

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010
Condensed Consolidated Statement of Comprehensive Income
The figures have not been audited

	Note	3 months ended		6 months ended	
		30/06/2010	30/06/2009 Restated	30/06/2010	30/06/2009 Restated
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		69,113	52,606	129,317	90,677
Cost of sales		(52,493)	(39,712)	(98,374)	(69,990)
Gross profit		16,620	12,894	30,943	20,687
Administrative and operating expenses		(8,805)	(8,768)	(17,040)	(15,561)
Other operating income		459	627	1,041	1,152
Results from operating activities		8,274	4,753	14,944	6,278
Finance income		225	98	535	373
Finance costs		-	-	-	(5)
Net finance income / (costs)		225	98	535	368
Share of profit of associate, net of tax		62	91	88	152
Profit before tax		8,561	4,942	15,567	6,798
Income tax expense	9	(974)	(1,303)	(1,830)	(2,955)
Profit for the period		7,587	3,639	13,737	3,843
Other comprehensive income, net of tax					
Fair value of available-for-sale assets		(167)	-	(215)	-
Other comprehensive income for the period, net of tax		(167)	-	(215)	-
Total comprehensive income for the period		7,420	3,639	13,522	3,843

	3 months ended		6 months ended	
	30/06/2010	30/06/2009 Restated	30/06/2010	30/06/2009 Restated
	RM'000	RM'000	RM'000	RM'000
Profit attributable to :				
Owners of the Company	7,587	3,639	13,737	3,843
Minority interest	-	-	-	-
Profit for the period	7,587	3,639	13,737	3,843
Total comprehensive income attributable to :				
Owners of the Company	7,420	3,639	13,522	3,843
Minority interest	-	-	-	-
Total comprehensive income for the period	7,420	3,639	13,522	3,843
Earnings per ordinary share (sen)	20			
- Basic	2.87	1.39	5.20	1.47
- Diluted	2.86	1.37	5.18	1.44

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010
Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	As at 30/06/2010 RM'000	As at 31/12/2009 Restated RM'000
Assets			
Property, plant and equipment	6	105,716	118,449
Investment property		9,031	9,160
Investment in an associate		4,696	4,608
Other investments		5,994	7,516
Total non-current assets		<u>125,437</u>	<u>139,733</u>
Trade receivables		37,330	36,933
Other receivables, deposits and prepayments		12,649	2,382
Inventories		12,497	8,755
Current tax assets		11	185
Cash and cash equivalents		91,872	85,436
Assets classified as held for sale	7	2,858	4,021
Total current assets		<u>157,217</u>	<u>137,712</u>
Total assets		<u>282,654</u>	<u>277,445</u>
Equity			
Share Capital		132,868	131,298
Share premium		8,329	8,284
Reserves			
Exchange fluctuation reserve		(2,178)	(1,346)
Fair value reserve		594	-
Share option reserve		913	658
Retained profits		91,429	87,599
Total equity		<u>231,955</u>	<u>226,493</u>
Liabilities			
Deferred tax liabilities		2,793	2,793
Deferred income		1,974	1,719
Total non-current liabilities		<u>4,767</u>	<u>4,512</u>
Trade payables		15,649	17,310
Other payables and accruals		27,967	25,525
Current tax liabilities		2,316	3,605
Total current liabilities		<u>45,932</u>	<u>46,440</u>
Total liabilities		<u>50,699</u>	<u>50,952</u>
Total equity and liabilities		<u>282,654</u>	<u>277,445</u>
Net assets per share (RM)		0.87	0.86

