



**Globetronics
Technology Bhd.**

(410285-W)

ANNUAL REPORT 2008

Endurance &
Perseverance



VISION

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

MISSION

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

BELIEFS

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Michael Ng Kweng Chong
Founder & Executive Chairman

Heng Huck Lee
Chief Executive Officer

Diong Chin Teck @ Tiong Chin Sang

Dato' Noor Ahmad Mokhtar Bin Haniff

Hizwani Bin Hassan

Lim Chien Ch'eng

Ng Kok Khuan

Norhalim Bin Yunus

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat

Dato' Ng Kweng Moh

Ng Kweng Theam

AUDIT COMMITTEE

Chairman
Diong Chin Teck
Independent Non-Executive Director

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

Ng Kok Khuan
Non-Independent Non-Executive Director

SECRETARIES

Ong Eng Choon (MIA 2121)
Lee Peng Loon (MACS 01258)

REGISTERED OFFICE

51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T: (604) 227 6888
F: (604) 229 8118

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

Public Bank Berhad
AmBank Berhad
Citibank Berhad
United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad

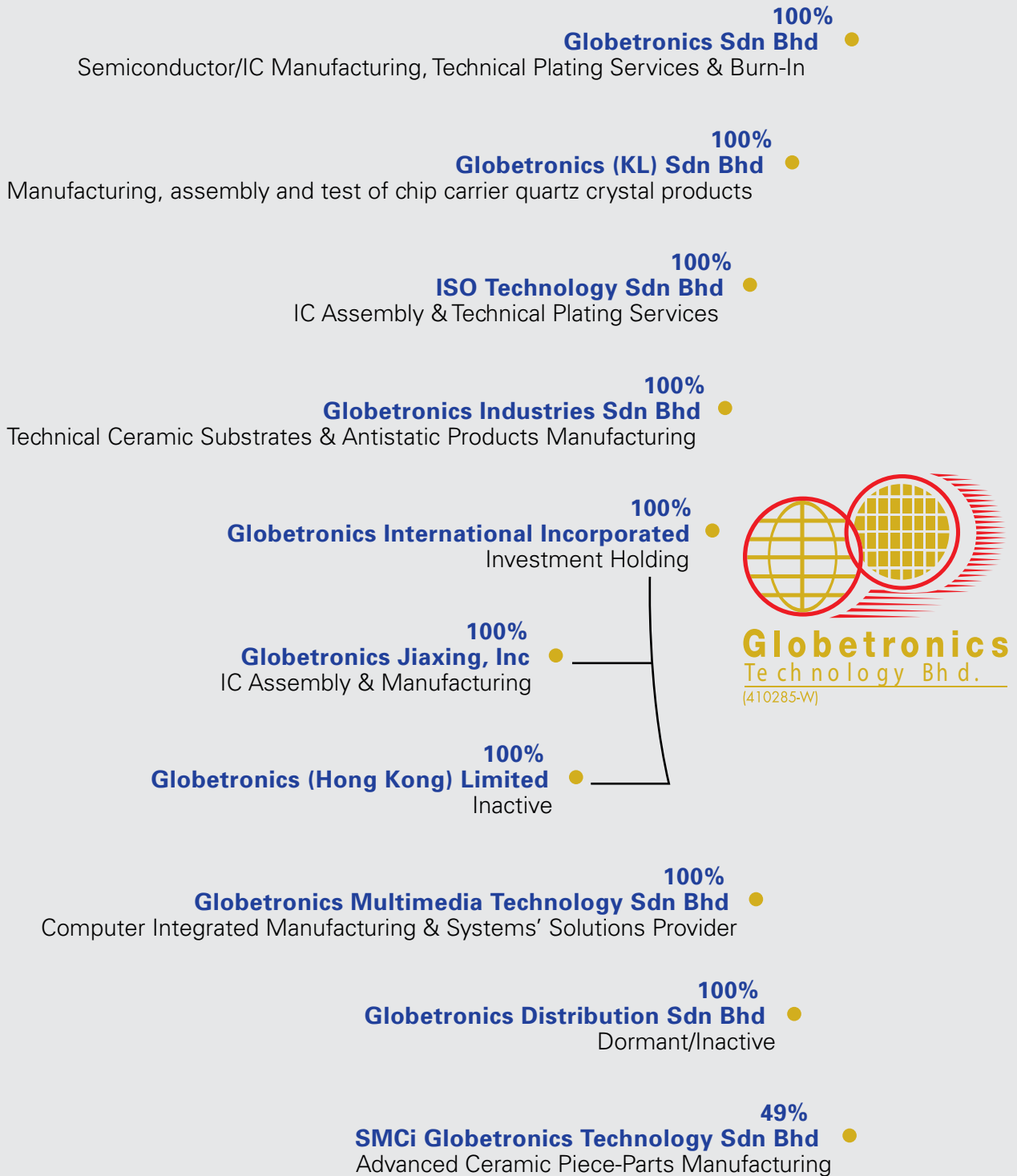
PRINCIPAL SOLICITOR

Ghazi & Lim

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 7022

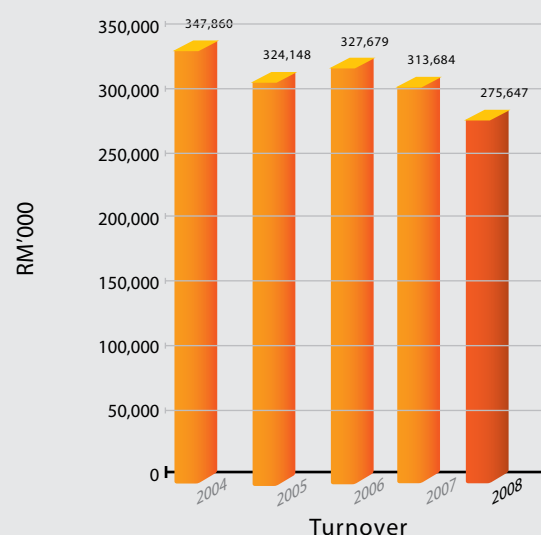
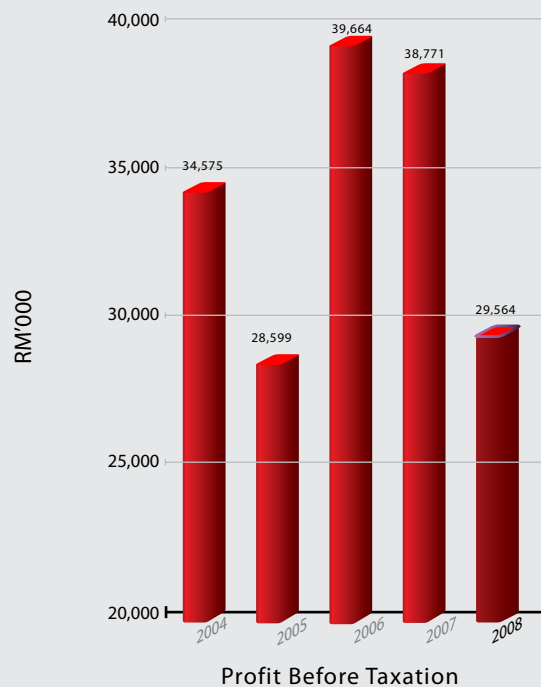
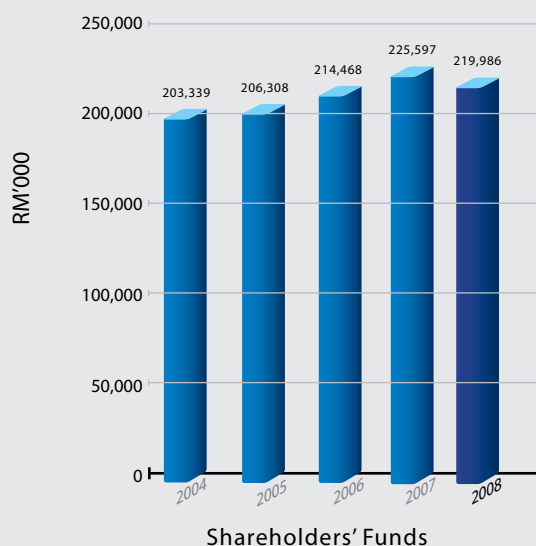
CORPORATE STRUCTURE



Group Corporate Structure

FINANCIAL HIGHLIGHTS

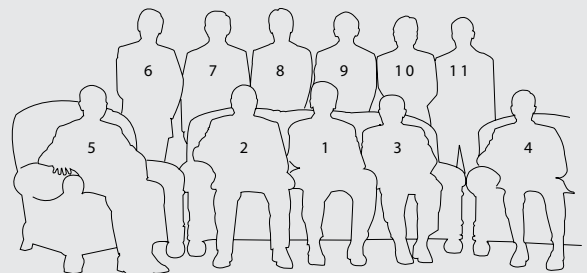
Year Ended 31 December	2004	2005	2006	2007	2008
