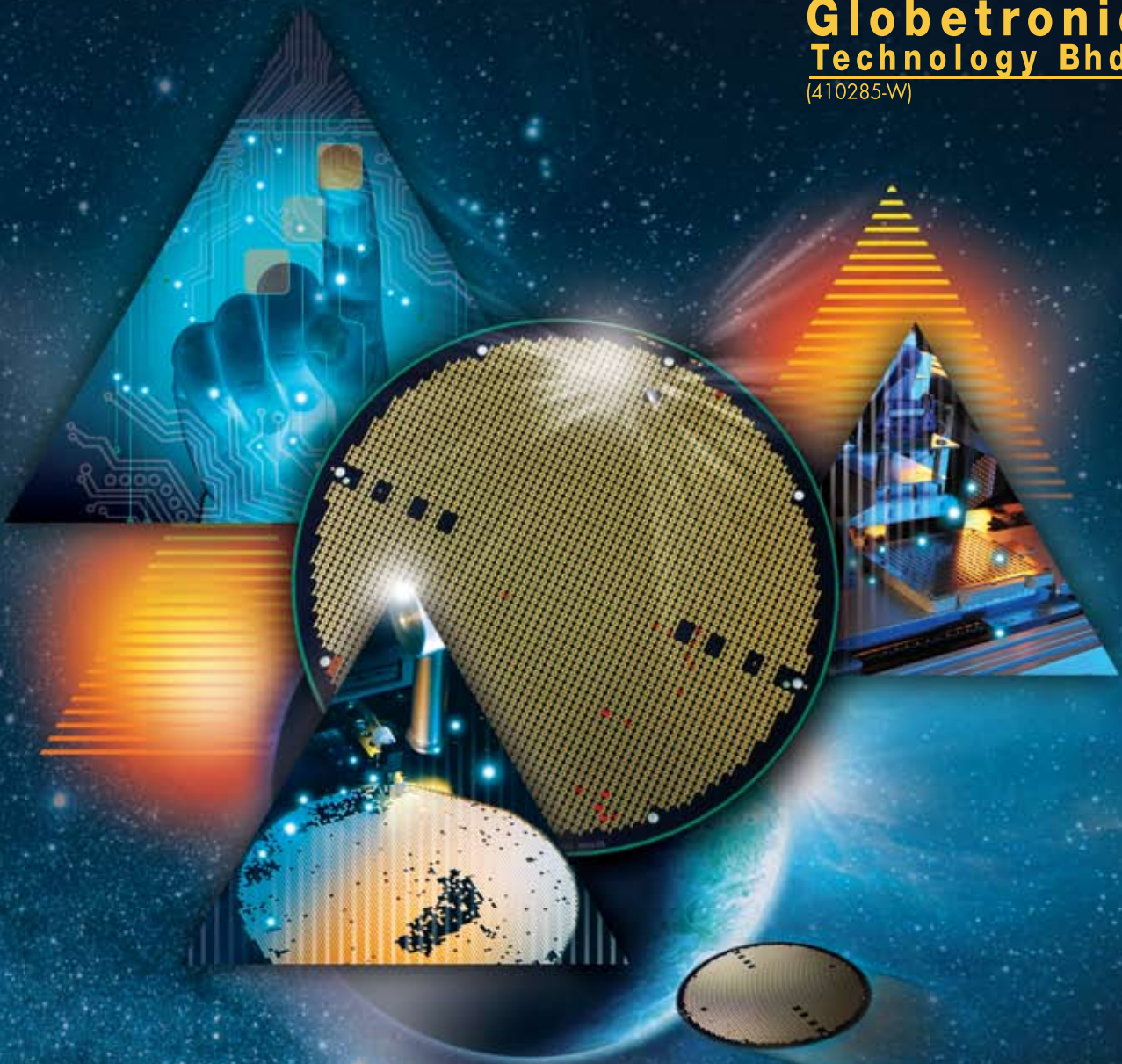




**Globetronics
Technology Bhd.**
(410285-W)



20

Years Celebration

Creating the New Frontier of Technology

Annual Report 2011



Vision

To be the global business partner of choice in niche products and services.

Mission

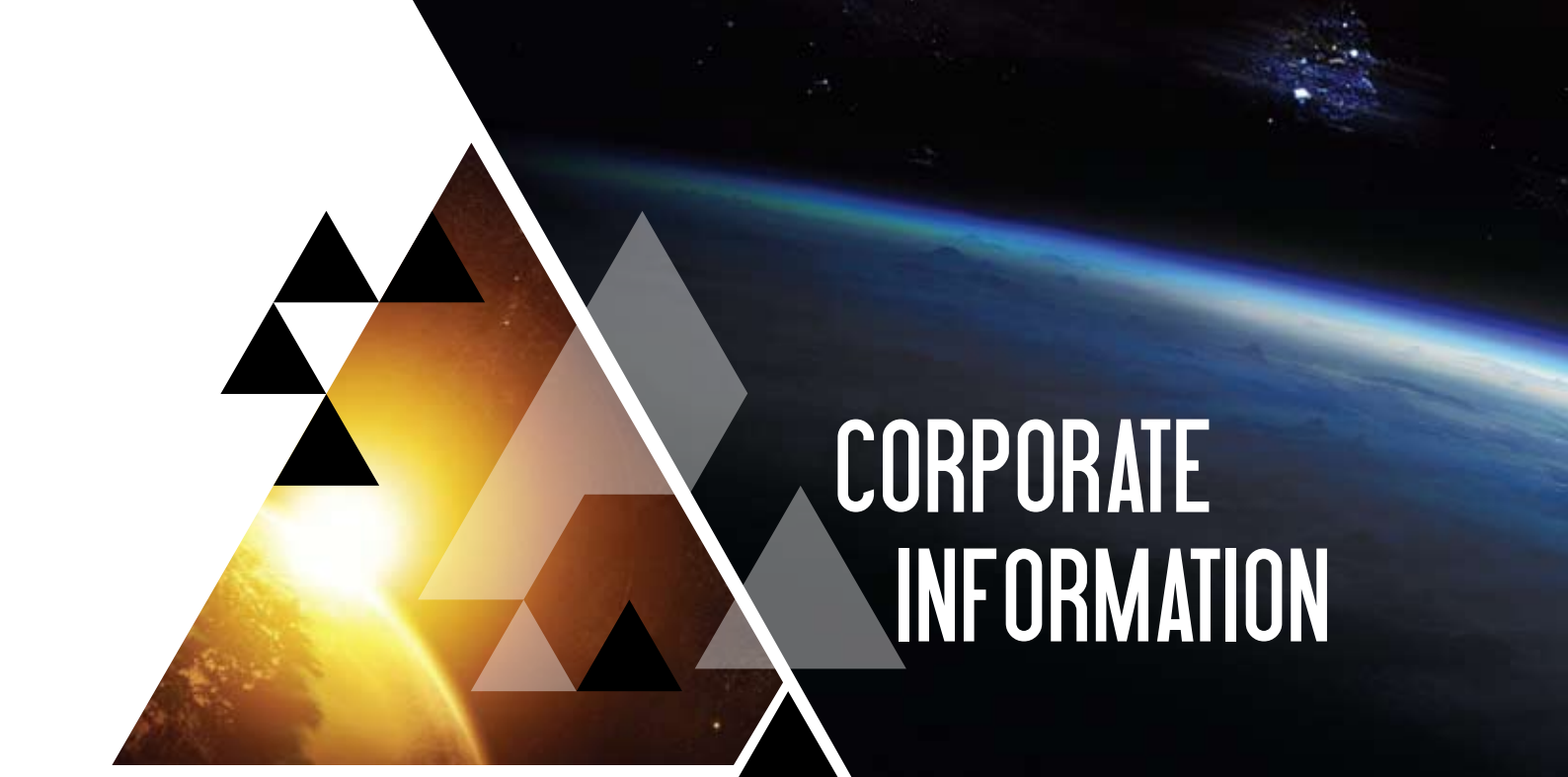
To deliver continuous growth and breakthroughs in business performance with total customer satisfaction.

Belief

- People are our greatest asset
- Results-oriented with customer satisfaction
- Organisational agility
- Focus on corporate excellence
- Integrity at all times
- Team-based approach

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Michael Ng Kweng Chong
Founder and Executive Chairman

Heng Huck Lee
Chief Executive Officer

Diong Chin Teck @ Tiong Chin Sang

Lim Chien Ch'eng

Ng Kok Khuan

Dato' Ng Kweng Moh

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat

Norhalim bin Yunus

Dato' Syed Mohamad Bin Syed Murtaza

AUDIT COMMITTEE

CHAIRMAN

Diong Chin Teck
Independent Non-Executive Director

MEMBERS

Dato' Dr. Chong Eng Keat
Independent Non-Executive Director

Ng Kok Khuan
Non-Independent Non-Executive Director

SECRETARIES

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

REGISTERED OFFICE

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.
Tel : (604) 210 8833
Fax: (604) 210 8831

SHARE REGISTRARS

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.
Tel : (604) 228 2321
Fax: (604) 227 2391

AUDITORS

KPMG Penang
Chartered Accountants

PRINCIPAL FINANCIAL INSTITUTIONS

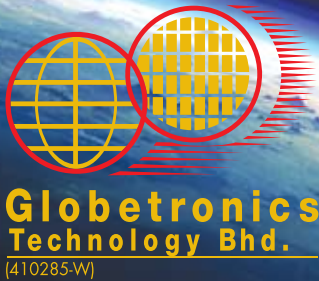
Public Bank Berhad
AmBank Berhad
Citibank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad

PRINCIPAL SOLICITOR

Ghazi & Lim

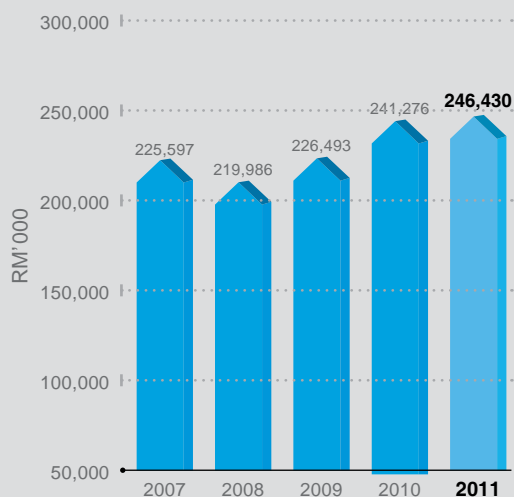
STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 7022

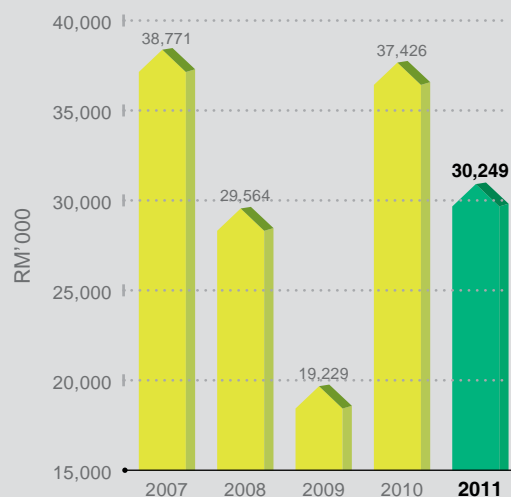


- 100% Globetronics Sdn Bhd**
Assembly & Testing of Intergrated Circuits (IC),
Optoelectronic Products & Technical Plating Services
- 100% ISO Technology Sdn Bhd**
Manufacturing of Small Outline Components &
Technical Plating Services for the Semiconductor Industry
- 100% Globetronics (KL) Sdn Bhd**
Manufacturing, Assembly and Test of
Chip Carrier Quartz Crystal Products
- 100% Globetronics Industries Sdn Bhd**
Manufacturing of LED Lighting System
- 100% Globetronics International Incorporated**
Investment Holding
 - **100% Globetronics (Hong Kong) Limited**
Inactive
- 100% Globetronics Multimedia Technology Sdn Bhd**
Computer Integrated Manufacturing &
Systems' Solutions Provider
- 100% Globetronics Manufacturing Sdn Bhd**
(formerly known as Globetronics Distribution Sdn Bhd)
Dormant/Inactive
- 49% SMCi Globetronics Technology Sdn Bhd**
Advanced Ceramic Piece-Parts Manufacturing

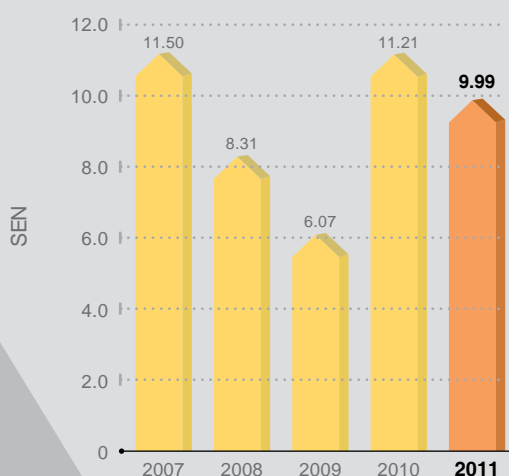
GROUP CORPORATE STRUCTURE



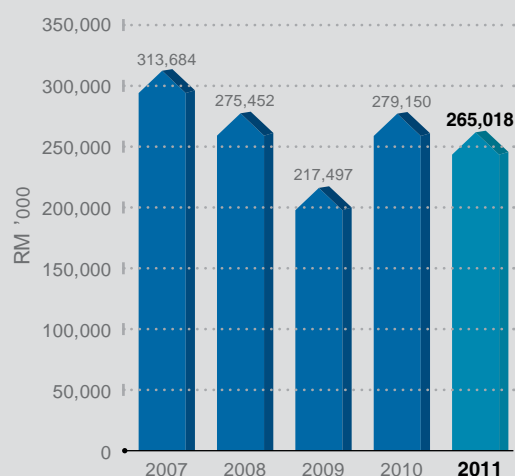
Shareholders' Funds



Profit Before Taxation



Net Earnings Per Share (Sen)



Turnover

FINANCIAL HIGHLIGHTS

Year Ended 31 December

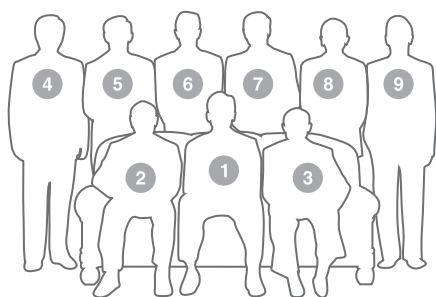
	2007	2008	2009	2010	2011
	RM '000	RM '000	RM '000	RM '000	RM'000
Turnover	313,684	275,452	217,497	279,150	265,018
Profit Before Taxation	38,771	29,564	19,229	37,426	30,249
Profit After Taxation	30,128	21,768	15,921	29,727	26,693
Profit Attributable to Shareholders	30,128	21,768	15,921	29,727	26,693

As at 31 December

	2007	2008	2009	2010	2011
Total Assets Employed	308,377	291,349	277,445	306,056	298,406
Shareholders' Funds	225,597	219,986	226,493	241,276	246,430
Net Earnings Per Share (Sen)*	11.50	8.31	6.07	11.21	9.99
Net Tangible Assets Per Share (RM)*	0.85	0.85	0.86	0.92	0.92

* The net earnings and net tangible assets per share for year 2007-2011 has been adjusted for the share consolidation of the ordinary shares of RM0.10 each into ordinary shares of RM0.50 each.

BOARD OF DIRECTORS



1. Mr. Michael Ng Kweng Chong (*Founder and Executive Chairman*)
2. Mr. Heng Huck Lee (*Chief Executive Officer*)
3. Mr. Diong Chin Teck
4. Mr. Lim Chien Ch'eng
5. Dato' Dr. Chong Eng Keat
6. Mr. Ng Kok Khuan
7. Dato' Syed Mohamad Bin Syed Murtaza
8. Encik Norhalim Bin Yunus
9. Dato' Ng Kweng Moh

PROFILE OF BOARD OF DIRECTORS



**MR. MICHAEL
NG KWENG CHONG**

Mr. Michael Ng Kweng Chong, aged 64, a Malaysian, is a Non-Independent Executive Director of Globetronics Technology Bhd ("GTB"). He was appointed to the Board of GTB on 5 August 1997. Mr. Michael Ng is currently the Founder and Executive Chairman of GTB. He was the original founder of Globetronics Sdn Bhd (GSB) in 1991. He nurtured the Company from the initial paid-up capital of RM3 million 20 years ago and led the Company to a successful IPO in 1997. Today, Globetronics has grown to become a company listed on the Main Market of Bursa Malaysia Securities Berhad with eight subsidiaries & one associated company with paid up capital of RM133 million.

Mr. Michael Ng graduated from the University of London in 1972 with an Honours Degree in Mechanical Engineering. Besides being a Professional Engineer in Malaysia, he has earned many certifications and recognition in the areas of technical, management and business developments & expertise in the Hi-tech Semiconductor manufacturing arena. In his 18 successful years working for Intel Technology Sdn Bhd, Michael Ng grew rapidly from an Engineer in 1972 to various senior management positions within Intel Penang, the Asia Pacific and the US. Of significance were the senior management positions spanning 1 year in Intel US, 2 years each for the Far East Automotives' Business Group and the Asia Pacific Quality Support Group covering South Korea, Taiwan, Hong Kong, Singapore and Malaysia.

Mr. Michael Ng is a member of the ESOS Committee and Remuneration Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Mr. Michael Ng is the brother of Dato' Ng Kweng Moh, cousin of Mr. Ng Kweng Chan and uncle of Mr. Ng Kok Khuan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



MR. HENG HUCK LEE

Mr. Heng Huck Lee, aged 55, a Malaysian, is a Non-Independent Executive Director of GTB. He was appointed to the Board of GTB on 10 November 1997. He was appointed as the Chief Operating Officer of GTB in July 1997 and later promoted as Chief Executive Officer in January 2008.

