

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



3D Internet of Tomorrow

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
- Organizational agility
- Focus on corporate excellence
- Integrity at all times
- Team-based approach

Contents

2	Corporate Information	22 - 30	Statement on Corporate Governance
3	Group Corporate Structure	31	Additional Compliance Information
4	Financial Highlights	32 - 33	Statement on Risk Management and Internal Control
5	Board of Directors	34 - 109	Financial Statement & Notes
6 - 9	Profile of Directors	110 - 114	Statistics on Shareholdings
10 - 13	Founder & Executive Chairman's Message	115 - 116	Notice of Annual General Meeting
14 - 16	Chief Executive Officer's Message	117	Notice of Dividend Entitlement
17 - 19	Audit Committee Report	118	List of Properties
20 - 21	Corporate Social Responsibility Statement		Enclosed Proxy Form



Corporate Information

BOARD OF DIRECTORS

Mr. Michael Ng Kweng Chong
Founder and Executive Chairman

Mr. Heng Huck Lee
Chief Executive Officer

Dato' Syed Mohamad Bin Syed Murtaza

Dato' Ng Kweng Moh

Dato' Norhalim Bin Yunus

Datuk Iskandar Mizal Bin Mahmood

Mr. Yeow Teck Chai

Mr. Ng Kok Khuan

Ms. Lam Voon Kean

Mr. Ng Kok Kee

AUDIT COMMITTEE

CHAIRMAN

Dato' Syed Mohamad Bin Syed Murtaza

MEMBERS

Mr. Yeow Teck Chai

Ms. Lam Voon Kean

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.
T (604) 210 8833 / F (604) 210 8831

Share Registrars

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

Auditors

KPMG Penang
Chartered Accountants

Principal Financial Institutions

Citibank Berhad
AmBank Berhad
Public Bank 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



Group Corporate Structure

100%

Globetronics Sdn Bhd

Assembly & Testing of Intergrated Circuits (IC), Optoelectronic Products & Services

100%

ISO Technology Sdn Bhd

Manufacturing of Small Outline Components, Light-Emitting-Diodes (LED) Components and Modules and Technical Plating Services for the Semiconductor Industry

100%

Globetronics (KL) Sdn Bhd

Assembly & Testing of Plastic Molded & Ceramic Chip Carrier Quartz Crystal Timing Devices

100%

Globetronics Manufacturing Sdn Bhd

Development & Assembly of Sensors & Optical Products for Smart Mobile & Wearable Application

100%

Globetronics International Incorporated

Investment Holding

*- 100% Globetronics (Hong Kong) Limited
Trading of Electronics / Semiconductor Components*

100%

Globetronics Multimedia Technology Sdn Bhd

Provision of Computer Hardware and Software, System Solutions and Consultations

100%

Globetronics Industries Sdn Bhd

Manufacturing of Light-Emitting-Diodes (LED) lighting system

49%

NGK Globetronics Technology Sdn Bhd

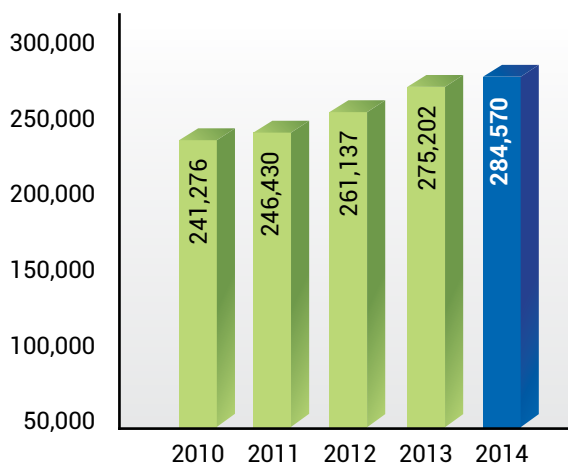
(Formerly known as Nippon Steel & Sumikin Globetronics Technology Sdn Bhd)

Advanced Ceramic Piece-Parts Manufacturing

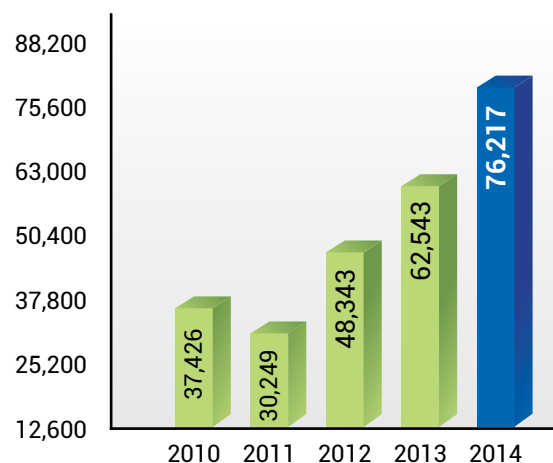
Financial Highlights

Year Ended 31 December	2010 RM '000	2011 RM '000	2012 RM '000	2013 RM '000	2014 RM '000
Turnover	279,150	265,018	290,007	321,423	355,043
Profit Before Taxation	37,426	30,249	48,343	62,543	76,217
Profit After Taxation	29,727	26,693	41,345	52,616	64,399
Profit Attributable to Shareholders	29,727	26,693	41,345	52,616	64,399
As at 31 December					
Total Assets Employed	306,056	298,406	325,796	339,393	358,010
Shareholders' Funds	241,276	246,430	261,137	275,202	284,570
Net Earnings Per Share (Sen)	11.21	9.99	15.31	19.02	22.94
Net Tangible Assets Per Share (RM)	0.92	0.92	0.96	0.99	1.01

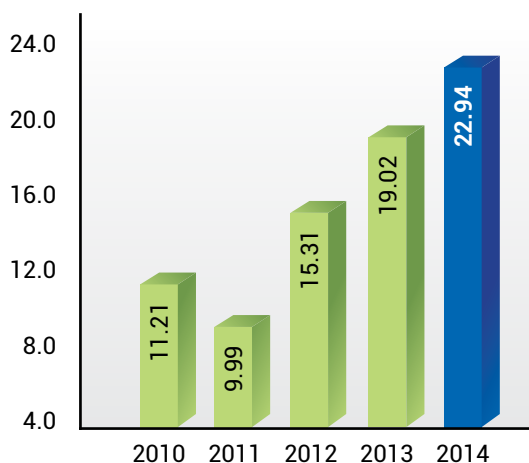
Shareholders' Funds (RM'000)



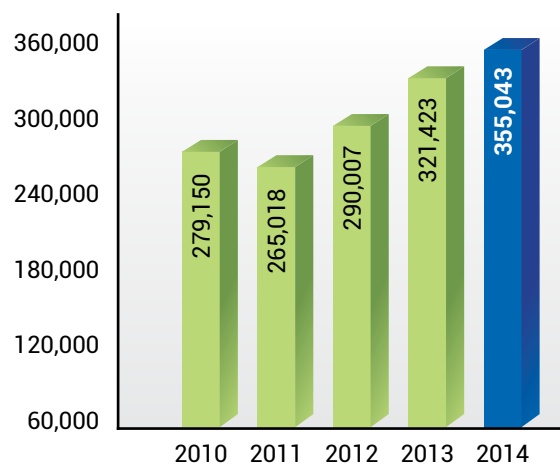
Profit Before Taxation (RM'000)



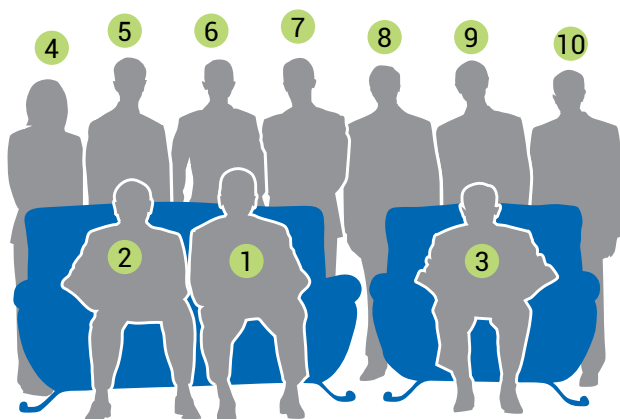
Net Earnings Per Share (Sen)



Turnover (RM'000)



Board of Directors



Front Row

1. **Mr. Michael Ng Kweng Chong**
Founder and Executive Chairman
2. **Mr. Heng Huck Lee**
Chief Executive Officer
3. **Dato' Syed Mohamad Bin Syed Murtaza**

Back Row

4. **Ms. Lam Voon Kean**
5. **Dato' Norhalim Bin Yunus**
6. **Mr. Ng Kok Khuan**
7. **Datuk Iskandar Mizal Bin Mahmood**
8. **Dato' Ng Kweng Moh**
9. **Mr. Yeow Teck Chai**
10. **Mr. Ng Kok Kee**

Profile of Directors



Mr. Michael Ng Kweng Chong

Mr. Michael Ng Kweng Chong, aged 67, 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 a initial paid-up capital of RM3 million 24 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 a paid up capital of more than RM141 million.

Mr. Michael Ng graduated from the University of London in 1972 with an Honours Degree in Mechanical Engineering. He has earned many certifications and recognition in the areas of technical, management and business developments & expertise in the High Technology 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 Remuneration Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

Mr. Michael Ng is the brother of Dato' Ng Kweng Moh, uncle of Mr. Ng Kok Khuan and Mr. Ng Kok Kee 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, aged 58, 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 was later promoted to be the Chief Executive Officer (CEO) 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 4 of the 5 Board Meetings held during the financial year ended 31 December 2014.

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. Heng Huck Lee



Dato' Syed Mohamad Bin Syed Murtaza

Dato' Syed Mohamad Bin Syed Murtaza, aged 66, 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 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 Audit Committee and a member of the ESOS and Nomination Committee in GTB.

He currently sits on the boards of DRB-HICOM BERHAD (Chairman), Master-Pack Group Berhad (Executive Chairman), 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 Director of Armstrong Auto Parts Sdn Bhd. He also heads Penang Tourist Centre Berhad, MITTAS Berhad, Motorcycle, Scooter Assembly & Distributor Association of Malaysia and he has held many other appointments at state and national levels.

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

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.

Dato' Ng Kweng Moh, aged 73, 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 (GPA), with more than 50 years of experience in the rubber and palm oil industry, housing development and investment holdings since 1963.

He is a member of the Nomination Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

Dato' Ng Kweng Moh is the brother of Mr. Michael Ng, who is a director and major shareholder of GTB, uncle of Mr. Ng Kok Khuan and Mr. Ng Kok Kee 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' Norhalim Bin Yunus

Dato' Norhalim Bin Yunus, 52, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 18 July 2008.

Dato' Norhalim is the Chief Executive Officer of Malaysian Technology Development Corporation (MTDC). Dato' Norhalim has been the CEO of MTDC since June 2008 and has extensive experience in early stage technology ventures, the commercialisation of universities' research results, and venture fund management. He has had the opportunity to be exposed to a wide range of technology ventures through his involvement in various funding initiatives. As one of the pioneer staff of MTDC, Dato' Norhalim has wide ranging experience in the field of technology development and investment. MTDC has through the years funded projects in ICT, electronics, biotechnology and advanced material both in Malaysia and globally. He has represented MTDC on the board of several technology companies in Malaysia and The United States. Dato' Norhalim is a graduate of Universiti Kebangsaan Malaysia.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2014.

Dato' 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.



Datuk Iskandar Mizal Bin Mahmood

Datuk Iskandar Mizal Bin Mahmood, aged 49, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 16 May 2012.

Datuk Iskandar graduated from Boston University, USA in 1989 with a Bachelor of Science degree in Business Administration majoring in Accountancy.

He was the founding CEO and a member of the Board of Malaysian Biotechnology Corporation Sdn Bhd (BiotechCorp). BiotechCorp is the Malaysian Government's professional agency spearheading the development of the country's biotechnology industry. He was appointed as the CEO and member of the Board in May 2005. Datuk Iskandar was also the Chairman of the Board of Malaysian Bio-XCell Sdn Bhd, a 60% subsidiary of BiotechCorp that is undertaking the development of a comprehensive biotechnology ecosystem located in Iskandar Malaysia, Johor with UEM Sunrise Berhad. Under his leadership, BiotechCorp has grown to be one of the leading biotechnology industry developmental organizations within the region.

Prior to his appointment to BiotechCorp, Datuk Iskandar was the CEO and a member of the Board of MTDC, Malaysia's integrated venture capital company, which was then 51% owned by Malaysia's Sovereign Wealth Fund, Khazanah Nasional Berhad.

Datuk Iskandar was the Managing Director and Chief Executive Officer of Manipal Education Malaysia Sdn Bhd (MEM) for approximately 2 years before his appointment as Group Chief Executive Officer of Pos Malaysia Berhad. Under his stewardship, MEM obtained a full university license to operate Manipal International University.

Datuk Iskandar was the Group Chief Executive Officer of Pos Malaysia Berhad until his resignation on 4 February 2015.

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

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

Datuk Iskandar 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. Yeow Teck Chai, aged 64, a Malaysian, was appointed an Independent Non-Executive Director to the Board of GTB on 16 May, 2012.

Mr. Yeow holds a Bachelor of Economics (Hons) degree from the University of Malaya.

Mr. Yeow served the Malaysian Investment Development Authority (MIDA) for 32 years and held the post of Deputy Director General prior to his retirement in August, 2006. During his term in MIDA, he has accumulated invaluable experience in drawing up and implementing industrial strategies in attracting Foreign Direct Investment (FDI) into Malaysia and promoting domestic investment within the country. He participated in innumerable trade and investment missions overseas and attended and spoke in many international business conferences.

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

Currently, Mr. Yeow sits as an Independent Non-Executive Director on the Board of Parkson Holdings Bhd and Amsteel Mills Sdn Bhd. He is also a Council Member of the Federation of Malaysian Manufacturers (FMM). In addition to the above, he also acts as Business Advisor to numerous companies in Malaysia and overseas.

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

Mr. Yeow Teck Chai 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. Yeow Teck Chai



Mr. Ng Kok Khuan

Mr. Ng Kok Khuan, aged 64, 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 GPA and he has held the position since then.

He is a member of the ESOS Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2014.

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 cousin of Mr. Ng Kok Kee 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.

Ms. Lam Voon Kean, aged 62, a Malaysian, is an Independent Non-Executive Director of GTB. She was appointed to the Board of GTB on 15 May 2013.

She is a Member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.

She joined KPMG Penang in year 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang and acted as the engagement managers for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections. She left KPMG Penang and joined M&C Services Sdn Bhd (now known as Boardroom Corporate Services (KL) Sdn Bhd in 1994 and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies and branches of multi-national companies. She was promoted to become the Managing Director of Boardroom Corporate Services (Penang) Sdn Bhd ("Boardroom") consequent to an internal restructuring exercises in year 2005 and retired on 31 December 2011. Upon retirement, she accepted a one year contract to act as consultant to Boardroom effective 1 January 2012.



Ms. Lam Voon Kean

She is the Chairwoman of ESOS committee and a member of Audit committee in GTB.

Ms. Lam currently sits on the Board of Asia File Corporation Bhd and RGB International Bhd.

She attended all 5 Board Meetings held during the financial year ended 31 December 2014.

Ms. Lam Voon Kean 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. She has had no convictions for any offences within the past 10 years.



Mr. Ng Kok Kee, aged 53, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 1 July 2014.

Mr. Ng Kok Kee graduated with a Diploma of Business Studies from Greenwich College, United Kingdom. He has spent most of his career in GPA involving in plantation, housing development and investment holding, where he currently serves as a director of GPA. He is also an established entrepreneur and has investments in various businesses including property development and sits on the board of several private companies that he invested in.

He attended 3 of the 3 Board Meetings held during the financial year ended 31 December 2014 since his appointment on 1 July 2014.

Mr. Ng Kok Kee is the nephew of Mr. Michael Ng, who is a director and major shareholder of GTB, and Dato' Ng Kweng Moh and cousin of Mr. Ng Kok Khuan who are 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. Ng Kok Kee



Founder & Executive Chairman's Message

It is truly my greatest honor and pleasure in presenting to you Globetronics Technology Bhd's report for year 2014!

Without a shadow of a doubt, year 2014 had to be the most satisfying year in our Group's history with unprecedented breakthroughs brought about by our most passionate and dedicated Chief Executive Officer in leading and motivating our Group's highly disciplined and well-aligned workforce in delivering such a set of stellar performances to our stakeholders and supporters alike.



MR. MICHAEL NG KWENG CHONG
Founder & Executive Chairman

Of utmost significance had to be the record breaking bottom-line accomplishment and the highest market capitalization ever achieved by our Group so far. Besides scoring major wins in partnership with our world renowned customers, our Group continued to make major impacts in the Corporate Social Responsibility (CSR) front while staying solidly in compliance in the Corporate Governance front, including in our Group's GST-readiness for 1 April 2015's implementation.

It has been our Group's unwavering commitment to reward our stakeholders with the Group's successes. In year 2014, we paid out RM61.8million in dividend payment which came to a whopping 96% of our Group's net profit of RM64.4million for the year!

Through our Group's outstanding successes in a myriad of productivity improvement programs together with some highly successful mechanization & automation introductions well supported by RM32million in CAPEX spending, our Group achieved many crucial wins in new design introductions while helping our key customers in keeping their crucial market shares in the highly competitive and incredibly volatile technology market place.

With >RM160million in cash and cash-equivalent in our cash-flow to close year 2014 and a strong team of highly motivated and technologically relevant workforce, our Group is now well-positioned to grow our business portfolio further both organically and inorganically. It is in our Group's DNA to always proactively reinvent, reengineer and renew ourselves in anticipation of future market requirements for technological adaptations. Key focuses in our business roadmap include the latest smart / mobile / wearable / healthcare devices with 3D sensors as well as imaging products ready to satisfy the insatiable appetite for new applications in Internet-of-Things (IoT).