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	347,860	324,148	327,679	313,684	275,647
Profit Before Taxation	34,575	28,599	39,664	38,771	29,564
Profit After Taxation	30,590	23,899	30,562	30,128	21,768
Profit Attributable to Shareholders	30,590	23,899	30,562	30,128	21,768
As at 31 December					
Total Assets Employed	265,639	289,707	295,601	308,377	291,180
Shareholders' Funds	203,339	206,308	214,468	225,597	219,986
Net Earnings Per Share (Sen)	2.33	1.82	2.33	2.30	1.66
Net Tangible Assets Per Share (RM)	0.16	0.16	0.16	0.17	0.17



BOARD OF DIRECTORS



1. Mr. Michael Ng Kweng Chong
(Founder & Executive Chairman)
2. Mr. Heng Huck Lee
(Chief Executive Officer)
3. Mr. Diong Chin Teck
4. Mr. Ng Kok Khuan
5. Encik Hizwani Bin Hassan
6. Dato' Noor Ahmad Mokhtar Bin Haniff
7. Dato' Dr. Chong Eng Keat
8. Dato' Ng Kweng Moh
9. Encik Norhalim Bin Yunus
10. Mr. Lim Chien Ch'eng
11. Mr. Ng Kweng Theam



PROFILE OF BOARD OF DIRECTORS



Mr. Michael Ng Kweng Chong

Mr. Michael Ng Kweng Chong,

aged 61, a Malaysian, is a Non-Independent Executive Director of Globetronics Technology Bhd ("GTB"). He was appointed to the Board of GTB on 5 August 1997. Mr. Michael Ng is currently the Founder and Executive Chairman of GTB. He was the original founder of Globetronics Sdn Bhd (GSB) in 1991. He nurtured the Company from the initial paid-up capital of RM3 million 18 years ago and led the Company to a successful IPO in 1997. Today, Globetronics has grown to become a Bursa Malaysia Main Board Company with 9 Subsidiaries & 1 Associated Company with paid up capital of RM 131 million.

