferred income		(420)	(2,354)
Share of loss/(profit) of equity-accounted associate, net of tax		14	(72)
Share-based payments		452	360
Finance costs		35	47
Operating profit before changes in working capital		20,337	49,983
Change in inventories		9,707	4,957
Change in trade and other receivables		10,601	(570)
Change in trade and other payables		(10,594)	(17,197)
Cash generated from operations		30,051	37,173
Tax paid		(1,932)	(5,068)
Net cash generated from operating activities		28,119	32,105
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(3,926)	(8,891)
Acquisition of other investments	10	(415)	(285)
Proceeds from disposal of property, plant and equipment		-	638
Interest received		1,674	1,425
Proceeds from disposal of other investments	10	1,206	700
Net cash used in investing activities		(1,461)	(6,413)

6 months ended 30/06/2016 RM'000	6 months ended 30/06/2015 RM'000
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to owners of the Company	(25,365)	(22,483)
(Repayment)/Drawdown of bank borrowings (net)	(7,926)	13,436
Proceeds from issue of shares	691	2,009
Interest paid	(35)	(47)
Grant received	-	1,953
Net cash used in financing activities	(32,635)	(5,132)
Net (decrease)/increase in cash and cash equivalents	(5,977)	20,560
Effect of exchange rate fluctuations on cash held	(842)	1,014
Cash and cash equivalents as at 1 January	177,906	155,716
Cash and cash equivalents as at 30 June	171,087	177,290

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	64,377	73,548
- Short term deposits	37,447	27,154
Cash and bank balances	69,263	76,588
	171,087	177,290

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 30 JUNE 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 six months ended 30 June 2016, the Group acquired assets with a cost of RM3.93 million (Six months ended 30 June 2015: RM8.89 million).

(b) Capital commitments

During the six months ended 30 June 2016, the Group entered into contracts to purchase property, plant and equipment for RM1.55 million (Six months ended 30 June 2015: RM11.62 million).

(c) Disposals

Assets with a carrying amount of RM57 were disposed of during the six months ended 30 June 2016 (Six months ended 30 June 2015: RM267K), resulting in a loss on disposal of RM306 (Six months ended 30 June 2015: gain of RM371K), 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		6 months ended	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
		RM'000	RM'000	RM'000	RM'000
Current tax expense					
Malaysian	- current	1,883	2,329	3,923	5,203
	- prior period	172	-	172	-
		<u>2,055</u>	<u>2,329</u>	<u>4,095</u>	<u>5,203</u>
Deferred tax expense					
Malaysian	- prior period	-	510	-	850
		<u>2,055</u>	<u>2,839</u>	<u>4,095</u>	<u>6,053</u>

The effective tax rate of the Group is higher than the statutory tax rate in the 6 months 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:

	6 months ended 30/06/2016 RM'000
Purchases	415
Sales	1,206
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	34.5
5.86	74.1
3.29	28.0

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 RM61.5 million of which RM5.3 million has been utilized as at 30 June 2016, a decrease of RM8.7 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

6 months ended 30/06/2016

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	10,109	438	1,859	94	157	12,657
Revenue from external customers	75,325	27,882	11,929	915	99	116,150

6 months ended 30/06/2015

	Malaysia	Singapore	United States	China	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	21,921	15,341	2,227	339	(71)	39,757
Revenue from external customers	92,730	74,376	9,653	865	101	177,725

	30/06/2016 RM'000	30/06/2015 RM'000
Reconciliation of segment profit:		
Reportable segments	12,657	39,757
Finance costs	(35)	(47)
Interest income	1,674	1,425
Consolidated profit before taxation	14,296	41,135
Tax expense	(4,095)	(6,053)
Consolidated profit after taxation	10,201	35,082

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:

	6 months ended 30/06/2016 RM'000
i) Transactions with an associate <i>NGK Globetronics Technology Sdn Bhd</i>	
Rental of investment property	941
Provision of management support services	96

20. **Earnings Per Ordinary Share**

(a) Basic earnings per ordinary share

		3 months ended		6 months ended	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit for the period	(RM'000)	6,522	17,933	10,201	35,082
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)	103	146	103	146
Weighted average number of ordinary shares	('000)	281,849	281,175	281,849	281,175
Basic earnings per ordinary share	(sen)	2.31	6.38	3.62	12.48

(b) Diluted earnings per ordinary share

		3 months ended		6 months ended	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit for the period	(RM'000)	6,522	17,933	10,201	35,082
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)	103	146	103	146
Effect of share option-ESOS	('000)	998	104	998	104
Weighted average number of ordinary shares (diluted)		282,847	281,279	282,847	281,279
Diluted earnings per ordinary share	(sen)	2.31	6.38	3.61	12.47

21. Profit Before Tax

	Current Year Quarter 30/06/2016 RM'000	Current Year To-date 30/06/2016 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	4,153	7,506
Depreciation of investment property	64	128
Rental of office equipment	30	60
Rental of premises	116	297
Rental income from premises and investment property	(518)	(1,036)
Amortization of deferred income	(208)	(420)
Gain on disposal of property, plant and equipment	(1)	-
Interest income	(916)	(1,674)
Finance expense	13	35
Loss on foreign exchange – realised	635	1,463
(Gain)/loss on foreign exchange – unrealised	(976)	3,205

22. Borrowings

Borrowings denominated in foreign currency:

	As at 30/06/2016 USD'000	As at 30/06/2016 RM'000 Equivalent
Current		
Term loans - unsecured	488	1,966

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 RM57.4 million, a decrease of 2% from the preceding quarter of RM58.7 million while the net profit of the Group for the quarter was RM6.5 million, an increase of 77% from the preceding quarter of RM3.7 million.

The lower revenue was due to the continuous softer volume loadings from some of the Group's customer as a result of reduction in end customers' demand.

Higher net profit achieved was mainly due to cost control programme carried out in the Group and forex gain (net) recognised (RM341K) compared to forex loss incurred in the preceding quarter.

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 RM116.1 million and RM10.2 million as compared to RM177.7 million and RM35.1 million respectively in the corresponding period last year (35% and 71% decrease respectively). Malaysia and Singapore 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 recognised amounting to RM4.7 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 gradual recovery in the business and product loading towards the second half of the year.

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, totalling RM14.09 million in respect of the financial year ended 31 December 2015 was paid on 4 July 2016.

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 2016 and 31 March 2016, 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 30/06/2016 RM'000	As At End of Preceding Quarter 31/03/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	125,899	120,373
- Unrealised	45	(930)
	<u>125,944</u>	<u>119,443</u>
Total share of retained earnings of an associate:-		
- Realised	4,601	4,581
- Unrealised	(12)	(12)
	<u>4,589</u>	<u>4,569</u>
Less: Consolidation adjustments	(15,458)	(15,459)
Total retained earnings	<u><u>115,075</u></u>	<u><u>108,553</u></u>

By Order of the Board

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

Joint Secretaries

Dated this 26 July 2016