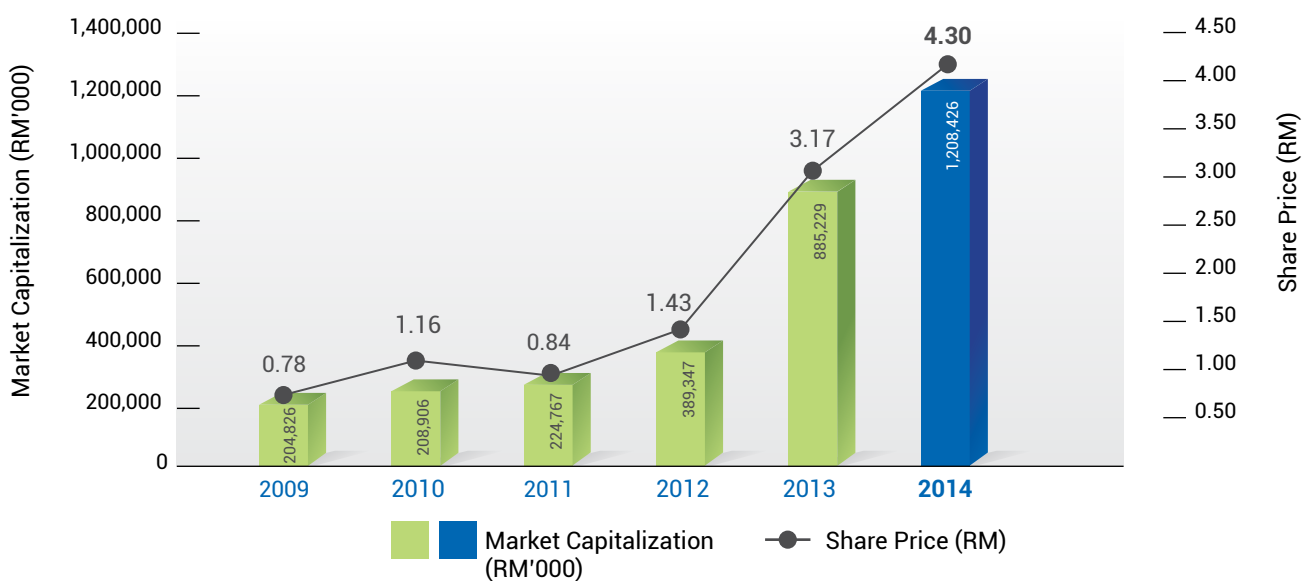
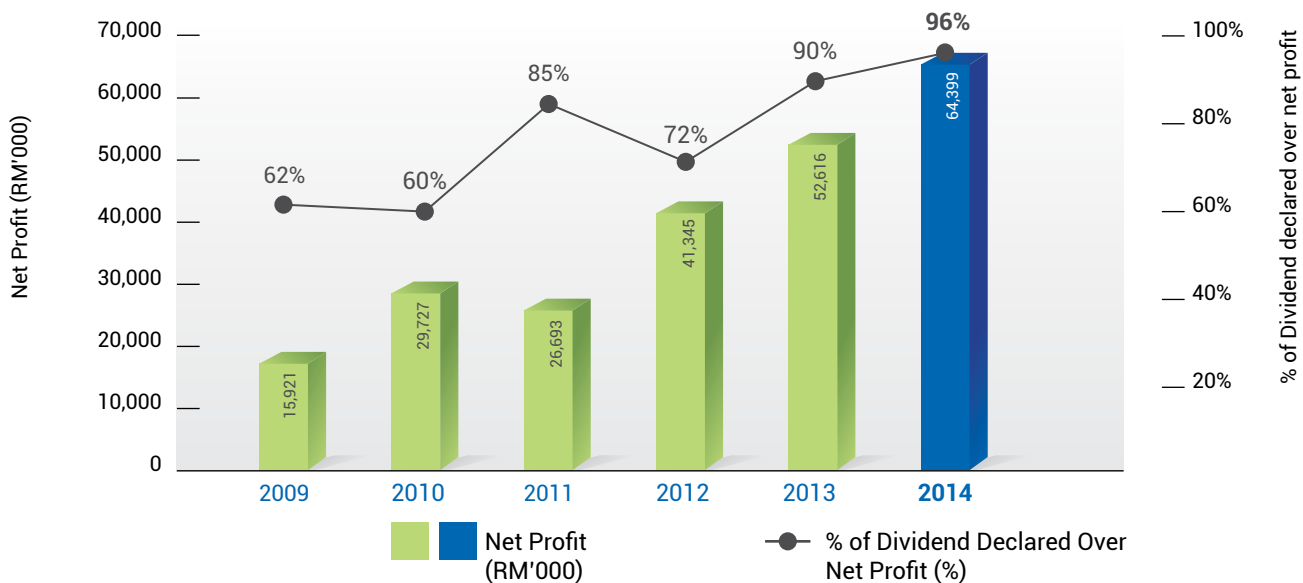
Another extremely important win for our Group in the last 3 to 4 years has been the successes scored in our succession planning process. Besides having a complete set of backups at all levels of our organizational structure, we have successfully groomed and readied a group of capable Factory Managers as well as a couple of COO/CEO succession candidates who carry all the necessary attributes (or DNA) of being the future winning CEO/COO in our technologically fast changing and intensely competitive business world of tomorrow.

We look forward with enthusiasm and excitement to the challenges that are newer and bigger by each passing day, month and year. We are confident though that for as long as we remain humble and dedicated towards achieving win-win business partnership with our world-renowned customers with integrity, capability and transparency, the future belongs to us who dare to "ask, believe & receive".

In closing, first and foremost I must once again thank our CEO whose leadership, business acumen, passion, dedication, integrity, professionalism & unconditional love have so freely & generously touched each and everyone of our hearts and changed the lives of the multitude within our Group, our workforce, our stakeholders, our community, our State and our Nation. I would also like to convey our heartfelt gratitude and appreciation to our beloved Board of Directors whose meticulous guidance and timely support to our Group have been instrumental to our successes. Last but not least, our sincerest thanks go to our Governmental/Quasi-Governmental agencies, our stakeholders, our supporters & our friends. Thank you all very much!

Financial Accomplishments

As can be seen from the charts below, Globetronics Technology Bhd has been consistent and passionate in rewarding our shareholders with outstanding dividend payment year after year.



In year 2014, we took out RM61.8million (or 96%) of our year's net profit to return to our loyal shareholders. Prior years dividend payout were at 90% of net profit for 2013, 72% for 2012, 85% for 2011 and 60% for 2010 respectively.

Year 2014's dividend payments were made through the following tranches:

- (a) First interim and special dividend of 14% amounting to RM19.6million on 26 March 2014;
- (b) Year 2013's single tier final and special dividend of 8% amounting to RM11.2million on 3 July 2014; and
- (c) Second interim and special dividend of 22% amounting to RM30.9million on 5 November 2014.

Moving forward, we continue to look for new opportunities to grow our businesses both organically and inorganically through a mix of CAPEX and investments. As long as cash balances remain strong, we look forward to continuing our generous dividend policy going forward as a form of rewarding our loyal shareholders.

Corporate Social Responsibility

Major successes continued to pour in at our CSR front resulting in a huge boost to our corporate image & reputation through our CEO's personal efforts in spearheading countless CSR-drives. In representing GTB as well as being the President of Penang's Free Trade Zone Companies' Association (Frepenca) for the 4th consecutive year, our CEO has participated as key-speaker/panel member in countless seminars & workshops organized by the media, the academia, the investment communities, government or quasi-government organizations, etc with resounding successes and outstanding media coverage which boosted the communities understanding and awareness of the technology development within our Nation. Quasi-Governmental Agency from Turkey, Japan, Europe, etc have also sent their delegations/representatives to GTB for discussion on Technological/Trade linkages. Our CEO also played a key role in representing our industry in facilitating in the streamlining process of the impending GST-implementation by 1 April 2015. Our Group also played our role in contributing towards the foundation for the start-up of the Tech-Dome Penang while maintaining our annual and active role in helping and caring for the poor & needy within our communities as in prior years.

On the Corporate Governance front, we have stayed in full compliances with the latest requirements issued by the Malaysian Accounting Standards Board (MASB), as well as in all Bursa Malaysia Securities Berhad Main Market Listing Requirements.



Donation to Penang Tech Centre Berhad for Tech-Dome Penang Project.



Donation to Penang Down Syndrome Association (PDSA) via Star Walk "Walk With Us" Event



Channel NewsAsia's Business Insight's Forum "Sustaining Growth and Development in Malaysia"



Collaboration With Asia University, Tokyo



Penang Starwalk 2014, "The Star Fun Day Out With All"



Blood Donation Campaign

Prospects & Outlook



We are currently witnessing one of the rare phenomenon in the technology space – a multi year strong and consistent growth cycle with few interruptions. This all started with the explosion of smart, mobile & wearable devices, leading to a myriad of opportunities of the IoT. This global, trailblazing transformation for the whole world is sometimes compared to the New Industrial Revolution by some.

Reliable sources predict that IoT spending in 2015 will exceed \$1.7trillion, a 14% jump from 2014, driven by nearly 15billion Internet-connected, autonomously communicating devices. By 2020, this will rise to \$3trillion and >25billion devices, as perfectly demonstrated in the following slide:

Definition

The Internet of Things (IoT) is a scenario in which objects, animals or people are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction

In 2020 We Will Have 25 Billion Cumulative Connected Things

(Source: rezwanlink.wordpress.com)

Sensors are expected to be the No. 1 growth opportunity in 2015. But competition to tap sensor opportunities has never been more intense. The bar is raised constantly for new product introductions and time-to-market for each new design is consistently compressed. Semiconductor companies build microelectromechanical systems (MEMS) onto chips to create “intelligent” sensors that can measure everything from motion and voices to temperature and heart rhythms. The sensors and “sensor hubs are key to the IoT, wearables, auto technology and more.

The evolution of this technology will continue to drive astronomical growth in our industry. We are excited and motivated by the fact that our technology roadmap following our leading edge in the sensors/IoT-space will further provide us with an advantage to ride on the Internet of Things and connectivity theme that is on the verge of exponential growth and applications going forward.

Chief Executive Officer's Message

Year 2014 is another truly exciting and outstanding year, with GTB garnering new products and technology with product transfers from major customers, lining up new and exciting products for 2015 whilst delivering a very healthy financial performance for Year 2014. I would like to thank our Board of Directors, our fully charged up and highly motivated management and operations team for their tremendous efforts, commitment and sacrifice in achieving this stellar set of results which is a new record for the group.

On the Operations front, our highly motivated and well-aligned team has once again delivered another outstanding set of stellar performances due to their unmatched commitment and dedication in delighting our customers by proactively providing solutions to fully value-add to their respective needs from time to time.



MR. HENG HUCK LEE
Chief Executive Officer

Our team has also done an outstanding job in all aspects of striving for operation excellence and performance, implementing new business start-ups flawlessly and setting strong foundations for new businesses. Tight operational cost controls and meticulous implementation of real-time resources-sharing and deployment have been instrumental in offsetting business-fluctuations especially from our Light-Emitting-Diodes (LED) and timing device business segments.

Our past years of strategic investments into timing devices and sensors have continued to pay good dividends. Around 80% of Year-2014's top and bottom-lines' performances have come from these 2 main business segments. In order to sustain and generate above market margins, we have been successful in co-developing and starting up new product and new business units, with the efforts providing a strong foundation to a more sustainable performance. These efforts are reflected in the fact that 50% of our profit came from products/businesses that are less than 4 years since their respective start-ups. With the projected growth rates remaining in double digits figures and with our Board's impeccable guidance and timely support, 60% of our 2014 CAPEX were spent to support capacity for new sensor and timing devices' products. The remaining 40% were for R&D and new businesses that are expected to become significant revenue and profit contributors over the next 2 years.

While these 3 main segments continued to contribute significantly to our Group's financial performances, we are witnessing severe market volatility especially in the LED segment which is facing severe competition from China and Korea's manufacturers.

Our partnership with our Swiss and Singapore partners have been highly successful in co-developing and launching new breakthrough sensor products for the wearable and smart devices markets. We are excited and optimistic to lock in more revenue and profit from the existing sensors while 5-6 new sensors products have been qualified as at end of December'14. All these should drive the sensor segment to become our Group's biggest revenue contributor come 2015.

Our success in new product co-development has motivated our customers to develop another technologically leading sensor that will transform the smart mobile imaging market from the present 2D to 3D technology. Many Global Smart devices customers have shown a very high degree of interest to adopt and design in this new imaging technology into their next generation devices. With the initial prototype successes, we are optimistic and confident that this new technology will become a breakthrough market leader by end of 2015.

To complement and strengthen our R&D and new product development resources with shorter time-to-market, we also initiated a collaborative R&D framework and agreement with local universities to design and manufacture our own Designed-in-Malaysia health sensor. This collaborative partnership will pave a good start to our strategic migration to become a high-valued ODM to our Multi-National Customers (MNCs).

All these new businesses and plans will strategically complement our existing lines and strengthen our foothold with major smart-phones, smart devices and health device- makers globally. It will also create a good foot-in-the-door strategy into the future "In"-Things and IoT --- i.e. wearable smart devices and IoT-products that are forecasted to capture trillions in USD in terms of market size by year 2030.

Globetronics' share price surges on bullish outlook

Counter up 40% as semiconductor device company at plateau next level of growth



THE SHARE price of Globetronics Technology Bhd which has surged 40% in the past few weeks, is expected to continue its upward trajectory as the company's revenue grows.

Globetronics likely to get new jobs

Company Focus: **Globetronics Technology**

Company Focus: **Globetronics Technology**
 Publishing: 27th Mar 2015 | Rating: BUY
 Refer to important disclaimer at the end of the report

BUY RM4.38 KLCI 1,062.50
 Price Target: 12 Month RM 5.00 (Buy RM 3.80)
 Margin Comfort: Yes
 Reason for Report: Hopespring investing, IP support, Revenue Growth, Strong demand, New product with Market Penetration, 12-18% operating leverage

Soaring ahead
 • Started production of new LED sensor module, likely to be built into wearable devices
 • Higher volume loading for all divisions

Equity Beat

31 July 2014 | Corporate Update

Globetronics Technology Bhd
 Higher dividends in the offing

INVESTMENT HIGHLIGHTS

- 2014 earnings likely to outperform
- Expecting higher dividend payout premised on strong earnings growth
- Any M&A activities likely to materialise in FY15
- Anticipating higher capex in 2014 for sensors segment
- Maintain BUY with revised TP of RM5.45 based on DDM valuation methodology

RETURN STATS

Price 01 July 2014	RM4.70
Target Price	RM5.45
Expected 12-Month Price Return	+16.0%
Expected Dividend Yield	+4.9%
Expected Total Return	+20.9%

Maintain BUY
 Revised Target Price (TP): RM5.45 (previously RM4.19)

Globetronics upbeat about next-gen sensors

By DAVID TAN
 Globetronics Technology Bhd is investing heavily in R&D and M&A to develop and commercialise next-generation sensors for wearable devices and smart home appliances. The company is also looking for new product opportunities in the IoT space.



... According to a recent Capital Report, the segment of smart home appliances is projected to reach US\$150 billion by 2020. This is a significant market opportunity for Globetronics, which has been investing heavily in R&D and M&A to develop and commercialise next-generation sensors for wearable devices and smart home appliances.

Globetronics set to release 3D sensors

It is allocating RM50mil for capex in 2015

By DAVID TAN
 Globetronics is allocating RM50 million for capital expenditure in 2015 to support the production of 3D sensors. The company is also looking for new product opportunities in the IoT space.

放眼推高中长期成长
东益电子冀落实并购

【本報訊】東益電子（01723）在「2014年股東週年大會」中，獲股東支持，將派發股息每股0.1元。此外，該公司亦宣佈，將撥款5000萬元，用於研發及生產3D傳感器。東益電子表示，3D傳感器是未來智慧家居及工業自動化的重要組件，該公司正積極尋求合作機會，以加速該項技術的商業化進程。

Globetronics: Sensors to be major contributor

By LIEW JIA TENG
 Globetronics is set to benefit from a period of rapid growth in the production of 3D sensors. The company is also looking for new product opportunities in the IoT space.



... Globetronics is set to benefit from a period of rapid growth in the production of 3D sensors. The company is also looking for new product opportunities in the IoT space.

18 March 2015

Securities

AFFIN HWANG CAPITAL

Outthink. Outperform.

Company Update

Globetronics
 GTB MK
 Sector: Technology

RM4.90 @ 17 Mar 2015

BUY (maintain)
 Upside 28%

Price Target: RM6.28
 Previous Target: RM5.31

Price Performance

	1M	3M	12M
Absolute	0.0%	+20.0%	+56.7%
Rel to KLCI	+2.9%	+14.6%	+55.4%

All good things come at a price
 Trading at 19x our 2015E EPS, Globetronics stock is not cheap. But foreign and institutional shareholdings remain near their peaks. The market is likely rewarding Globetronics for its successful earnings record and solid yields. To foster steady earnings growth, Globetronics is rapidly expanding its sensor business, which we expect to grow by 45% yoy in 2015. By 2016, we expect the sensor business to account for 57% of revenue, up from 32% in 2014. We raise our 2016E EPS by 18% on optimism about the new sensor product, following mass production of wearable sensors in 2015. We forecast a 2014-17 EPS CAGR of 25% and raise our TP to RM6.28.

Sensor business on track to achieve 45% yoy growth in 2015
 We expect Globetronics's sensor business to grow by 45% yoy in 2015 on robust demand for proximity sensors, rising contributions from wearable sensors and marginal contributions from imaging sensors. By 2016, we estimate that a significant portion, or 57% of group revenue, will be derived from this area (2014: 32%). The sensor business is lucrative, and as the products replace older products reaching end-of-life status, we expect Globetronics's EBITDA margins to remain healthy at about 29% despite cost pressures.

Raising 2016E EPS by 18% to account for imaging sensors
 We raise our 2016E EPS by 18% to account for the imaging sensors, which are expected to go into mass production in 2016. A multi-die component, the imaging sensor should be a larger contributor than the current proximity sensor, which contributed about RM110m in revenue in 2014. We nevertheless trim our 2015E EPS by 7% as we had anticipated some contribution from this new product. Despite this, we expect solid EPS growth of 23% YoY in 2015 before increasing to 49% YoY in 2016, driven predominantly by Globetronics's expansion into the sensor business.



Globetronics Sdn Bhd (GSB)

GSB saw a mixed bag of fortunes in 2014, with our LED business continuing to face challenging and highly volatile fluctuations due to global capacity oversupply and pricing pressures. Thanks to our highly agile organization and well aligned team, we were able to mobilize and cost-effectively utilize our resources to support our sensor business units which have seen very strong growth especially during the second half of 2014. We were able to turn around our capacity and ramp up the production output by more than 50% within 1-2 months. It was a great job by our team, with our manufacturing excellence continuing to win the confidence and recognition of our world esteemed customers.