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

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

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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



Mr. Heng Huck Lee

Mr. Heng Huck Lee,

aged 52, a Malaysian, is a Non-Independent Executive Director of GTB. He was appointed to the Board of GTB on 10 November 1997. He was appointed as the Chief Operating Officer of GTB in July 1997 and later promoted as Chief Executive Officer in January 2008.

He graduated with a Bachelor of Applied Science (Honours) majoring in Computer/Electronic Technology from University Sains Malaysia in 1982. He also obtained a Master in Business Administration from East Asia University in 1991. His past working experience includes a 10-year operations/management position with Intel Technology Sdn Bhd, currently the world 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 a board member of Rosettanet Malaysia since Year 2004. He is also a member of Penang State Government's ICT sub committee and the MIDA Electronics and Electrical Advisory Panel.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



Dato' Dr. Chong Eng Keat

Dato' Dr. Chong Eng Keat

aged 63, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 3 March 2003.

Dato' Dr. Chong is currently the President and Chief Executive Officer of Kolej Disted Stamford.

He graduated from Universiti Sains Malaysia (USM) in 1975 with an Honours Degree in Chemistry and went on an Australian National University Scholarship to do his Ph.D in chemistry in 1976.

In 1980, Dato' Dr Chong left USM to join Intel as a Senior Process Engineer. During his 22 years in Intel, Dato' Dr. Chong has domestic and international experience in starting up as well as managing manufacturing operations, technology development and deployment. Dato' Dr. Chong started up the Intel Kulim site and he was the Vice-President and General Manager of Intel's Worldwide Board and Systems operations at the time of his retirement in 2002.

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

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

Dato' Dr. Chong 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' Noor Ahmad Mokhtar Bin Haniff

Dato' Noor Ahmad Mokhtar Bin Haniff

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

He graduated with a Bachelor of Arts (Honours) Degree majoring in Economics from Universiti Malaya in 1964 and also obtained a Diploma in Education in 1965 from Universiti Malaya. From 1965 to 1970, he was an Educationist with the Ministry of Education. He assumed the position of Special Assistant to the Chief Minister of Penang with Penang City Council from 1970 to 1971 before joining the USM as Senior Assistant Registrar. In 1972, he joined Penang Development Corporation as the Principal Director of the Free Trade Zones and was subsequently promoted to Administration Manager in 1976 and Deputy General Manager in 1980. From 1991 to 1996 he was the General Manager of Penang Development Corporation.

He is the Chairman of the Remuneration Committee in GTB.

He sits on the Board of Eurospan Holdings Berhad and Yikon Corporation Bhd.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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



Mr. Diong Chin Teck

Mr. Diong Chin Teck,

aged 76, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 29 May 2001. He is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted as a member of The Institute of Chartered Accountants in Australia in 1966.

He joined KPMG in 1967 and worked in their Kuala Lumpur, Ipoh and Penang offices. He was made a partner of the firm in 1971 and held the position until his retirement in 1988.

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

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

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

Mr. Diong 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.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



Mr. Ng Kweng Theam

Mr. Ng Kweng Theam,

aged 55, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 26 July 2005.

He graduated with a Diploma in Economics from the University of London in 1975. Mr. Ng Kweng Theam started his career with Penshin Components Sdn Bhd as a Marketing Executive in 1975 where he was responsible for the marketing of their carbon film resistors. He subsequently moved on to Ruf (M) Sdn Bhd in 1979, initially as Section Head of Marketing and later promoted to Head of Marketing where he was in charge of the marketing of Variable Resistors as well as handling the portfolio of their German customers. He moved on to join A.A. Anthony & Co Sdn Bhd as a Dealer's representative in 1983 and has served in that position since then.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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



Mr. Ng Kok Khuan

Mr. Ng Kok Khuan,

aged 58, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 19 May 1998.

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

He is a member of the ESOS Committee and was appointed as a member of the Audit Committee on 3 January 2008 in GTB.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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



Dato' Ng Kweng Moh

Dato' Ng Kweng Moh,

aged 67, 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 Director of General Produce Agency Sdn Bhd, with more than 30 years of experience in the rubber and palm oil industry, housing development and investment holdings since 1963.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



Mr. Lim Chien Ch'eng

Mr. Lim Chien Ch'eng,

aged 56, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

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

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

Currently, he sits on the Board of Chin Well Holdings Berhad.

He attended all 6 Board Meetings held during the financial year ended 31 December 2008.

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



Encik Norhalim Bin Yunus

Encik Norhalim Bin Yunus,

aged 46, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 18 July 2008.

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

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

He attended 2 Board Meetings held during the financial year ended 31 December 2008 since his appointment as a director in July 2008.

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



Encik Hizwani Bin Hassan

Encik Hizwani Bin Hassan,

aged 42, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 16 February 2007.