He graduated with a Bachelor of Applied Science (Honours) majoring in Computer/Electronic Technology from University Sains Malaysia in 1982. He also obtained a Master in Business Administration from East Asia University in 1991. His past working experience includes a 10-year operations/management position with Intel Technology Sdn Bhd, currently the world's largest semiconductor manufacturer. He also has more than 5 years working experience as a Group General Manager with Shinca Sdn Bhd, an Original Equipment Manufacturer/subcontract manufacturer for a wide range of electronics and computer products from 1991 to 1997.

Mr. Heng is the President of Frepenca (The Free Industrial Zone, Penang, Companies Association) since 2011 and a committee member of the Penang Industry Advisory Panel.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Mr. Heng Huck Lee does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



MR. DIONG CHIN TECK

Mr. Diong Chin Teck, aged 79, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 29 May 2001.

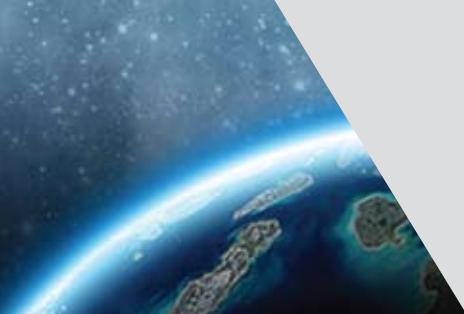
He is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted as a member of The Institute of Chartered Accountants in Australia in 1966. He joined Peat Marwick (now known as KPMG) in 1967 and worked in their Kuala Lumpur, Ipoh and Penang offices. He was made a partner of the firm in 1971 and held the position until his retirement in 1988.

He is currently the Chairman of the Audit Committee in GTB.

Mr. Diong currently sits on the Boards of Eurospan Holdings Berhad, Asas Dunia Berhad and Zhulian Corporation Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Mr. Diong Chin Teck does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



MR. LIM CHIEN CH'ENG

Mr. Lim Chien Ch'eng, aged 59, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

He graduated with a Bachelor of Social Science (Honours) degree majoring in Politics from Universiti Sains Malaysia in 1976, and a Bachelor of Law (LLB. Hons) from King's College, University of London in 1979. He was called to the English Bar in 1980 and the Malaysia Bar in 1981. He has been practicing as an Advocate and Solicitor since 1981 and is now a partner in a legal firm with offices in Penang, Seberang Jaya and Kuala Lumpur.

He is the Chairman of the ESOS Committee and a member of the Remuneration Committee in GTB.

Currently, he is the Chairman of Chin Well Holdings Berhad.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2011.

Mr. Lim Chien Ch'eng does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



MR. NG KOK KHUAN

Mr. Ng Kok Khuan, aged 61, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 19 May 1998.

He graduated with a Diploma of Business Studies in 1975 from Australia and is a member of the Malaysian Institute of Accountants. From 1976 to 1977 he was employed as the Internal Auditor of Central Finance Berhad. In 1978 he was appointed as the Company Secretary of General Produce Agency Sdn Bhd and he has held the position since then.

He is a member of the ESOS Committee and Audit Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Mr. Ng Kok Khuan is the nephew of Mr. Michael Ng, who is a director and major shareholder of GTB, and Dato' Ng Kweng Moh and Mr. Ng Kweng Chan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



DATO' NG KWENG MOH

Dato' Ng Kweng Moh, aged 70, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

He is one of the Founding Members of GTB and currently is the Executive Chairman of General Produce Agency Sdn Bhd, with more than 30 years of experience in the rubber and palm oil industry, housing development and investment holdings since 1963.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Dato' Ng Kweng Moh is the brother of Mr. Michael Ng, who is a director and major shareholder of GTB, cousin of Mr. Ng Kweng Chan and uncle of Mr. Ng Kok Khuan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



DATO' DR. CHONG ENG KEAT @ TEOH ENG KEAT

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat, aged 66, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 3 March 2003.

He graduated from Universiti Sains Malaysia (USM) in 1975 with an Honours Degree in Chemistry and went on an Australian National University Scholarship to do his Ph.D in chemistry in 1976. In 1980, Dato' Dr. Chong left USM to join Intel as a Senior Process Engineer. During his 22 years in Intel, Dato' Dr. Chong has domestic and international experience in starting up as well as managing manufacturing operations, technology development and deployment. Dato' Dr. Chong started up the Intel Kulim site and he was the Vice-President and General Manager of Intel's Worldwide Board and Systems operations at the time of his retirement in 2002.

He is currently a member of the Audit Committee in GTB and also sits on the Board of MQ Technology Bhd and Elsoft Research Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2011.

Dato' Dr. Chong Eng Keat does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



ENCIK NORHALIM BIN YUNUS

Encik Norhalim bin Yunus, 49, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 18 July 2008.

He is a Biologist by training and graduated from Universiti Kebangsaan Malaysia in 1986. He has wide experience in several areas including venture capital investment, commercialization of research and nurturing start-up companies.

Encik Norhalim was attached to Guthrie Plantation & Agricultural Services before joining Malaysian Technology Development Corporation Sdn Bhd (MTDC), a venture capital company under Khazanah Nasional Berhad Group in 1993. Since then, he has held various positions in MTDC including Director of Technology Development, General Manager of Operations and General Manager of Biotechnology Group. As a Director of Technology Development, he was responsible for management of government funding programmes for the commercialization of research and technology acquisitions and the running of incubation centers. He was also involved in the creation of several start-up companies under MTDC and was for several years the Executive Director of MTDC Biotechnology Holding Sdn Bhd. Currently, Encik Norhalim is the Chief Executive Officer of MTDC.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2011.

Encik Norhalim does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



DATO' SYED MOHAMAD BIN SYED MURTAZA

Dato' Syed Mohamad Bin Syed Murtaza, aged 63, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 18 May 2011.

Dato' Syed has over 40 years of vast experience in the business, corporate and entrepreneurial exposures. After completing his education at Penang Free School, he joined Kah Motors and has since then been appointed to several key positions in various organizations. He has served in reputable multinational companies such as Shell Malaysia and was the Chairman of Penang Port Commission.

He is the Chairman of the Remuneration Committee in GTB.

He currently sits on the boards of Universiti Sains Malaysia, Yayasan Bumiputra Pulau Pinang Berhad, PBA Holdings Berhad, MITTAS Berhad, Boon Siew Credit Berhad, Penang Tourists Centre Berhad, Tourism Entrepreneur Centre Berhad and several private limited companies.

Currently, he is the Managing Director of Armstrong Auto Parts Sdn Bhd. He also heads Penang Tourist Centre Berhad, MITTAS Berhad, Motorcycle, Scooter Assembly & Distributor Association of Malaysia and Usains Group of Companies. He is the president of the Federal of Asian Motorcycle Industries and Steering Committee of International Motorcycle Manufacturers Association. In addition, he has held many other appointments at state and national levels.

Dato' Syed does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

He attended 3 of the 3 Board Meetings held during the financial year ended 31 December 2011 since his appointment on 18 May 2011.



MR. MICHAEL NG KWENG CHONG
Founder & Executive Chairman

We exited the second half of year 2010 full of optimism for year 2011 which turned out to be a very volatile and challenging year.

Many global calamities like Japan's Tsunami, US Credit Downgrade, European Debt Crisis, Thailand's Flood, created huge volatility and uncertainty especially during the last quarter of the year.

In spite of the global calamities and relentless global competition and price erosions, our Group persevered and kept intact our unbroken quarterly profitability record since our Group's inception more than 20 years ago.

Our Group owes our successes and accomplishments to our most capable and passionate, Chief Executive Officer (Mr HL Heng), whom through selfless dedication and unmatched business acumen singlehandedly led and motivated our Group's well-aligned personnel to deliver stellar and highly respectable performance indicators whilst providing timely and cost competitive solutions to our customers.

Through great passion, dedication, endurance and perseverance from all our personnel and full support from our customers, our Group successfully closed year 2011 with a set of highly respectable financial results with sales @ RM265 million and profit-after-tax (PAT) @ RM26.7 million. Cash-flow-wise we closed the year in a very healthy state with cash & other investments at approximately RM105 million even after spending RM107 million in 2010 and another RM15 million in 2011 in capital expenditure (CAPEX). On top of that, RM22.6 million in dividend payments were paid out to our shareholders in addition to the USD 2.1 million (RM6.6 million) repayment of a short-term loan.

Major milestones were achieved in 2011 as our Group surged forward in diversifying our customer and product base, while firm roadmap and resources had been identified and support committed towards establishing the Group to be a billion-ringgit, own-product-corporation by year 2016. Another important milestone achieved included the actualization of our succession plans of grooming senior executives, mid-level leaders and managers to support our future growth.

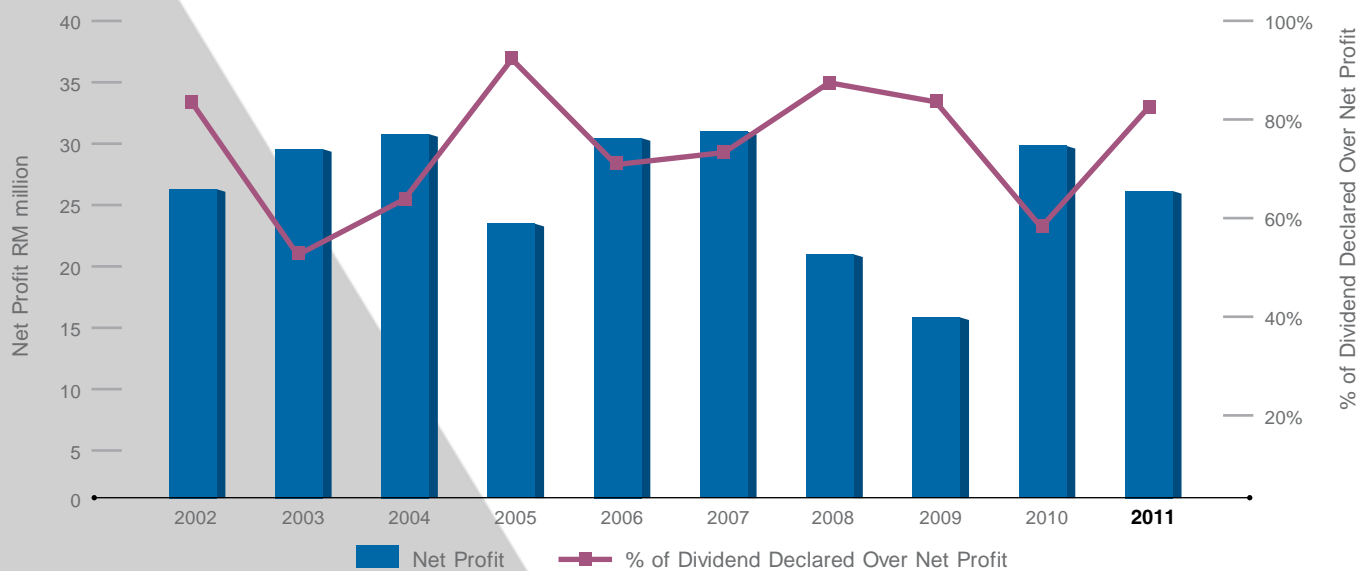
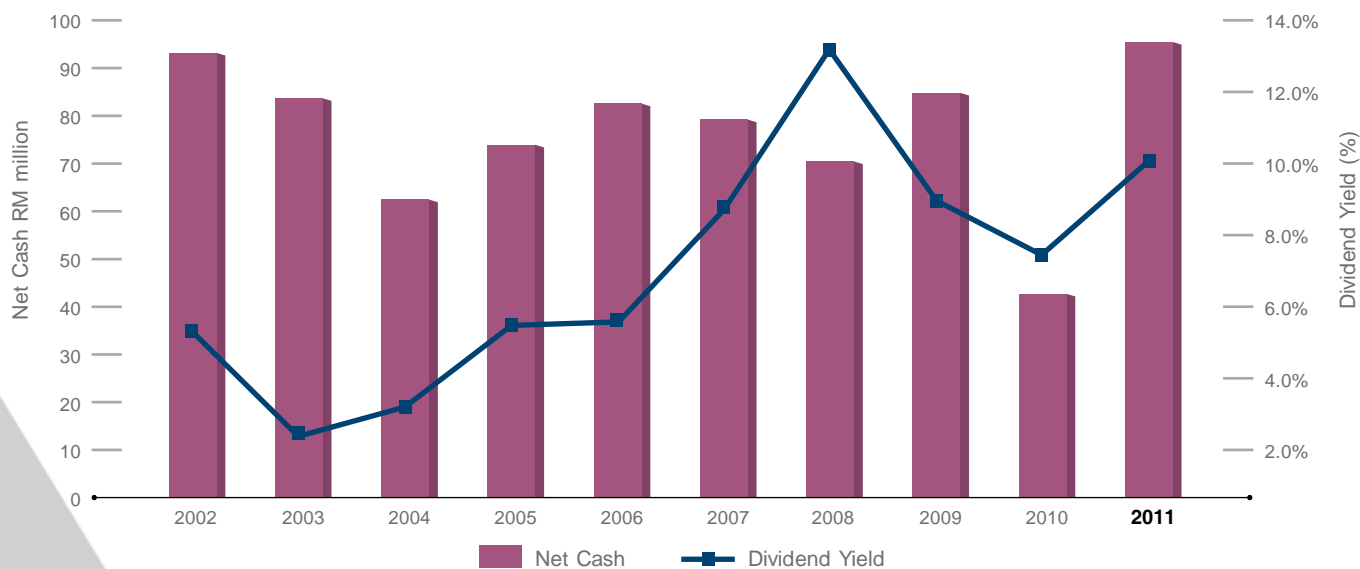
While keeping abreast with the best practices as recommended by the Code of Corporate Governance, we proactively adopted a policy of capping the tenure of independent, non-executive directors to a maximum period of 12 years. It is thus incumbent upon me, on behalf of our board and management team, to express our heartfelt gratitude and appreciation to all retired or retiring independent, non-executive directors while wholeheartedly welcoming new independent directors to our board.

On the Corporate Social Responsibility's (CSR) front, we continued to participate strategically and actively in educating, training, and reaching out to the needy, while continuing to play a pivotal part in the protection and improvement of the environment and the world we live in.

In closing, Our Group would like to record our sincerest appreciation to everyone who has contributed to our successes, including our investor-friendly Government, well-aligned employees, highly effective board of directors, shareholders and supporters. Thank you all very much!

FINANCIAL ACCOMPLISHMENTS

It has always been our Group's top focus and commitment to reward our shareholders with excellent dividend payments every year since our Group's IPO on November 3rd, 1997. As a simple illustration, the last 10 years' dividend payments are hereby extracted and represented graphically for reference:



In 2011, our Group paid out three (3) dividend payments totaling RM22.6 million comprising of:

- (i) A single tier interim dividend of 3% per share for the year ended 31 December 2011 amounting to RM4 million on 6 April 2011;
- (ii) A single tier final dividend 4% per share for the year ended 31 December 2010 amounting to RM5.3 million on 6 July 2011; and
- (iii) A second single tier interim dividend of 10% per share for the year ended 31 December 2011 amounting to RM13.4 million on 1 November 2011.

We closed year 2011 with cash and other investments @ RM105 million.



CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

In line with our continuous process of adopting the best practices as recommended by the Malaysian Code on Corporate Governance, our Group continues to comply fully with all new amendments in the financial reporting standards. By the first quarter of 2012 we will be in full alignment and compliance with the International Financial Reporting Standards for our Group. A year ago we also adopted a policy of capping the tenure of independent, non-executive directors to not exceed 12 years which will be fully complied by end of May 2012.

On the CSR front, we continued to play an active and meaningful role in various community projects with top focus being in the development of local technical talents through our on-going Scholarship program designed to help selected financially needy and academically deserving Malaysian students to pursue their tertiary education in the technical arena. We also responded readily with our donation of RM100,000 in humanitarian aids to Japan Red Crescent Society in response to Japan's Earthquake and Tsunami Disaster that caused massive damage and loss of life to Japan, as well as with donation of RM10,000 to Penang Down Syndrome Society in conjunction with The Star's Walk for Charity program, in addition to the RM5,000 donation to Malaysia Life Saving Society in support of their effort to promote and improve life saving awareness and activities in Malaysia.



PROSPECTS & OUTLOOK

The global economy continues to display strength as well as weaknesses in different geographic regions. While the developed economies in the West continue to struggle with the debt overhang, we expect the successful bailouts and additional monetary stimulus should initiate a partial recovery by late second half of 2012. By the same token, Asian economies should start to see recovery in the second half of 2012 through the urgent needs for replenishment and replacement of parts damaged or constrained by the calamities suffered from Japan's earthquake and tsunami as well as the severe floods in Thailand resulting in shortages of supplies and depletion of inventories.

While the overall prevailing global economic outlook for 2012 still leans towards a hard landing for most of the industries including the electronics manufacturing services industry, our Group expects to be able to buck against this pessimistic trend due to our strong financial position. This will allow ourselves to spend heavily and strategically in servicing the thriving smart-phone and tablets markets as well as in the environmentally-friendly, energy-saving, green-technology industry. We expect year 2012 to be the start of an exciting period for us as we ramp up on two high growth and scaleable products within our Group. The first involves a sensor product, which will enhance the battery life of consumer devices especially for tablets and smart-phones while the second product relates to timing devices and quartz crystal for 90% of all global cellular-phones, as well as a temperature frequency compensation product which essentially is a component for global position systems (GPS), used in most best selling cellular phones and smart phones sold today. Of more significance, given the scale and growth of the cellular-phone and smart-phone industry, we believe that Globetronics' business from this segment should be relatively sheltered from any cyclical downturn.

A key differentiating factor between our Group against other local major semiconductor companies is that our Group has remained profitable since its listing and has managed to evade the semiconductor downturns over the past decade, coming out relatively unscathed in comparison to our peers. We attribute this to our strong and forward looking management team in moving up the value chain, transforming itself from being a mere semiconductor service provider to manufacturing higher end products like light emitting diodes (LEDs), encoders & sensors as well as quartz crystal and timing devices, etc.