While our operations team were stretched to the limit to support the 50% demand ramp up during the second half of 2014, our new product development made equal if not more impressive achievements during the second half of 2014. Together with our Swiss and Singapore partners, we got the first-of-its-kind wearable sensor qualified and our end customer has also successfully designed their product into one of the breakthrough and feature wearable devices that will officially go on sale in Quarter 2 2015. It was a great job and outstanding achievement by our product development team to help add another powerful and exciting engine of growth to future revenues. The global wearable and IoTs market is projected to connect billions of devices over the next 10 years and reach a market size in the trillions USD range, providing us with a huge opportunity for growth in this area.

We have also successfully prototyped a breakthrough sensor that will see further integration of gesture, motion, health and 3D imaging functions. These are applications that will be key in enabling, accelerating and expanding the development and application of the IoT, wearables, healthcare and gaming industries that are set to show explosive growth in the next few years.

I would like to thank the GSB Team for the outstanding 2014 achievement and for paving some very exciting prospects and opportunities for financial year 2015.

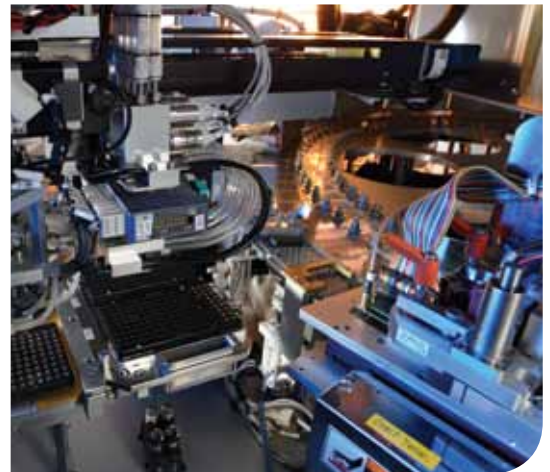
Globetronics (KL) Sdn Bhd (GKL)

GKL continued to play the leadership role in terms of being the Group's biggest revenue contributor. For financial year 2014, GKL registered very healthy revenue growths after our team had flawlessly transferred and start-up a new timing device business unit from our Japanese customer. I would like to thank the team for their aggressiveness and continuous commitment to maintain our competitiveness throughout the year. By displaying solid team responsiveness and agility, we supported all our customer demands and changes flawlessly which left a positive impression to our customer.

Yen and forex fluctuations were factors that posted new challenges to our GKL operations, which resulted in us having to achieve more aggressive cost savings than the original expectations. The team rose to the challenge with true fighting spirit by stepping up the efforts to make new breakthroughs in our operation performance and efficiency to continue their solid contribution during the year.

The strong support from our Board of Directors have also paved the way for us to make investments to automate our GKL operations where in 2015, we are expected to invest up to around 10% of our GKL revenue into making our operations less human dependent and more "green" and energy efficient.

Building on the solid achievement in 2014 and putting clear strategies in place for 2015, GKL will be even more cost effective and lean. Our "new" GKL team will now be even more competitive to secure new opportunities to generate new revenue growth and continue its contribution as one of our major subsidiaries.



ISO Technology Sdn Bhd (ISO)

ISO operated in a tough environment for financial year 2014 due to the volatility of the global LED market situation. While a small segment of our revenue is coming from the standard LED products which was more vulnerable to the global market fluctuation, ISO manage to sustain its overall performance and contribution to our group performance. The challenging situation had actually brought the best out of our team, where we achieved better PBT even though the total revenue was flat due to uncertainties from the LED lines. With the expected LED inventory coming down at the end of 2014, we are projecting ISO's LED segment to perform better in 2015 with higher loading/shipment quantity.

Our Niche LED products is projected to grow very well in 2015, with LED for special lighting fixtures and horticulture expected to ramp more than 50% due to increased demand as well as to fulfill the backlog we are currently facing. We are also very optimistic to start up our health sensor products toward end of 2015 with 2-3 major MNCs co-developing and evaluating our prototype. If it takes off as planned, we are hopeful and confident this new segment will become a major revenue and profit contributor in financial year 2016.

I would like to thank the ISO team for their outstanding commitment and hard work in contributing to financial year 2014's achievements.

Audit Committee Report

The Audit Committee of Globetronics Technology Bhd ("GTB") is pleased to present the Audit Committee Report for the financial year ended 31 December 2014 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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	
	Held	Attended
Dato' Syed Mohamad Bin Syed Murtaza Chairman/Independent Non-Executive Director	5	5
Mr. Yeow Teck Chai Independent Non-Executive Director	5	5
Ms. Lam Voon Kean Independent Non-Executive Director	5	5

Composition and Terms of Reference

1. Composition

- (a) The Audit 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 Audit 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 Malaysia").
- (c) No alternate Director shall be appointed as a member of the Audit Committee.
- (d) The Members of the Audit 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 Audit Committee and each of its members at least once every three (3) years.
- (f) If a member of the Audit 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 Audit 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.

Audit Committee Report (Cont'd)

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.

5. Internal Audit Function

The Group has an in-house internal audit function which is carried out by the Internal Auditor.

The Audit Committee is assisted by the Internal Audit function in discharging its duties and responsibilities.

The Group has an adequate resourced Internal Audit function which reports directly to the Audit Committee and is independent of the activities they audit.

Audit Committee Report (Cont'd)

5. Internal Audit Function (cont'd)

The Internal Audit function conducts regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such systems would continue to operate satisfactorily and effectively in the Company and the Group. In addition, the Internal Audit function also conducts investigations and special reviews at the request of Management and Audit Committee.

On a quarterly basis, the Internal Audit function submits the audit reports on their activities to the Audit Committee for its review and deliberation. The Internal Auditor attends the Audit Committee meetings to present the internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Audit Committee's deliberation.

During the financial year ended 31 December 2014, the total cost incurred for the Internal Audit function was RM121K.

6. Summary of Activities

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2014 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 audit reports conducted by the Internal Auditor.
- The Audit 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 Risk Management and Internal Control and Statement on Corporate Governance before submitting for the Board's approval and inclusion in the Company's Annual Report.
- Reviewed the allocation of share options pursuant to the ESOS.

7. Training Attended by the Audit Committee

For the year under review, the Audit Committee attended the following conferences and seminars:

Organiser	Conference and Seminar
KPMG	KPMG Penang Tax Summit 2014
KPMG	MFRS/FRS Update 2014/2015 Seminar
Audit Committee Institute	Audit Committee Institute Breakfast Roundtable titled: The Impact of Cyber Security at Board Levels
KPMG	Audit Committee on Cyber Security
Malaysian Institute of Accountants (MIA)	The Corporate Governance Guide 2nd Edition
Federal of Malaysian Manufacturers (FMM)	GST Training
Malaysian Institute of Accountants (MIA)	Legal & Corporate Government: The Proposed Companies Bill and The Companies Secretaries

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 and encouraging workplace diversity. 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.

Employee Welfare

Fostering better ties with our employees and improving their quality of life are areas that have continuously been given importance in the Group's corporate responsibility initiatives. Activities carried out include medical health screening and awareness programmes and recognition of long service. We continue to promote healthy lifestyles and team cohesiveness by sponsoring free courts and consumables for our employees to participate in sporting activities.

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 organizations during the year. Of importance are highlighted as follows:

- 1) Donation of RM 100,000 to Penang Tech Centre Berhad for Tech-Dome Penang Project;
- 2) Being a CSR partner of Penang Down Syndrome Association ("PDSA"), with a RM 10,000 donation during PDSA's Annual General Meeting and another RM10,000 donation via Star Walk "Walk With Us".
- 3) Main coordinator/host representing Free Industrial Zone ("FIZ") Penang to initiate Education collaboration projects with Asia University Tokyo & Toyohashi University Tokyo
- 4) Participation in Relay For Life cancer awareness program

Corporate Social Responsibility Statement (Cont'd)

Corporate Contributions and Community Development (cont'd)

As a home grown Malaysian technology company, we realize the importance of education and the need to cultivate local talent and expertise in supporting the Malaysian manufacturing and technological landscape. In line with this, we have decided to make a significant contribution to make Tech-Dome Penang a reality, with the mission to inspire children/students in the field of technology, to showcase the progress of global innovation and to highlight the convergence of technology, industry and people. We believe the amount of information and activities from the Tech-Dome will inspire many of our young today to become future leaders/entrepreneurs to lead our country to new heights in the years ahead.

On our tie up with PDSA, we have decided to commit to be their CSR partner on a long term basis. We have made two donations of RM 10,000 each to PDSA during the year and after setting up a computer lab for them right in their very own location, we have furthered this initiative by developing our own speech therapy software for the students. We look forward to seeing the continued progress of the children in PDSA.

We were also hosts of the education collaboration with Japanese universities representing FIZ Penang, playing an active role assisting with the travel and welfare arrangements of the interns involved. We actually hosted an intern in one of our subsidiaries for a period of one month, during which she managed to experience the work culture of different departments within our Penang subsidiaries. The program was a success with many cross country and cultural learning from both parties and we plan to host another Japanese intern in the coming year.

On another note in the CSR front, our Group mainly initiated by our CEO, have elevated ourselves into higher realms of corporate social works such as:

- 1) Supporting our Government agencies in promoting foreign investments into Malaysia;
- 2) Assisting and sponsoring local, small and medium industries along technologies growth; and
- 3) Promoting entrepreneurship within the Malaysia business circles by sharing our success stories in technology conferences or discussions.

In closing, 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. Notable activities have been the participation of our employees in blood donation campaigns organized by the state government and general hospital respectively.

Statement on Corporate Governance

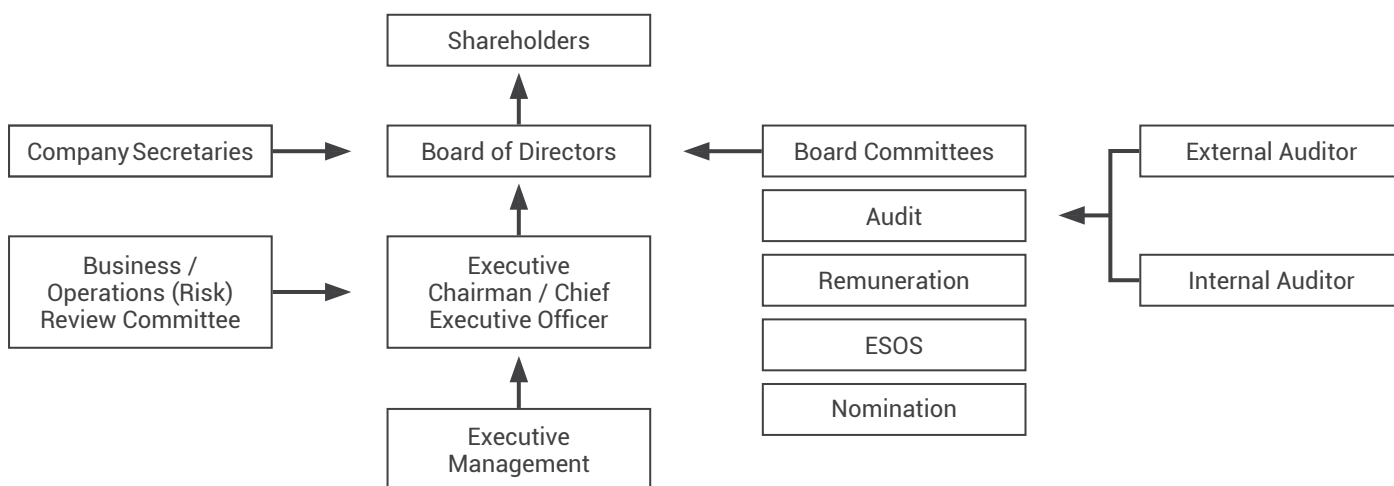
Introduction and Objective

The Board of Directors ("Board") recognizes the importance of good corporate governance and is committed to practice the highest standards in corporate governance throughout the Group. Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing long term shareholders' value, increasing investors' confidence and protecting stakeholders' interests.

The Board supports the Group's adoption of best practices as propounded by the Malaysian Code on Corporate Governance 2012 ("the Code") which sets out broad principles and specific recommendations to promote and cultivate a strong culture of good corporate governance at all levels of the Group's businesses. The Board will continue to review and enhance the Group's corporate governance framework to ensure its relevance and ability in meeting future challenges and to establish long term sustainable shareholders' value.

This statement demonstrates the Board's commitment in sustaining high standards of corporate governance and outlines how the Group has complied with the principles set out in the Code with regards to the recommendations stated under each principle for the year under review.

The Group's Governance Model



PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

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 4 Non-Independent Non-Executive Directors. This Board is of the opinion that the composition is balanced and in compliance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("Main Market LR").

The Board composition of Executive Directors and Non-Executive Directors including the Independent Non-Executive Directors, allows for independent judgement and viewpoints 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.

There is a division of functions between the Board and the Management, whereby the former's focus lie more on the Company's governance; the latter on management in accordance with the direction of and delegation by the Board. Thus, the Board leads the Group and plays a strategic role in overseeing the overall activities of the Management in carrying out the delegated duties in achieving the Group's corporate objectives and long terms strategic plans of the business.

The Nomination Committee together with the Board continually reviews and evaluates its requirements for an appropriate mix of skills and experience to ensure the Board's composition remains relevant and optimal. A brief profile of each Director is presented on pages 6 to 9 .

Statement on Corporate Governance (Cont'd)

Board Duties and Responsibilities

In addition to statutory and fiduciary duties, the Board is responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations.

The principle responsibilities of the Board include the following:

- Approving the Group's annual budget and carrying out periodic review of the achievements by the various operating subsidiaries against their respective business targets.
- Overseeing of the Group's business operations and financial performance.
- Ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented.
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.
- Review, access and ensure all candidates appointed to Senior Management positions are of sufficient calibre, to provide for the orderly succession of Senior Management.
- Undertaking various functions and responsibilities as required from time to time.

Codes and Policies

Principles of Business Conduct

The Board is committed to upholding the highest form of corporate governance, values and integrity in all its business transactions. The Principles of Business Conduct sets out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors in the Group.

The details of the Principles of Business Conduct is available for reference at the company's website www.globetronics.com.my.

Whistleblowing Policy

In adhering to good corporate governance practices and with the introduction of the Whistleblower Protection Act 2010, the Board has put in place an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices, illegal acts of failure to comply with regulatory requirements without fear of reprisal.

The details of the Whistleblowing Policy is available for reference at the company's website www.globetronics.com.my.

Sustainability of Business

The Board believes that in addition to shareholder value maximization, the Group has a responsibility to promote business sustainability strategies that take into account its employees, stakeholders, environment and community it operates in. The corporate social responsibility programs of the Group are disclosed in pages 20 and 21 of the Annual Report.

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 on the Company policies and procedures and the services of the Company Secretaries who advises the Board on the 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.

Board Charter

The Board has adopted a Board Charter which sets out the principal functions, composition, roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the Management of GTB and its Group. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management. Therefore, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness. A summary of the current Board Charter is published on our website, www.globetronics.com.my.

Statement on Corporate Governance (Cont'd)

PRINCIPLE 2 – STRENGTHEN COMPOSITION

In discharging its duties the Board is assisted by Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee. Each committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board.

The Board Committee periodically review and assess their respective TORs to ensure the TORs remain relevant, adequate and concise in governing the functions and responsibilities of the Committee and reflect the latest developments in the Main Market LR of Bursa Malaysia and the Code.

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.

Nomination Committee

The Committee's responsibility, among others, is to identify and recommend the right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees. Recruitment matters are discussed in depth by the Committee before the entire Board makes the final decision on new appointments.

Re-appointment and re-election of Directors at the Annual General Meeting (AGM) are recommended by this Committee to the Board for its approval.

The Committee will also assess and ensure all Directors receive appropriate continuous training programs in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements.

The Board's Nomination Committee comprises three Non-Executive Directors, the majority of whom are Independent. The members are:

Datuk Iskandar Mizal Bin Mahmood (Independent Non-Executive Director, Chairman)
Dato' Syed Mohamad Bin Syed Murtaza (Independent Non-Executive Director)
Dato' Ng Kweng Moh (Non-Independent Non-Executive Director)

The Nomination Committee meets when necessary. For the financial year ended 31 December 2014, the Committee held one meeting.

The Committee continually reviews and evaluates its requirements for an appropriate mix of skills and experience to ensure the Board's composition remains relevant and optimal. The Committee confirms that the present size and composition of the Board is appropriate to oversee the overall business of the Group.

In accordance with the Company's Articles of Association, all directors are subject to retire by rotation at least once every 3 years. The Directors due to retire at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 2 and 3 on page 114).

Directors over seventy years old are required to seek re-appointment annually in accordance with the Companies Act, 1965. Directors seeking re-appointment at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution 1 on page 114).

The Board acknowledges the recommendation of the Code pertaining to the establishment of boardroom gender diversity policy. The Board has no immediate plans to implement a gender policy or target, as it is of the view that the suitability of the candidates is dependent on each candidate's competency, skills, experience, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

Remuneration Committee

The Remuneration Committee consists of:

Mr. Yeow Teck Chai (Independent Non-Executive Director, Chairman)
Datuk Iskandar Mizal Bin Mahmood (Independent Non-Executive Director)
Mr. Ng Kweng Chong (Non-Independent Executive Director)

Statement on Corporate Governance (Cont'd)

Remuneration Committee (cont'd)

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 2014, the Committee held one meeting.

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 of Board Committees are also paid a meeting allowance for each Committee meeting they attend.

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	176	2,826	3,985	52	1,396	8,435
Non-Executive Directors	875	-	-	-	-	875
Total	1,051	2,826	3,985	52	1,396	9,310

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 2,300,001 to RM 2,350,000	1	-
RM 4,050,001 to RM 4,100,000	1	-

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with the Bursa Malaysia Main Market LR.

Statement on Corporate Governance (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:

Ms Lam Voon Kean (Independent Non-Executive Director, Chairwoman)
Dato' Syed Mohamad Bin Syed Murtaza (Independent Non-Executive Director)
Mr. Ng Kok Khuan (Non-Independent Non-Executive Director)

The Committee meets when necessary. For the financial year ended 31 December 2014, the Committee held two meetings.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Assessment of Independent Directors

The Board recognizes the importance of independence and objectivity in the decision making process. The Board and its Nomination Committee in their annual assessment concluded that each of the four Independent Non-Executive Directors' continue to demonstrate conduct and behavior that are essential indicators of independence. Each of them continues to fulfill the definition and criteria of independence as set out in Bursa Malaysia Main Market LR.