He is a member of the Malaysian Institute of Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He graduated with a Bachelor of Science (Honours), majoring in Economics, from the London School of Economics, University of London. His career experience has included being a Senior Accountant in Ernst & Young (London Office), a Senior Manager in Arab-Malaysian Bank Berhad and the Chief Financial Officer of Dawama Sendirian Berhad, the company that took over the running of the privatized commercial activities of Dewan Bahasa dan Pustaka. In October 2001, he joined the Employees Provident Fund (EPF) as its Head of Corporate Services. He is currently the EPF's Deputy Chief Executive Officer (Finance and Customer Care).

He attended 5 of the 6 Board Meetings held during the financial year ended 31 December 2008.

Encik Hizwani 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.

FOUNDER & EXECUTIVE CHAIRMAN'S MESSAGE

“Our cash position after dividend-payout and CAPEX remains at a healthy level of RM 71 million.”

*Mr. Michael Ng Kweng Chong
- Founder & Executive Chairman*



Year 2008 turned out to be highly volatile and extremely challenging for all global businesses generally. Worst still was the global economic meltdown that started since the last quarter of 2008 and is still lingering on. Globetronics' Group of Companies (GTB) started off the year optimistically but were then swept along by this unprecedented and worst economic crisis the business world had ever encountered in the last 100 years.

In spite of the unprecedented global economic tsunami that spared no one, GTB Group closed the year with relatively satisfactory top and bottom-line results with overall sales at RM276 million and profit-after-tax at RM21.8 million.

GTB Group paid out dividends of RM19.4 million throughout this whole year, even after spending RM67 million in cash outflow for capital expenditure (CAPEX) during the year. Our Group's cash position after the strong dividend payments and healthy CAPEX investments remained healthy at RM71 million at the close of year 2008.

Throughout this challenging year, it has been the outstanding leadership and unmatched business acumen provided by our C.E.O. Mr HL Heng whose passion and dedication have been instrumental in steering our Group to safe waters by pulling in new product-lines and securing new business-opportunities with our major customers, whilst taking drastic

steps in cutting costs of production in all areas possible.

Our Board of Directors has also been a strong pillar of support and strong motivation to our Management team all through such challenging period by rendering sound and crisp decision making and valuable guidance to the management team. We would thus like to record our sincerest thanks to each and everyone of our Board members from the bottom of our hearts.

FOUNDER & EXECUTIVE CHAIRMAN'S MESSAGE (CONT'D)

FINANCIALS

Our Group closed year 2008 achieving revenue of RM276 million, representing a 12% drop over year 2007's sales. The lower revenue was largely contributed by some of our customers exiting their matured-product-lines which used to be high-volume-runners but conceded to relentless price erosions caused by global-competition. For prudence purposes and in response to such business-portfolio changes, various asset-impairment charges were made including the necessary writing down of redundant equipment and writing off of obsolete equipment caused by such business-exits. Our Group also registered a RM2.5 million forex-translation loss from the large amount of Japanese-made equipment purchased during the year for business expansion purposes. In all, our Group still managed to close the year with a profit-after-tax at RM21.8 million.

During the year, we invested and paid out a total amount of RM67 million for the purchase of new equipment for business and factory-expansion purposes. On top of that, a handsome amount of RM19.4 million were paid out to our shareholders during the same year. In spite of such big amount of cash-outflow in rewarding our shareholders as well as in new investments, we still ended up with a healthy RM71 million in the Group's cash and bank balances with another 7 million in other investments.

DIVIDENDS

Dividend paid out to shareholders in year 2008 continued at a healthy trend of RM19.4 million, reflecting our commitment to reward our loyal shareholders to the fullest extent where it makes business sense.

The dividends paid for year 2008 comprises of: (1) an interim dividend (4% less 26% tax) totaling RM 3.88 million and (2) a second interim dividend (5% less 26% tax) and special dividend (11% less 26% tax) totaling RM 15.5 million.

No final dividend has been declared for year 2008 as the Board of Directors is of the opinion that cash conservation remains a priority for the GTB Group. The uncertain business environment coupled with the global credit crunch means cash for internal operations as well as potential business expansion remains crucial for the year ahead.