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes are an integral part of this Statement of Financial Position.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Non-distributable →					Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Share Option Reserve RM'000	Retained Profits RM'000		
6 months ended 30/06/2010								
Balance as at 1 January 2010, as previously stated	131,298	8,284	(1,346)	-	658	87,599		226,493
- Effect of adopting FRS 139	-	-	-	809	-	-		809
At 1 January 2010, as restated	131,298	8,284	(1,346)	809	658	87,599		227,302
Issuance of new ordinary shares pursuant to ESOS III	1,570	45	-	-	-	-		1,615
Foreign exchange translation difference	-	-	(832)	-	-	-		(832)
Total comprehensive income for the period	-	-	-	(215)	-	13,737		13,522
Share-based payments	-	-	-	-	255	-		255
Dividends to owners	-	-	-	-	-	(9,907)		(9,907)
Balance as at 30 June 2010	132,868	8,329	(2,178)	594	913	91,429		231,955
6 months ended 30/06/2009								
Balance as at 1 January 2009	131,030	8,250	(809)	-	1,909	79,606		219,986
Reversal from share option for expiry of ESOS II	-	-	-	-	(1,909)	1,909		-
Issuance of new ordinary shares pursuant to ESOS III	113	3	-	-	-	-		116
Foreign exchange translation difference	-	-	318	-	-	-		318
Profit for the period	-	-	-	-	-	3,843		3,843
Share-based payments	-	-	-	-	173	-		173
Dividends to owners	-	-	-	-	-	(3,931)		(3,931)
Balance as at 30 June 2009	131,143	8,253	(491)	-	173	81,427		220,505

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

	Note	6 months ended 30/06/2010 RM'000	6 months ended 30/06/2009 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		15,567	6,798
Adjustments for:-			
Depreciation of property, plant and equipment		19,410	14,796
Depreciation of investment property		129	128
Depreciation of assets held for sale		758	-
Property, plant and equipment written off		-	31
Impairment loss on assets held for sale		400	-
Loss on disposal of property, plant and equipment		21	225
Finance income		(535)	(536)
Amortisation of deferred income		(596)	(936)
Share of profit of associate, net of tax		(88)	(152)
Loss on disposal of other investments	10	3	6
Share-based payments		255	173
Finance costs		-	5
Operating profit before changes in working capital		35,324	20,538
Changes in working capital :			
Inventories		(3,742)	1,536
Receivables, deposits and prepayments		(8,720)	912
Payables and accruals		817	(7,926)
Cash generated from operations		23,679	15,060
Income tax paid		(2,945)	(2,889)
Net cash generated from operating activities		20,734	12,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(6,798)	(22,015)
Purchase of other investments	10	(183)	(255)
Proceeds from disposal of plant and equipment		106	981
Proceeds from disposal of other investments		1,987	23
Interest received		535	536
Net cash used in investing activities		(4,353)	(20,730)

	6 months ended 30/06/2010 RM'000	6 months ended 30/06/2009 RM'000 Restated
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(9,907)	(3,931)
Repayment of bank borrowings	-	(1,042)
Proceeds from issue of shares	1,615	116
Interest paid	-	(5)
Grant received	851	2,782
Net cash used in financing activities	(7,441)	(2,080)
Net increase / (decrease) in cash and cash equivalents	8,940	(10,639)
Cash and cash equivalents as at 1 January	85,436	71,120
Effect of exchange rates difference on cash and cash equivalents	(2,504)	750
Cash and cash equivalents as at 30 June	91,872	61,231

Cash and cash equivalents

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

Funds placed with financial institutions		
- Short term investment funds / bond funds	30,829	21,303
- Short term deposits	20,565	15,153
Cash and bank balances	40,478	24,775
	91,872	61,231

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2009. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010
Notes to the condensed consolidated interim financial statements

1. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2009.

The Group has applied the following accounting standards, amendments and interpretations that have been issued by the MASB from the annual period beginning 1 January 2010 except for IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments : Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments : Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment : Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments : Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments : Presentation
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments : Recognition and Measurement
 - Reclassification of Financial Assets
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The Group plans to apply the following accounting standards, amendments and interpretations from the annual period beginning 1 January 2011 except for IC Interpretation 12, IC Interpretation 15 and IC Interpretation 17 which are not applicable to the Group :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments : Presentation – Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures – Improving Disclosures about Financial Instruments

The initial application of the above standards (and its consequential amendments) and interpretations, which will be applied prospectively, are not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

2. Significant Accounting Policies

Except as described below, the significant accounting policies and presentation applied in these condensed consolidated interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2009.

Change in Accounting Policy

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments.

A financial instrument is recognized in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. The Group categorizes financial instruments as follows :

Financial Assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorized as loans and receivables are subsequently measured at amortized cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorized as available-for-sale are subsequently measured at their fair values with the gain or loss recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognized in profit and loss. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit and loss. Interest calculated for a debt instrument using the effective interest method is recognized in profit and loss.