Tenure of Independent Directors

The Board is of the opinion that the composition is balanced and in compliance with the Bursa Malaysia Main Market LR. None of the independent directors have served a cumulative term exceeding nine years as recommended by the Code.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board recognizes the need for the directors to spend sufficient time and efforts in carrying out their responsibilities, thus each director is expected to commit sufficient time in attending meetings for the Board, Board Committees as well as external trainings to enhance their professional skills.

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.

Where the Board is considering a matter in which a Director has an interest, such Director will abstain from all deliberations and decision making on the subject matter. In the event any Directors are unable to attend Board meetings physically, the Company's Articles of Association allow for such meetings to be conducted via telephone, video conference or any other form of electronic communication.

For the financial year ended 31 December 2014, five Board meetings were held.

Statement on Corporate Governance (Cont'd)

Board Meetings (cont'd)

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	4
Dato' Syed Mohamad Bin Syed Murtaza	5	5
Dato' Ng Kweng Moh	5	5
Dato' Norhalim Bin Yunos	5	4
Datuk Iskandar Mizal Bin Mahmood	5	5
Yeow Teck Chai	5	5
Ng Kok Khuan	5	5
Lam Voon Kean	5	5
Ng Kok Kee (Appointed on 1 July 2014)	3	3

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 Program prescribed by Bursa Malaysia. Directors are also encouraged to attend various external professional programs relevant and useful in contributing to the effective discharge of their duties as Directors.

For the year under review, the Directors attended the following conference seminars and training programs:

Organiser	Conference and Seminar
KPMG Penang 2014 Economic Outlook Roundtable	Global Electrical & Electronics (E&E) Directions/Changes and Focus on Penang E&E outlooks
Frepenca	1st Industry Supply Chain Leadership Dialogue
The Inaugural International Machine Tools, Metalworking Technology, Precision Engineering and Tooling Exhibition	The Buzz in Manufacturing is Productivity
Royal Malaysian Customs and Supply	GST Forum 2014
KDU International Student Conference 2014	From an Entrepreneur Start-up to a Global Electronic products ODM
Federation of Malaysian Manufacturers' (FMM)	2014 Regional Manufacturing Conference : Manufacturing the Future - Agenda for Revitalising Penang Manufacturing Sector
Channel NewsAsia's Business Insights Forum	"Sustaining Growth and Development in Malaysia", Panel Discussion 1: Remaking the SME Model
SMEs/Entrepreneurs- Unlocking your potential to grow	Challenges and Lessons Learnt from a Successful E & E SME
InvestPenang	The CEO Speaks...' on 'Malaysian E & E Industry at a Strategic Inflection Point'

Statement on Corporate Governance (Cont'd)

Directors' Continuing Development (cont'd)

Organiser	Conference and Seminar
Intel	Intel Internet of Things (IOT) Solutions Conference
MIDA	Talk On Industry Sponsored Collaborative Semiconductor Research Accomplishments and Future Directions
Penang State Government	Penang State Industrial Manufacturing Conference 2014
Bursa Malaysia	Board Chairman Series Entitled "The Role of The Board Chairman"
AUTM USA	Association of University Technology Managers (AUTM) 2014 Conference
IAMOT USA	International Association for Management of Technology (IAMOT) 2014 Conference
World Trade Centre Mumbai	4th Global Economic Summit 2014
Bank Negara Malaysia	Financing of Intellectual Property Conference
Khazanah Nasional Bhd	Khazanah Megatrends Forum 2014
World Islamic Economy Forum, K.Lumpur	World Islamic Economy Forum
KPMG	GST Synergization Tutorial for Manufacturing Sector
Bursa Malaysia	Briefing on Corporate Governance Guide
Bursa Malaysia	Nomination Committee Programme 2: Effective Board evaluation
ICLIF Leadership and Governance Centre & Bursa Malaysia	Nominating Committee Programme
MIDA	A Tax Efficient Way to Invest in R&D
Strategic and International Studies (ISIS)	The 28th Asia-Pacific Roundtable
KPMG	KPMG Tax Summit 2014

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

The Board, guided by the Audit Committee, recognizes the importance of reviewing financial information to be disclosed to ensure its accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give a true and fair view of the state of affairs of the Company and the Group.

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 2014, 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.

Statement on Corporate Governance (Cont'd)

Suitability and Independence of External Auditors

The Audit Committee met the external auditors twice during the year under review without the presence of the Executive Directors and Management to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Committee's attention. Through the Audit Committee, the Company has established a transparent and professional relationship with the auditors. The suitability and independence of external auditors are also consistently reviewed by the Audit Committee. A summary of the activities during the year under review is set out on page 19 of the Annual Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Sound Risk Management Framework

The Board assumes responsibility for the effective stewardship and management of the Company with the strategic objective to build and deliver long term shareholder value whilst meeting the interests of shareholders and other stakeholders.

The Board provides strategic direction and formulates appropriate corporate policies to ensure the Group's resources and profitability are optimized. The Board is also responsible for assessing the integrity of the Group's financial information and the adequacy and effectiveness of the Group's internal control and risk management processes.

Internal Audit Function

The Board recognizes the importance of risk management and internal controls in the overall management process.

The Group's Statement on Risk Management and Internal Control which provides an overview of the Group's risk management and state of internal controls is set out on pages 32 and 33 of the Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

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 ("AGM")

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. Shareholders have the right, as provided for in the Articles of Association of the Company, to request for poll voting.

Statement on Corporate Governance (Cont'd)

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 Chief Financial Officer and Corporate Manager, who have regular dialogue with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 31 December 2014, the management held and/or attended four strategic & successful offshore road-shows/investors meeting and conducted more than 30 meetings with fund managers and investment bankers in Hong Kong, Singapore, Tokyo, London, Kuala Lumpur and Penang.

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. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group) and the Group's business activities can be obtained from the website. Requests for information on the Company can be forwarded to the same website.

Announcements made by the Company to Bursa Malaysia are also accessible from www.bursamalaysia.com.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Dato' Syed Mohamad Bin Syed Murtaza 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.

COMPLIANCE WITH THE CODE

The Board is of the view that the Group has, in all material aspects applied the principles and complied with the recommendation of the Code save for the fact that currently the Chairman and CEO are both Executive Directors in the Group. However the Board is of the view that there are sufficient Independent Directors on the Board with wide boardroom experience and expertise to provide the necessary check and balance.

The Nomination Committee and the Board are aware of the requirements of the Code and efforts are being made to address this.

The Statement on Corporate Governance was approved by the Board of Directors on 31 March 2015.

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements as set up in Appendix 9C.

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 a total of RM16,100 of non-audit fees paid to the external auditor by the Company during the financial year under review.

Variation in Results

There were no material variances between the financial results for the financial year ended 31 December 2014 and the unaudited results previously announced by the Company.

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 2014 or entered into since the end of the previous financial year.

Statement on Risk Management and Internal Control

Introduction

The Board of Directors of Globetronics Technology Bhd is pleased to provide the following Statement on Risk Management and 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 risk management and internal control in the Group. The Statement outlines the nature and state of risk management and internal control of the Group during the year.

Board Responsibility

The Board recognises the importance of sound risk management and internal control practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of risk management and internal controls, and for reviewing the adequacy and effectiveness 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 the policies, goals and objectives of the Group. In pursuing these, internal control can only provide reasonable rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

The Group's system of risk management and internal control involves the management and staff from each business unit 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.

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

The Board with the assistance of the Internal Auditor and 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 across its operating units.

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 twice a year 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.

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 on 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 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 forecast, business planning and strategies, productivity/improvement plans and others for the respective subsidiaries in the Group.

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.

Bi-monthly management meetings are held to identify, discuss and resolve operational, financial and key management issues. The meetings are attended by the Chief Executive Officer, Factory Managers, key managers and key staffs in which the meeting serves as a platform whereby the Group's goals, objectives and key results are continuously communicated and reinforced with potential risk areas identified, evaluated and managed.

Statement on Risk Management and Internal Control (Cont'd)

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is 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 subject 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 operational 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.

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.

Insurance

The Group has sufficient insurance coverage and physical safeguarding on major assets to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken in which the Management reviews the coverage based on the current fixed assets, inventory of their respective carrying amounts and 'replacement value', i.e. the prevailing market price for the same or similar item, where applicable. There is also a yearly renewal exercise to ensure adequacy in the Group's indemnity coverage.

Group Internal Audit

The Internal Auditor, who reports to the Audit Committee, conducts reviews on the systems of risk management and 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.

The internal control systems discussed in this statement do not apply to the associated company which falls under the control of its major shareholders. Nonetheless, the interest of the Group is safeguarded through the representatives on the Board of the associated company.

REVIEW OF STATEMENT BY THE GROUP

The Internal Auditor has reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 December 2014 and reported to the Audit Committee that all internal control weaknesses identified during the course of its audit assignments for the financial year ended 31 December 2014 have been, or are being, addressed and that none of the weaknesses have resulted in any material losses, contingencies or uncertainties that require disclosure in the Company's Annual Report.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the system of internal controls in place for the financial year ended 31 December 2014 and up to the date of approval of this report is sound and sufficient to safeguard the shareholders' investment and the Group's assets.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 31 March 2015.



Financial Statements

35 - 41	Directors' Report
42	Consolidated Statement of Financial Position
43	Statement of Financial Position
44	Consolidated Statement of Profit or Loss and Other Comprehensive Income
45	Statement of Profit or Loss and Other Comprehensive Income
46 - 47	Consolidated Statement of Changes in Equity
48 - 49	Statement of Changes in Equity
50 - 51	Consolidated Statement of Cash Flows
52	Statement of Cash Flows
53 - 105	Notes to the Financial Statements
106	Statement by Directors
107	Statutory Declaration
108 - 109	Independent Auditors' Report

Directors' Report

for the year ended 31 December 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The Company is an investment holding company whilst the principal activities of the subsidiaries are as 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>64,398,924</u>	<u>60,466,685</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial 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 ordinary dividend of 2.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM11,241,050 in respect of the financial year ended 31 December 2013 on 3 July 2014;
- ii) a first interim single tier ordinary dividend of 2.0 sen per share and a single tier special dividend of 5.0 sen per share, totalling RM19,619,771 in respect of the financial year ended 31 December 2014 on 26 March 2014;
- iii) a second interim single tier ordinary dividend of 5.0 sen per share and a single tier special dividend of 6.0 sen per share, totalling RM30,913,216 in respect of the financial year ended 31 December 2014 on 5 November 2014; and
- iv) a first interim single tier ordinary dividend of 2.0 sen per share and a single tier special dividend of 6.0 sen per share, totalling RM22,483,483 in respect of the financial year ending 31 December 2015 on 26 March 2015.

A final single tier ordinary dividend of 2.0 sen per share and a single tier special dividend of 3.0 sen per share have been recommended by the Directors in respect of the financial year ended 31 December 2014, 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	
Ng Kok Khuan	
Dato' Norhalim Bin Yunus	
Dato' Syed Mohamad Bin Syed Murtaza	
Datuk Iskandar Mizal Bin Mahmood	
Yeow Teck Chai	
Lam Voon Kean	
Ng Kok Kee	(Appointed on 01.07.2014)
Ng Kweng Tong	(Resigned on 01.07.2014)

Directors' Report (Cont'd)

for the year ended 31 December 2014

Directors' interests in shares

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial 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 31.12.2014
	At 1.1.2014/ ^	Exercise of options	Bought	(Sold)	
Interests in the Company					
Ng Kweng Chong					
- own	2,594,071	-	-	-	2,594,071
- others *	24,520	10,000	-	(10,000)	24,520
Heng Huck Lee					
- own	1,345,500	45,500	-	-	1,391,000
- others *	-	-	5,000	(1,500)	3,500
Dato' Ng Kweng Moh					
- others *	11,000	10,000	-	(3,000)	18,000
Ng Kok Khuan					
- own	40,000	-	-	-	40,000
Yeow Teck Chai					
- own	72,800	-	10,000	(74,800)	8,000
- others *	7,000	-	-	-	7,000
Lam Voon Kean					
- own	5,000	-	-	(5,000)	-
- others *	11,000	-	-	(11,000)	-
Ng Kok Kee					
- own	^ 5,000	-	-	-	5,000
Deemed interests in the Company					
Ng Kweng Chong					
- own	61,628,265	-	901,000	(4,977,500)	57,551,765
- others *	1,218,800	-	-	-	1,218,800
Dato' Ng Kweng Moh					
- own	1,404,762	-	-	-	1,404,762
- others *	50,920	-	-	-	50,920
Ng Kok Khuan					
- others *	35,640	-	-	-	35,640
Yeow Teck Chai					
- others *	388,744	-	-	(183,600)	205,144
Ng Kok Kee					
- own	^ -	-	50,000	-	50,000

Directors' Report (Cont'd)

for the year ended 31 December 2014

Directors' interests in shares (cont'd)

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

	Number of options over ordinary shares of RM0.50 each				
	At 1.1.2014	Granted	(Exercised)	(Forfeited)	At 31.12.2014
ESOS III #					
Ng Kweng Chong					
- others *	10,000	-	(10,000)	-	-
Heng Huck Lee					
- own	45,500	-	(45,500)	-	-
- others *	25,000	-	-	(25,000)	-
Dato' Ng Kweng Moh					
- others *	10,000	-	(10,000)	-	-
ESOS 2014 @					
Ng Kweng Chong					
- own	-	91,000	-	-	91,000
- others *	-	6,000	-	-	6,000
Heng Huck Lee					
- own	-	88,000	-	-	88,000
- others *	-	22,000	-	-	22,000
Dato' Ng Kweng Moh					
- others *	-	7,000	-	-	7,000

^ At date of appointment

* 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.

ESOS III on ordinary shares of RM0.50 each was established on 13 April 2009 and expired on 12 April 2014.

@ ESOS 2014 on ordinary shares of RM0.50 each was established on 12 August 2014.

None of the other Directors holding office at 31 December 2014 had any interests in the shares and options over shares of the Company and of its related corporations during the financial year.

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 a Director who has a substantial financial interest in a company which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling 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") as disclosed in Note 29 to the financial statements.

Directors' Report (Cont'd)

for the year ended 31 December 2014

Issue of shares and debentures

During the financial year, the Company issued:

- i) 38,000 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) 55,900 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM1.52 per ordinary share;
- iii) 35,800 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;
- iv) 35,300 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM1.08 per ordinary share;
- v) 69,800 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM0.90 per ordinary share;
- vi) 47,700 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM1.10 per ordinary share;
- vii) 148,900 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM1.46 per ordinary share;
- viii) 177,100 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share option at an exercise price of RM1.75 per ordinary share;
- ix) 1,165,700 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM3.14 per ordinary share; and
- x) 3,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share option at an exercise price of RM4.77 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.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS III and ESOS 2014.

At an extraordinary general meeting held on 20 May 2014, the Company's shareholders approved the establishment of a new Employees Share Option Scheme ("ESOS 2014") of up to 10% of the issued and paid-up share capital of the Company, replacing the ESOS III which expired on 12 April 2014, to eligible Executive Directors and employees of the Group.

The salient features of the ESOS 2014 are, inter alia, as follows:

- i) The total number of shares to be offered under the ESOS 2014 shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS 2014;
- ii) The ESOS 2014 shall continue to be in force for a period of five years from 12 August 2014;
- 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 the ESOS 2014;
- 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;

Directors' Report (Cont'd)

for the year ended 31 December 2014

Options granted over unissued shares (cont'd)

The salient features of the ESOS Scheme 2014 are, inter alia, as follows: (cont'd)

- vi) The option price for each ordinary share shall be at a discount of not more than ten per centum (10%) of the 5-day weighted average market price of the shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa") immediately preceding the date of offer, or such lower or higher limit in accordance with any prevailing guideline issued by Bursa or any other relevant authority as amended from time to time 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 offered (under ESOS III) to take up unissued ordinary shares of RM0.50 each and the option exercise prices are as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.50 each			
		At 1.1.2014	(Exercised)	(Forfeited)	At 31.12.2014
13.04.2009	0.51	296,600	(38,000)	(258,600)	-
07.10.2009	0.80	14,400	-	(14,400)	-
08.04.2010	1.52	66,100	(55,900)	(10,200)	-
12.10.2010	1.09	35,800	(35,800)	-	-
05.04.2011	1.08	142,000	(35,300)	(106,700)	-
29.09.2011	0.90	121,100	(69,800)	(51,300)	-
03.04.2012	1.10	112,100	(47,700)	(64,400)	-
01.10.2012	1.46	175,950	(148,900)	(27,050)	-
03.04.2013	1.75	194,200	(177,100)	(17,100)	-
22.10.2013	3.14	1,541,400	(1,165,700)	(375,700)	-
		2,699,650	(1,774,200)	(925,450)	-

The options offered (under ESOS 2014) to take up unissued ordinary shares of RM0.50 each and the option exercise price is as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.50 each				
		At 1.1.2014	Granted	(Exercised)	(Forfeited)	At 31.12.2014
14.08.2014	4.77	-	1,301,400	(3,000)	(59,300)	1,239,100

Directors' Report (Cont'd)

for the year ended 31 December 2014

Options granted over unissued shares (cont'd)

The Company has applied to the Companies Commission of Malaysia ("CCM") for the exemption of Section 169(11) of the Companies Act, 1965 and approval has been granted from CCM to exclude the disclosure of details of the employees to whom the options have been granted other than the details of the employees who have been granted 15,000 options and above during the financial year.

The details of the employees to whom the options of 15,000 or more have been granted during the year are as follows:

	Number of options over ordinary shares of RM0.50 each
Ng Kweng Chong	91,000
Heng Huck Lee	88,000
Ng Kok Choon	58,000
Wong Boon Hooi	44,000
Lim Eng Poh	29,000
Lim Guat Li	29,000
Choong Lai Kwan	22,000
Yip Leong Hong	22,000
Lee Cheon Wai	15,000
Wong Lai Yin	15,000
Ooi Guat Lean@Saw Guat Lean	15,000
Sum Weng Chew	15,000
Lee Hooi Teik	15,000
Heng Charng Yee	15,000
Lee Soon Wooi	15,000

Other than the above, a total of 813,400 options were granted to 468 employees of the Group. The average number of options granted to individual employee is 1,738.

The aggregate maximum allocation of ESOS to Executive Directors and senior management of the Group shall not exceed 50%. The actual allocation of share options to Executive Directors and senior management is 18% as at 31 December 2014.