BUSINESS/OPERATIONAL ACCOMPLISHMENTS

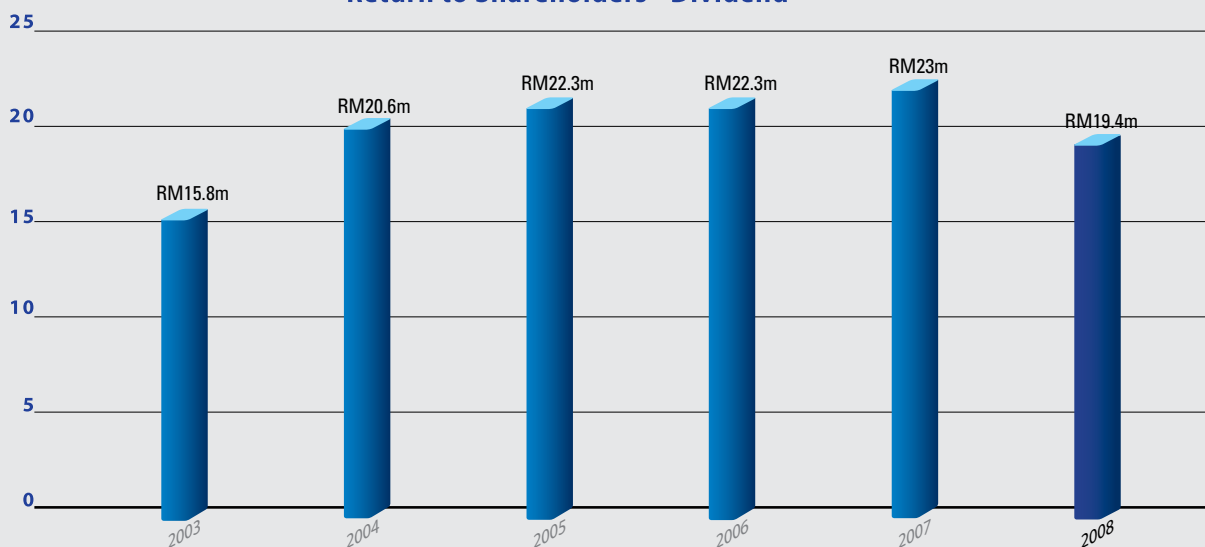
GTB encountered one of the most challenging years since inception as the result of the global economic crisis on top of various customers' matured-products entering their end-of-life (EOL) phase after many years of high-volume-demands. By the fourth quarter of 2008, most customers' orders essentially dried up globally as end-consumers/users decided to deplete their own inventories in the pipelines before putting in fresh orders.

In the midst of such economic perfect-storm, it took the outstanding leadership and unmatched business acumen provided by our C.E.O. (Mr HL Heng) to steer our Group with his passion, dedication, professionalism, integrity and endless sacrifices to reach safe haven. Our Group managed to pull in new product-lines and securing new business-opportunities with new and existing customers, whilst taking drastic steps in cutting costs of production in all areas possible, without resorting to any layoffs caused by the economic crisis.

In realigning our resources for best efficiency and cost effectiveness, during the year our Group performed a corporate re-structuring which saw the completion of the disposal of our Philippines' subsidiary, Globetronics Philippines Inc (GPI). This should help to pave the way for a more focused and lean organizational structure going forward into Year 2009.

In preparation for more challenging times ahead caused by global credit crunch and prolonged-recession in 2009, our key focus will be on keeping a close tab on our Group's cash-flow-position to allow internal-funding and timely capturing of strategic business and growth opportunities.

Return to Shareholders - Dividend



FOUNDER & EXECUTIVE CHAIRMAN'S MESSAGE (CONT'D)

CORPORATE GOVERNANCE & SOCIAL RESPONSIBILITY

Our Group has always been principally guided and a strong advocate to be a role-model and a good citizen in each country or community that we operate in. We have always proactively benchmarked ourselves with the principles and best practices as set out in the Malaysian Code of Corporate Governance (Code) and in pre-positioning ourselves to fully comply with the Code, to do justice as being the past Corporate Excellence Award recipient awarded by Bursa Malaysia Securities Berhad.

Continuing in such spirit of being a role-model and good citizen in Malaysia, in year 2008 in the area of Corporate Social Responsibility ("CSR"), two major initiatives were launched. The first was the launch of a scholarship program for financially needy and academically deserving Malaysian students to pursue their tertiary education/diploma studies at Malaysian universities or local technical institutions, where each eligible student will receive a grant totaling RM15,000 per year.

Our second CSR initiative is centered along the lines of our R&D activities, where we contributed our self developed, solar powered Light Emitting Diode (LED) street light to a longhouse community in Bario, Sarawak. As the remote areas of East Malaysia still have no access to electricity from the national grid, our solar powered street light will improve the living conditions of this community especially during the nights by providing both convenience as well as added security.

Our Group's succession planning also made big strides forward when our new Chief Operating Officer (COO) came on board in January and a handful of executive-interns grew to be more ready for bigger responsibilities.

PROSPECT & OUTLOOK

While accepting the fact that year 2009 is going to be an extremely challenging year for everybody globally, we are also mindful of the fact that many new opportunities would open up during

such tough times. In preparation for present challenges as well as new opportunities, our key focus will also be on the continuing-fine-tuning of our manufacturing capabilities to become world-class in both quality and cost competitiveness. At the same time, we shall ensure our Group's healthy-cash-flow-position at all times through flawless cost controls and operational-improvements so as to be able to capture new businesses/opportunities with internally-funded-investments, while global-credit-crunch continues to stifle and constraint our weaker competitors to the side-line towards oblivion.

We are also optimistic that by the second half of 2009, the global economic situation will turn around to be healthy and strong again as global inventory in the pipelines will have been totally exhausted and trillions of US\$ in stimulus packages pumped in by majority of the countries in the world will start to take effect through gains in consumer-confidence and revival of healthy-spending trend once again!



Recipients of GTB Scholarship Program in Year 2008

CHIEF EXECUTIVE OFFICER & CHIEF OPERATION OFFICER'S MESSAGE



GTB Group started off relatively well for Year 2008, buoyed by new products and volume ramps from its existing customers. Some of the smaller subsidiaries, Globetronics (KL) Sdn Bhd (GKL) and Globetronics Industries Sdn Bhd (GISB) were performing very well, contributing in a significant way to the Group's sales and profits. Our anchor subsidiaries, Globetronics Sdn Bhd (GSB) and ISO Technology Sdn Bhd (ISO) were also holding steady compared to Year 2007.