All financial assets, except for those measured at fair value, are subject to review for impairment.

A financial asset or part of it is derecognized when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in equity is recognized in the profit and loss.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost, other than those measured at fair value.

A financial liability or a part of it is derecognized when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the profit and loss.

The application of the above new policies has the following effects :

	Fair value reserve	
	2010	2009
	RM'000	RM'000
At 1 January, as previously stated	-	-
Adjustments arising from adoption of FRS 139 :		
- Fair value of available-for-sale assets	809	-
At 1 January, as restated	809	-

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorized and measured as available-for-sale as detailed above.

Investments in debt securities

Prior to the adoption of FRS 139, investments in non-current debt securities were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, investments in non-current debt securities are now categorized and measured as available-for-sale as detailed above.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognized for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current period's basic and diluted earnings per ordinary share.

(ii) FRS 8, Operating Segments

Following the adoption of FRS 8, Operating Segments effective 1 January 2010, an operating segment is a component of the Group that engages in business activities within a particular economic environment (geographical segment) from which it may earn revenues and incur expenses. The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

(iii) FRS 101 (revised), Presentation of Financial Statements

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

(iv) FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendment to FRS 117 :

	31 December 2009	
	As restated	As stated
<u>Net book value</u>	RM'000	RM'000
Property, plant and equipment	118,449	112,010
Prepaid lease payments	-	6,439
	<hr/>	<hr/>

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 2009 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 2009.

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 to current year's presentation.

6. Property, Plant and Equipment

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

(a) Acquisitions and disposals

During the six months ended 30 June 2010, the Group acquired assets with a cost of RM6.80 million (six months ended 30 June 2009 : RM22 million).

Assets with a carrying amount of RM2.86 million were classified as held for sale due to the Group's intention to dispose of a wholly-owned subsidiary, Globetronics (Jiaxing) Inc. [refer to Note 7 and 13] (six months ended 30 June 2009 : nil)

(b) Capital commitments

During the six months ended 30 June 2010, the Group entered into a contract to purchase property, plant and equipment for RM83 million (six months ended 30 June 2009 : RM6.25 million)

7. Assets Classified as Held for Sale

As at 30 June 2010, the disposal subsidiary comprised assets of RM2.86 million detailed as follows :

	Buildings and factory improvement RM'000	Plant and equipment RM'000	Equipment, furniture and fixtures RM'000	Prepaid lease payments RM'000	Total RM'000
Carrying amounts as at 1 January 2010	2,407	14	153	1,447	4,021
Less : Disposal	-	(5)	-	-	(5)
Less : Depreciation	(721)	(1)	(19)	(17)	(758)
Less : Impairment	(400)	-	-	-	(400)
Carrying amounts as at 30 June 2010	<u>1,286</u>	<u>8</u>	<u>134</u>	<u>1,430</u>	<u>2,858</u>

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

During the financial quarter 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.

9. Income Tax Expense

	3 months ended		6 months ended	
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Current tax expenses				
Malaysia - current	974	1,244	1,830	2,896
- prior period	-	55	-	55
Overseas - current	-	4	-	4
- prior period	-	-	-	-
	<u>974</u>	<u>1,303</u>	<u>1,830</u>	<u>2,955</u>
Deferred tax expenses				
Malaysia	-	-	-	-
Overseas	-	-	-	-
	<u>974</u>	<u>1,303</u>	<u>1,830</u>	<u>2,955</u>

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

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 30/06/2010 RM'000
Purchases	183
Sales	1,990
Loss on disposal of investments	3

11. Unquoted Investments

There were no purchases or disposals of unquoted investments during the financial period under review.

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, except for the following transactions : -

Globetronics International Inc., a wholly-owned subsidiary of Globetronics Technology Bhd, which is the holding company of Globetronics Jiaying Inc. ("GJI") had on 24 July 2009, entered into a Sale and Purchase Agreement with Jiaying Huashen GDA Fashionable Co. Ltd., a company duly organized and validly existing under the laws of the People's Republic of China for the disposal of GJI at a total consideration of Renminbi 12.8 million (equivalent to approximately RM6.67 million). The transaction is estimated to incur a loss of approximately RM5.3 million of which all have been fully recognized in financial year 2009. The transaction is expected to be completed by October 2010.