Globetronics has been in a net cash position for the past 10 years while free cash flows have remained in positive territory in spite of the strategically heavy investment in CAPEX of RM107 million in 2010. We are happy to report that returns have commensurate with all these investments made by the Group so far.

We believe that the world will continue to embrace technology and inventions that make people's lives more convenient and connected. The growing popularity of social networks will boost demand for gadgets like smart phones, tablets and personal computers (PCs), while governments and countries looking to energy saving and environmentally friendly products such as light-emitted-diodes (LEDs) and LED-lighting products are all part and parcel of the exponentially escalating demands for products and components that our Group is involved in.

Through our extensive involvement and continuous partnership in co-development works with world renowned customers in the above mentioned areas, we are optimistic that year 2012 and beyond will be another successful and fruitful period for our Group!





MR. HENG HUCK LEE

Chief Executive Officer

 Business KPIs

 Technological Advances

 Customer Satisfaction

 Corporate Social Responsibility

At the wake of a respectable recovery in the global economy during the second half of year 2010, I sensed that year 2011 could well be the inflection point for the global semiconductor and green technology industry. This inference turned out to be accurate not so much from the signals collected in 2010 but by three major events which negatively affected the global economy. First being the sudden influx of new entries from low cost countries flooding the light-emitting-diodes' (LEDs) market with over-capacity and incessant price erosion for the LED-lighting and Solar industry. Secondly was the European-debt-crisis and U.S. credit-downgrade that created business uncertainties as never seen before and thirdly was the natural calamities like the earthquake/tsunami that shook Japan in March 2011 and the October flooding in Thailand that caused major interruptions and supply shortages for most businesses in the world.

These highly disruptive events forced the business world to turn on the dime to deliver products in the shortest turn-around-time whilst driving global cost competitiveness. From our Group's perspective, I feel extremely blessed and grateful to everyone in our workforce whose "can do" attitude helped us through such challenging times with their perseverance and passion for excellence. In each and every one of the subsidiaries within our Group, our personnel have literally turned the "yes we can" slogan into real actions, producing stellar results and converting each "threat" or "danger" into "opportunities" for growth for ourselves!

In reciprocation to our timely and globally cost competitive solutions which we consistently delivered to our valued customers, they in turn rewarded us with "volume-consolidation" and "capacity transfers" from their other manufacturing sites to our Group of companies. At the same time, our Group proactively diversified with new customers and new business-platforms to reduce our dependency on LEDs and timing-devices. With better economy-of-scale from such volume-consolidation and diversification exercises, we managed to keep our Group's top and bottom lines respectable and our unbroken quarterly profitability intact since inception.

In the course of our past years' successful collaboration and co-development works with existing and new customers, new product platforms as well as new manufacturing capacity and capabilities have been installed at our various subsidiaries and most of them are expected to contribute positively to sales and income by the second half of 2012.

Furthermore, we have established another proud legacy of producing a complete set of home-grown-leaders & managers across all of our key subsidiaries. Our Group had also successfully developed and put into action our 5-year-strategic-plan to establish our Group to be a Billion-Ringgit-Global-Corporation by Year 2016 with parallel support from various Governmental agencies.

I am confident that all our activities and strategies that we have put in place will pave the foundation for Globetronics to excel in Year 2012 and beyond. In closing, I would like to extend my appreciation to our partners, our employees, our Board of Directors and our esteemed shareholders for making this another successful year for GTB.



Globetronics (KL) Sdn Bhd ("GKL")

Our GKL factory turned in another year of stellar performances with outstanding customer-satisfaction-index and business performance indicators. While they are the youngest subsidiary within our Group, their "can do" attitude has become the role model for our Group of Companies to emulate. More often than not, GKL was called upon to ramp up outputs beyond its original installed capacities and they always responded perfectly to delivery commitments. GKL have continued to lead as the biggest revenue and profit contributor among all of our subsidiaries.



Due to GKL's unique ability to turn on a dime in delivering products to our customers with exemplary quality and cost, this is the subsidiary that was recognized by customers as their contract-manufacturing site-of-choice in their world-wide-product-loading-consolidation-exercises as well as in their choice for new transfers from other manufacturing sites.

In reflection, GKL's growth to become such a dynamic and committed organization has to be credited to past years' intensive grooming and growing of young, passionate and highly devoted leaders and managers of various levels within the organization. Through various intensive training, coaching and development programs designed for on-the-job-application, our well-aligned and highly motivated workforce have become the most results-oriented team in contributing significantly to our successes in year 2011. The GKL Group is now ready to take on even more exciting projects in 2012 and beyond. Our highly focused succession plan has thus gained good traction with these promising business-leaders and capable management candidates flourishing and ready for GKL's growth.

In GKL's pipeline there are also a couple of promising, world-renowned customers initiating their manufacturing services which fit into GKL's diversification plan perfectly. GKL should continue to be one of our most successful and fastest growing subsidiaries moving forward.

ISO Technology Sdn Bhd ("ISO")



ISO was our Group's most impacted subsidiary by the global economic crisis in Europe and the U.S., as well as by the natural disasters in Japan and Thailand in year 2011. In spite of the wild swings in their product loadings as the business world reacted to such disruptive events, ISO emerged from 2011 rather unscathed and managed to produce a set of respectable financial results and performance indicators that surpassed all expectations!

As a result of the past years' Herculean efforts in the intensive grooming and development of multi-layers of senior and junior management within ISO, their well-aligned, highly motivated workforce became bold and strong enough to take the bull by the horns and overcame all the adversities posed by the challenging and volatile business environment with triumphs and

successes throughout year 2011. At the same time many new customers and new product platforms which had been undergoing qualification or validation tests started to come on stream successfully and began ramping up into high production run-rates by the end of 2011.

ISO also voluntarily underwent countless rounds of proactive organizational-optimization and resource-remobilization exercises which were instrumental in making this subsidiary one of the most versatile and cost competitive within our Group. A firm foundation has now been set for ISO to go into 2012 with confidence and bright prospects for our Group! Kudos to ISO!!

Globetronics Sdn Bhd Penang ("GSB")

GSB which is our most matured subsidiary bore the brunt of the hostile business environment laden with issues like excess inventory and incessant price erosion which descended on the LED-industry throughout year 2011. Full credit should be given to the outstanding leadership and highly motivated management team for their proactive and effective diversification exercises for more customers and higher-end product platforms which came in time to mitigate such negative impacts. In that process, GSB also underwent massive organizational restructuring and resource-remobilization exercises to transform themselves into a lean-&-mean machinery, delighting customers with globally cost competitive services and providing cost-improvement solutions in the most proactive and timely manner.

GSB has also made excellent progress in starting up new product platforms with a couple of world-renowned customers in the sensors and lighting arena. GSB's well entrenched culture and willingness to walk the extra miles in expediting timely solutions to facilitate the launching of new products for their customers have been exemplary. With such successes and outstanding recognition from these delighted customers, many new products are in the pipeline to start production runs in GSB in year 2012.

Benefitting equally like the rest of our other subsidiaries, our Group's intensive grooming and development programs which emphasized on on-the-job-application have transformed the GSB workforce to be fully cross functional. It is distinctively noticeable that the whole GSB team is now highly charged up and motivated to bring in even more breakthroughs and successes into our Group moving forward.



AUDIT COMMITTEE REPORT

MEMBERSHIP AND ATTENDANCE

The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the year are as follows:

Composition of Audit Committee	Number of Meetings Attended
Mr. Diong Chin Teck Chairman/ Independent Non-Executive Director	4/4
Dato' Dr. Chong Eng Keat Independent Non-Executive Director	4/4
Mr. Ng Kok Khuan Non-Independent Non-Executive Director	4/4

COMPOSITION AND TERMS OF REFERENCE

1. Composition

- (a) The Committee Members shall consist of at least three(3) members appointed by the Board of Directors from amongst the Directors of whom all the members of the Committee are Non-executive Directors with a majority of them being independent Directors.
- (b) At least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants ("MIA");
 - (ii) if he/ she is not a member of the MIA, he/ she must have at least three (3) years' working experience; and
 - he/ she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he/ she must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) must have at least 3 years' post-qualification experience in accounting or finance with either one of the following qualifications:
 - a degree/masters/doctorate in accounting or finance; or
 - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
 - (iv) must have at least 7 years' experience as a chief financial officer of a corporation or be primarily responsible for the management of the financial affairs of a corporation; or
 - (v) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (c) No alternate Director shall be appointed as a member of the Committee.
- (d) The Members of the Committee shall elect a chairman from among their number who shall be an Independent Director.
- (e) The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every three (3) years.
- (f) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Meetings and Quorum

- (a) The Audit Committee will hold a minimum of four (4) meetings a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the management, the internal or external auditors.
- (b) The Audit Committee members shall meet with the external auditors at least twice a year, without any executive Board members or officers present.
- (c) The Executive Chairman, Chief Financial Officer, Internal Auditor and a representative of the external auditors (if required) may attend Audit Committee meetings. The senior management team may attend meetings upon the invitation of the Committee to provide detailed explanation and clarification on matters that have been tabled.
- (d) The quorum for each meeting shall be at least two thirds (2/3) of the members with independent directors forming the majority.
- (e) Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

3. Authority

The Audit Committee shall, at the Company's expense:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any records, information, property and personnel of the company;
- (d) Have direct communication channels with the external and internal auditors;
- (e) Be able to obtain independent professional or other advice; and
- (f) Be able to convene meetings with the external auditors, excluding the attendance of the executive Board members or officers, where deemed necessary.

4. Duties and Responsibilities

The duties and responsibilities of the Audit Committee include the following:

- (a) Internal Audit
 - To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its duties;
 - To review the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the reports; and
 - To review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of the internal audit staff.
- (b) External Audit
 - To review with the external auditors, the audit plan, scope of the audit and the areas of audit of the Company/ Group;
 - To review with the external auditors, their evaluation of the system of internal controls and audit findings;
 - To discuss problems and reservations arising from the audit, and any other matters the auditors may wish to discuss;
 - To review the external auditors' management letter and management's response;
 - To review the auditors' report with the external auditors;
 - To review and report the assistance given by the Company's/ Group's Officers to the external auditors and the overall conduct of the audit;
 - To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof; and
 - To make appropriate recommendation to the Board on matters of resignation or dismissal of external auditors.
- (c) Financial Reporting
 - To review the annual audited financial statements of the Company/ Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:
 - Any changes in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Significant and unusual events; and
 - Compliance with accounting standards and other legal requirements.
 - To ensure prompt publication of annual audited financial statements.
- (d) Risk management
 - To review the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- (e) Related Party Transactions
 - To review any related party transactions that may arise within the Company/ Group.
- (f) Other Functions
 - To review and verify the allocation of shares option to eligible employees in accordance with the criteria set by the Employees' Share Option Scheme ("ESOS") Committee; and
 - To perform any other functions as may be agreed by the Audit Committee and the Board.

AUDIT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the Internal Auditor in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Group's operations by providing independent, objective assurance and consulting activities through its audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures.

The Internal Auditor undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers review of adequacy of operational controls, risk management, compliance with established procedures, laws and regulations, quality of assets, management efficiency, amongst others.

The internal audit function adopts a risk based approach to monitor and implement an effective internal control system for the Group. The monitoring process forms the basis for continuous improvement to the risk management process of the Group in meeting its overall objectives and assist management to achieve its corporate goals.

The Internal Audit Reports prepared by the Internal Auditor are deliberated by the Audit Committee and recommendations are duly acted upon and followed up by the management.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 31 December 2011 in the discharge of its functions and duties:

- Reviewed the quarterly financial statements and Annual Report of the Group before presentation for the Board's approval, focusing particularly on:
 - changes in or implementation of major accounting policy;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- Reviewed the related party transactions that had arisen within the Company or the Group and the disclosure of such transactions in the Annual Report.
- Reviewed with the External Auditors their audit plan and scope of work prior to commencement of audit.
- Discussed and reviewed the Group's financial year-end statements with the External Auditors including issues and findings noted in the course of the audit of the Group's Financial Statements.
- Reviewed and discussed with the External Auditors their evaluation of the system on internal control of the Group including meeting the External Auditors without the presence of Management.
- Considered the appointment of External Auditors and their request for increase in audit fees.
- Reviewed and deliberated on reports of audits conducted by the Internal Auditor.
- The Committee also appraised the adequacy of actions and remedial measures taken by the Management in resolving the audit issues reported and recommended further improvement measures.
- Reviewed and assessed the risk management activities of the Company and the Group.
- Reviewed the Audit Committee Report, Statement on Internal Control and Statement on Corporate Governance before submitting for the Board's approval and inclusion in the Company's Annual Report.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility (“CSR”) reflects our belief that in addition to shareholder value maximization, the Group should be cognizant of its duty to improve the conditions affecting its other stakeholders, community and environment in which it operates. Our CSR provides the framework that emphasizes our commitment to the following pivotal areas:

Employee Health and Safety

We strongly believe that human capital is the most important value to an organization. To ensure a safe and healthy working condition for our employees and support workers, the Group has developed guidelines to safeguard employees in all of its business operations. Environmental, Health and Safety (“EHS”) Committee within the Group ensure that health and safety policies are effectively implemented and continuously improved. Our EHS management system are reviewed against international best practices and updated from time to time.

To safeguard employees and instill the values and knowledge essential to a safe and healthy workplace, we continuously undertake first aid training, health talks, fire drills and plant evacuation exercises. At the Group’s manufacturing locations, we have continued to ensure that equipment and building systems are functioning properly and are well maintained.

Environmental Management

At the Group’s various plants, we ensure strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. As part of our corporate responsibility agenda, we have measures in place to minimize the adverse impact on the environment and to achieve continuous improvement of our plants/ factories’ environmental performance. In line with this, our Penang manufacturing factories are certified to the international environmental management systems standard, ISO 14001.

Human Capital Development

One of our key corporate responsibility initiatives is the development of human capital as our employees are our greatest asset. The development is achieved through the implementation of various initiatives such as in-house cross training and employees’ productivity improvement, building university relationships, encouraging workplace diversity and promoting employee welfare. The ultimate aim of these objectives is the unity of all employees in striving for a common objective i.e. the success of the Group in terms of economic, social and environmental development.

Corporate Contributions and Community Development

The Group’s policy on corporate contributions is to direct its support primarily to causes related to education and social needs in the communities in which its businesses operate and its employees live and work.

The Group plays its role as a socially responsible corporate citizen in the community through sponsorship/donation to various centers during the year. Of importance are highlighted as follows:-

- 1) 2.5 million Yen (RM100,000) donation in humanitarian aids to Japan Red Crescent Society in respond to Japan’s Earthquake and Tsunami Disaster.
- 2) RM10,000 donation to Penang Down Syndrome Society in conjunction with The Star’s Walk for Charity program.
- 3) RM5,000 donation to Malaysia Life Saving Society in support of their effort to promote and improve life saving awareness and activities in Malaysia.

Education continues to be a key focus of the Group’s corporate contribution, in line with its belief that education plays a key role in nation building by the creation of a knowledgeable based society. Our pioneer batch of 3 scholarship holders have just completed their tertiary education and started working for the Group.

Moving forward, the Group is also finalizing scholarship awards for another 3 deserving Malaysian students to pursue their tertiary educations/diploma studies at Malaysian Universities or local technical institutions. Each eligible student will receive a grant totaling RM15,000 per year.

In conjunction with our CSR programmes, we have also created an environment which encourages all staffs to actively participate in charitable activities. The Group supports staff volunteering as being integral to the development of the individual and the community. One notable activities has been the participation in the various programmes organized by the Penang State Government’s ‘clean up campaign’ for our rivers and beaches.

STATEMENT ON CORPORATE GOVERNANCE

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

Introduction And Objective

The Board of Directors (“Board”) remains fully committed to achieve and maintain high standards of corporate governance throughout the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group. It is the Board’s belief that corporate governance is synonymous with the key concepts of transparency, accountability, integrity and corporate performance.

The Board is guided by the Company’s Code of Corporate Governance which is formulated based on the principles set out in the Malaysian Code on Corporate Governance (Code) and developments of globally recognized best governance practices. The Board is pleased to present the following statement on the various measures implemented within the Group as recommended under the Code and has generally complied with the best practices set out in the Code.

BOARD OF DIRECTORS AND ITS COMMITTEES

Board Composition and Balance

The Board provides entrepreneurial leadership of the Group and is collectively responsible for setting policies, which ensure that the Group’s objective and performance targets are met. The Board is composed of 2 Executive Directors, 4 Independent Non-Executives Directors and 3 Non-Independent Non-Executive Directors. This board composition is balanced and in compliance with the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements.

The Board composition of Executive Directors and Non-Executive Directors including the Independent Non-Executive Directors, allows for independent judgement and viewpoint on the various issues for the Board’s decision making. Together, the Directors are able to bring wide and varied legal, financial, technical and commercial experience to the Board and Committee deliberations.

The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure its composition remains optimal for the effective discharge of its duties and responsibilities. A brief profile and status of each Director is presented on pages 6 to 9.

Board Duties and Responsibilities

In addition to statutory and fiduciary duties, the Board is further tasked with reviewing the strategies, performance and resources of the Group and evaluating these against their budgets and targets in an ever changing environment. The Board is also responsible for assessing the integrity of the Group’s financial information and the adequacy and effectiveness of the Group’s system of internal control and risk management processes.

In discharging its fiduciary duty, the Board is assisted by Board Committees, namely the Audit Committee, the Employees’ Share Option Scheme (“ESOS”) Committee and the Remuneration Committee. Each Committee operates within its respective defined terms of reference which have been approved by the Board. The Board, through the Audit Committee, addresses and monitors the principal risks affecting or that may affect the Group’s operations and the measures that could be taken to mitigate such risks.

Terms of Appointment

In accordance with the Articles of Association, all newly appointed Directors and one third of the remaining Directors are required to retire at each Annual General Meeting (“AGM”) subject to the retirement of all Directors at least once in every 3 years. The Directors due to retire by rotation at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution) on page 100.