We invested a significant amount of capital expenditure (CAPEX) on our GKL and GSB operations, of which the end market is to the consumer electronics and LED lighting industry. These critical investments are crucial to support the new products introduction (NPI) and technology platforms that will form the backbone of our future business growth.

Our dedicated employees have again taken our manufacturing capabilities to new heights through a strong focus on manufacturing excellence in the areas of cost competitiveness, quicker

time to market, shorter cycle time, yield improvement and value engineering. This has been key in offsetting the price erosions witnessed constantly in the competitive market today.

Our research and development (R&D) initiatives have also showed signs of breakthroughs, recording sales both in and out of Malaysia. With many governments focusing on alternative energies for greener environment and energy savings, LED is expected to benefit from this initiative. Our Group believes it will be a key beneficiary with its state of the art and cost competitive lighting products. In fact, we have contributed to our Corporate Social Responsibility (CSR) initiatives along these lines, contributing our self developed solar powered LED street lighting system to a longhouse community in Bario, Sarawak. We hope this will help to kick start initiatives by companies and the government to the under-developed states of Sabah and Sarawak in the near future.

“Another successful year in growing GTB Group's portfolio with new businesses, technology, product platforms and customer diversification.”

**GLOBETRONICS SDN BHD -
PENANG ("GSB")**

In summary, we have had another successful year in growing GTB Group's portfolio with new businesses, technologies, product platforms and customer diversification while at the same time maintaining our profitability in the midst of this very challenging environment. By now, it is a foregone conclusion that this is the worst global economic recession since the Great Depression of the 1930's. We have seen a significant drop in volume and orders since the end of Year 2008. GTB Group have already proactively started to have shorter work weeks, eliminate all overtime (OT) and implementing a no hiring, cross-subsidiary headcount transfer only policy to mitigate this sudden and drastic drop in demand.

We would like to take this opportunity to thank as well as ask for the continued support of our fellow employees, the Board of Directors and you, esteemed shareholders, in steering GTB Group successfully through this difficult year ahead!

GSB had a challenging year with several product end of life (EOL) and cost down pressures by its major customers putting a squeeze on sales and margins. Highlights here include the ability to ramp up on existing as well as new, more complex products from its major customer to offset some of the EOL losses.

Value engineering programs continued to play a critical role in streamlining costs to actual business condition of varying volume swings. GSB's workforce continues to be motivated and agile to steer through the challenging operating environment, lowering costs through planned shutdowns and creatively reducing its utilities costs to offset the electricity price increase during the year.

GSB also added substantial capital expenditure into machineries and equipment in Year 2008, mostly for the ramping up of its LED products in supporting customer's new products introduction. This increased scale of its production capabilities and workforce will ensure that GSB is able to capture any potential upside in volume loadings in the years ahead.

“GSB's workforce continues to be motivated and agile to steer through the difficult operating environment.”





**GLOBETRONICS (KL) SDN BHD
("GKL")**

GKL's strength lies in its ability to exceed customer's expectations in terms of quality, cost competitiveness, delivery and pro-actively anticipating emerging needs of our customer. This resulted in new businesses coming in the form of ramp up on existing products as well as the transfer of new products. Our board has also given significant support with the approval of more than RM20 million CAPEX to facilitate the start of a new production line. The new line is expected to see a significant ramp up (potential ramp up of up to 3X) from its current loading. In summary, GKL has seen an encouraging average growth spurt of 24% across its product lines over Year 2007 levels.

We are very proud of the passion and dedication shown by the GKL employees and would like to take this opportunity to thank them for the wonderful job done in Year 2008!



“GKL's strength lies in its ability to exceed customers expectations in terms of delivery, pricing and pro-actively anticipating their needs.”

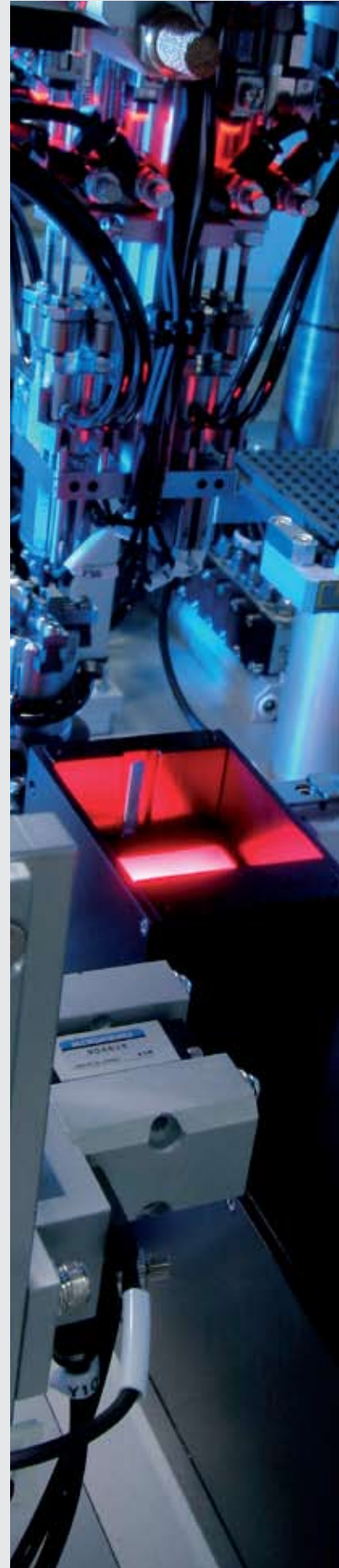
CHIEF EXECUTIVE OFFICER & CHIEF OPERATION OFFICER'S MESSAGE (CONT'D)

ISO TECHNOLOGY SDN BHD ("ISO")

ISO had a challenging Year 2008 due to the extremely volatile volume loadings from its major customer.