Other statutory information

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

- i) there are no bad debts to be written off and no provision needs to be 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 it necessary to write off any bad debts or provide for any doubtful debts; or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company 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.

Directors' Report (Cont'd)

for the year ended 31 December 2014

Other statutory information (cont'd)

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 financial performance of the Group and of the Company for the financial year ended 31 December 2014 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.

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: 31 March 2015

Consolidated Statement of Financial Position

as at 31 December 2014

	Note	2014 RM	2013 RM
Assets			
Property, plant and equipment	3	75,197,203	87,314,733
Investment property	4	7,877,459	8,134,269
Investment in an associate	6	5,243,704	5,047,782
Other investments	7	8,153,401	6,053,773
Deferred tax assets	8	5,035,000	3,600,606
Total non-current assets		101,506,767	110,151,163
Inventories	9	19,049,101	14,053,077
Current tax assets		187,250	-
Trade and other receivables	10	81,738,133	67,891,584
Cash and cash equivalents	11	155,715,715	147,297,444
Total current assets		256,690,199	229,242,105
Total assets		358,196,966	339,393,268
Equity			
Share capital	12	140,514,620	139,626,020
Reserves	13	144,055,046	135,576,234
Total equity attributable to owners of the Company		284,569,666	275,202,254
Liabilities			
Deferred income	14	3,305,018	262,183
Total non-current liability		3,305,018	262,183
Borrowings	15	1,745,500	5,241,904
Trade and other payables	16	67,275,143	53,349,568
Current tax liabilities		1,301,639	5,337,359
Total current liabilities		70,322,282	63,928,831
Total liabilities		73,627,300	64,191,014
Total equity and liabilities		358,196,966	339,393,268

The notes on pages 53 to 105 are an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2014

	Note	2014 RM	2013 RM
Assets			
Investment in subsidiaries	5	134,167,399	135,568,041
Investment in an associate	6	784,000	784,000
Other investments	7	2,788,560	1,850,529
Total non-current assets		137,739,959	138,202,570
Trade and other receivables	10	35,943	28,688
Cash and cash equivalents	11	30,339,080	26,086,093
Total current assets		30,375,023	26,114,781
Total assets		168,114,982	164,317,351
Equity			
Share capital	12	140,514,620	139,626,020
Reserves	13	26,944,262	24,058,731
Total equity attributable to owners of the Company		167,458,882	163,684,751
Liabilities			
Trade and other payables	16	652,100	629,800
Current tax liabilities		4,000	2,800
Total current liabilities		656,100	632,600
Total equity and liabilities		168,114,982	164,317,351

The notes on pages 53 to 105 are an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014

	Note	2014 RM	2013 RM
Continuing operations			
Revenue	17	355,043,467	321,423,457
Cost of sales		(258,435,204)	(233,381,600)
Gross profit		<u>96,608,263</u>	<u>88,041,857</u>
Administrative expenses		(37,903,334)	(34,436,681)
Other expenses		(1,120,339)	(28,640)
Other income		18,500,719	8,850,888
Results from operating activities		<u>76,085,309</u>	<u>62,427,424</u>
Finance costs	18	(64,617)	(21,063)
Operating profit		<u>76,020,692</u>	<u>62,406,361</u>
Share of profit of equity-accounted associate, net of tax		195,922	136,439
Profit before tax	19	76,216,614	62,542,800
Tax expense	22	(11,817,690)	(9,926,502)
Profit for the year		<u>64,398,924</u>	<u>52,616,298</u>
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		993,944	985,087
Fair value of available-for-sale financial assets		71,738	(411,001)
Total other comprehensive income for the year, net of tax	23	<u>1,065,682</u>	<u>574,086</u>
Total comprehensive income for the year		<u><u>65,464,606</u></u>	<u><u>53,190,384</u></u>
Profit attributable to:			
Owners of the Company		<u>64,398,924</u>	<u>52,616,298</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>65,464,606</u>	<u>53,190,384</u>
Basic earnings per ordinary share (sen)	24	<u>22.94</u>	<u>19.02</u>
Diluted earnings per ordinary share (sen)	24	<u>22.94</u>	<u>18.97</u>

The notes on pages 53 to 105 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

	Note	2014 RM	2013 RM
Continuing operations			
Revenue	17	61,941,219	37,221,400
Administrative expenses		(1,462,753)	(1,231,470)
Other expenses		(16,059)	(977,666)
Other income		54,989	610,838
Profit before tax	19	60,517,396	35,623,102
Tax expense	22	(50,711)	(32,829)
Profit for the year		60,466,685	35,590,273
Other comprehensive income, net of tax			
Item that is or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets	23	(16,586)	(19,142)
Total comprehensive income for the year		60,450,099	35,571,131
Profit attributable to:			
Owners of the Company		60,466,685	35,590,273
Total comprehensive income attributable to:			
Owners of the Company		60,450,099	35,571,131

The notes on pages 53 to 105 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Attributable to owners of the Company					Total equity RM		
	Non-distributable			Distributable				
	Share capital RM	Share premium RM	Share option reserve RM	Capital redemption reserve RM	Fair value reserve RM	Translation reserve RM	Retained earnings RM	
At 1 January 2013	136,135,470	10,470,142	1,504,836	9,700	392,229	(2,330,243)	114,955,095	261,137,229
Foreign currency translation differences for foreign operations	-	-	-	-	-	985,087	-	985,087
Fair value of available-for-sale financial assets	-	-	-	-	(411,001)	-	-	(411,001)
Total other comprehensive income/ (expense) for the year	-	-	-	-	(411,001)	985,087	-	574,086
Profit for the year	-	-	-	-	-	-	52,616,298	52,616,298
Total comprehensive income/ (expense) for the year	-	-	-	-	(411,001)	985,087	52,616,298	53,190,384
Contributions by and distributions to owners of the Company								
Issuance of new ordinary shares pursuant to ESOS III	3,490,550	3,691,658	-	-	-	-	-	7,182,208
Share-based payment transactions (Note 26)	-	-	802,875	-	-	-	-	802,875
Dividends to owners of the Company (Note 25)	-	-	-	-	-	-	(47,110,442)	(47,110,442)
Capital redemption reserve	-	-	-	13,900	-	-	(13,900)	-
Total transactions with owners of the Company	3,490,550	3,691,658	802,875	13,900	-	-	(47,124,342)	(39,125,359)
Transfer to share premium for share options exercised	-	1,293,727	(1,293,727)	-	-	-	-	-
At 31 December 2013	139,626,020	15,455,527	1,013,984	23,600	(18,772)	(1,345,156)	120,447,051	275,202,254

Note 12 ← Note 13 →

Consolidated Statement of Changes in Equity (Cont'd)

for the year ended 31 December 2014

	Attributable to owners of the Company						Total equity RM		
	Non-distributable			Distributable					
	Share capital RM	Share premium RM	Share option reserve RM	Capital redemption reserve RM	Capital reserve RM	Fair value reserve RM	Translation reserve RM	Retained earnings RM	
At 1 January 2014	139,626,020	15,455,527	1,013,984	23,600	-	(18,772)	(1,345,156)	120,447,051	275,202,254
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	993,944	-	993,944
Fair value of available-for-sale financial assets	-	-	-	-	-	71,738	-	-	71,738
Total other comprehensive income for the year	-	-	-	-	-	71,738	993,944	-	1,065,682
Profit for the year	-	-	-	-	-	-	-	64,398,924	64,398,924
Total comprehensive income for the year	-	-	-	-	-	71,738	993,944	64,398,924	65,464,606
Contributions by and distributions to owners of the Company									
Issuance of new ordinary shares pursuant to ESOS III and ESOS 2014	888,600	3,610,111	-	-	-	-	-	-	4,498,711
Share-based payment transactions (Note 26)	-	-	1,178,132	-	-	-	-	-	1,178,132
Dividends to owners of the Company (Note 25)	-	-	-	-	-	-	-	(61,774,037)	(61,774,037)
Capital redemption reserve	-	-	-	(23,600)	32,100	-	-	(8,500)	-
Total transactions with owners of the Company	888,600	3,610,111	1,178,132	(23,600)	32,100	-	-	(61,782,537)	(56,097,194)
Transfer to share premium for share options exercised	-	438,056	(438,056)	-	-	-	-	-	-
Transfer to retained earnings for share options expired	-	-	(578,774)	-	-	-	-	578,774	-
At 31 December 2014	140,514,620	19,503,694	1,175,286	-	32,100	52,966	(351,212)	123,642,212	284,569,666

Note 12

Note 13

The notes on pages 53 to 105 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2014

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	
	Non-distributable			Distributable		
At 1 January 2013	136,135,470	10,470,142	1,504,836	77,062	19,051,469	167,238,979
Fair value of available-for-sale financial assets representing total other comprehensive income for the year	-	-	-	(19,142)	-	(19,142)
Profit for the year	-	-	-	-	35,590,273	35,590,273
Total comprehensive income/(expense) for the year	-	-	-	(19,142)	35,590,273	35,571,131
Contributions by and distributions to owners of the Company						
Issuance of new ordinary shares pursuant to ESOS III	3,490,550	3,691,658	-	-	-	7,182,208
Share-based payment transactions (Note 26)	-	-	802,875	-	-	802,875
Dividends to owners of the Company (Note 25)	-	-	-	-	(47,110,442)	(47,110,442)
Total transactions with owners of the Company	3,490,550	3,691,658	802,875	-	(47,110,442)	(39,125,359)
Transfer to share premium for share options exercised	-	1,293,727	(1,293,727)	-	-	-
At 31 December 2013	139,626,020	15,455,527	1,013,984	57,920	7,531,300	163,684,751

Note 12 ← Note 13 →

Statement of Changes in Equity (Cont'd)

for the year ended 31 December 2014

	Attributable to owners of the Company						Total equity RM
	Share capital RM	Non-distributable		Distributable		Total equity RM	
	Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM	
At 1 January 2014	139,626,020	15,455,527	1,013,984	57,920	7,531,300	163,684,751	
Fair value of available-for-sale financial assets representing total other comprehensive income for the year	-	-	-	(16,586)	-	(16,586)	
Profit for the year	-	-	-	-	60,466,685	60,466,685	
Total comprehensive income/(expense) for the year	-	-	-	(16,586)	60,466,685	60,450,099	
Contributions by and distributions to owners of the Company							
Issuance of new ordinary shares pursuant to ESOS III and ESOS 2014	888,600	3,610,111	-	-	-	4,498,711	
Share-based payment transactions (Note 26)	-	-	1,178,132	-	-	1,178,132	
Dividends to owners of the Company (Note 25)	-	-	-	-	(61,774,037)	(61,774,037)	
Total transactions with owners of the Company	888,600	3,610,111	1,178,132	-	(61,774,037)	(56,097,194)	
Transfer to share premium for share options exercised	-	438,056	(438,056)	-	-	-	
Transfer from share option reserve for share options expired	-	-	(578,774)	-	-	(578,774)	
At 31 December 2014	140,514,620	19,503,694	1,175,286	41,334	6,223,948	167,458,882	

Note 12 ← Note 13

The notes on pages 53 to 105 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Profit before tax from continuing operations		76,216,614	62,542,800
Adjustments for:			
Depreciation of property, plant and equipment	3	36,060,089	38,166,518
Depreciation of investment property	4	256,810	254,865
Plant and equipment written off	19	609,542	1,507
Impairment loss on plant and equipment	19	195,000	-
Gain on disposal of plant and equipment	19	(1,236,504)	(46,709)
Interest income	19	(3,584,132)	(2,776,484)
Amortisation of deferred income	14	(5,778,145)	(124,160)
Share of profit of equity-accounted associate, net of tax		(195,922)	(136,439)
Gain on disposal of other investments	19	(39,494)	(131,387)
Share-based payments	26	1,178,132	802,875
Interest expense	18	64,617	21,063
Operating profit before changes in working capital		103,746,607	98,574,449
Change in inventories		(4,218,760)	3,779,734
Change in trade and other receivables		(12,214,834)	2,350,129
Change in trade and other payables		11,858,002	(5,476,922)
Cash generated from operations		99,171,015	99,227,390
Tax paid		(17,475,054)	(12,422,905)
Net cash from operating activities		81,695,961	86,804,485
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(28,159,388)	(14,510,091)
Acquisition of other investments		(2,831,492)	(1,136,098)
Proceeds from disposal of plant and equipment		4,750,419	51,194
Interest received		3,584,132	2,776,484
Proceeds from disposal of other investments		1,157,829	1,391,516
Net cash used in investing activities		(21,498,500)	(11,426,995)
Cash flows from financing activities			
Dividends paid to owners of the Company	25	(61,774,037)	(47,110,442)
(Repayment)/Drawdown of bank borrowings (net)		(3,496,404)	5,241,904
Proceeds from issue of shares		4,498,711	7,182,208
Interest paid		(64,617)	(21,063)
Grants received	14	8,820,980	-
Net cash used in financing activities		(52,015,367)	(34,707,393)
Net increase in cash and cash equivalents		8,182,094	40,670,097
Effect of exchange rate fluctuations on cash held		236,177	485,328
Cash and cash equivalents at 1 January		147,297,444	106,142,019
Cash and cash equivalents at 31 December	11	155,715,715	147,297,444

Consolidated Statement of Cash Flows (Cont'd)

for the year ended 31 December 2014

Note

A. *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM28,261,016 (2013 : RM14,419,275), of which RM637,852 (2013 : RM536,224) remained unpaid at the reporting date. The total of RM28,159,388 (2013 : RM14,510,091) was paid by cash.

Statement of Cash Flows

for the year ended 31 December 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Profit before tax from continuing operations		60,517,396	35,623,102
Adjustments for:			
Dividends from subsidiaries	19	(60,881,995)	(36,328,335)
Gain on disposal of other investment	19	(54,315)	-
Interest income	19	(1,059,224)	(893,065)
Operating loss before changes in working capital		(1,478,138)	(1,598,298)
Change in trade and other receivables		(7,255)	11,843,161
Change in trade and other payables		22,300	114,259
Cash (used in)/generated from operations		(1,463,093)	10,359,122
Interest received		1,059,224	893,065
Dividends received from subsidiaries		60,881,995	36,328,335
Tax paid		(49,511)	(3,824)
Net cash from operating activities		60,428,615	47,576,698
Cash flows from investing activities			
Subscription of redeemable preference shares issued by a subsidiary		-	(11,393,200)
Proceeds from redemption of redeemable preference shares in a subsidiary		2,000,000	9,400,000
Acquisition of other investments		(1,204,617)	(996,796)
Proceeds from disposal of other investments		304,315	200,000
Net cash from/(used in) investing activities		1,099,698	(2,789,996)
Cash flows from financing activities			
Dividends paid	25	(61,774,037)	(47,110,442)
Proceeds from issue of ordinary shares		4,498,711	7,182,208
Net cash used in financing activities		(57,275,326)	(39,928,234)
Net increase in cash and cash equivalents		4,252,987	4,858,468
Cash and cash equivalents at 1 January		26,086,093	21,227,625
Cash and cash equivalents at 31 December	11	30,339,080	26,086,093

The notes on pages 53 to 105 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 Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

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

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 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 Company is principally engaged in investment holding activities while the other Group entities are primarily involved in the assembly and testing of integrated circuits, chip carrier quartz crystal products and optoelectronic products, manufacturing of LED lighting system, LED components and modules, small outline components, technical plating services, assembly of sensors and optical products, trading of electronics/semiconductor components, provision of computer hardware and software, system solutions and consultations and investment holding.

These financial statements were authorised for issue by the Board of Directors on 31 March 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions**
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)**
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)***
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations***

Notes to the Financial Statements (Cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (cont'd)

- MFRS 14, *Regulatory Deferral Accounts***
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants***
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for those indicated with "*" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those indicated with "**" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

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

Notes to the Financial Statements (Cont'd)

1. Basis of preparation (cont'd)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRS") 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 2(d)(iii) - depreciation of plant and equipment
- Note 3 - impairment of property, plant and equipment
- Note 4 - valuation of investment property
- Note 8 - deferred tax assets

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 Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries 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 investments includes transaction costs.

(ii) Business combinations

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.

For new acquisitions, the Group measures the cost of 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.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

(iii) Acquisitions of non-controlling interests

The Group accounts 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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

(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 sale 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 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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 investments includes transaction costs.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) 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 investees. 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 Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the 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 period, 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 in the foreign currency translation reserve ("FCTR") in equity.

(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 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. 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. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial 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 financial guarantee contract or 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.

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

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

The Group and the Company categorise financial instruments as follows: (cont'd)

Financial assets (cont'd)

(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(j)(i)).

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 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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.

Fair value arising from financial guarantee contracts is classified as deferred income and is 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.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any 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 gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

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

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. 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.

The estimated useful lives for the current and comparative periods are 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 3 to 7 years.

Leasehold land are amortised over the term of leases ranging from 60 to 99 years.

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

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.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon 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, or as investment property if it is held to earn rental income or for capital appreciation or for both.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(e) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company 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 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. 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.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(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.

(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 but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties initially and subsequently are measured at cost accounted for similarly to property, plant and equipment. Investment properties are measured at cost less any accumulated depreciation and any 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 calculated using the first-in, first-out method and includes expenditure incurred in acquiring the inventories, production or 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 on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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 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 financial 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 classified as available for sale 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) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) 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.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of 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 of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated 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 cash generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(ii) Other assets (cont'd)

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 financial 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.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(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 financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become 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 meet the related service and non-market performance conditions at the vesting date.

Notes to the Financial Statements (Cont'd)

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 share options is measured using a binomial lattice 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.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, 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 from investment property 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 sub-leased 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; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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.

Notes to the Financial Statements (Cont'd)

2. Significant accounting policies (cont'd)

(n) 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, which in the case of quoted securities is the ex-dividend date.

(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. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied 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 entities, but they intend to settle current tax assets and liabilities 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.

Unutilised investment tax allowance being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against 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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise 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. Operating segment 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 to assess its performance, and for which discrete financial information is available.