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance with Section 129(6), Companies Act, 1965. Directors seeking re-appointment at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution) on page 100.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

Board Meetings

The Board meets on a scheduled basis and has formal schedule of matters reserved for its meetings. Additional meetings may be convened when necessary should major issues arise that need to be resolved between scheduled meetings. Relevant management personnel are invited to Board meetings to report and apprise the Board on operations and other developments within their respective purview.

For the financial year ended 31 December 2011, five Board meetings were held.

Details of each Director's meeting attendances during the financial year are as follows :-

	Number of Meetings	
	Held	Attended
Ng Kweng Chong	5	5
Heng Huck Lee	5	5
Diong Chin Teck	5	5
Lim Chien Ch'eng	5	4
Ng Kok Khuan	5	5
Dato' Ng Kweng Moh	5	5
Dato' Dr. Chong Eng Keat	5	5
Norhalim bin Yunus	5	4
Dato' Syed Mohamad Bin Syed Murtaza (Since appointment on 18 May 2011)	3	3

Supply of Information to Board Members

Board Meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. This is to enable the Directors to look at both qualitative and quantitative factors so that informed decisions are made. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of the Companies Act, 1965. Minutes of meetings of each committee are also circulated to the Board Members for review and deliberation.

All directors have unrestricted direct access to the Senior Management and the services of the Company Secretaries who advise the Board on the Company policies and procedures, including compliance with the relevant laws, regulations and regulatory requirements. In the furtherance of its duties, the Board may where necessary, obtain independent professional advice on specific matters, at the Company's expense.

Directors' Continuing Development

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centre to have an insight on the Group's various operations which would assist the Board to make effective decisions relating to the Group.

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. Directors are also encouraged to attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors. In this respect, in-house briefings by the external auditors were done to update Directors and management on any relevant revised statutory requirements.

For the year under review, all Directors attended various appropriate seminars and courses to keep abreast of changes in legislation and regulations affecting the Group's operations.

Directors' Remuneration

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining the Directors of high caliber needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also takes into consideration any relevant information provided by independent consultants or from survey data.

The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members to Board Committee are also paid a meeting allowance for each Committee meeting they attend.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

Directors' Remuneration (cont'd)

The appropriate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiaries for the financial year under review are presented in the table below :

a) Aggregate remuneration of Directors categorized into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus RM'000	Benefits- In-Kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	146	2,164	1,342	52	618	4,322
Non-Executive Directors	722	-	-	-	-	722
Total	868	2,164	1,342	52	618	5,044

b) The number of Directors of the Company whose total remuneration falls within the following bands :

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM 50,001 to RM 100,000	-	10
RM 1,550,001 to RM 1,600,000	1	-
RM 2,150,000 to RM 2,200,000	1	-

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with the Bursa Malaysia Main Market Listing Requirements. While the principles of the Code have prescribed for individual disclosures of directors' remuneration packages, the Board is of the view that transparency and accountability aspects in respect of the Directors' Remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.

BOARD COMMITTEES

Audit Committee

The composition and terms of reference of this Committee together with its report are presented on pages 17 to 19 of the Annual Report.

Remuneration Committee

The Remuneration Committee consists of :

Dato' Syed Mohamad bin Syed Murtaza (Independent Non-Executive Director, Chairman)
Mr. Lim Chien Ch'eng (Independent Non-Executive Director)
Mr. Ng Kweng Chong (Non-Independent Executive Director)

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors. The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors.

None of the Executive Directors participated in any way in determining their individual remuneration. Executive Directors' remunerations are linked to their respective performance and subject to the approval of the Board.

The Board as a whole determines the fees for the services of Non-Executive Directors, on the recommendation of the Remuneration Committee and subject to the approval of shareholders in the AGM.

The Committee meets when necessary. For the financial year ended 31 December 2011, the Committee held one meeting.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

BOARD COMMITTEES (cont'd)

Employee Share Options Scheme (“ESOS”) Committee

This Committee has the power to administer the ESOS in such manner as it shall in its discretion deem fit; including such powers and duties conferred upon it under the By-Laws of the ESOS. The Committee ensures that the ESOS Scheme and its relevant allocation is administered in accordance with the By-Laws.

The ESOS Committee consists of :

Mr. Lim Chien Ch'eng (Independent Non-Executive Director, Chairman)
Mr. Ng Kok Khuan (Non-Independent Non-Executive Director)
Mr. Ng Kweng Chong (Non-Independent Executive Director)

The Committee meets when necessary. For the financial year ended 31 December 2011, the Committee held two meetings.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

GTB values good communications with shareholders and investors. Its commitment, both in principle and practice, is to maximize transparency consistent with good governance but except where commercial confidentiality dictates otherwise.

Annual General Meetings

The AGM is the principal forum for dialogue and interaction with the shareholders of the Company. The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board Members, Senior Management and the Group's External Auditors are in attendance to respond to shareholders' enquiries. At the AGM, the Board presents the performance of the Group as contained in the Annual Report and shareholders present are given the opportunity to present their views or to seek more information. Resolutions tabled and passed at the Meeting are released to Bursa Malaysia on the same day.

Corporate Disclosure Policy

The Company is committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. In this respect, the Company follows the Corporate Disclosure Guide and Best Practices as proposed by Bursa Malaysia.

Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Copies of the full announcement are supplied to the shareholders and members of the public upon request. Interested parties can also obtain the full financial results and the Company's announcements from the Company's website at www.globetronics.com.my and also the Bursa Malaysia's website.

Investor Relations

The Board recognizes the importance of keeping shareholders and investors informed of the Group's businesses and corporate developments. The Board's primary contact with major shareholders is via the Founder and Executive Chairman and the Chief Financial Officer, who have regular dialogue with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 31 December 2011, the management held and/or attended 20 meetings and 1 roadshow with both local and foreign investors and analysts.

The Group's website, www.globetronics.com.my also serves as a forum to communicate with shareholders and investors and to provide information on the Group's business activities.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Mr. Diong Chin Teck as the Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretaries for information on the Company.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board takes due care and responsibility for presenting a balanced and clear assessment of the Group's operations, performance and prospects each time it releases its quarterly and annual audited financial statements to shareholders and the general public. The Audit Committee plays a crucial role in reviewing information to be disclosed to ensure its accuracy, adequacy and compliance to the appropriate accounting standards and the financial statements give a true and fair view of the state of affairs of the Company and Group.

Internal Controls

The Group's Statement on Internal Control is set out on pages 27 to 28.

Relationship with the Auditors

The role of the Audit Committee in relation to both the external and internal auditors is elaborated on pages 17 to 19.

COMPLIANCE WITH THE CODE

The Board of Directors collectively, rather than a separate Nomination Committee, is responsible for recommending the right candidate with the necessary skill, experience and competencies to be filled in the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In preparing the financial statements for the financial year ended 31 December 2011, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have an overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

This Statement on Corporate Governance was approved by the Board of Directors on 3 April 2012.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(PURSUANT PARAGRAPH 15.25 OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals.

Share Buy-Back

There was no share buy back programme implemented by the Company during the year.

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year under review.

Sanctions and/ or Penalties

There were no material sanctions and/ or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-audit Fees

There was no non-audit fees paid to the external auditor by the Company during the financial year under review.

Variation in Results

There was no profit forecast issued by the Company during the financial year.

Profit Guarantee

There was no profit guarantees given by the Company during the financial year.

Material Contracts

There were no material contracts entered into by the Company and/ or its subsidiaries involving directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of the previous financial year.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors of Globetronics Technology Bhd is pleased to provide the following statement on Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board is committed to fulfilling its responsibilities of maintaining a sound system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance, as set out below.

Board Responsibility

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. In view of the inherent limitations in any system of internal controls, the systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's system of internal control involves the management and staff from each business units of its respective subsidiaries. The Board is responsible for determining key strategies and policies for significant risks and control issues, whilst functional managers of the subsidiaries are responsible to implement the Board's policies effectively by designing, operating, monitoring and managing risks and control processes.

Risk Management Framework

The Board with the assistance of the Internal Auditor or Chief Financial Officer undertook to identify and evaluate the principal business risks in critical areas of the Company and the major subsidiaries of the Group, assessing the likelihood of material exposures and identifying the measures taken to manage these risks. This was done through desktop reviews, interviews with Senior Management and regular site visits.

The Board has initiated an ongoing process of identifying, evaluating, and managing significant risks encountered by the Company and the Group in a structured manner. This would entail establishing procedures for reporting and monitoring of risks and controls. Reviews will be conducted on a yearly basis with additional reviews to be carried out as and when required.

These initiatives would ensure that the Company and the Group have in place a formalised ongoing process to identify, measure and manage the significant risks affecting the achievement of its business objectives.

Other Key Components of Internal Control System

The other key components of the Company's and the Group's internal control systems are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Founder and Executive Chairman, together with the Chief Executive Officer, lead the presentation of board papers and provide explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Company's and the Group's activities and operations on a regular basis.

Monthly board / business review meetings are carried out at the key subsidiaries with meetings attended by all the Executive Directors, Chief Financial Officer and its various Factory / Finance Managers. The Factory Managers will lead the discussion / presentation on the various areas such as monthly profit and loss performance for its respective key product lines, comparison of its actual monthly / year to date results versus earlier plans, business planning and strategies, productivity / improvements plans and others for the respective subsidiaries.

Management Meetings

Annual strategic planning meetings are held before the beginning of the financial year whereby the Group's yearly strategic, objectives, key results and its measurement are finalised between the Executive Directors and the key management team of the respective operating subsidiaries, for organization calibration and alignment purposes.

Monthly management meetings are held to identify, discuss and resolve operational, financial and key management issues. The meetings are attended by all Executive Directors and key managers in which the meeting serves as a platform whereby the Group's goals, objectives and key results are continuously communicated and reinforced and potential risk areas are identified, evaluated and managed.

STATEMENT ON INTERNAL CONTROL (cont'd)

Organisational Structure With Formally Defined Responsibility Lines and Delegation of Authority

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate timely response to changes in the evolving business environment and accountability for operational performance. Capital and non-capital expenditures and acquisition and disposal of investment are subjected to appropriate review by the management, and if required, approval by the Board.

Performance Management Framework

Management reports are generated on a regular and consistent basis to facilitate the Board, the Company's and the Group's Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Company and the Group have in place a budgeting process that provides a responsibility accounting framework.

Operational Policies and Procedures

The documented policies and procedures form an integral part of the internal control system to safeguard the Company's and the Group's assets against material losses and seek to ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

Group Internal Audit

The Internal Auditor, who reports to the Audit Committee, conducts reviews on the systems of internal control and the effectiveness of the processes that are in place to identify, manage and report risks. The routine reviews are being conducted on business units / divisions under the Group's major core activities.

Weaknesses in Internal Control

A number of minor internal control weaknesses were identified during the year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's Annual Report.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

Principal activities

The Company is an investment holding company whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	<u>26,692,560</u>	<u>28,441,521</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid :

- i) a final single tier dividend of 2.0 sen per share totalling RM5,349,537 in respect of the year ended 31 December 2010 on 6 July 2011;
- ii) a first interim single tier dividend of 1.5 sen per share totalling RM3,995,715 in respect of the year ended 31 December 2011 on 6 April 2011; and
- iii) a second interim single tier dividend of 5.0 sen per share totalling RM13,378,572 in respect of the year ended 31 December 2011 on 1 November 2011.

A final single tier dividend of 2.0 sen per share has been recommended by the Directors in respect of the year ended 31 December 2011, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are :

Ng Kweng Chong	- Founder and Executive Chairman
Heng Huck Lee	
Dato' Ng Kweng Moh	
Dato' Dr. Chong Eng Keat @ Teoh Eng Keat	
Diong Chin Teck @ Tiong Chin Sang	
Lim Chien Ch'eng	
Ng Kok Khuan	
Norhalim Bin Yunus	
Dato' Syed Mohamad Bin Syed Murtaza	(Appointed on 19.05.2011)
Ng Kweng Tong	(Appointed on 01.08.2011, Resigned on 08.09.2011)
Dato' Noor Ahmad Mokhtar Bin Haniff	(Retired on 18.05.2011)
Ng Kweng Chan	(Resigned on 01.08.2011)
Hizwani Bin Hassan	(Resigned on 25.07.2011)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Directors' interests in shares

The interests and deemed interests in the ordinary shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	← Number of ordinary shares of RM0.50 each →			
	At 1.1.2011	Bought	(Sold)	At 31.12.2011
Interest in the Company				
Ng Kweng Chong				
- own	1,725,671	165,800	-	1,891,471
- others *	1,274,320	-	-	1,274,320
Heng Huck Lee				
- own	1,337,200	200,000	-	1,537,200
Dato' Ng Kweng Moh				
- others *	50,920	10,600	(5,000)	56,520
Dato' Dr. Chong Eng Keat @ Teoh Eng Keat				
- own	50,000	-	-	50,000
- others *	98,480	-	-	98,480
Diong Chin Teck @ Tiong Chin Sang				
- own	40,000	-	-	40,000
Lim Chien Ch'eng				
- own	2,534,000	116,000	-	2,650,000
Ng Kok Khuan				
- own	40,000	-	-	40,000
- others *	35,640	-	-	35,640

Deemed interests in the Company

Ng Kweng Chong	76,957,465	1,419,000	-	78,376,465
Dato' Ng Kweng Moh	1,404,762	-	-	1,404,762
Ng Kok Khuan	8,616,073	1,419,000	-	10,035,073

* These are shares held in the name of the spouses and children and are treated as interest of the respective Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Directors' interests in shares (cont'd)

By virtue of his interest in the shares of the Company, Mr. Ng Kweng Chong is also deemed to be interested in the shares of the subsidiaries during the financial year to the extent that Globetronics Technology Bhd has an interest.

None of the other Directors holding office at 31 December 2011 had any interests in the ordinary shares of the Company and of its related corporations during the financial year.

	← Number of options over ordinary shares of RM0.50 each →				
	At 1.1.2011	Offered and accepted	(Exercised)	(Expired)	At 31.12.2011
ESOS Scheme III *					
Ng Kweng Chong	663,400	205,000	(165,800)	-	702,600
Heng Huck Lee	900,000	200,000	(200,000)	-	900,000

* ESOS Scheme III on ordinary shares of RM0.50 each was established on 13 April 2009.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in a Company which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, the Company issued :

- i) 1,274,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM0.51 per ordinary share.
- ii) 2,800 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM0.80 per ordinary share.
- iii) 4,800 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM1.09 per ordinary share.

There were no other changes in the authorised, issued and paid-up capital of the Company and no debentures were issued during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to ESOS III.

At an extraordinary general meeting held on 24 February 2009, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS III") of up to 10% of the issued and paid-up share capital, replacing the ESOS II which expired on 28 March 2009.

The salient features of the ESOS III are, inter alia, as follows :

- i) The total number of shares to be offered under ESOS III shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of ESOS;
- ii) ESOS III shall continue to be in force for a period of five years from 13 April 2009;
- iii) The option is personal to the grantee and is non-assignable, transferable, disposable or chargeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are full-time employees and executive Directors of the Group who have been confirmed in the employment of the Group for at least three months prior to the date of offer, the date when an offer is made in writing to an employee to participate in ESOS III;
- v) The option granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of 100 shares;
- vi) The option price for each ordinary share shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days preceding the date of offer or at par value of the shares of the Company whichever is higher;
- vii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise (excluding the purchase by the Company of its own shares) howsoever, taking places, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price;
- viii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company; and
- ix) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The options granted (under ESOS III) to take up unissued ordinary shares of RM0.50 each and the option exercise price are as follows :

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.50 each					At 31.12.2011
		At 1.1.2011	Granted	(Exercised)	(Forfeited)		
13.4.2009	0.51	6,702,500	26,400	(1,274,000)	(623,400)	4,831,500	
7.10.2009	0.80	152,900	-	(2,800)	(18,800)	131,300	
8.4.2010	1.52	638,100	-	-	(153,500)	484,600	
12.10.2010	1.09	1,988,900	-	(4,800)	(291,700)	1,692,400	
5.4.2011	1.08	-	888,700	-	(103,100)	785,600	
3.10.2011	0.90	-	3,031,400	-	(6,600)	3,024,800	
		<u>9,482,400</u>	<u>3,946,500</u>	<u>(1,281,600)</u>	<u>(1,197,100)</u>	<u>10,950,200</u>	

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Other statutory information

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Ng Kweng Chong

Heng Huck Lee

Penang,

Date : 03 April 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	31.12.2011 RM	31.12.2010 RM
Assets			
Property, plant and equipment	3	127,137,112	171,822,125
Investment property	4	8,645,944	8,902,754
Investments in an associate	6	4,839,065	4,761,144
Other investments	7	6,429,527	6,381,303
Total non-current assets		147,051,648	191,867,326
Trade and other receivables	8	40,108,135	49,816,815
Inventories	9	12,086,133	15,129,438
Cash and cash equivalents	10	99,160,402	49,242,217
Total current assets		151,354,670	114,188,470
Total assets		298,406,318	306,055,796
Equity			
Share capital	11	133,790,120	133,149,320
Reserves	12	112,639,814	108,127,232
Total equity		246,429,934	241,276,552
Liabilities			
Borrowings	15	-	2,121,792
Deferred tax liabilities	13	5,255,394	5,355,394
Deferred income	14	174,256	970,534
Total non-current liabilities		5,429,650	8,447,720
Borrowings	15	4,004,352	4,243,584
Trade and other payables	17	38,432,661	49,197,569
Current tax liabilities		4,109,721	2,890,371
Total current liabilities		46,546,734	56,331,524
Total liabilities		51,976,384	64,779,244
Total equity and liabilities		298,406,318	306,055,796

The notes on pages 47 to 91 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Assets			
Investments in subsidiaries	5	38,805,241	38,143,734
Investments in an associate	6	784,000	784,000
Other investments	7	746,408	961,377
Total non-current assets		40,335,649	39,889,111
Trade and other receivables	8	104,369,332	103,537,788
Current tax assets		23,608	-
Cash and cash equivalents	10	13,925,832	7,943,299
Total current assets		118,318,772	111,481,087
Total assets		158,654,421	151,370,198
Equity			
Share capital	11	133,790,120	133,149,320
Reserves	12	23,211,941	16,796,994
Total equity		157,002,061	149,946,314
Liabilities			
Trade and other payables	17	1,652,360	1,421,084
Current tax liabilities		-	2,800
Total current liabilities		1,652,360	1,423,884
Total equity and liabilities		158,654,421	151,370,198