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 current financial period to date except for the issuance of the following ordinary shares of RM0.50 each exercised by the eligible employees pursuant to the Company's ESOS III :

ESOS Option Price RM per share	Number of Shares '000
0.51	3,103.6
0.80	30.2
1.52	4.8

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 RM7.4 million of which RM3.87 million has been utilized as at 30 June 2010, a decrease of RM1.03 million as compared to 31 December 2009.

16. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 23 July 2010, the latest practicable date that shall not be earlier than 7 days from the date of issue of the quarterly report.

17. 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 2009.

18. Changes In Material Litigation

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

19. **Segment Information**

Segment information is presented in respect of the Group's business segment and the inter-segment pricing is determined based on a negotiated basis.

Analysis By Geographical Segments

6 months ended 30/06/2010

	Malaysia	China	United States	Singapore	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers by location of customers	81,802	-	36,245	11,270	129,317
Segment assets by location of assets	265,081	3,709	-	13,853	282,643
Capital expenditure by location of assets	6,798	-	-	-	6,798

6 months ended 30/06/2009

	Malaysia	China	United States	Singapore	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers by location of customers	51,492	32	29,221	9,932	90,677
Segment assets by location of assets	247,942	10,280	-	10,816	269,038
Capital expenditure by location of assets	22,015	-	-	-	22,015

20. **Earnings Per Share**

(a) Basic earnings per share

		3 months ended		6 months ended	
		30/06/2010	30/06/2009	30/06/2010	30/06/2009
Net profit for the period	(RM'000)	7,587	3,639	13,737	3,843
Issued ordinary shares at beginning of the period	('000)	262,597	262,059	262,597	262,059
Effect of shares issued during the period	('000)	1,806	37	1,806	37
Weighted average number of ordinary shares	('000)	264,403	262,096	264,403	262,096
Basic earnings per share	(sen)	2.87	1.39	5.20	1.47

(b) Diluted earnings per share

		3 months ended		6 months ended	
		30/06/2010	30/06/2009	30/06/2010	30/06/2009
Net profit for the period	(RM'000)	7,587	3,639	13,737	3,843
Issued ordinary shares at beginning of the period	('000)	262,597	262,059	262,597	262,059
Effect of shares issued during the period	('000)	1,806	37	1,806	37
Effect of share option-ESOS	('000)	604	4,074	604	4,074
Weighted average number of ordinary shares		265,007	266,170	265,007	266,170
Diluted earnings per share	(sen)	2.86	1.37	5.18	1.44

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

Turnover for the quarter ended 30 June 2010 was approximately RM69.1 million, representing an increase of 14.8% as compared to the preceding quarter while the net profit of the Group increased by 23%. The increase in turnover and net profit is mainly due to continuous higher volume loadings from all the Group's key customers.

22. **Review of Performance of the Company and its Principal Subsidiaries**

The Group's turnover and net profit for the first half ended 30 June 2010 increased significantly by 41.8% and 2.6 times respectively as compared to the first half of the previous year mainly due to higher volume loadings from all the Group's customers as a result of recovery of the global economy. The net profit for the first half of 2009 was partly affected by impairment loss due to the shutdown of the Group's China operations.

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

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

24. **Seasonal / Cyclical Factors**

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

25. **Prospects**

The global economy is showing sporadic signs of improvement and the Group is expected to continue to enjoy healthy volume loadings from its customers. Moving forward, the Group will 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 are optimistic of achieving better performance and growth in the financial year 2010.

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

Not Applicable.

27. **Dividends**

A first interim dividend of 6% less 25% tax (2009 : 4% less 25% tax) per share for the financial year ending 31 December 2010 totalling RM5.92 million was paid on 8 February 2010.

A final dividend of 4% less 25% tax (2008 : nil) per share for the financial year ended 31 December 2009 totalling RM3.98 million was paid on 9 June 2010.

By Order of the Board

Ong Eng Choon (MIA 2121)
Lee Peng Loon (LS00405)
Joint Secretaries

Dated this 27 July 2010