(s) Contingencies

(i) 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 not recognised in the statements of financial position and 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements (Cont'd)

3. Property, plant and equipment - Group

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings and factory improvements RM	Plant and equipment RM	office equipment, furniture and fixtures RM	Motor vehicles, RM	Capital work-in-progress RM	Total RM
Cost									
At 1 January 2013	6,025,188	2,522,931	4,663,556	51,198,460	226,623,324	25,231,786	-	-	316,265,245
Additions	-	-	-	365,548	12,476,076	1,577,651	-	-	14,419,275
Disposals	-	-	-	-	(1,850,326)	(240,156)	-	-	(2,090,482)
Write off	-	-	-	-	(275,301)	-	-	-	(275,301)
At 31 December 2013/ 1 January 2014	6,025,188	2,522,931	4,663,556	51,564,008	236,973,773	26,569,281	-	-	328,318,737
Additions	-	-	-	1,334,674	16,254,215	3,765,302	-	6,906,825	28,261,016
Disposals	-	-	-	-	(18,136,805)	(72,466)	-	-	(18,209,271)
Write off	-	-	-	-	(3,060,588)	(279,036)	-	-	(3,339,624)
At 31 December 2014	6,025,188	2,522,931	4,663,556	52,898,682	232,030,595	29,983,081	-	6,906,825	335,030,858

Notes to the Financial Statements (Cont'd)

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings and factory improvements RM	Plant and equipment RM	office equipment, furniture and fixtures RM	Motor vehicles, RM	Capital work-in-progress RM	Total RM
Depreciation and impairment loss									
At 1 January 2013									
Accumulated depreciation	-	93,268	1,379,317	21,182,117	155,963,825	19,517,636	-	-	198,136,163
Accumulated impairment losses	-	-	-	269,663	6,170,148	621,303	-	-	7,061,114
	-	93,268	1,379,317	21,451,780	162,133,973	20,138,939	-	-	205,197,277
Depreciation for the year									
Disposals	-	27,091	109,959	3,128,392	32,874,544	2,026,532	-	-	38,166,518
Write off	-	-	-	-	(1,849,200)	(236,797)	-	-	(2,085,997)
Reclassifications	-	-	-	-	(273,272)	(522)	-	-	(273,794)
- depreciation	-	-	-	-	37,985	16,399	-	-	54,384
- impairment loss	-	-	-	-	(37,985)	(16,399)	-	-	(54,384)
At 31 December 2013/ 1 January 2014									
Accumulated depreciation	-	120,359	1,489,276	24,310,509	186,832,777	21,323,248	-	-	234,076,169
Accumulated impairment losses	-	-	-	269,663	6,053,268	604,904	-	-	6,927,835
	-	120,359	1,489,276	24,580,172	192,886,045	21,928,152	-	-	241,004,004

Notes to the Financial Statements (Cont'd)

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings and factory improvements RM	Plant and equipment RM	office equipment, furniture and fixtures RM	Motor vehicles, RM	Capital work-in-progress RM	Total RM
At 31 December 2013/ 1 January 2014	-	120,359	1,489,276	24,310,509	186,832,777	21,323,248	-	234,076,169	
Accumulated depreciation	-	-	-	269,663	6,053,268	604,904	-	6,927,835	
Accumulated impairment losses	-	120,359	1,489,276	24,580,172	192,886,045	21,928,152	-	241,004,004	
Depreciation for the year	-	27,299	110,195	3,057,076	30,533,289	2,332,230	-	36,060,089	
Impairment loss for the year	-	-	-	-	195,000	-	-	195,000	
Disposals	-	-	-	-	(14,622,896)	(72,460)	-	(14,695,356)	
Write off	-	-	-	-	(2,451,046)	(279,036)	-	(2,730,082)	
Reclassifications of impairment loss	-	-	-	-	(384,577)	384,577	-	-	
At 31 December 2014	-	147,658	1,599,471	27,367,585	200,597,103	23,551,890	-	253,263,707	
Accumulated depreciation	-	-	-	269,663	5,558,712	741,573	-	6,569,948	
Accumulated impairment losses	-	147,658	1,599,471	27,637,248	206,155,815	24,293,463	-	259,833,655	
Carrying amounts									
At 1 January 2013	6,025,188	2,429,663	3,284,239	29,746,680	64,489,351	5,092,847	-	111,067,968	
At 31 December 2013/ 1 January 2014	6,025,188	2,402,572	3,174,280	26,983,836	44,087,728	4,641,129	-	87,314,733	
At 31 December 2014	6,025,188	2,375,273	3,064,085	25,261,434	25,874,780	5,689,618	6,906,825	75,197,203	

Notes to the Financial Statements (Cont'd)

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

3.1 Impairment of property, plant and equipment

The Group assesses its assets whenever there are indications of impairment. For the financial year ended 31 December 2014, the Group had re-assessed the recoverable amount of a number of assets related to the production of certain end of life product lines. Based on the assessment, the recoverable amounts of the assets were lower than their carrying amounts, therefore, the carrying amount of the assets was impaired by RM195,000 (2013 : RM Nil) during the financial year.

4. Investment property - Group

	Note	RM
Cost		
At 1 January 2013/31 December 2013/1 January 2014/31 December 2014		12,839,566
Accumulated depreciation		
At 1 January 2013		4,450,432
Depreciation for the year	19	254,865
At 31 December 2013/1 January 2014		4,705,297
Depreciation for the year	19	256,810
At 31 December 2014		4,962,107
Carrying amounts		
At 1 January 2013		8,389,134
At 31 December 2013/1 January 2014		8,134,269
At 31 December 2014		7,877,459

4.1 Fair value information

Investment property comprises a factory building that is leased to an associate of the Group. The lease contains a non-cancellable period of twenty years commencing 1 June 1995. No contingent rents are charged.

The fair value of the investment property of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment property of the Group as at 31 December 2014 is classified as level 3 fair value, estimated at approximately RM13.0 million (2013 : RM13.0 million).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment property based on the following key assumptions:

- Comparison of the Group's investment property with similar properties that were listed for sale within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

Notes to the Financial Statements (Cont'd)

4. Investment property - Group (cont'd)

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

	2014 RM	2013 RM
Rental income	1,882,740	1,882,740
Direct operating expenses:		
- income generating investment property	498,046	438,551

5. Investment in subsidiaries - Company

	2014 RM	2013 RM
At cost		
Unquoted shares	130,767,291	132,767,291
Share-based payments allocated to subsidiaries	4,008,108	3,408,750
Less : Impairment loss	(608,000)	(608,000)
	<u>134,167,399</u>	<u>135,568,041</u>

Details of subsidiaries are as follows:

Name of entity	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2014	2013	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Assembly and testing of integrated circuits, optoelectronic products and technical plating services
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components, LED components and modules, and technical plating services for the semiconductor industry
Globetronics (KL) Sdn. Bhd.	Malaysia	100%	100%	Provision of test and assembly of chip carrier quartz crystal products
Globetronics Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Assembly of sensors and optical products for mobile and computer devices applications
Globetronics (HK) Limited *	Hong Kong	100%	100%	Trading of electronics/ semiconductor components
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of Light-Emitting-Diodes (LED) lighting system
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

* Not audited by member firms of KPMG International.

The unaudited management financial statements were consolidated in the Group's financial statements as the subsidiary was not required by the local legislation to have audited financial statements.

Notes to the Financial Statements (Cont'd)

6. Investment in an associate

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
Unquoted shares	784,000	784,000	784,000	784,000
Share of post-acquisition reserves	4,459,704	4,263,782	-	-
	<u>5,243,704</u>	<u>5,047,782</u>	<u>784,000</u>	<u>784,000</u>

Name of entity	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2014	2013	
NGK Globetronics Technology Sdn Bhd (formerly known as Nippon Steel & Sumikin Globetronics Technology Sdn. Bhd.)	Malaysia	49%	49%	Manufacture of ceramic substrates or packages and was previously one of the Group's suppliers in providing the ceramic substrates or packages for the assembly and testing of integrated circuits in the Group's operations.

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2014 RM	2013 RM
Group		
Summarised financial information		
As at 31 December		
Non-current assets	1,085,670	1,313,701
Current assets	12,165,389	10,808,844
Non-current liabilities	(24,000)	(24,000)
Current liabilities	(2,525,623)	(1,796,949)
Net assets	<u>10,701,436</u>	<u>10,301,596</u>
Year ended 31 December		
Profit from continuing operations representing total comprehensive income	<u>399,840</u>	<u>278,447</u>
Included in the total comprehensive income is:		
Revenue	<u>27,735,098</u>	<u>25,694,669</u>
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets representing carrying amount in statement of financial position	<u>5,243,704</u>	<u>5,047,782</u>

Notes to the Financial Statements (Cont'd)

6. Investment in an associate (cont'd)

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate. (cont'd)

	2014 RM	2013 RM
Group		
Summarised financial information (cont'd)		
Group's share of results for the year ended 31 December		
Group's share of profit or loss from continuing operations representing Group's share of total comprehensive income	<u>195,922</u>	<u>136,439</u>

7. Other investments

	Quoted Shares Outside Malaysia RM	← Bonds/Funds →		Total RM
		Quoted In Malaysia RM	Unquoted Outside Malaysia RM	
Group				
2014				
Non-current				
Available-for-sale financial assets	2,139,049	2,788,560	3,225,792	8,153,401
Market value of quoted investments	<u>2,139,049</u>	<u>2,788,560</u>	-	<u>4,927,609</u>
2013				
Non-current				
Available-for-sale financial assets	2,326,031	1,850,529	1,877,213	6,053,773
Market value of quoted investments	<u>2,326,031</u>	<u>1,850,529</u>	-	<u>4,176,560</u>

	Quoted Bonds/Funds in Malaysia	
	2014 RM	2013 RM
Company		
Non-current		
Available-for-sale financial assets	<u>2,788,560</u>	<u>1,850,529</u>
Market value of quoted investments	<u>2,788,560</u>	<u>1,850,529</u>

Notes to the Financial Statements (Cont'd)

8. Deferred tax assets - Group

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2014 RM	2013 RM
Property, plant and equipment		
- capital allowances	2,356,000	1,835,606
Unutilised investment tax allowances carry-forwards	1,691,000	1,210,000
Other items	988,000	555,000
	5,035,000	3,600,606

Movements in temporary differences during the year are as follows:

	At 1.1.2013 RM	Recognised in profit or loss (Note 22) RM	At 31.12.2013/ 1.1.2014 RM	Recognised in profit or loss (Note 22) RM	At 31.12.2014 RM
Property, plant and equipment					
- capital allowances	(702,394)	2,538,000	1,835,606	520,394	2,356,000
Unutilised investment tax allowances carry-forwards	310,000	900,000	1,210,000	481,000	1,691,000
Other items	1,313,000	(758,000)	555,000	433,000	988,000
	920,606	2,680,000	3,600,606	1,434,394	5,035,000

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2014 RM	2013 RM
Property, plant and equipment		
- capital allowances	14,968,000	14,085,000
Tax loss carry-forwards	420,000	552,000
Unutilised investment tax allowances carry-forwards	14,869,000	23,337,000
Other deductible temporary differences	4,966,000	5,662,000
	35,223,000	43,636,000

The tax loss carry-forward and unutilised investment tax allowances 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 unutilised investment tax allowances carry-forwards available to the Group.

Notes to the Financial Statements (Cont'd)

9. Inventories - Group

	2014 RM	2013 RM
Raw materials	13,390,798	8,125,200
Work-in-progress	2,316,123	1,537,626
Manufactured inventories	884,408	1,384,887
Consumables	2,062,989	2,454,751
Trading inventories	394,783	550,613
	19,049,101	14,053,077

Recognised in profit or loss (included in cost of sales):

	2014 RM	2013 RM
Inventories written down	502,093	-
Reversal of inventories written down	61,153	589,274
	61,153	589,274

10. Trade and other receivables

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Trade receivables		73,749,397	62,649,155	-	-
Non-trade					
Amount due from a subsidiary	10.1	-	-	672	-
Amount due from an associate	10.1	26,399	52,436	-	-
Other receivables		5,722,347	137,715	18,614	12,031
Deposits		290,591	231,068	4,500	4,500
Prepayments	10.2	1,949,399	4,821,210	12,157	12,157
		7,988,736	5,242,429	35,943	28,688
		81,738,133	67,891,584	35,943	28,688

10.1 Amounts due from a subsidiary and an associate

The non-trade amounts due from a subsidiary and an associate are unsecured, interest free and repayable on demand.

10.2 Prepayments

Included in prepayments of the Group is an amount of RM1,394,160 (2013 : RM4,355,100) representing advance payments to suppliers for the purchase of plant and machinery.

Notes to the Financial Statements (Cont'd)

11. Cash and cash equivalents

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Funds placed with financial institutions:					
- Short term investment funds	11.1	73,451,366	67,237,018	23,376,709	21,680,709
- Short term deposits		46,745,984	33,675,270	6,197,708	4,063,263
Cash and bank balances		35,518,365	46,385,156	764,663	342,121
		<u>155,715,715</u>	<u>147,297,444</u>	<u>30,339,080</u>	<u>26,086,093</u>
Market value					
- Short term investment funds	11.1	<u>73,476,000</u>	<u>67,471,000</u>	<u>23,416,000</u>	<u>21,892,000</u>

Included in cash and cash equivalents of the Group and the Company are amounts which earn interest as follows:

		Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Cash and cash equivalents		133,090,395	114,836,174	30,197,638	25,951,837
Interest rates per annum		<u>0.06% - 4.82%</u>	<u>0.07% - 4.54%</u>	<u>2.77% - 4.82%</u>	<u>2.28% - 4.54%</u>

11.1 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.

Included in short term investment funds of the Group and the Company is an amount of RM41,409,020 (2013 : RM43,876,490) and RM9,840,599 (2013 : RM10,833,076) respectively representing short term funds placed in Sukuk and Short Term Islamic Money Market Instruments.

12. Share capital - Group and Company

		2014		2013	
		Number of Shares	Amount RM	Number of Shares	Amount RM
Ordinary shares of RM0.50 each:					
Authorised		<u>1,000,000,000</u>	<u>500,000,000</u>	<u>1,000,000,000</u>	<u>500,000,000</u>

Notes to the Financial Statements (Cont'd)

12. Share capital - Group and Company (cont'd)

	2014		2013	
	Number of Shares	Amount RM	Number of Shares	Amount RM
Issued and fully paid				
Balance at 1 January	279,252,040	139,626,020	272,270,940	136,135,470
Issued for cash under ESOS				
- Exercise of ESOS III	1,774,200	887,100	6,981,100	3,490,550
- Exercise of ESOS 2014	3,000	1,500	-	-
	1,777,200	888,600	6,981,100	3,490,550
Balance at 31 December	281,029,240	140,514,620	279,252,040	139,626,020

12.1 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 regards to the Company's residual assets.

13. Reserves

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable					
Share premium	13.1	19,503,694	15,455,527	19,503,694	15,455,527
Translation reserve	13.2	(351,212)	(1,345,156)	-	-
Share option reserve	13.3	1,175,286	1,013,984	1,175,286	1,013,984
Capital redemption reserve		-	23,600	-	-
Capital reserve		32,100	-	-	-
Fair value reserve	13.4	52,966	(18,772)	41,334	57,920
		20,412,834	15,129,183	20,720,314	16,527,431
Distributable					
Retained earnings	13.5	123,642,212	120,447,051	6,223,948	7,531,300
		144,055,046	135,576,234	26,944,262	24,058,731

13.1 Share premium

Share premium comprises premium paid on subscription of shares in the Company over and above the par value of the shares.

Notes to the Financial Statements (Cont'd)

13. Reserves (cont'd)

13.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.3 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. The details of share options are disclosed in Note 26.

13.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

13.5 Retained earnings

The entire retained earnings of the Company is eligible to be paid out as dividends under the single tier company income tax systems in accordance with the Finance Act, 2007.

14. Deferred income - Group

	2014 RM	2013 RM
Non-current		
Government grants		
At 1 January	262,183	386,343
Addition during the year	8,820,980	-
Amortisation during the year (Note 19)	(5,778,145)	(124,160)
At 31 December	<u>3,305,018</u>	<u>262,183</u>

The Group received government grants in 2008 and 2014 which were conditional upon acquisition of certain plant and equipment. The grants are being amortised over the useful life of the plant and equipment.

15. Borrowings - Group

	2014 RM	2013 RM
Current		
Term loans - unsecured	<u>1,745,500</u>	<u>5,241,904</u>

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

Notes to the Financial Statements (Cont'd)

16. Trade and other payables

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Trade payables		31,980,383	15,601,953	-	-
Non-trade					
Amount due to a subsidiary	16.1	-	-	63,000	88,200
Other payables		19,343,327	23,765,516	-	-
Accruals		15,951,433	13,982,099	589,100	541,600
		35,294,760	37,747,615	652,100	629,800
		<u>67,275,143</u>	<u>53,349,568</u>	<u>652,100</u>	<u>629,800</u>

16.1 Amount due to a subsidiary

The non-trade amount due to a subsidiary is unsecured, interest-free and payable on demand.

17. Revenue

	2014 RM	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	352,452,118	318,287,937	-	-	
Services	1,360,776	2,106,409	-	-	
Dividends	61,933	47,998	60,881,995	36,328,335	
Interest income	1,168,640	981,113	1,059,224	893,065	
	<u>355,043,467</u>	<u>321,423,457</u>	<u>61,941,219</u>	<u>37,221,400</u>	

18. Finance costs - Group

Finance costs represent the interest expense on term loans.

Notes to the Financial Statements (Cont'd)

19. Profit before tax

Profit before tax is arrived at after charging:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration:				
- Audit fees				
- KPMG	122,500	118,500	17,000	15,000
- Other auditors	6,787	6,540	-	-
- Non-audit fees				
- KPMG Malaysia				
- Current year	12,500	6,000	12,500	6,000
- Prior year	-	(3,000)	-	-
- Local affiliate of KPMG Malaysia	3,600	3,600	3,600	3,600
Depreciation of:				
- Property, plant and equipment (Note 3)	36,060,089	38,166,518	-	-
- Investment property (Note 4)	256,810	254,865	-	-
Directors' emoluments				
- Directors of the Company				
- Fees				
- Current Directors	919,000	883,000	523,000	483,000
- Past Director	44,000	-	-	-
- Others	7,482,282	6,190,306	-	-
- Other Directors				
- Fees	88,000	80,000	-	-
- Others	724,292	655,794	-	-
Impairment loss on:				
- Plant and equipment (Note 3)	195,000	-	-	-
- Amount due from a subsidiary	-	-	-	977,666
Rental of office equipment	162,880	119,700	-	-
Rental of premises	665,672	770,406	-	-
Plant and equipment written off	609,542	1,507	-	-
Inventories written down (Note 9)	502,093	-	-	-

Notes to the Financial Statements (Cont'd)

19. Profit before tax (cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
and after crediting:				
Gain on disposal of:				
- Plant and equipment	1,236,504	46,709	-	-
- Other investments	39,494	131,387	54,315	-
Gross dividends from:				
- Subsidiaries (Note 17)	-	-	60,881,995	36,328,335
- Other investments	61,933	47,998	-	-
Interest income	3,584,132	2,776,484	1,059,224	893,065
Reversal of research and development expenditure	-	2,985	-	-
Rental income from premises and investment property	2,025,289	2,018,895	-	-
Amortisation of deferred income (Note 14)	5,778,145	124,160	-	-
Gain on foreign exchange				
- Realised	992,708	2,197,140	-	-
- Unrealised	3,465,316	1,545,788	43	558,122
Reversal of inventories written down (Note 9)	61,153	589,274	-	-

20. Employee information - Group

	2014 RM	2013 RM
Staff costs (including Executive Directors)	64,003,177	64,548,280

- i) The estimated monetary value of Directors' benefits-in-kind is RM51,950 (2013 : RM51,950).
- ii) Staff costs include contributions to the Employees' Provident Fund of RM2,959,216 (2013 : RM2,777,925).
- iii) Staff costs include share-based payments of RM1,178,132 (2013 : RM802,875).