The notes on pages 47 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	18	265,018,692	279,150,359
Cost of sales		(210,459,321)	(212,337,089)
Gross profit		54,559,371	66,813,270
Administrative expenses		(31,869,759)	(35,212,925)
Other expenses		(337,477)	(560,814)
Other income		7,914,591	6,233,161
Results from operating activities		30,266,726	37,272,692
Finance costs	22	(96,018)	-
Operating profit		30,170,708	37,272,692
Share of profits of equity accounted associate, net of tax		77,921	153,378
Profit before tax	19	30,248,629	37,426,070
Income tax expense	23	(3,556,069)	(7,698,942)
Profit for the year		26,692,560	29,727,128
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		334,174	(910,792)
Fair value of available-for-sale financial assets		(468,247)	519,478
Other comprehensive income for the year, net of tax	25	(134,073)	(391,314)
Total comprehensive income for the year		26,558,487	29,335,814
Profit attributable to:			
Owners of the Company		26,692,560	29,727,128
Total comprehensive income attributable to:			
Owners of the Company		26,558,487	29,335,814
Basic earnings per ordinary share (sen) of RM0.50 each (2010 : RM0.50 each)	26	9.99	11.21
Diluted earnings per ordinary share (sen) of RM0.50 each (2010 : RM0.50 each)	26	9.98	11.20

The notes on pages 47 to 91 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	18	28,718,197	20,703,148
Administrative expenses		(935,822)	(936,463)
Other expenses		(24,380)	(3,178,882)
Other income		690,718	65,170
Profit before tax		28,448,713	16,652,973
Income tax expense	23	(7,192)	(63,596)
Profit for the year	19	28,441,521	16,589,377
Other comprehensive income, net of tax			
Fair value of available-for-sale financial assets	25	19,331	22,528
Total comprehensive income for the year		28,460,852	16,611,905
Profit attributable to:			
Owners of the Company		28,441,521	16,589,377
Total comprehensive income attributable to:			
Owners of the Company		28,460,852	16,611,905

The notes on pages 47 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

Group	Note	Attributable to owners of the Company					Total RM	
		Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Translation reserve RM		Distributable Retained earnings RM
At 1 January 2010		131,298,420	8,284,189	657,982	808,921	(1,346,567)	87,598,755	227,301,700
Foreign currency translation differences for foreign operations		-	-	-	-	(910,792)	-	(910,792)
Fair value of available-for-sale financial asset		-	-	-	519,478	-	-	519,478
Total other comprehensive income/(expense) for the year		-	-	-	519,478	(910,792)	-	(391,314)
Profit for the year		-	-	-	-	-	29,727,128	29,727,128
Total comprehensive income/(expense) for the year		-	-	-	519,478	(910,792)	29,727,128	29,335,814
Issuance of new ordinary shares pursuant to ESOS III		1,850,900	58,599	-	-	-	-	1,909,499
Share-based payment transactions	16	-	-	591,093	-	-	-	591,093
Dividends to owners of the Company	24	-	-	-	-	-	(17,861,554)	(17,861,554)
Total contribution from/(to) owners		1,850,900	58,599	591,093	-	-	(17,861,554)	(15,360,962)
Transfer from share option reserve for share option exercised		-	313,346	(313,346)	-	-	-	-
At 31 December 2010		133,149,320	8,656,134	935,729	1,328,399	(2,257,359)	99,464,329	241,276,552

The notes on pages 47 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Group	Note	Attributable to owners of the Company					Total RM
		Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Translation reserve RM	
At 1 January 2011		133,149,320	8,656,134	935,729	1,328,399	(2,257,359)	241,276,552
Foreign currency translation differences for foreign operations		-	-	-	-	334,174	334,174
Fair value of available-for-sale financial asset		-	-	-	(468,247)	-	(468,247)
Total other comprehensive income/(expense) for the year		-	-	-	(468,247)	334,174	(134,073)
Profit for the year		-	-	-	-	-	26,692,560
Total comprehensive income/(expense) for the year		-	-	-	(468,247)	334,174	26,558,487
Issuance of new ordinary shares pursuant to ESOS III		640,800	16,412	-	-	-	657,212
Share-based payment transactions	16	-	-	661,507	-	-	661,507
Dividends to owners of the Company	24	-	-	-	-	(22,723,824)	(22,723,824)
Total contribution from/(to) owners		640,800	16,412	661,507	-	(22,723,824)	(21,405,105)
Transfer from share option reserve for share option exercised		-	130,779	(130,779)	-	-	-
At 31 December 2011		133,790,120	8,803,325	1,466,457	860,152	(1,923,185)	246,429,934

The notes on pages 47 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of the Company						Total RM
	Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Distributable Retained earnings RM		
At 1 January 2010	131,298,420	8,284,189	657,982	-	8,454,780	148,695,371	
Total other comprehensive income for the year	-	-	-	22,528	-	22,528	
- Fair value of available-for-sale financial asset	-	-	-	-	16,589,377	16,589,377	
Profit for the year	-	-	-	22,528	16,589,377	16,611,905	
Total comprehensive income for the year	-	-	-	22,528	16,589,377	16,611,905	
Issuance of new ordinary shares pursuant to ESOS III	1,850,900	58,599	-	-	-	1,909,499	
Share-based payment transactions	-	-	591,093	-	-	591,093	
Dividends to owners of the Company	-	-	-	-	(17,861,554)	(17,861,554)	
Total contribution from/(to) owners	1,850,900	58,599	591,093	-	(17,861,554)	(15,360,962)	
Transfer from share option reserve for share option exercised	-	313,346	(313,346)	-	-	-	
At 31 December 2010	133,149,320	8,656,134	935,729	22,528	7,182,603	149,946,314	

The notes on pages 47 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	Attributable to owners of the Company						Total RM
	Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Distributable Retained earnings RM		
At 1 January 2011	133,149,320	8,656,134	935,729	22,528	7,182,603	149,946,314	
Total other comprehensive income for the year	-	-	-	19,331	-	19,331	
- Fair value of available-for-sale financial asset	-	-	-	-	28,441,521	28,441,521	
Profit for the year	-	-	-	19,331	28,441,521	28,460,852	
Total comprehensive income for the year							
Issuance of new ordinary shares pursuant to ESOS III	640,800	16,412	-	-	-	657,212	
Share-based payment transactions	-	-	661,507	-	-	661,507	
Dividends to owners of the Company	-	-	-	-	(22,723,824)	(22,723,824)	
Total contribution from/(to) owners	640,800	16,412	661,507	-	(22,723,824)	(21,405,105)	
Transfer from share option reserve for share option exercised	-	130,779	(130,779)	-	-	-	
At 31 December 2011	133,790,120	8,803,325	1,466,457	41,859	12,900,300	157,002,061	

The notes on pages 47 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		30,248,629	37,426,070
Adjustments for:			
Depreciation of property, plant and equipment	3	40,486,950	43,582,316
Depreciation of investment property	4	256,810	256,811
Property, plant and equipment written off	19	159,721	36,540
Impairment loss :			
- Plant and equipment	19	1,458,696	-
- Assets classified as held for sales		-	1,066,221
Gain on disposal of plant and equipment	19	(1,270,994)	(69,120)
Interest income	19	(1,584,894)	(1,365,974)
Amortisation of deferred income	14	(796,277)	(2,057,811)
Share of profits of equity accounted associate, net of tax		(77,921)	(153,378)
(Gain)/Loss on disposal of other investments	19	(57,883)	2,915
Gain on disposal of a subsidiary	19	-	(1,047,859)
Share-based payments	16	661,507	591,093
Finance costs	22	96,018	-
Operating profit before changes in working capital		69,580,362	78,267,824
Change in inventories		3,043,305	(6,374,135)
Change in trade and other receivables		9,708,680	(10,550,650)
Change in trade and other payables		(9,677,183)	6,837,498
Cash generated from operations		72,655,164	68,180,537
Income tax paid		(2,436,719)	(5,666,090)
Net cash from operating activities		70,218,445	62,514,447
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(15,507,511)	(97,745,400)
Acquisition of other investments		(3,060,046)	(307,190)
Proceeds from disposal of plant and equipment		18,270,426	347,896
Interest income		1,584,894	1,365,974
Proceeds from disposal of other investments		2,783,030	2,309,223
Disposal of a subsidiary	B	-	4,051,043
Net cash used from/(in) investing activities		4,070,793	(89,978,454)
Cash flows from financing activities			
Dividends paid to owners of the Company	24	(22,723,824)	(17,861,554)
(Repayment)/Drawdown of bank borrowings (net)		(2,361,024)	6,365,376
Proceeds from issue of shares		657,212	1,909,499
Finance costs		(96,018)	-
Grant received	14	-	1,309,487
Net cash used in financing activities		(24,523,654)	(8,277,192)
Net increase/(decrease) in cash and cash equivalents		49,765,584	(35,741,199)
Effect of exchange rate fluctuations on cash held		152,601	(452,889)
Cash and cash equivalents at 1 January		49,242,217	85,436,305
Cash and cash equivalents at 31 December	10	99,160,402	49,242,217

The notes on pages 47 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2011 (CONT'D)

Note

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM14,419,786 (2010 : RM97,270,196), of which RM70,289 (2010 : RM1,158,014) remained unpaid at the reporting period date. The total of RM14,349,497 (2010 : RM96,112,182) was paid by cash.

B. Disposal of a subsidiary

In prior year, the Group through its wholly-owned subsidiary, Globetronics International Incorporated, disposed of its entire shareholdings in its wholly-owned subsidiary, Globetronics (Jiaxing) Inc. The fair values of assets disposed of and liabilities relieved are as follows :

	Note	RM
Asset classified as held for sale (net impairment loss)		2,954,599
Trade and other receivables		48,630
Cash and cash equivalents		21
Trade and other payables		(45)
Net identifiable assets and liabilities		<u>3,003,205</u>
Gain on disposal of a subsidiary	19	1,047,859
Total consideration received		<u>4,051,064</u>
Less : Cash and cash equivalents disposed off		<u>(21)</u>
Net cash inflow		<u><u>4,051,043</u></u>

The notes on pages 47 to 91 are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		28,448,713	16,652,973
Adjustments for :			
Dividends from subsidiaries	19	(28,368,400)	(20,351,300)
Loss/(Gain) on disposal of other investments	19	28,893	(22,391)
Interest income	19	(349,797)	(351,848)
Operating loss before changes in working capital		<u>(240,591)</u>	<u>(4,072,566)</u>
Change in trade and other receivables		(831,544)	(7,879,241)
Change in trade and other payables		231,276	289,158
Cash used in operations		<u>(840,859)</u>	<u>(11,662,649)</u>
Interest income	19	349,797	351,848
Dividends received from subsidiaries	19	28,368,400	20,351,300
Income tax (paid)/refund		(33,600)	113,604
Net cash from operating activities		<u>27,843,738</u>	<u>9,154,103</u>
Cash flows from investing activities			
Acquisition of other investments		-	(7,432)
Proceeds from disposal of other investments		205,407	322,391
Net cash generated from investing activities		<u>205,407</u>	<u>314,959</u>
Cash flows from financing activities			
Dividends paid	24	(22,723,824)	(17,861,554)
Proceeds from issue of shares		657,212	1,909,499
Net cash used in financing activities		<u>(22,066,612)</u>	<u>(15,952,055)</u>
Net increase/(decrease) in cash and cash equivalents		<u>5,982,533</u>	<u>(6,482,993)</u>
Cash and cash equivalents at 1 January		7,943,299	14,426,292
Cash and cash equivalents at 31 December	10	<u>13,925,832</u>	<u>7,943,299</u>

The notes on pages 47 to 91 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Globetronics Technology Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

Registered office

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.

Principal place of business

Plot 2, Phase 4,
Free Industrial Zone,
Bayan Lepas,
11900 Penang, Malaysia.

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding activities while the other Group entities are primarily engaged in the assembly and testing of integrated circuits, chip carrier quartz crystal products and optoelectronic products, manufacturing of small outline components, technical plating services, provision of computer hardware and software, system solutions and investment holding.

The financial statements were authorised for issue by the Board of Directors on 3 April 2011.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

Interpretation and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

Amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 7, Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures

Amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

FRS effective for annual periods beginning on or after 1 January 2015

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)

The Group and the Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 3 - impairment of plant and equipment
- Note 2(d)(iii) - depreciation of plant and equipment

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combination (cont'd)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sales or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

(a) Basis of consolidation (cont'd)

(vi) Non-controlling interests (cont'd)

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed such that control, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

In the consolidation financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR in equity.

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) 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 categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) 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 categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised 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 asset. 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 recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised 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 recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives for the current and comparative periods as follows:

	%
Buildings and factory improvements	2 - 20
Plant and equipment *	10 - 33.33
Motor vehicles, office equipment, furniture and fixtures	10 - 20

* The Group depreciates certain plant and equipment over the expected production output to be derived from those plant and equipment of which, the expected usage of these assets by the Group ranges from 1 years to 7 years.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Periodically, the Group will review the estimated useful life of its plant and machinery especially those specific plant and machinery to match the life cycle of the products. Certain plant and equipment which management previously estimated the useful life of 5 and 10 years is now expected to have shorter product life cycle of within a period of 5 years. The impact of the change in depreciation charge has resulted in an increase in the current year depreciation charge of the Group by approximately RM2,833,790 (2010 : RM653,228).

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows :

In thousands of RM	2011	2012	2013	2014	2015	Later
Increase/(Decrease) in depreciation expense	2,834	(335)	(700)	(738)	(567)	(494)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating lease and, except for property interest held under operating lease, the leased assets are not recognised on the Group's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2. Significant accounting policies (cont'd)

(g) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss 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. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

2. Significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

(iii) Share-based payment transactions (cont'd)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee stock options is measured using a binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

2. Significant accounting policies (cont'd)

(o) Revenue and other income (cont'd)

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares from the share options granted to employees.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment - Group

Cost	Freehold land RM	Leasehold land RM	Buildings and factory improvements RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work-in-progress RM	Total RM
At 1 January 2010	6,025,188	7,547,057	44,564,233	155,524,124	21,594,397	-	235,254,999
Additions	-	-	3,766,204	89,655,195	3,717,175	131,622	97,270,196
Disposals	-	-	-	(3,191,797)	(486,317)	-	(3,678,114)
Write off	-	-	-	(47,238)	-	-	(47,238)
At 31 December 2010/1 January 2011	6,025,188	7,547,057	48,330,437	241,940,284	24,825,255	131,622	328,799,843
Additions	-	-	2,484,876	9,872,110	2,062,273	527	14,419,786
Disposals	-	-	-	(49,899,069)	(652,923)	-	(50,551,992)
Write off	-	-	-	(188,434)	(323,474)	(101,622)	(613,530)
Reclassification	-	-	-	30,000	-	(30,000)	-
At 31 December 2011	6,025,188	7,547,057	50,815,313	201,754,891	25,911,131	527	292,054,107
Accumulated depreciation/ impairment losses							
At 1 January 2010:							
Accumulated depreciation	-	1,107,577	11,790,065	82,733,812	12,302,815	-	107,934,269
Accumulated impairment loss	-	-	-	8,361,588	509,581	-	8,871,169
	-	1,107,577	11,790,065	91,095,400	12,812,396	-	116,805,438

3. Property, plant and equipment - Group (cont'd)

	Freehold land RM	Leasehold land RM	Buildings and factory improvements RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work-in-progress RM	Total RM
Accumulated depreciation/ impairment losses (cont'd)							
Depreciation for the year	-	145,069	3,560,911	37,048,791	2,827,545	-	43,582,316
Impairment loss	-	-	-	(996,359)	-	-	(996,359)
Disposals	-	-	-	(1,921,005)	(481,974)	-	(2,402,979)
Write off	-	-	-	(10,698)	-	-	(10,698)
Reclassification	-	-	115	(115)	-	-	-
At 31 December 2010/1 January 2011:							
Accumulated depreciation	-	1,252,646	15,351,091	117,850,785	14,648,386	-	149,102,908
Accumulated impairment loss	-	-	-	7,365,229	509,581	-	7,874,810
Depreciation for the year	-	1,252,646	15,351,091	125,216,014	15,157,967	-	156,977,718
Disposals	-	145,067	3,140,088	33,465,849	3,735,946	-	40,486,950
Write off	-	-	-	(32,906,900)	(645,660)	-	(33,552,560)
Impairment loss	-	-	-	(133,108)	(320,701)	-	(453,809)
At 31 December 2011:							
Accumulated depreciation	-	1,397,713	18,491,179	118,276,626	17,417,971	-	155,583,489
Accumulated impairment losses	-	-	-	8,778,613	554,893	-	9,333,506
Carrying amounts							
At 1 January 2010	6,025,188	6,439,480	32,774,168	64,428,724	8,782,001	-	118,449,561
At 31 December 2010/1 January 2011	6,025,188	6,294,411	32,979,346	116,724,270	9,667,288	131,622	171,822,125
At 31 December 2011	6,025,188	6,149,344	32,324,134	74,699,652	7,938,267	527	127,137,112

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment - Group (cont'd)

Impairment of property, plant and equipment

The Group assesses its assets whenever there are indications of impairment on an annual basis, where applicable.

For the financial year ended 31 December 2011, certain product lines were at end of life position resulted in the Group to assess the recoverable amount of a number of assets related to the production of those products. Based on the assessment, the recoverable value of the assets were lower than the carrying value, therefore, the carrying amount of the assets have been impaired by RM1,458,696 to its recoverable value.

For the financial year ended 2010, the Group assesses the asset's carrying amounts are not significantly different than its recoverable amounts and hence, no impairment was made.

The estimates of recoverable amount were based on the assets' value in use.