As with other subsidiaries and industries, ISO has seen a sharp slowdown in its orders at the end of Year 2008. To counter this, ISO had a firm traction on its headcount deployment as well cash management to have the agility to weather this volatile environment. With its track record of consistently delighting the customer in areas of cost and quality, ISO is looking to be a winner in pulling in new businesses from the industry wide consolidation to fewer suppliers.

ISO is also focusing on new product introductions as well as to make new headways into the High Powered LED for the Solid State Lighting (SSL) industry that will continue to play a key role in its future growth chart.



AUDIT COMMITTEE REPORT

MEMBERSHIP AND ATTENDANCE

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

Composition of Audit Committee	Number of Meetings Attended
Mr. Diong Chin Teck Chairman/Independent Non-Executive Director	4/4
Dato' Dr. Chong Eng Keat Independent Non-Executive Director	4/4
Mr. Ng Kok Khuan Non-Independent Non-Executive Director (Appointed on 3 January 2008)	4/4

COMPOSITION AND TERMS OF REFERENCE

1 Composition

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

2 Meetings and Quorum

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

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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

During the year under review, the Audit Committee carried out the following activities:

- a) Financial Results
 - Reviewed the annual audited financial statements of the Company/Group, semi-annual returns and quarterly results of the Group, and thereafter, submitted them to the Board for approval; and
 - Reviewed the Statement on Internal Control pursuant to Paragraph 15.27(b) of Bursa Securities' Listing Requirements for the Board's approval.
- b) Internal Audit
 - Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit Reports. Where appropriate, the Audit Committee has directed the management to rectify and improve controls and operational workflow based on the internal audit's recommendations for improvements;
 - Reviewed the Internal Audit Reports arising from the follow-up reviews following each audits;
 - Noted the appointment and resignation of Audit Committee members; and
 - Reviewed and noted the Progress Report of Internal Audit Plan and Report.
- c) External Audit
 - Reviewed the following of the external auditors:
 - their audit plan, audit strategy and scope of audits of the Company/Group for the year;
 - their evaluation on the system of internal controls of the Company/Group; and
 - their results of the annual audit, management letter including the management's response to the findings of the external auditors and also the auditors' report to the shareholders.
 - Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof.
 - Noted the Review Report of the External Auditors to the Board on the Statement on Internal Control.
- d) Related Party Transactions
 - Reviewed the nature of related party transactions within the Company or Group.

INTERNAL AUDIT FUNCTION

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

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

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

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

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.

Corporate Contributions and Community Development

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

The Group plays its role as a socially responsible corporate citizen in the community through sponsorship/donation to various centers in Penang during the year.

Education continues to be a key focus of the Group's corporate contribution, in line with its belief that education plays a key role in nation building by the creation of a knowledge based society. Our support ranges from financial aid at a Primary School, to scholarship awards for the financially needy and academically deserving Malaysian students to pursue their tertiary educations/ diploma studies at Malaysian Universities or local technical institutions. Each eligible student will receive a grant totaling RM15,000 per year.

Another CSR initiative is centered along the lines of our R&D activities, where we contributed our self developed, solar powered Light Emitting Diode (LED) street lights to a longhouse community in Bario, Sarawak. As the remote areas of East Malaysia still have no access to electricity from the national grid, our solar powered street lights will improve the living conditions of this community especially during the nights by providing convenience as well as added security.

In conjunction with our CSR programmes, we have also created an environment which encourages all staffs to actively participate in charitable activities. The Group supports staff volunteering as being integral to the development of the individual and the community.

CORPORATE GOVERNANCE STATEMENT

Introduction and Objective

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

The Board is guided by the Company's Code of Corporate Governance which is formulated based on the principles set out in the Malaysian Code on Corporate Governance (Code) and developments of globally recognized best governance practices. These principles are practiced throughout the Group as the underlying principle in discharging the Board's responsibility and to ensure transparency and corporate accountability.

In addition, the Company has materially complied with the Best Practices in Corporate Governance embodied in Part 2 of the Code. The Board is therefore, pleased to detail below the various measures implemented by the Company and the Group to strengthen application of the principles and best practices as recommended in the Code.

BOARD OF DIRECTORS AND ITS COMMITTEES

Board Composition

The Company is led by a Board which sets policies that will enable them to guide the Company to achieve its goals and diverse objectives. The Board is composed of 2 Executive Directors, 4 Independent Non-Executives Directors and 5 Non-Independent Non-Executive Directors and is in compliance with Paragraph 15.02 of the Listing Requirements that at least one-third of the Board comprise of Independent Directors.