Notes to the Financial Statements (Cont'd)

21. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors				
- Fees	1,051,000	963,000	523,000	483,000
- Remuneration	6,811,003	5,775,512	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	1,222,726	1,050,865	-	-
Total short-term employee benefits	9,084,729	7,789,377	523,000	483,000
- Share-based payments	224,795	71,673	-	-
	<u>9,309,524</u>	<u>7,861,050</u>	<u>523,000</u>	<u>483,000</u>

22. Tax expense

Recognised in profit or loss

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax expense on continuing operations	11,817,690	9,926,502	50,711	32,829
Share of tax of equity-accounted associate	65,307	45,480	-	-
Total income tax expense	<u>11,882,997</u>	<u>9,971,982</u>	<u>50,711</u>	<u>32,829</u>

Major components of income tax expense include:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
<i>Malaysian</i>				
- Current year	12,558,872	13,465,183	42,000	33,600
- Prior years	693,212	(858,681)	8,711	(771)
Total current tax recognised in profit or loss	13,252,084	12,606,502	50,711	32,829

Notes to the Financial Statements (Cont'd)

22. Tax expense (cont'd)

Recognised in profit or loss (cont'd)

Major components of income tax expense include: (cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax expense				
Origination and reversal of temporary differences	(981,000)	(1,818,000)	-	-
Over provision in prior year	(453,394)	(862,000)	-	-
Total deferred tax recognised in profit or loss	(1,434,394)	(2,680,000)	-	-
	11,817,690	9,926,502	50,711	32,829
Share of tax of equity-accounted associate	65,307	45,480	-	-
Total income tax expense	11,882,997	9,971,982	50,711	32,829

Reconciliation of tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit for the year	64,398,924	52,616,298	60,466,685	35,590,273
Total income tax expense	11,882,997	9,971,982	50,711	32,829
Profit excluding tax	76,281,921	62,588,280	60,517,396	35,623,102
Income tax calculated using Malaysian tax rate of 25% (2013 : 25%)	19,070,480	15,647,070	15,129,349	8,905,776
Non-deductible expenses	2,296,772	1,091,143	364,867	390,124
Non-taxable income	(2,409,518)	(117,920)	(9,564)	-
Tax exempt income	(5,231,532)	(3,189,397)	(15,439,158)	(9,262,300)
Tax incentives	-	(664,426)	-	-
Effect of utilisation of deferred tax assets previously not recognised	(2,103,175)	(1,382,967)	-	-
Effect of tax rate in different jurisdiction	(142,120)	-	-	-
Other items	162,272	309,160	(3,494)	-
	11,643,179	11,692,663	42,000	33,600
Under/(Over) provision in prior years	239,818	(1,720,681)	8,711	(771)
Tax expense	11,882,997	9,971,982	50,711	32,829

Notes to the Financial Statements (Cont'd)

23. Other comprehensive income

	2014		2013	
	Before tax RM	Tax (expense)/benefit RM	Before tax RM	Tax (expense)/benefit RM
Items that are or may be reclassified subsequently to profit or loss				
Group				
Foreign currency translation differences for foreign operations				
- Gains arising during the year	993,944	-	985,087	-
		993,944		985,087
Fair value of available-for-sale financial assets				
- Gains/(Losses) arising during the year	25,620	-	(516,730)	-
- Reclassification adjustments for gains on disposal included in profit or loss	46,118	-	105,729	-
	71,738	-	(411,001)	-
	1,065,682	-	574,086	-
Company				
Fair value of available-for-sale financial assets				
- Gains/(Losses) arising during the year	35,057	-	(19,142)	-
- Reclassification adjustments for losses on disposal included in profit or loss	(51,643)	-	-	-
	(16,586)	-	(19,142)	-
		(16,586)		(19,142)
		1,065,682		574,086
		35,057		(19,142)
		(51,643)		-
		(16,586)		(19,142)
		1,065,682		574,086

Notes to the Financial Statements (Cont'd)

24. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on profit attributable to the ordinary shareholders of RM64,398,924 (2013 : RM52,616,298) and on the weighted average number of ordinary shares outstanding of 280,724,287 (2013 : 276,687,030) calculated as follows:

	2014	2013
Issued ordinary shares at beginning of year	279,252,040	272,270,940
Effect of shares issued during the year	1,472,247	4,416,090
Weighted average number of ordinary shares	<u>280,724,287</u>	<u>276,687,030</u>

Diluted earnings per ordinary share

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

The fully diluted earnings per ordinary share for the financial year ended 31 December 2014 is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares is ignored in calculating diluted earnings per ordinary share in accordance with MFRS 133, *Earnings per share*.

In previous financial year, the calculation of diluted earnings per ordinary share was based on profit attributable to the ordinary shareholders of RM52,616,298 and on the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

	2013
Weighted average number of shares as above	276,687,030
Effect of ESOS III	615,406
Weighted average number of ordinary shares (diluted)	<u>277,302,436</u>

Notes to the Financial Statements (Cont'd)

25. Dividends - Group and Company

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
2014			
Final payment for 2013	4.00	11,241,050	3 July 2014
First interim 2014 ordinary	7.00	19,619,771	26 March 2014
Second interim 2014 ordinary	11.00	30,913,216	5 November 2014
		<u>61,774,037</u>	
2013			
Final payment for 2012	3.00	8,327,014	3 July 2013
First interim 2013 ordinary	5.00	13,672,857	26 March 2013
Second interim 2013 ordinary	9.00	25,110,571	29 October 2013
		<u>47,110,442</u>	

A final single tier ordinary dividend of 2.0 sen per share and a single tier special dividend of 3.0 sen per share have been recommended by the Directors in respect of the financial year ended 31 December 2014. These dividends will be recognised in the subsequent financial year upon approval by the shareholders of the Company.

26. Employee benefits - Group

Share-based payments arrangements

The Group granted share options to Executive Directors and full-time employees with at least three months of service to purchase shares in the Company under the Employees Share Option Scheme 2014 ("ESOS 2014") approved by the shareholders of the Company on 20 May 2014, replacing the ESOS III which expired on 12 April 2014.

Notes to the Financial Statements (Cont'd)

26. Employee benefits - Group

Share-based payments arrangements (cont'd)

The contractual lives of ESOS III and ESOS 2014 are five years commencing from 13 April 2009 and 12 August 2014 respectively. Details of the grants are as follows:

Grant date	Number of options ('000)
ESOS III	
13 April 2009	13,159
7 October 2009	245
8 April 2010	771
12 October 2010	2,010
5 April 2011	889
29 September 2011	3,031
3 April 2012	845
1 October 2012	1,416
3 April 2013	591
22 October 2013	1,547
ESOS 2014	
14 August 2014	1,301

The terms and conditions related to the grants of the share option programmes are that the eligible persons are entitled to exercise the number of options granted equally over the remaining lives of ESOS III and ESOS 2014 respectively from the granting dates on condition that the eligible persons are still in employment.

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

	2014		2013	
	Weighted average exercise price RM	Number of options	Weighted average exercise price RM	Number of options
ESOS III				
At 1 January	2.27	2,699,650	0.99	7,654,950
Granted during the year	-	-	2.76	2,138,100
Exercised during the year	2.53	(1,774,200)	1.03	(6,981,100)
Forfeited during the year	1.78	(925,450)	1.08	(112,300)
At 31 December	-	-	2.27	2,699,650
Exercisable at 31 December	-	-	2.27	2,699,650

Notes to the Financial Statements (Cont'd)

26. Employee benefits - Group (cont'd)

The number and weighted average exercise prices of share options are as follows: (cont'd)

	2014		2013	
	Weighted average exercise price RM	Number of options	Weighted average exercise price RM	Number of options
ESOS 2014				
At 1 January	-	-	-	-
Granted during the year	4.77	1,301,400	-	-
Exercised during the year	4.77	(3,000)	-	-
Forfeited during the year	4.77	(59,300)	-	-
At 31 December	4.77	1,239,100	-	-
Exercisable at 31 December	4.77	1,239,100	-	-

The options outstanding at 31 December 2014 have an exercise price of RM4.77 (31 December 2013 : in the range of RM0.51 to RM3.14) and a weighted contractual life of 4.6 years (2013 : 0.3 year).

During the financial year, 1,777,200 (2013 : 6,981,100) share options were exercised. The weighted average share prices for ESOS III and ESOS 2014 at the dates of exercise for the year were RM2.53 (2013 : RM1.03) and RM4.77 (2013 : RM Nil) respectively.

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Fair value of share options and assumptions				
Fair value at grant date	0.9485	0.2621	0.9485	0.1957 - 0.2621
Weighted average share price	4.77	3.14	4.77	1.75 & 3.14
Share price at grant date	4.77	3.14	4.77	1.75 & 3.14
Expected volatility (weighted average volatility)	36.72%	33.07%	36.72%	33.07%
Option life (expected weighted average life)	4.6 years	0.3 year	4.6 years	0.3 year
Expected dividends	5.00%	5.41%	5.00%	9.71% & 5.41%
Risk-free interest rate (based on Malaysian government bonds)	3.22%	3.12%	3.22%	3.12%

Notes to the Financial Statements (Cont'd)

26. Employee benefits - Group (cont'd)

Value of employee services received for issue of share options

	2014 RM	2013 RM
Share options granted in 2009	-	59,823
Share options granted in 2010	-	35,387
Share options granted in 2011	-	69,111
Share options granted in 2012	-	120,767
Share options granted in 2013	-	517,787
Share options granted in 2014	1,178,132	-
Total expense recognised as share-based payments	<u>1,178,132</u>	<u>802,875</u>

The share options expense is not recognised in the profit or loss of the Company as it has been re-charged to the subsidiaries benefiting from the services of the employees.

27. Capital commitments - Group

	2014 RM	2013 RM
Property, plant and equipment		
Contracted but not provided for	<u>3,957,000</u>	<u>6,022,000</u>

28. Operating segments - Group

The Group is principally confined to the manufacture, assembly, testing and sales of integrated circuits, chip carrier quartz crystal products, optoelectronic products, LED lighting system, LED components and modules, small outline components, sensors and optical products and technical plating services for the semiconductor and electronics industries. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

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

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

Notes to the Financial Statements (Cont'd)

28. Operating segments - Group (cont'd)

	Malaysia RM	Singapore RM	United States RM	People's Republic of China RM	Others RM	Consolidated RM
2014						
Revenue from external customers	215,647,371	124,627,266	13,546,255	1,160,641	61,934	355,043,467
Non-current assets	85,863,222	-	-	-	5,364,841	91,228,063
2013						
Revenue from external customers	217,762,919	88,155,711	11,801,467	3,655,362	47,998	321,423,457
Non-current assets	97,299,531	-	-	-	4,203,244	101,502,775

Major customers

Three major customers of the Group, with revenue equal or more than 10% of the Group's total revenue, contribute approximately 86% (2013 : 75%) or RM306,950,361 (2013 : RM239,526,875) of the Group's total revenue.

29. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

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

The Group has related party relationship with:

- (i) subsidiaries and associate of the Company as disclosed in Notes 5 and 6 to the financial statements;
- (ii) key management personnel; and
- (iii) companies in which a Director, Mr Ng Kweng Chong is deemed to have a substantial financial interest:
 - Ng Kweng Chong Holdings Sdn. Bhd. (Company No : 51580-M)
 - Wiserite Sdn. Bhd. (Company No : 410593-W)
 - Glencare Sdn. Bhd. (Company No : 549058-U)

Notes to the Financial Statements (Cont'd)

29. Related parties (cont'd)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 16 to the financial statements.

	2014 RM	Group 2013 RM
i) Transactions with an associate		
Rental of investment property	1,882,740	1,882,740
Provision of management support services	192,000	192,000

	2014 RM	Company 2013 RM
ii) Transactions with subsidiaries		
<i>Globetronics Sdn. Bhd.</i>		
Allocation of share-based payments	646,213	344,455
Dividend income	33,944,495	15,465,835
Provision of management support services	604,800	471,450
<i>Globetronics Multimedia Technology Sdn. Bhd.</i>		
Allocation of share-based payments	19,255	40,588
Dividend income	937,500	525,000
<i>ISO Technology Sdn. Bhd.</i>		
Allocation of share-based payments	319,170	288,230
Dividend income	16,000,000	15,400,000
<i>Globetronics (KL) Sdn. Bhd.</i>		
Allocation of shared-based payments	145,879	89,029
Dividend income	4,000,000	2,000,000
<i>Globetronics Manufacturing Sdn. Bhd.</i>		
Allocation of share-based payments	47,615	40,573
Dividend income	6,000,000	2,000,000
<i>Globetronics Industries Sdn. Bhd.</i>		
Dividend income	-	937,500

iii) 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 as disclosed in Note 21 to the financial statements; 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.

Notes to the Financial Statements (Cont'd)

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"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	AFS RM
Financial assets			
2014			
Group			
Other investments	8,153,401	-	8,153,401
Trade and other receivables (exclude prepayments and deposits)	79,498,143	79,498,143	-
Cash and cash equivalents	155,715,715	155,715,715	-
	<u>243,367,259</u>	<u>235,213,858</u>	<u>8,153,401</u>
Company			
Other investments	2,788,560	-	2,788,560
Trade and other receivables (exclude prepayments and deposits)	19,286	19,286	-
Cash and cash equivalents	30,339,080	30,339,080	-
	<u>33,146,926</u>	<u>30,358,366</u>	<u>2,788,560</u>
2013			
Group			
Other investments	6,053,773	-	6,053,773
Trade and other receivables (exclude prepayments and deposits)	62,839,306	62,839,306	-
Cash and cash equivalents	147,297,444	147,297,444	-
	<u>216,190,523</u>	<u>210,136,750</u>	<u>6,053,773</u>
Company			
Other investments	1,850,529	-	1,850,529
Trade and other receivables (exclude prepayments and deposits)	12,031	12,031	-
Cash and cash equivalents	26,086,093	26,086,093	-
	<u>27,948,653</u>	<u>26,098,124</u>	<u>1,850,529</u>

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	FL RM
Financial liabilities		
2014		
Group		
Borrowings - term loans	1,745,500	1,745,500
Trade and other payables	67,275,143	67,275,143
	<u>69,020,643</u>	<u>69,020,643</u>
Company		
Trade and other payables	652,100	652,100
2013		
Group		
Borrowings - term loans	5,241,904	5,241,904
Trade and other payables	53,349,568	53,349,568
	<u>58,591,472</u>	<u>58,591,472</u>
Company		
Trade and other payables	<u>629,800</u>	<u>629,800</u>

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Net gains/(losses) on:				
Available-for-sale financial assets:				
- recognised in other comprehensive income	25,620	(516,730)	35,057	(19,142)
- reclassified from equity to profit or loss	46,118	105,729	(51,643)	-
	<u>71,738</u>	<u>(411,001)</u>	<u>(16,586)</u>	<u>(19,142)</u>
Loans and receivables	7,997,325	6,609,997	1,059,267	473,521
Financial liabilities measured at amortised cost	<u>(19,786)</u>	<u>(111,648)</u>	<u>-</u>	<u>-</u>
	<u>8,049,277</u>	<u>6,087,348</u>	<u>1,042,681</u>	<u>454,379</u>

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

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 in securities. The Company's exposure to credit risk arises principally from investment in securities and financial guarantees given to a bank for facilities given to subsidiaries.

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 statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated 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 trade receivables as at the end of the reporting period by geographic region was:

	2014 RM	Group 2013 RM
Domestic	37,711,665	43,133,700
Asia Pacific	33,713,848	17,097,392
United States	2,323,884	2,418,063
	<u>73,749,397</u>	<u>62,649,155</u>

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
Group				
2014				
Not past due	64,011,107	-	-	64,011,107
Past due 1-30 days	9,365,639	-	-	9,365,639
Past due 31-60 days	286,743	-	-	286,743
Past due more than 60 days	85,908	-	-	85,908
	<u>73,749,397</u>	<u>-</u>	<u>-</u>	<u>73,749,397</u>
2013				
Not past due	53,650,065	-	-	53,650,065
Past due 1-30 days	8,486,980	-	-	8,486,980
Past due 31-60 days	262,306	-	-	262,306
Past due more than 60 days	509,071	(259,267)	-	249,804
	<u>62,908,422</u>	<u>(259,267)</u>	<u>-</u>	<u>62,649,155</u>

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

	Group	
	2014 RM	2013 RM
At 1 January	(259,267)	(259,267)
Impairment loss written off	259,267	-
At 31 December	<u>-</u>	<u>(259,267)</u>

The allowance account in respect of trade 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.

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,102,500 (2013 : RM1,534,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

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

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

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.

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 the carrying amounts in the statements 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.