4. Investment property

	Note	Group RM
Cost		
At 1 January 2010/31 December 2010		<u>12,839,566</u>
At 1 January 2011/31 December 2011		<u>12,839,566</u>
Accumulated depreciation		
At 1 January 2010		3,680,001
Depreciation for the year	19	256,811
At 31 December 2010/1 January 2011		<u>3,936,812</u>
Depreciation for the year	19	256,810
At 31 December 2011		<u>4,193,622</u>
Carrying amounts		
At 1 January 2010		<u>9,159,565</u>
At 31 December 2010/1 January 2011		<u>8,902,754</u>
At 31 December 2011		<u>8,645,944</u>

Investment property comprises a factory building that is leased to the associate of the Group. The lease contains a non-cancellable period of twenty years commencing 1 June 1995. No contingent rents are charged. Based on Directors' estimate on 31 December 2011, the fair value of the investment property is estimated at approximately RM14.5 million.

The following are recognised in profit or loss in respect of investment properties :

	Group	
	2011 RM	2010 RM
Rental income	1,882,740	1,882,740
Direct operating expenses :		
- income generating investment properties (Note 19)	<u>273,445</u>	<u>327,090</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Investments in subsidiaries

	Company	
	2011 RM	2010 RM
At cost :		
Unquoted shares	37,474,093	37,474,093
Share-based payments allocated to subsidiaries	1,939,148	1,277,641
Less : Accumulated impairment losses	(608,000)	(608,000)
	38,805,241	38,143,734

Details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest		Principal activities
		2011	2010	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Assembly and testing of integrated circuits, optoelectronic products and technical plating services
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of LED lighting system
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components and technical plating services for the semiconductor industry
Globetronics Multimedia Technology Sdn. Bhd.	Malaysia	100%	100%	Provision of computer hardware and software, system solutions and consultations
Globetronics International Incorporated	British Virgin Islands	100%	100%	Investment holding
Globetronics (KL) Sdn. Bhd.	Malaysia	100%	100%	Provision of test and assembly of chip carrier quartz crystal products for the electronics industry
Globetronic Manufacturing Sdn. Bhd. (formerly known as Globetronics Distribution Sdn. Bhd.)	Malaysia	100%	100%	Dormant

Subsidiaries of Globetronics International Incorporated

Globetronics (HK) Limited *	Hong Kong	100%	100%	Dormant
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* Not audited by member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Investments in an associate

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost :				
Unquoted shares	784,000	784,000	784,000	784,000
Share of post-acquisition reserves	4,055,065	3,977,144	-	-
	<u>4,839,065</u>	<u>4,761,144</u>	<u>784,000</u>	<u>784,000</u>

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

	Country of incorporation	Effective ownership interest	Revenue	Profit	Total	Total
			(100%)	before tax	assets	liabilities
			RM	RM	RM	RM
2011						
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	21,014,976	212,030	11,406,805	1,410,325
2010						
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	27,893,900	325,109	11,625,275	1,838,826

7. Other investments

	Total RM	Shares		Bonds/Funds	
		Outside Malaysia Quoted RM	In Malaysia Quoted RM	Outside Malaysia Quoted RM	Unquoted RM
Group					
2011					
Non-current					
Available-for-sale financial assets	6,429,527	2,061,802	746,408	-	3,621,317
Representing items :					
At fair value	6,429,527	2,061,802	746,408	-	3,621,317
Group					
2010					
Non-current					
Available-for-sale financial assets	6,381,303	2,252,264	961,377	208,515	2,959,147
Representing items :					
At fair value	6,381,303	2,252,264	961,377	208,515	2,959,147

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. Other investments (cont'd)

Company	Bonds/Funds In Malaysia Quoted RM
2011	
Non-current	
Available-for-sale financial assets	<u>746,408</u>
Representing items :	
At fair value	<u>746,408</u>
2010	
Non-current	
Available-for-sale financial assets	<u>961,377</u>
Representing items :	
At fair value	<u>961,377</u>

8. Trade and other receivables

	Note	2011 RM	Group 2010 RM	2011 RM	Company 2010 RM
Trade					
Amount due from associate	8.1	48,594	80,226	-	-
Trade receivables		37,295,391	45,048,663	-	-
		<u>37,343,985</u>	<u>45,128,889</u>	<u>-</u>	<u>-</u>
Non-trade					
Amount due from subsidiaries	8.2	-	-	104,330,165	103,483,038
Other receivables	8.3	607,760	3,076,231	22,273	29,243
Deposits		262,724	269,041	4,500	4,500
Prepayments		1,893,666	1,342,654	12,394	21,007
		<u>2,764,150</u>	<u>4,687,926</u>	<u>104,369,332</u>	<u>103,537,788</u>
		<u>40,108,135</u>	<u>49,816,815</u>	<u>104,369,332</u>	<u>103,537,788</u>

8.1 Amount due from associate

The trade receivables from associate are subject to the normal trade terms.

8.2 Amount due from subsidiaries

The non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

8.3 Other receivables

Included in other receivables is an amount of RMNil (2010: RM1,426,822) representing proceeds received from the buyer for the equity interest in a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Inventories

	2011 RM	Group 2010 RM
At cost :		
Raw materials	5,123,376	6,886,520
Work-in-progress	2,518,612	3,099,222
Manufactured inventories	627,220	1,023,669
Consumables	3,091,038	3,424,758
Trading inventories	725,887	695,269
	<u>12,086,133</u>	<u>15,129,438</u>

10. Cash and cash equivalents

	Note	2011 RM	Group 2010 RM	2011 RM	Company 2010 RM
Funds placed with financial institutions:					
- Short term investment funds	10.1	46,288,986	12,658,250	10,058,291	3,941,386
- Short term deposits		18,864,943	12,249,401	3,562,987	3,695,055
Cash and bank balances		34,006,473	24,334,566	304,554	306,858
		<u>99,160,402</u>	<u>49,242,217</u>	<u>13,925,832</u>	<u>7,943,299</u>
Market value					
- Short term investment funds	10.1	<u>46,508,000</u>	<u>12,811,000</u>	<u>10,177,000</u>	<u>4,058,000</u>

Included in cash and cash equivalents of the Group and of the Company are RM80,684,766 (2010 : RM36,144,119) and RM13,854,895 (2010 : RM7,817,178) respectively which earn interest at rates ranging from 0.10% to 5.12% (2010 : 0.10% to 4.64%) per annum.

10.1 Short term investment funds

Short term investment funds represent investments in fixed income trusts which can be redeemed within a period of less than 31 days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. Share capital - Group and Company

	Number of Shares	Par Value RM	RM
Ordinary shares			
Authorised :			
Balance at 1 January 2010/ 31 December 2010/31 December 2011	<u>1,000,000,000</u>	0.50	<u>500,000,000</u>
Issued and fully paid :			
Balance at 1 January 2010	262,596,840	0.50	131,298,420
Exercise of ESOS III	3,701,800	0.50	1,850,900
Balance at 31 December 2010/1 January 2011	<u>266,298,640</u>	0.50	<u>133,149,320</u>
Exercise of ESOS III	1,281,600	0.50	640,800
Balance at 31 December 2011	<u>267,580,240</u>	0.50	<u>133,790,120</u>

During the year, the Company issued 1,281,600 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options.

During the previous financial year, the Company issued 3,701,800 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. Reserves

	Note	2011 RM	Group 2010 RM	2011 RM	Company 2010 RM
Non-distributable					
Share premium		8,803,325	8,656,134	8,803,325	8,656,134
Translation reserve	12.1	(1,923,185)	(2,257,359)	-	-
Share option reserve	12.2	1,466,457	935,729	1,466,457	935,729
Fair value reserve	12.3	860,152	1,328,399	41,859	22,528
		9,206,749	8,662,903	10,311,641	9,614,391
Distributable					
Retained earnings		103,433,065	99,464,329	12,900,300	7,182,603
		112,639,814	108,127,232	23,211,941	16,796,994

The movements in each category of reserves are disclosed in the statement of changes in equity. The nature and purpose of each category of reserves are as follows :

12.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

12.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 16.

12.3 Fair value reserve

The fair value reserve relates to the valuation of financial assets categorised as available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. Deferred tax liabilities

The recognised deferred tax liabilities are as follows :

	2011 RM	Group 2010 RM
Property, plant and equipment		
- capital allowances	5,781,394	5,579,028
Provisions	(526,000)	(223,634)
	<u>5,255,394</u>	<u>5,355,394</u>

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Movement in temporary differences during the year are as follows:

Group	At	Recognised	At	Recognised	At
	1.1.2010	in the	31.12.2010	in the	31.12.2011
	RM	profit or	RM	profit or	RM
		loss		loss	
		(Note 23)		(Note 23)	
Property, plant and equipment					
- capital allowances	2,850,394	2,728,634	5,579,028	202,366	5,781,394
Provisions	(466,000)	242,366	(223,634)	(302,366)	(526,000)
Others	409,000	(409,000)	-	-	-
	<u>2,793,394</u>	<u>2,562,000</u>	<u>5,355,394</u>	<u>(100,000)</u>	<u>5,255,394</u>

Unrecognised deferred tax assets

Deferred tax have not been recognised in respect of the following items :

	2011 RM	Group 2010 RM
Tax loss carry-forwards	(770,000)	(334,000)
Provisions	(953,000)	(1,222,000)
Property, plant and equipment		
- capital allowance	(632,000)	(544,000)
	<u>(2,355,000)</u>	<u>(2,100,000)</u>

The tax loss carry-forwards do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax loss carry-forwards and unabsorbed capital allowances available to the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. Deferred income

	2011 RM	Group 2010 RM
Government grant :		
Balance at 1 January	970,533	1,718,858
Add: Addition during the year	-	1,309,487
Less : Amortised during the year (Note 19)	(796,277)	(2,057,811)
Balance at 31 December	174,256	970,534

15. Borrowings

	2011 RM	Group 2010 RM
Non-current		
Secured term loan	-	2,121,792
Current		
Secured term loan	4,004,352	4,243,584
	4,004,352	6,365,376

The US Dollar term loan is secured by a corporate guarantee from the Company.

16. Employee benefits - Group

Share-based payments

At an Extraordinary General Meeting held on 24 February 2009, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS III") of up to 10% of the issued and paid-up share capital, replacing the ESOS II which was expired on 28 March 2009.

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to ESOS III.

The Group offers vested share options over ordinary shares to Executive Directors and other employees with more than three months of service for ESOS III. The contractual life of ESOS III is five years commencing from 13 April 2009. Details of the grants are as follows :

Grant date	Number of instruments ('000)
13 April 2009	13,159
7 October 2009	245
8 April 2010	771
12 October 2010	2,010
5 April 2011	889
3 October 2011	3,031

The exercisable condition of the share option is that the eligible persons are entitled to exercise the number of options granted equally over the remaining life of ESOS III from the granting date on condition that the eligible persons are still in employment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. Employee benefits - Group (cont'd)

Share-based payments (cont'd)

The number and weighted average exercise prices of share options are as follows :

	2011		2010	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
ESOS III				
Outstanding at 1 January	0.70	9,482,400	0.52	12,079,100
Issued	0.94	3,946,500	1.17	2,955,300
Exercised	0.51	(1,281,600)	0.52	(3,701,800)
Forfeited	0.84	(1,197,100)	0.59	(1,850,200)
Outstanding at 31 December	0.80	<u>10,950,200</u>	0.70	<u>9,482,400</u>
Exercisable at 31 December	0.92	<u>3,110,332</u>	1.04	<u>854,070</u>

The options outstanding at 31 December 2011 have an exercise price of RM0.51, RM0.80, RM1.52, RM1.09, RM1.08 and RM0.90 respectively and a weighted contractual life of 3 years.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs :

	Directors		Employees	
	2011	2010	2011	2010
Fair value of share options and assumptions				
Fair value at grant date	<u>0.1646</u>	<u>0.1934</u>	<u>0.1646 - 0.1705</u>	<u>0.1934 - 0.3836</u>
Weighted average share price	0.90 & 1.08	1.03 & 1.50	0.90 & 1.08	1.03 & 1.50
Exercise price	0.90	1.09	0.90 & 1.08	1.09 & 1.52
Expected volatility (weighted average volatility)	33.07%	33.07%	33.07%	33.07%
Option life (expected weighted average life)	3 years	4 years	3 years	4 years
Expected dividends	3.76%	3.64%	3.76%	1.52% & 3.64%
Risk-free interest rate (based on Malaysian government bonds)	3.12%	2.95%	3.12%	2.65% & 2.95%

Value of employee services received for issue of share options

	Group	
	2011 RM	2010 RM
Share options granted in 2009	179,575	258,545
Share options granted in 2010	95,833	332,548
Share options granted in 2011	386,099	-
Total expense recognised as share-based payments	<u>661,507</u>	<u>591,093</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. Trade and other payables

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Trade					
Trade payables		12,357,303	17,049,307	-	-
Non-trade					
Amount due to subsidiaries	17.1	-	-	1,107,000	867,000
Other payables	17.2	14,932,007	20,271,728	-	-
Accruals		11,143,351	11,876,534	545,360	554,084
		26,075,358	32,148,262	1,652,360	1,421,084
		38,432,661	49,197,569	1,652,360	1,421,084

17.1 Amount due to subsidiaries

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand.

17.2 Other payables

Included in other payables is an amount of RM550,000 (2010 : RM550,000) being deposits received for the disposal of a subsidiary's leasehold land and building from a potential buyer which was aborted as the potential buyer had not fulfilled certain conditions stipulated in the Sales and Purchase Agreement.

18. Revenue

	2011 RM	2010 RM
Group		
Sales	262,793,213	277,075,577
Services	1,787,649	1,638,543
Dividends	28,776	21,154
Interest income	409,054	415,085
	265,018,692	279,150,359
Company		
Dividends	28,368,400	20,351,300
Interest income	349,797	351,848
	28,718,197	20,703,148

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. Profit before tax

Profit before tax is arrived at after charging :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Auditors' remuneration:				
Statutory audit				
- KPMG	86,300	76,300	12,000	12,000
- Other auditors	3,345	3,495	-	-
Other services				
- KPMG	9,900	9,000	9,900	9,000
Depreciation of property, plant and equipment (Note 3)	40,486,950	43,582,316	-	-
Depreciation of investment property (Note 4)	256,810	256,811	-	-
Directors' emoluments				
Directors of the Company				
- fees	742,166	856,000	460,583	491,000
- others	3,744,000	3,334,500	-	-
Other Directors				
- fees	73,000	73,000	-	-
- others	380,052	351,456	-	-
Inventories written down	-	135,626	-	-
Impairment loss :				
- Plant and equipment (Note 3)	1,458,696	-	-	-
- Assets classified as held for sale	-	1,066,221	-	-
Rental of office equipment	316,081	66,648	-	-
Rental of premises	627,683	576,913	-	-
Plant and equipment written off	159,721	36,540	-	-
Realised loss on foreign exchange	-	3,355,904	24,380	1,214,566
Unrealised loss on foreign exchange	-	-	-	1,964,316
Research and development expenditure	761,617	166,226	-	-
Loss on disposal of other investments	-	2,915	28,893	-
Direct operating expenses of investment property :				
- Income generating (Note 4)	273,445	327,090	-	-
and crediting :				
Gain on disposal of plant and equipment	1,270,994	69,120	-	-
Gross dividends from subsidiaries	-	-	28,368,400	20,351,300
Gain on disposal of other investments	57,883	-	-	22,391
Interest income	1,584,894	1,365,974	349,797	351,848
Reversal of impairment loss in trade receivables	226,288	205,170	-	-
Amortisation of deferred income (Note 14)	796,277	2,057,811	-	-
Unrealised gain on foreign exchange	451,893	284,076	673,191	-
Realised gain on foreign exchange	837,798	-	-	-
Inventories written back	20,264	-	-	-
Gain on disposal of a subsidiary	-	1,047,859	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. Employee information

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Staff costs (including Executive Directors)	59,900,338	58,669,986	-	-

- i) The estimated monetary value of Directors' benefits-in-kind of the Group is RM51,950 (2010 : RM31,000).
- ii) Staff costs include contributions to the Employees' Provident Fund of RM3,154,060 (2010 : RM3,240,774).
- iii) Staff costs include share-based payments of RM661,507 (2010 : RM591,093).