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 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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:

	Carrying amount RM	Contractual interest rate per annum %	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>							
Group							
2014							
Borrowings-term loans	1,745,500	1.06	1,745,550	1,745,550	-	-	-
Trade and other payables	67,275,143	-	67,275,143	67,275,143	-	-	-
	<u>69,020,643</u>		<u>69,020,643</u>	<u>69,020,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
2013							
Borrowings-term loans	5,241,904	0.91 - 1.06	5,241,904	5,241,904	-	-	-
Trade and other payables	53,349,568	-	53,349,568	53,349,568	-	-	-
	<u>58,591,472</u>		<u>58,591,472</u>	<u>58,591,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
Company							
2014							
Trade and other payables	652,100	-	652,100	652,100	-	-	-
Financial guarantees	-	-	3,500,000	3,500,000	-	-	-
	<u>652,100</u>		<u>4,152,100</u>	<u>4,152,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
2013							
Trade and other payables	629,800	-	629,800	629,800	-	-	-
Financial guarantees	-	-	3,500,000	3,500,000	-	-	-
	<u>629,800</u>		<u>4,129,800</u>	<u>4,129,800</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 currencies giving rise to this risk are primarily U.S. Dollar (USD), Euro (EURO), Japanese Yen (YEN) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Exposure to foreign currency risk

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

	Denominated in				Total RM
	USD RM	EURO RM	YEN RM	SGD RM	
Group					
2014					
Cash and cash equivalents	34,865,373	96,679	63,677	-	35,025,729
Trade and other receivables	15,403,374	-	-	-	15,403,374
Trade and other payables	(2,252,107)	(1,285,907)	(348,634)	(12,372)	(3,899,020)
Borrowings					
- term loans	(1,745,500)	-	-	-	(1,745,500)
Net exposure	46,271,140	(1,189,228)	(284,957)	(12,372)	44,784,583
2013					
Cash and cash equivalents	36,497,167	82,053	81,865	-	36,661,085
Trade and other receivables	11,572,954	-	-	-	11,572,954
Trade and other payables	(1,858,806)	(1,238,256)	(182,093)	(24,786)	(3,303,941)
Borrowings					
- term loans	(5,241,904)	-	-	-	(5,241,904)
Net exposure	40,969,411	(1,156,203)	(100,228)	(24,786)	39,688,194

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

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% (2013 : 5%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased/(increased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group entities considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity		Profit or loss	
	2014 RM	2013 RM	2014 RM	2013 RM
Group				
USD	87,275	262,095	1,735,168	1,732,924
EURO	-	-	(44,596)	(43,358)
YEN	-	-	(10,686)	(3,759)
SGD	-	-	(464)	(929)

A 5% (2013 : 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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 borrowing is 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.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group manage their interest rate risk by having a combination of borrowing with floating and fixed rates.

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk (cont'd)

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Financial assets				
Quoted bond funds in Malaysia	2,788,560	1,850,529	2,788,560	1,850,529
Unquoted bond funds and fixed income funds outside Malaysia	3,225,792	1,877,213	-	-
Cash and cash equivalents	133,090,395	114,836,174	30,197,638	25,951,837
	<u>139,104,747</u>	<u>118,563,916</u>	<u>32,986,198</u>	<u>27,802,366</u>
Floating rate instruments				
Financial liability				
Borrowings				
- term loans	<u>1,745,500</u>	<u>5,241,904</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 RM6,546 (2013 : RM19,657). 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

The 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 information

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

It was not practicable to estimate the fair value of the Group's investment in unquoted bond funds investment due to lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2014	Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount	
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
	Financial assets											
	In Malaysia:											
	- Quoted bonds/funds	-	2,788,560	-	2,788,560	-	-	-	-	2,788,560	2,788,560	
	Outside Malaysia:											
	- Quoted shares	2,139,049	-	-	2,139,049	-	-	-	-	2,139,049	2,139,049	
		2,139,049	2,788,560	-	4,927,609	-	-	-	-	4,927,609	4,927,609	
	Company											
	Financial asset											
	In Malaysia:											
	- Quoted bonds/funds	-	2,788,560	-	2,788,560	-	-	-	-	2,788,560	2,788,560	

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.7 Fair value information (cont'd)

2013	Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount	
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
	Financial assets											
	In Malaysia:											
	- Quoted bonds/funds	-	1,850,529	-	1,850,529	-	-	-	-	1,850,529	1,850,529	
	Outside Malaysia:											
	- Quoted shares	2,326,031	-	-	2,326,031	-	-	-	-	2,326,031	2,326,031	
		<u>2,326,031</u>	<u>1,850,529</u>	<u>-</u>	<u>4,176,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,176,560</u>	<u>4,176,560</u>	
	Company											
	Financial asset											
	In Malaysia:											
	- Quoted bonds/funds	-	1,850,529	-	1,850,529	-	-	-	-	1,850,529	1,850,529	
		<u>-</u>	<u>1,850,529</u>	<u>-</u>	<u>1,850,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850,529</u>	<u>1,850,529</u>	

Notes to the Financial Statements (Cont'd)

30. Financial instruments (cont'd)

30.7 Fair value information (cont'd)

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based 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.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013 : No transfer in either direction).

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 are determined 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.

Notes to the Financial Statements (Cont'd)

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	125,579,772	122,919,572	6,223,905	6,973,178
- unrealised	8,500,316	5,704,516	43	558,122
	<u>134,080,088</u>	<u>128,624,088</u>	<u>6,223,948</u>	<u>7,531,300</u>
Total share of retained earnings of an associate				
- realised	4,471,464	4,275,542	-	-
- unrealised	(11,760)	(11,760)	-	-
	<u>4,459,704</u>	<u>4,263,782</u>	<u>-</u>	<u>-</u>
Add : Consolidation adjustments	(14,897,580)	(12,440,819)	-	-
Total retained earnings	<u><u>123,642,212</u></u>	<u><u>120,447,051</u></u>	<u><u>6,223,948</u></u>	<u><u>7,531,300</u></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 Disclosures 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 42 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 on page 105 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: 31 March 2015

Statutory Declaration

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 42 to 105 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 above named in Georgetown in the State of Penang on 31 March 2015.

Ng Kok Choon

Before me:

Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

Independent Auditors' 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 statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 104.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 the 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 the 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' report of a subsidiary of which we have not acted as auditors, which is 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.

Independent Auditors' Report (Cont'd)

to the members of Globetronics Technology Bhd

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 on page 105 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. 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 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.

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

Lim Su Ling
3098/12/15 (J)
Chartered Accountant

Date: 31 March 2015

Penang,

Statistics on Shareholdings

as at 25 March 2015

Analysis by size of shareholdings

Authorised share capital	: RM500,000,000
Issued and paid-up capital	: 140,521,770
Class of shares	: Ordinary shares of RM0.50 each
Voting right	: One vote per ordinary share

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 -99	168	3.19	6,386	0.00
100 -1,000	1,309	24.83	914,202	0.33
1,001 -10,000	2,745	52.08	10,994,391	3.91
10,001 -100,000	803	15.23	25,062,120	8.91
100,001 -14,052,176	244	4.63	176,539,165	62.82
14,052,177 and above	2	0.04	67,527,276	24.03
TOTAL	5,271	100.00	281,043,540	100.00

Statistics on Shareholdings (Cont'd)

as at 25 March 2015

Top 30 Shareholders - Non Consolidated

	Name	Number of Shares	% of Shares
1	WISERITE SDN. BHD.	23,068,334	8.208
2	WISERITE SDN. BHD.	19,101,585	6.797
3	GENERAL PRODUCE AGENCY SDN. BERHAD	14,955,139	5.321
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	10,262,400	3.652
5	NG KWENG CHONG HOLDINGS SDN BHD	10,152,524	3.612
6	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	8,059,100	2.868
7	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	7,555,800	2.688
8	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	5,573,400	1.983
9	GENERAL PRODUCE AGENCY SDN. BERHAD	5,525,269	1.966
10	WISERITE SDN. BHD.	4,876,949	1.735
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	4,572,000	1.627
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL 3 IMBANG	4,135,700	1.472
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	3,777,800	1.344
14	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG YONG KEAT	3,651,100	1.299
15	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR DEUTSCHE BANK AG LONDON (PRIME BROKERAGE)	3,225,300	1.148
16	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	3,019,400	1.074

Statistics on Shareholdings (Cont'd)

as at 25 March 2015

Top 30 Shareholders - Non Consolidated (cont'd)

	Name	Number of Shares	% of Shares
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	2,887,600	1.027
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	2,817,600	1.003
19	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL 2	2,649,700	0.943
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	2,601,500	0.926
21	NG KWENG CHONG	2,594,071	0.923
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,515,000	0.895
23	ADDEEN CONSULTANCY & MANAGEMENT SDN.BHD	2,243,900	0.798
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	2,168,100	0.771
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BANK NEGARA MALAYSIA NATIONAL TRUST FUND (CIMB)	2,036,000	0.724
26	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM KESIHATAN	2,012,800	0.716
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	2,000,000	0.712
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR FORWARD INTERNATIONAL DIVIDEND FUND	1,875,000	0.667
29	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG YONG YIN	1,809,000	0.644
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	1,631,600	0.581
	TOTAL	163,353,671	58.124

Statistics on Shareholdings (Cont'd)

as at 25 March 2015

Substantial Shareholdings as at 25 March 2015

Substantial Shareholders	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Deemed Interest	%
Ng Kweng Chong	2,594,071	0.92	58,929,565 ^{N1}	20.97
Gooi Mei Hoon	902,000	0.32	57,710,765 ^{N2}	20.53
Ng Kweng Chong Holdings Sendirian Berhad	10,152,524	3.61	47,558,241 ^{N3}	16.92
General Produce Agency Sdn Berhad	20,480,408	7.29	47,558,241 ^{N3}	16.92
Malaysian Technology Development Corporation Sdn Bhd	121,199	0.04	47,558,241 ^{N3}	16.92
Wiserite Sdn Bhd	47,046,868	16.74	511,373 ^{N4}	0.18

Notes:

- (N1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through spouse, daughter, Ng Kweng Chong Holdings Sendirian Berhad, Wiserite Sdn Bhd and Glencare Sdn Bhd.
- (N2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad, Wiserite Sdn Bhd and Glencare Sdn Bhd.
- (N3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Wiserite Sdn Bhd and Glencare Sdn Bhd.
- (N4) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn Bhd.

Statistics on Shareholdings (Cont'd)

as at 25 March 2015

Directors' Shareholdings as at 25 March 2015

Directors	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Indirect Interest	%
Ng Kweng Chong	2,594,071	0.92	58,929,565 ^{N1} 24,520 ^{N5}	20.97 0.01
Heng Huck Lee	841,000	0.30	-	-
Dato' Ng Kweng Moh	-	-	1,455,682 ^{N2} 18,000 ^{N5}	0.52 0.01
Dato' Norhalim Bin Yunus	-	-	-	-
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Datuk Iskandar Mizal Bin Mahmood	-	-	-	-
Ng Kok Khuan	40,000	0.01	35,640 ^{N3}	0.01
Yeow Teck Chai	8,000	-	115,144 ^{N3} 7,000 ^{N4}	0.04 -
Lam Voon Kean	-	-	-	-
Ng Kok Kee	5,000	-	50,000 ^{N5}	0.02

Notes:

- (N1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through spouse, daughter, Ng Kweng Chong Holdings Sendirian Berhad, Wiserite Sdn Bhd and Glencare Sdn Bhd.
- (N2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through spouse and Engee Holdings Sendirian Berhad.
- (N3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through spouse.
- (N4) The direct interest of child/children treated as interest of the director in accordance with Section 134(12)(c) of the Companies Act, 1965.
- (N5) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Five Star Synergies Sdn Bhd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th 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, 06 May 2015 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 2014 together with the Reports of Directors and Auditors thereon.	Please refer to Note 6
2.	To consider and if thought fit, to pass with or without modifications, the following special resolution in accordance with Section 129(6) of the Companies Act, 1965: "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 1
3.	To re-elect Mr. Ng Kok Khuan, a director who retires by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer himself for re-election.	Resolution 2
4.	To re-elect Dato' Syed Mohamad Bin Syed Murtaza, a director who retires by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer himself for re-election.	Resolution 3
5.	To re-elect Mr. Ng Kok Kee, a director who retires in accordance with Article 87 of the Company's Articles of Association and who, being eligible, offer himself for re-election.	Resolution 4
6.	To approve the increase in directors' fees and the payment of directors' fees for the financial year ended 31 December 2014.	Resolution 5
7.	To approve the payment of a Single Tier Final Dividend of 4% per ordinary share of RM0.50 each and a Single Tier Special Dividend of 6% per ordinary share of RM0.50 each for the financial year ended 31 December 2014.	Resolution 6
8.	To re-appoint Messrs. KPMG as auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the directors to fix their remuneration.	Resolution 7
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.	

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 18th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 27 April 2015. Only a depositor whose name appears on the Record of Depositors as at 27 April 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

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

Joint Secretaries

Penang

Date: 14 April 2015

Notice of Annual General Meeting (Cont'd)

NOTES ON APPOINTMENT OF PROXY

- (1) A proxy may but need not be a member of the Company.
- (2) For a proxy to be valid, the proxy form, duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
- (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 specifies the proportion of his shareholding to be represented by each proxy.
- (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.
- (5) In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

NOTES ON ORDINARY BUSINESS

- (6) 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.

ANNUAL REPORT 2014

- (7) The Annual Report 2014 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% per ordinary share of RM0.50 each and a Single Tier Special Dividend of 6% per ordinary share of RM0.50 each for the financial year ended 31 December 2014, if approved, will be paid on 02 July 2015 to shareholders registered in the Record of Depositors of the Company on 18 June 2015.

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 18 June 2015 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: 14 April 2015

List of Properties

Registered Owner/ Location	Description	Land Area (acres)	Build-up area (sq ft)	Tenure (Expiry date)	Age (Years)	Net Book Value as at 31.12.2014 (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		1,128,505	01.08.1990
	Factory Building		70,000	(14-05-2051)	22	4,052,355	
	Factory Building		110,000		20	7,877,459	
	Factory Building		40,000		19	3,282,119	
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		41	2,038,382	
Globetronics (KL) Sdn Bhd Lot 1, Jln SS8/4 Free Industrial Zone, Sungai Way, 47300 PJ, Selangor Darul Ehsan.	Leasehold Land	0.75	103,465	Leasehold 99 years (30-10-2100)		1,672,344	28.07.2009
	Leasehold Land	0.31		Leasehold 99 years (11-10-2105)		702,929	
	Freehold Land	0.41		Freehold		1,165,569	
	Freehold Land	0.31		Freehold		872,600	
	Factory Building				42	7,651,044	
ISO Technology Sdn Bhd 290, 291 & 292, Phase 3, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	3.11		Leasehold 60 years		737,167	05.01.1999
	Factory Building		50,000	(06-03-2050)	24	4,125,233	
ISO Technology Sdn Bhd 242 & 243, Lebuh Kampung Jawa, Sungai Kluang, Phase 3, FIZ, 11900 Bayan Lepas, Penang.	Leasehold Land	2.26		Leasehold 60 years	41	1,198,413	20.11.2002
	Factory Building		67,515	Lot 1959 (21.11.2033) H.S.(D)13853 (02.03.2040)	34	4,112,301	

Proxy Form

Globetronics Technology Bhd. (Company No. 410285-W)
(Incorporated in Malaysia)

* I/We (*I/C No./Passport No./Company No.)
(Full Name in Block Letters)

of
(Address)

being a * member/members of the abovenamed Company, hereby appoint
(Full Name in Block Letters)

(*I/C No./Passport No./Company No.) of
(Address)

.....
(Address)

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 18th 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, 06 May 2015 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-appoint Dato' Ng Kweng Moh as a director.		
2	To re-elect Mr. Ng Kok Khuan as a director.		
3	To re-elect Dato' Syed Mohamad Bin Syed Murtaza as a director.		
4	To re-elect Mr. Ng Kok Kee as a director.		
5	To approve the increase in directors' fees & payment of directors' fees.		
6	To approve the payment of a single tier final dividend & special dividend.		
7	To re-appoint Messrs. KPMG as auditors of the Company.		

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.

Signed thisday of,2015.

No. of shares held

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
		100

Signature(s) of Member(s)

Notes:

1. A proxy may but need not be a member of 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 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 specifies the proportion of his shareholding to be represented by each proxy.
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.
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.
6. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 27 April 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

* Strike out whichever is not desired.

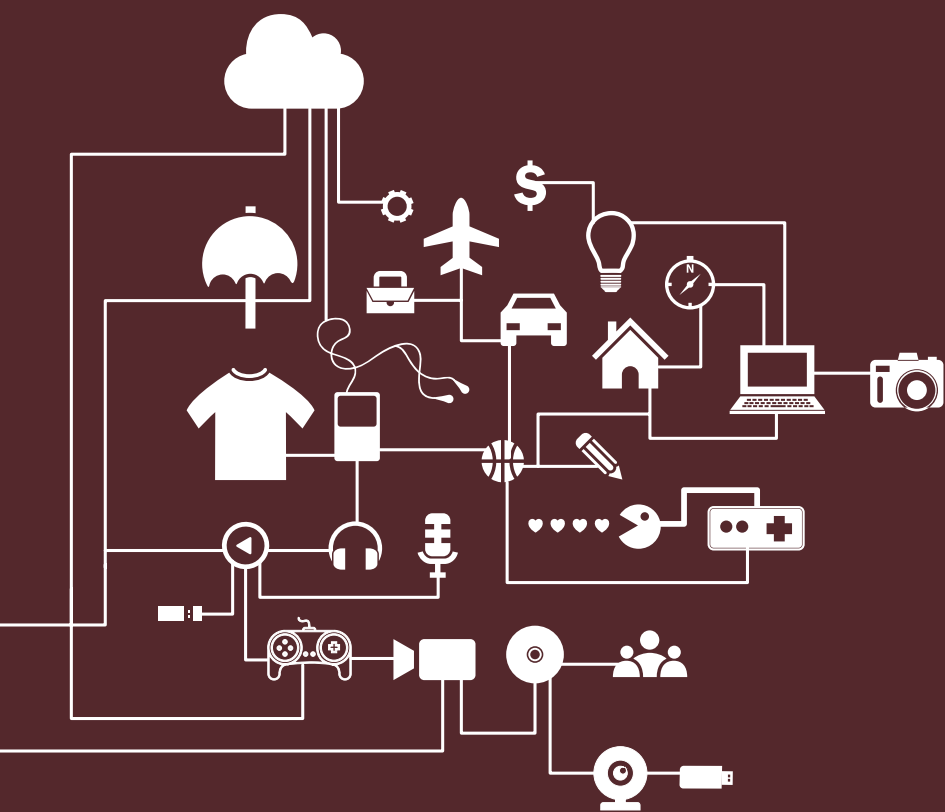
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HERE

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

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www.globetronics.com.my

Globetronics Technology Bhd. (410285-W)
Plot 2, Phase 4, Free Industrial Zone,
Bayan Lepas, 11900 Penang, Malaysia.
Tel: 604-644 4906 | Fax: 604-644 6517