21. Key management personnel compensation

The key management personnel compensation is as follows :

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Directors				
- Fees	868,166	929,000	460,583	491,000
- Remuneration	3,539,300	3,163,800	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	636,702	553,156	-	-
Total short-term employee benefits	5,044,168	4,645,956	460,583	491,000
- Share-based payment	127,346	123,098	-	-
	5,171,514	4,769,054	460,583	491,000

22. Financing costs

	Group	
	2011	2010
	RM	RM
Interest expense on term loan	96,018	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. Income tax expense

Recognised in the profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax expense on continuing operations	3,556,069	7,698,942	7,192	63,596
Share of tax of equity accounted associate	25,974	51,126	-	-
Total income tax expense	3,582,043	7,750,068	7,192	63,596

Major components of tax expense include :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
<i>Malaysian</i>				
- Current year	5,246,476	4,452,188	33,600	63,596
- Prior years	(1,590,407)	684,754	(26,408)	-
Total current tax recognised in the profit or loss	3,656,069	5,136,942	7,192	63,596
Deferred tax expense				
Origination and reversal of temporary differences	(100,000)	2,973,000	-	-
Prior year	-	(411,000)	-	-
Total deferred tax recognised in the profit or loss	(100,000)	2,562,000	-	-
	3,556,069	7,698,942	7,192	63,596
Share of tax of equity accounted associate	25,974	51,126	-	-
Total income tax expense	3,582,043	7,750,068	7,192	63,596

Reconciliation of effective tax expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit for the year	26,692,560	29,727,128	28,441,521	16,589,377
Total income tax expense	3,582,043	7,750,068	7,192	63,596
Profit excluding tax	30,274,603	37,477,196	28,448,713	16,652,973

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. Income tax expense (cont'd)

Reconciliation of effective tax expense (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax calculated using Malaysian tax rate of 25% (2010 : 25%)	7,568,651	9,369,299	7,112,178	4,163,243
Non-deductible expenses	610,520	1,069,662	66,584	1,026,988
Non-taxable income	(216,300)	(894,393)	-	-
Tax exempt income	(260,243)	(86,098)	(7,147,848)	(5,129,831)
Tax incentives	(2,720,523)	(2,711,375)	-	-
Effect of deferred tax assets not recognised	63,027	387,875	-	-
Other items	127,318	341,344	2,686	3,195
	5,172,450	7,476,314	33,600	63,595
(Over)/Under provided in prior years	(1,590,407)	273,754	(26,408)	-
Tax expense	3,582,043	7,750,068	7,192	63,595

24. Dividends

	Sen per share (net of tax)	Total amount RM	Date of payment
2011			
Final payment for 2010	2.00	5,349,537	6 July 2011
First interim 2011 ordinary	1.50	3,995,715	6 April 2011
Second interim 2011 ordinary	5.00	13,378,572	1 November 2011
Total amount		22,723,824	
2010			
Final payment for 2009	1.50	3,984,367	9 June 2010
First interim 2010 ordinary	2.25	5,922,761	8 February 2010
Second interim 2010 ordinary	2.99	7,954,426	2 December 2010
Total amount		17,861,554	

After the reporting period, a final single tier dividend of 2.0 sen per share has been recommended by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owner of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Other comprehensive income

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
Group			
2011			
Foreign currency translation differences for foreign operations	334,174	-	334,174
Fair value of available-for-sale financial assets	(468,247)	-	(468,247)
Loss arising during the year	<u>(134,073)</u>	<u>-</u>	<u>(134,073)</u>
2010			
Foreign currency translation differences for foreign operations	(910,792)	-	(910,792)
Fair value of available-for-sale financial assets	519,478	-	519,478
Loss arising during the year	<u>(391,314)</u>	<u>-</u>	<u>(391,314)</u>
Company			
2011			
Fair value of available-for-sale financial assets/Gain arising during the year	<u>19,331</u>	<u>-</u>	<u>19,331</u>
2010			
Fair value of available-for-sale financial assets/Gain arising during the year	<u>22,528</u>	<u>-</u>	<u>22,528</u>

26. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 31 December 2011 was based on profit attributable to ordinary shareholders of RM26,692,560 (2010 : RM29,727,128) and on the weighted average number of ordinary shares outstanding during the year of 267,123,942 (2010 : 265,247,587) calculated as follows :

	Group	
	2011	2010
Issued ordinary shares at beginning of year	266,298,640	262,596,840
Effect of shares issued during the year	825,302	2,650,747
Weighted average number of ordinary shares	<u>267,123,942</u>	<u>265,247,587</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. Earnings per ordinary share (cont'd)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2011 was based on profit attributable to the shareholders of RM26,692,560 (2010 : RM29,727,128) and on the weighted average number of ordinary shares outstanding during the year of 267,559,324 (2010 : 265,378,955) calculated as follows :

	2011	Group 2010
Weighted average number of shares as above	267,123,942	265,247,587
Effect of ESOS III	435,382	131,368
Weighted average number of ordinary shares (diluted)	<u>267,559,324</u>	<u>265,378,955</u>

27. Capital commitments - Group

	2011 RM	2010 RM
Property, plant and equipment		
Contracted but not provided for	<u>2,171,395</u>	<u>5,190,799</u>

28. Operating segment

The Group's operating segment comprises manufacture, assembly, testing and sales of integrated circuits, chip carrier quartz crystal products, optoelectronic products, printed circuit boards, small outline components and technical plating services for the semiconductor and electronics industries. Accordingly, information by operating segment on the Group's operating as required by FRS 8 is not presented.

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed at four principal geographical areas namely Malaysia, United States, People's Republic of China and Singapore.

Geographical information

	Malaysia RM	United States RM	People's Republic of China RM	Singapore RM	Others RM	Consolidated RM
2011						
Revenue from external customers	197,390,796	33,735,369	9,791,204	23,962,064	139,259	265,018,692
Non-current assets	<u>141,596,740</u>	-	-	-	5,454,908	<u>147,051,648</u>
2010						
Revenue from external customers	188,667,407	65,628,749	1,404,740	23,323,382	126,081	279,150,359
Non-current assets	<u>186,675,610</u>	-	-	-	5,191,716	<u>191,867,326</u>

Major customer

During the year, revenue from four (2010 : three) single customers that contributed to more than 10% of the Group revenue amounted to RM190,468,954 (2010: RM227,560,425).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. 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.

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.

29.1 Controlling related party relationships are as follows :

- i) Subsidiaries and associate of the Company as disclosed in Note 5 and Note 6 to the financial statements
- ii) Companies in which Mr. Ng Kweng Chong is deemed to have substantial financial interest:
 - Wiserite Sdn. Bhd. (Company No : 410593 - W)
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No : 51580 - M)
 - Glencare Sdn. Bhd. (Company No : 549058 - U)
- iii) Ghazi & Lim Advocates & Solicitors in which Mr. Lim Chien Ch'eng is a member
- iv) Directors of the Group

29.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	2011 RM	2010 RM
Group		
i) Transactions with an associate <i>SMCi Globetronics Technology Sdn. Bhd.</i>		
Sales	103,939	474,227
Rental of premises	1,882,740	1,882,740
Provision of management support services	<u>192,000</u>	<u>192,000</u>
ii) Transaction with related party <i>Ghazi & Lim Advocates & Solicitors</i>		
Professional fees	<u>141,026</u>	<u>-</u>
Company		
i) Transactions with subsidiaries <i>Globetronics Sdn. Bhd.</i>		
Allocation of employee share option	434,241	368,129
Dividend receivable	16,068,400	12,051,300
Management fee expenses	240,000	240,000
<i>Globetronics Multimedia Technology Sdn. Bhd.</i>		
Allocation of employee share option	26,332	23,921
Dividend receivable	300,000	300,000
<i>ISO Technology Sdn. Bhd.</i>		
Allocation of employee share option	151,219	171,462
Dividend receivable	12,000,000	8,000,000
<i>Globetronics Industries Sdn. Bhd.</i>		
Allocation of employee share option	19,643	2,041
<i>Globetronics (KL) Sdn. Bhd.</i>		
Allocation of employee share option	<u>30,071</u>	<u>25,540</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. Related parties (cont'd)

Identity of related parties (cont'd)

29.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows: (cont'd)

ii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the following :

- remuneration package paid to them in accordance with the terms and conditions of their appointment; and
- share options granted to Directors and key management personnel of the Group as disclosed in the Directors' Report of the Company and its related companies.

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS");
- (c) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount RM	L&R RM	AFS RM
2011			
Financial assets			
Group			
Other investments	6,429,527	-	6,429,527
Trade and other receivables (exclude prepayments and deposits)	37,951,745	37,951,745	-
Cash and cash equivalents	99,160,402	99,160,402	-
	<u>143,541,674</u>	<u>137,112,147</u>	<u>6,429,527</u>

	Carrying amount RM	L&R RM	AFS RM
2010			
Financial assets			
Group			
Other investments	6,381,303	-	6,381,303
Trade and other receivables (exclude prepayments and deposits)	48,205,120	48,205,120	-
Cash and cash equivalents	49,242,217	49,242,217	-
	<u>103,828,640</u>	<u>97,447,337</u>	<u>6,381,303</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	AFS RM
2011			
Financial assets			
Company			
Other investments	746,408	-	746,408
Trade and other receivables (exclude prepayments and deposits)	104,352,438	104,352,438	-
Cash and cash equivalents	13,925,832	13,925,832	-
	<u>119,024,678</u>	<u>118,278,270</u>	<u>746,408</u>
	Carrying amount RM	L&R RM	AFS RM
2010			
Financial assets			
Company			
Other investments	961,377	-	961,377
Trade and other receivables (exclude prepayments and deposits)	103,512,281	103,512,281	-
Cash and cash equivalents	7,943,299	7,943,299	-
	<u>112,416,957</u>	<u>111,455,580</u>	<u>961,377</u>
	Carrying amount RM	OL RM	
2011			
Financial liabilities			
Group			
Trade and other payables		38,432,661	38,432,661
Borrowings		4,004,352	4,004,352
		<u>42,437,013</u>	<u>42,437,013</u>
Company			
Trade and other payables		<u>1,652,360</u>	<u>1,652,360</u>
2010			
Financial liabilities			
Group			
Trade and other payables		49,197,569	49,197,569
Borrowings		6,365,376	6,365,376
		<u>55,562,945</u>	<u>55,562,945</u>
Company			
Trade and other payables		<u>1,421,084</u>	<u>1,421,084</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.2 Net gains and losses arising from financial instruments other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Net (loss)/gain arising on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	(468,247)	519,478	19,331	22,528

30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company's exposure to credit risk arises principally from advances to subsidiaries, investment in securities and financial guarantees given to banks for credit facilities granted to a subsidiary.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Domestic	30,533,774	40,340,778	104,352,438	103,512,281
Asia Pacific	2,471,986	6,757,511	-	-
U.S.A	4,945,985	1,106,831	-	-
	37,951,745	48,205,120	104,352,438	103,512,281

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of receivables as at the end of the reporting period was :

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
Group				
2011				
Not past due	32,300,087	-	-	32,300,087
Past due 1-30 days	5,684,491	(52,087)	-	5,632,404
Past due 31-60 days	19,254	-	-	19,254
Past due more than 60 days	480,892	(480,892)	-	-
	<u>38,484,724</u>	<u>(532,979)</u>	<u>-</u>	<u>37,951,745</u>
2010				
Not past due	40,462,192	-	-	40,462,192
Past due 1-30 days	7,524,892	-	-	7,524,892
Past due 31-60 days	274,405	(56,369)	-	218,036
Past due more than 60 days	702,898	(702,898)	-	-
	<u>48,964,387</u>	<u>(759,267)</u>	<u>-</u>	<u>48,205,120</u>

The movements in the allowance for impairment losses of receivables during the financial year were:

	2011 RM	Group 2010 RM
At 1 January	(759,267)	(964,437)
Impairment loss reversed	226,288	205,170
At 31 December	<u>(532,979)</u>	<u>(759,267)</u>

At 31 December 2011, a significant individual impairment loss of RM532,979 relates to customers that were facing financial difficulties, cash flow constraint during the financial year. There had been no progress on repayment as at year end despite the on-going efforts to recover these outstanding amounts from the customers.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Investments and other financial assets (cont'd)

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to a bank in respect of banking facilities granted to a subsidiary of the Group. The Company monitors on an ongoing basis the results and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM4.0 million (2010: RM6.4million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Inter company advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not overdue.

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

Group 2011	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>							
Trade and other payables	38,432,661	-	38,432,661	38,432,661	-	-	-
Borrowings	4,004,352	1%	4,070,795	4,070,795	-	-	-
	<u>42,437,013</u>		<u>42,503,456</u>	<u>42,503,456</u>	-	-	-
Company							
2011							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,652,360	-	1,652,360	1,652,360	-	-	-
Group							
2010							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	49,197,569	-	49,197,569	49,197,569	-	-	-
Borrowings	6,365,376	1%	6,470,995	4,326,217	2,144,778	-	-
	<u>55,562,945</u>		<u>55,668,564</u>	<u>53,523,786</u>	<u>2,144,778</u>	-	-
Company							
2010							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,421,084	-	1,421,084	1,421,084	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

30.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar (USD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD RM
Group	
2011	
Cash and cash equivalent	10,770,910
Trade receivables	11,026,558
Trade payables	(4,789,350)
Borrowings	(4,004,352)
Exposure in the statement of financial position	<u><u>13,003,766</u></u>
Group	
2010	
Cash and cash equivalent	10,773,012
Trade receivables	19,402,718
Trade payables	(6,751,597)
Borrowings	(6,365,376)
Exposure in the statement of financial position	<u><u>17,058,757</u></u>

Currency risk sensitivity analysis

The foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 5% strengthening of the RM against USD at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss RM
Group	
2011	
USD	<u><u>487,641</u></u>
2010	
USD	<u><u>639,703</u></u>

A 5% weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the currency to the amounts shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk

The Group's investments in fixed rate debt securities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing and interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed rate instruments				
Financial assets				
Quoted bond fund	746,408	961,377	746,408	961,377
Quoted bonds outside Malaysia	-	208,515	-	-
Unquoted bonds fund investments and fixed income fund outside Malaysia	3,621,317	2,959,147	-	-
	<u>4,367,725</u>	<u>4,129,039</u>	<u>746,408</u>	<u>961,377</u>
Floating rate instruments				
Financial liabilities				
Borrowings	<u>4,004,352</u>	<u>6,365,376</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change in 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post tax profit or loss by RM15,016 (2010 : RM23,870). This analysis assumes that all other variables, in particular foreign currency rates remain constant.

30.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis. The management regularly updates the Audit Committee and Board of Directors on the investment portfolio of the Group.

Equity price risk sensitivity analysis

This Group does not carry out sensitivity analysis for equity price as it accounts for its equity investments as available-for-sale financial assets. Therefore, a change in equity price at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

Group	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
In Malaysia :				
- Quoted bond fund	746,408	746,000	961,377	961,000
Outside Malaysia :				
- Quoted bonds	-	-	208,515	209,000
- Quoted shares	2,061,802	2,062,000	2,252,264	2,252,000
- Unquoted bond funds investments	3,621,317	3,621,000	2,175,445	2,175,000
- Fixed income fund	-	-	783,702	784,000
	<u>6,429,527</u>	<u>6,429,000</u>	<u>6,381,303</u>	<u>6,381,000</u>
Financial liability				
- Borrowings – term loan	<u>4,004,352</u>	<u>4,004,000</u>	<u>6,365,376</u>	<u>6,365,000</u>
Company				
Financial assets				
Quoted bond fund	<u>746,408</u>	<u>746,000</u>	<u>961,377</u>	<u>961,000</u>

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period. The fair value of the unquoted bonds, quoted bond/funds and fixed income funds are based on the broker's quotes.

Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

30.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. Financial instruments (cont'd)

30.7 Fair value of financial instruments (cont'd)

30.7.1 Fair value hierarchy (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group 2011				
Financial assets				
In Malaysia:				
- Quoted bond fund	-	746,408	-	746,408
Outside Malaysia:				
- Quoted shares	2,061,802	-	-	2,061,802
- Unquoted bond funds investments	-	3,621,317	-	3,621,317
	<u>2,061,802</u>	<u>4,367,725</u>	<u>-</u>	<u>6,429,527</u>
Company 2011				
Financial assets				
In Malaysia :				
- Quoted bond fund	-	746,000	-	746,000

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM33.4 million as at 31 December 2011. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows :

	2011		2010	
	Group RM	Company RM	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries :				
- realised	93,677,903	12,227,109	91,726,404	9,146,919
- unrealised	6,581,175	673,191	4,531,620	(1,964,316)
	<u>100,259,078</u>	<u>12,900,300</u>	<u>96,258,024</u>	<u>7,182,603</u>
Less : Consolidation adjustments	3,173,987	-	3,206,305	-
Total retained earnings	<u>103,433,065</u>	<u>12,900,300</u>	<u>99,464,329</u>	<u>7,182,603</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 36 to 90 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 32 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Ng Kweng Chong

Heng Huck Lee

Penang,

Date : 03 April 2012

STATUTORY DECLARATION (cont'd)

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Ng Kok Choon**, the officer primarily responsible for the financial management of Globetronics Technology Bhd, do solemnly and sincerely declare that the financial statements set out on pages 36 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 03 April 2012.

Ng Kok Choon

Before me :

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD

Report on the Financial Statements

We have audited the financial statements of Globetronics Technology Bhd., which comprise the statement of financial position as at 31 December 2011 of the Group and of the Company, and the statement of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/14 (J)
Chartered Accountant

Date : 03 April 2012

Penang,

STATISTICS ON SHAREHOLDINGS

AS AT 6 APRIL 2012

Analysis By Size Of Holding: 6 April 2012

Authorised share capital : RM500,000,000

Issue and paid-up capital : RM133,983,720

Class of shares : ordinary shares of RM0.50 Each

Voting right : one vote per ordinary share

Size of Holdings	No. of Depositors	% of Depositors	No. of Share Held	% of issued capital
Less than 100	130	1.648	5,243	0.002
100 - 1,000	1,614	20.464	1,114,889	0.416
1,001 - 10,000	4,525	57.373	19,673,708	7.342
10,001 - 100,000	1,430	18.131	41,464,576	15.474
100,001 - 13,398,371	185	2.346	110,292,748	41.159
13,398,372 and above	3	0.038	95,416,276	35.607
GRAND TOTAL	7,887	100.000	267,967,440	100.000

STATISTICS ON SHAREHOLDINGS (cont'd)

AS AT 6 APRIL 2012

Top 30 Shareholders - Consolidated

	Name	Number of Shares	% of Shares
1	WISERITE SDN. BHD.	52,337,868	19.531
2	LEMBAGA TABUNG HAJI	22,598,000	8.433
3	GENERAL PRODUCE AGENCY SDN. BHD.	20,480,408	7.643
4	GLENCARE SDN. BHD.	10,859,073	4.052
5	NG KWENG CHONG HOLDINGS SDN. BHD.	10,153,524	3.789
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	9,695,140	3.618
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	3,980,000	1.485
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	3,938,960	1.470
9	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AMINV)	3,000,000	1.120
10	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LIM BENG LEONG (PB)	2,627,800	0.981
11	LIM CHIEN CH'ENG	2,534,000	0.946
12	ADDEEN CONSULTANCY & MANAGEMENT SDN. BHD.	2,243,900	0.837
13	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR HWANG AIIMAN GROWTH FUND (4207)	2,000,000	0.746
14	NG KWENG CHONG	1,891,471	0.706
15	ENGEE HOLDINGS SENDIRIAN BERHAD	1,404,762	0.524
16	TANG CHUN YONG	1,400,000	0.522
17	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (DANA MAS MAJU)	1,391,600	0.519
18	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MAAKL AL-FAUZAN (5170)	1,203,000	0.449
19	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MAAKL PROGRESS FUND (4082)	1,186,900	0.443
20	HENG HUCK LEE	1,137,200	0.424
21	LIM SEAT TING	1,058,520	0.395
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	1,000,000	0.373
23	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHO CHAI YAM	974,420	0.364
24	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MAAKL DIVIDEND FUND (5311-401)	973,000	0.363
25	GOOI MEI HOON	902,000	0.337
26	GOOI MOY HUA	877,505	0.327
27	NG KOK CHIN	870,014	0.325
28	HLG NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG TIAM (CCTS)	850,000	0.317
29	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR HWANG ASIA QUANTUM FUND (4579)	840,000	0.313
30	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. OSK TRUSTEES BERHAD FOR MAAKL-HDBS SHARIAH PROGRESS FUND	800,000	0.299
	TOTAL	165,209,065	61.651

STATISTICS ON SHAREHOLDINGS (cont'd)

AS AT 6 APRIL 2012

Substantial Shareholdings as at 6 April 2012

Substantial Shareholders	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Indirect Interest	%
Ng Kweng Chong	1,891,471	0.71	74,619,585 ^{N1}	27.85
Gooi Mei Hoon	902,000	0.34	73,350,465 ^{N2}	27.37
Ng Kweng Chong Holdings Sendirian Berhad	10,153,524	3.79	63,196,941 ^{N3}	23.58
General Produce Agency Sdn. Bhd.	20,480,408	7.64	63,196,941 ^{N3}	23.58
Malaysian Technology Development Corporation Sdn. Bhd.	121,199	0.05	63,196,941 ^{N3}	23.58
Wiserite Sdn. Bhd.	52,337,868	19.53	10,859,073 ^{N4}	4.05
Employees Provident Fund Board	16,634,100	6.21	-	-
Lembaga Tabung Haji	22,598,000	8.43	-	-

Notes :

- (N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in Globetronics Technology Berhad ("GTB") and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 52,337,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.
- (N2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 52,337,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.
- (N3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Wiserite Sdn. Bhd. of 52,337,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.
- (N4) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.

STATISTICS ON SHAREHOLDINGS (cont'd)

AS AT 6 APRIL 2012

Directors' Shareholdings as at 6 April 2012

Directors	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Indirect Interest	%
Ng Kweng Chong	1,891,471	0.71	74,624,785 ^{N1}	27.85
Heng Huck Lee	1,537,200	0.57	-	-
Dato' Ng Kweng Moh	-	-	1,461,282 ^{N2}	0.55
Dato' Dr. Chong Eng Keat	50,000	0.02	98,480 ^{N4}	0.04
Lim Chien Ch'eng	2,650,000	0.99	-	-
Ng Kok Khuan	40,000	0.01	10,894,713 ^{N3}	4.07
Diong Chin Teck	40,000	0.01	-	-
Norhalim Bin Yunus	-	-	-	-
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-

Notes :

- (N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in Globetronics Technology Berhad ("GTB") and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 52,337,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.
- (N2) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Engee Holdings Sendirian Berhad of 1,404,762 ordinary shares in GTB.
- (N3) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 10,859,073 ordinary shares in GTB.
- (N4) Deemed interested by virtue of his spouse's direct interest in GTB.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Merbah Room, Lower Level, Hotel Equatorial Penang, No. 1 Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Wednesday, 16 May 2012 at 10.30 a.m. for the following purposes :-

AGENDA

Ordinary Business		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of Directors and Auditors thereon.	Please refer to Note 7
2.	To consider and if thought fit, to pass with or without modifications, the following special resolutions in accordance with Section 129(6) of the Companies Act, 1965 :	
	“That Mr. Diong Chin Teck, a director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”	Resolution 1
	“That Dato’ Ng Kweng Moh, a director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”	Resolution 2
	“That Mr. Ng Kweng Tong, aged 72 be and is hereby appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”	Resolution 3
3.	To re-elect Encik Norhalim bin Yunus, a director who retires by rotation in accordance with Article 80 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.	Resolution 4
4.	To re-elect Dato’ Syed Mohamad bin Syed Murtaza, a director who retires in accordance with Article 87 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.	Resolution 5
5.	To approve the payment of directors’ fees for the financial year ended 31 December 2011.	Resolution 6
6.	To approve the payment of a Single Tier Final Dividend of 4% for the financial year ended 31 December 2011.	Resolution 7
7.	To re-appoint Messrs. KPMG as auditors of the Company until the next Annual General Meeting of the Company and to authorise the directors to fix their remuneration.	Resolution 8
Special Business		
8.	To consider and if thought fit, to pass with or without modifications, the following special resolution :	Resolution 9
	PROPOSED AMENDMENTS TO THE COMPANY’S ARTICLES OF ASSOCIATION “That the amendments to the Company’s Articles of Association as set out in the Annual Report for the financial year ended 31 December 2011 be hereby approved and that the Directors be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments to the Company’s Articles of Association.”	
9.	To transact any other business of which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 1965.	

By Order of the Board,

LEE PENG LOON (MACS 01258)
P’NG CHIEW KEEM (MAICSA 7026443)
Secretaries

Penang
Date : 24 April 2012

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTES :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the Proxy Form must be duly completed and deposited at the Registered Office of the Company, 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
7. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.
8. Mr. Lim Chien Ch'eng and Dato' Dr. Chong Eng Keat, are retiring by rotation in accordance with Article 80 of the Company's Articles of Association as directors of the Company at the forthcoming Annual General Meeting and they had indicated to the Board that they are not seeking for re-election as directors of the Company.

Upon their retirement at the Annual General Meeting –

- i) Mr. Lim Chien Ch'eng will cease to be the Chairman of the ESOS Committee and a member of the Remuneration Committee; and
- ii) Dato' Dr. Chong Eng Keat will cease to be a member of the Audit Committee.

The Board would like to thank Mr. Lim Chien Ch'eng and Dato' Dr. Chong Eng Keat for their support, commitment and invaluable contributions to the Group.

9. Resolution 9, if passed, will allow the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ANNUAL REPORT 2011

10. The Annual Report 2011 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.globetronics.com.my

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Ms. Loo Wen Chyi at telephone no. 04-6444906 ext. 121 or email your request to wenchyi_loo@globe.com.my

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Single Tier Final Dividend of 4% for the financial year ended 31 December 2011, if approved, will be paid on 12 July 2012 to shareholders registered in the Record of Depositors of the Company on 29 June 2012.

A depositor shall qualify for entitlement only in respect of :

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 29 June 2012 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Secretaries

Penang
Date : 24 April 2012

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

On 02 April 2012, the Board of Directors of Globetronics Technology Bhd (“the Company” or “GTB”) announced that the Company proposed to amend its Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board wishes to seek the shareholders’ approval for the special resolution pertaining to the Proposed Amendments to the Articles of Association of the Company (“Proposed Articles Amendments”) to be tabled at the forthcoming Fifteenth Annual General Meeting (“AGM”).

You are advised to read and carefully consider the contents of the amendments before voting on the special resolution relating to the Proposed Articles Amendments at the forthcoming Fifteenth AGM.

DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The Company proposes to amend its Articles of Association as follows :

Article No.	Existing Article	Proposed Article Amendment
2	Central Depositories Act - The Securities Industry (Central Depositories) Act, 1991.	Central Depositories Act - the Securities Industry (Central Depositories) Act, 1991 and/or any statutory modification, amendment or re-enactment thereof.
2	Record of Depositors - a record provided by the Central Depository to the Company under Chapter 24.0 of the Rules pursuant to Section 34 of the Central Depositories Act.	Record of Depositors - a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
2	Rules - the Rules of the Central Depository, as defined in Section 2 of the Securities Industry Act, 1983.	Rules - the Rules of the Depository including any amendments thereto that may be made from time to time.
2	New Definition	Dividend Reinvestment Scheme - a scheme which enables members to reinvest cash dividends into new shares of the Company.
2	New Definition	Employees Share Option Scheme - Share Issuance Scheme and Share Grant Scheme, collectively
2	New Definition	Exempt Authorized Nominee - an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
2	New Definition	Share Issuance Scheme - a scheme involving a new issuance of shares to employees of the Company and its subsidiaries.
2	New Definition	Share Grant Scheme - a scheme involving the grant of the Company’s existing shares to employees of the Company and its subsidiaries.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (cont'd)

Article No.	Existing Clause	Proposed Article Amendment
2	New Definition	Take-Overs and Mergers Code - The Malaysian Code on Take-Overs and Mergers 2010, including any amendment that may be made from time to time.
5	(e) (i) Subject to the approval of the shareholders of the Company, these Articles, the provisions of the Act, the requirements of the Exchange, the Central Depositories Act and or any relevant authority, the Company may upon recommendation of the Directors remunerate any employees of the Company or its subsidiaries by establishing an employees' share option scheme to be referred to as ESOS. The terms and conditions of the ESOS shall be determined by the Board of Directors and the allocation of options pursuant to the ESOS shall be verified by the Audit Committee.	(e) (i) Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Central Depositories Act and / or any other relevant authorities, the Company may upon the recommendation of the Directors establish a Share Issuance Scheme and/ or a Share Grant Scheme. The terms and conditions of the Employees Share Option Scheme shall be determined by the Board of Directors and the allocation of options pursuant to the Share Issuance Scheme shall be verified by the Audit Committee.
5	(e) (ii) Subject always to the provisions of the Listing Requirements, every issue of shares or options to employees and/or Directors of the Company and its subsidiaries under an ESOS shall be approved by members in general meeting. No Director shall participate in such scheme unless members in general meeting have approved the specific allotment made to such Director and unless he holds office in an executive capacity.	(e) (ii) No Director shall participate in Share Issuance Scheme unless members in general meeting have approved the specific allotment to be made to such Director and unless he holds office in an executive capacity.
57	(d) New Article	(d) Every notice of meeting in writing to the Exchange shall include the date of the Record of Depositors to be obtained pursuant to Article 57(c) for the purposes of determining whether a Depositor shall be regarded as a member entitled to attend, speak and vote at the general meeting.
59	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy.	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (cont'd)

Article No.	Existing Article	Proposed Article Amendment
66	<p>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of a poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 64 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p>	<p>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of a poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of Chairman or on a question of adjournment of meetings. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 64 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p> <p>The result of the poll shall be given in writing to the Exchange which include –</p> <ul style="list-style-type: none">(a) the total number of votes cast on the poll in favour of and against the resolution; and(b) the total number of members who abstained from voting.
68	<p>Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy who may but need not be a member of the Company or by attorney and on a show of hands every person who is a member or representative or proxy of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney shall be entitled to vote both on a show of hands or on a poll.</p>	<ul style="list-style-type: none">(a) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to attend and vote at a meeting of the Company or at the meeting of any class of members of the Company, may vote in person or shall be entitled to appoint any person as his proxy to attend and vote instead of him. There shall be no restriction as to the qualification of the proxy.(b) On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

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STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (cont'd)

Article No.	Existing Article	Proposed Article Amendment
74	<p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may, but need not, be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall be entitled to appoint one (1) proxy to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.</p>	<p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>
75	<p>Notes :</p> <ol style="list-style-type: none"> <li data-bbox="280 904 845 987">(1) A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Act shall not apply to the Company. <li data-bbox="280 1021 845 1128">(2) To be valid this form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meetings. <li data-bbox="280 1184 845 1267">(3) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. <li data-bbox="280 1442 845 1550">(4) Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. <li data-bbox="280 1673 845 1756">(5) If the appointor is a corporation, this form must be executed under its Seal or under the hand of its attorney. 	<p>Notes :</p> <ol style="list-style-type: none"> <li data-bbox="903 904 1469 965">(1) A proxy may but need not be a member of the Company. <li data-bbox="903 1021 1469 1158">(2) For a proxy to be valid, this form, duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting. <li data-bbox="903 1191 1469 1411">(3) A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy. <li data-bbox="903 1442 1469 1639">(4) Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. <li data-bbox="903 1673 1469 1783">(5) In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
78A	<p>Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>	<p>Where a member of the Company is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which exempt authorized nominee may appoint in respect of each omnibus account it holds.</p>

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (cont'd)

Article No.	Existing Article	Proposed Article Amendment
131A	New Article	Subject to the Listing Requirements and any other relevant laws and regulations, the Directors may issue the Company's annual report in compact disc read-only memory ("CD-ROM") or digital video disc read-only memory ("DVD-ROM") format or in any format that may be developed in the future.
133	The Company may by Ordinary Resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the Directors and no dividend shall be payable except out of the profits of the Company, unless allowed by the Act.	<p>(a) The Company may by Ordinary Resolution, declare dividends but no dividend shall be paid except out of the profits of the Company nor shall bear interest against the Company, unless allowed by the Act.</p> <p>(b) No dividend shall be payable in excess of the amount recommended by the Directors.</p> <p>(c) The Company must ensure all dividends are paid not later than 3 months from the date of declaration or the date on which approval is obtained in a general meeting, whichever is applicable.</p>
135	No dividend shall be paid other than out of profits nor shall bear interest against the Company.	Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Take-Overs and Mergers Code, the Income Tax Act, 1967 and /or any other relevant authorities or regulations, the Company may upon the recommendation of the Directors established a Dividend Reinvestment Scheme. However, any member of the Company may elect not to participate in such scheme.
150A	New Article	<p>Where a member indicates his consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, the Directors may deliver such information or documents by notifying the member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website. Service shall be deemed to have occurred when –</p> <p>(i) the member is notified in accordance with this Article; and</p> <p>(ii) the information or document is published on the website.</p>

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (cont'd)

RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is to amend the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EFFECTS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments will not have any effect on the share capital and major shareholders' shareholdings of GTB, net assets per share, earnings per share and gearing of the GTB Group.

CONDITIONS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments are conditional upon the approval of the shareholders of GTB at the forthcoming Fifteenth AGM.

DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of GTB and/or persons connected to them have any interest, direct or indirect, in the Proposed Articles Amendments.

DIRECTORS' RECOMMENDATION

The Board, having considered the rationale of the Proposed Articles Amendments, is of the opinion that the Proposed Articles Amendments is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution in relation to the Proposed Articles Amendments to be tabled at the forthcoming Fifteenth AGM.

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LIST OF PROPERTIES

Registered Owner/ Location	Description	Land Area (acres)	Build-up area (sq ft)	Tenture	Age (Years)	Net Book Value as at 31.12.2011 (RM)	Date of Acquisition
Globetronics Sdn Bhd Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	5.35		Leasehold 60 years		1,221,439	01.08.1990
	Factory Building		70,000	(14-05-2051)	19	4,296,209	
	Factory Building		110,000		17	8,645,944	
	Factory Building		40,000		16	3,593,933	
Globetronics Sdn Bhd Lot 5&7, Jln SS8/4, Kawasan MIEL, Phase II, Sg Way Baru, 47300 PJ, Selangor Darul Ehsan.	Freehold Land	2.14		Freehold		3,987,019	31.12.2006
	Factory Building		39,492		38	2,048,200	
Globetronics (KL) Sdn Bhd Lot 1, Jln SS8/4, Free Industrial Zone, Sungai Way, 47300 PJ, Selangor Darul Ehsan.	Leasehold Land	0.75		Leasehold 99 years (30-10-2100)		1,730,812	28.7.2009
	Leasehold Land	0.31		Leasehold 99 years (11-10-2105)		726,149	28.7.2009
	Freehold Land	0.41		Freehold		1,165,569	28.7.2009
	Freehold Land	0.31		Freehold		872,600	28.7.2009
	Factory Building		103,465		39	4,962,139	28.7.2009
ISO Technology Sdn Bhd 290,291&292, Phase 3, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	3.11		Leasehold 60 years		800,052	05.01.1999
	Factory Building		50,000	(06-03-2050)	21	4,379,758	
ISO Technology Sdn Bhd Plot 36, Kawasan Perindustrian Bandar Baru Darulaman, 06000 Jitra, Kedah.	Leasehold Land	5.94		Leasehold 60 years		297,950	10.06.2003
	Factory Building		51,200	(21-04-2051)	20	1,327,602	
ISO Technology Sdn Bhd 242 & 243, Lebuah Kampung Jawa, Sungai Kluang, Phase 3, FIZ, 11900 Bayan Lepas, Penang.	Leasehold Land	2.26		Leasehold 60 years		1,372,942	
	Factory Building		67,515	Lot 1959 (21.11.2033) H.S. (D)13853 (02.03.2040)	38 31	4,627,558	20.11.2002

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PROXY FORM

GLOBETRONICS TECHNOLOGY BHD. (Company No. 410285-W)
(Incorporated in Malaysia)

* I / We _____
(Full Name in Block Letters)

of _____
(Address)

being a * member / members of the abovenamed Company, hereby appoint _____

_____ (Full Name in Block Letters)

of _____
(Address)

or failing him, _____
(Full Name in Block Letters)

of _____
(Address)

as * my / our proxy to vote for * me / us on * my / our behalf at the Fifteenth Annual General Meeting of the Company to be held at Merbah Room, Lower Level, Hotel Equatorial Penang, No. 1 Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Wednesday, 16 May 2012 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-appoint Mr. Diong Chin Teck as a director.		
2	To re-appoint Dato' Ng Kweng Moh as a director.		
3	To appoint Mr. Ng Kweng Tong as a director.		
4	To re-elect Encik Norhalim bin Yunus as a director.		
5	To re-elect Dato' Syed Mohamad bin Syed Murtaza as a director.		
6	To approve the payment of directors' fees.		
7	To approve the payment of a single tier final dividend.		
8	To re-appoint Messrs. KPMG as auditors of the Company.		
9	To approve the Articles Amendments.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

As witness my hand thisday of,2012.

No. of shares held

Signature of Member(s)

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the Registered Office of the Company, 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

* Strike out whichever is not desired.

fold here

fold here

STAMP
HERE

The Secretary
Globetronics Technology Bhd. (410285-W)
51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.

fold here

www.globetronics.com.my

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tel : 604- 644 4906 fax : 604-644 6517