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

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

Board Duties

The Board has a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the Group and all its stakeholders. At Board Meetings, strategies, performance and resources of the Group are reviewed and evaluated as against their budgets and targets in light of any changing circumstances, whether economic, social or political. The Board is also responsible for satisfying itself as to the integrity of financial information and the effectiveness of the Group's system of internal control and risk management processes.

The Board complements an executive management team in delivering sustainable added value for shareholders. Although all the Directors have an equal responsibility for the Group's operations, the pivotal role played by the Independent Non-Executive Directors is vital to ensure that strategies formulated or transactions proposed by management are amply discussed in an unbiased and independent manner, taking into account the interests of all the stakeholders.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Terms of Appointment

In accordance with the Articles of Association, all Directors shall retire at least once in every 3 years and one third of the remaining Directors are required to retire by rotation at every Annual General Meeting. The Directors due to retire by rotation at the forthcoming Annual General Meeting are shown in the Notice of Meeting (Ordinary Resolution) on page 86 to 87.

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance with Section 129(6), Companies Act, 1965. Directors seeking re-appointment under this Section at the forthcoming Annual General Meeting are shown in the Notice of Meeting (Ordinary Resolution) on page 86 to 87.

Board Meetings

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

For the financial year ended 31 December 2008, the Board held six meetings.

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

Meetings Attended (Out of 6)	
Ng Kweng Chong	6 out of 6 meetings
Heng Huck Lee	6 out of 6 meetings
Diong Chin Teck	6 out of 6 meetings
Dato' Noor Ahmad Mokhtar bin Haniff	6 out of 6 meetings
Lim Chien Ch'eng	6 out of 6 meetings
Dato' Dr. Chong Eng Keat	6 out of 6 meetings
Ng Kok Khuan	6 out of 6 meetings
Ng Kweng Theam	6 out of 6 meetings
Hizwani bin Hassan	5 out of 6 meetings
Dato' Ng Kweng Moh	6 out of 6 meetings
Dato' Azlin bin Alias	2 out of 3 meetings (Resigned on 29 May 2008)
Norhalim bin Yunus	2 out of 3 meetings (Appointed on 18 July 2008)

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 Section 156 of the Companies Act, 1965. Minutes of meetings of each committee are also circulated to the Board Members for review and deliberation.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Directors' Continuing Development

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

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. Although it is no longer mandatory for Directors to accumulate a specified amount of Continuing Education Programme (CEP) points annually, Directors are encouraged to attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors.

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

Directors' Remuneration

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

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	132	1,740	435	25	370	2,702
Non-Executive Directors	635	–	–	–	–	635
Total	767	1,740	435	25	370	3,337

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
RM50,001 to RM100,000	–	10
RM1,300,001 to RM1,350,000	1	–
RM1,350,001 to RM1,400,000	1	–

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

The Remuneration Committee consists of:

Dato' Noor Ahmad Mokhtar Bin Haniff (Independent Non-Executive Director, Chairman)
Mr. Lim Chien Ch'eng (Independent Non-Executive Director)
Mr. Ng Kweng Chong (Non-Independent Executive Director)

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors. The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders, without paying more than is necessary for this purpose.

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' remuneration are linked to their performance. The remuneration package of the Executive Directors is 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 Annual General Meeting. In deciding an appropriate level of fees for each Non-Executive Director, the Board considered the responsibility and time commitments taking into account the number of Board meetings, special meeting and the time required for reading Board and other papers, as well as the membership and chairmanship of Board committees.

The Committee meets when necessary. For the financial year ended 31 December 2008, the Committee held one meeting.

Employee Share Options Scheme ("ESOS") Committee

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

The ESOS Committee consists of:

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

The Committee meets when necessary. For the financial year ended 31 December 2008, the Committee held two meetings.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

GTB is committed to maintaining good communications with shareholders and investors. Its commitment, both in principle and practice, is to maximize transparency consistent with good governance and commercial confidentiality.

Annual General Meetings

The Annual General Meeting ("AGM") is the principal avenue 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. Notices of AGM and Forms of Proxy thereto carry sufficient information and guidance on the appointment of proxies and completion of such forms. 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 the Bursa Malaysia on the same day.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 disclosure guidelines and regulations of 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. Members of the public can also obtain the full financial results and the Company's announcements from the Company's website at www.globetronics.com.my and also from the Bursa Malaysia's website.

Investor Relations

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

For the financial year ended 31 December 2008, the management has held and/or attended 21 meetings and 1 roadshow with both local and foreign investors and analysts.

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Controls

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

Relationship with the Auditors

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

COMPLIANCE WITH THE CODE

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 2008, 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 is reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals.

Share Buy-Back

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

Options, Warrants or Convertible Securities

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

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

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

Sanctions and/or Penalties

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

Non-audit Fees

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

Variation in Results

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

Profit Guarantee

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

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of the previous financial year.

INTERNAL CONTROL STATEMENT

Introduction

The Board of Directors of Globetronics Technology Bhd is pleased to provide the following statement on Internal Control pursuant to paragraph 15.27(b) of the Bursa Malaysia Listing Requirements. The Board is committed to fulfilling its responsibilities of maintaining a sound system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance, as set out below.

Board Responsibility

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

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

Risk Management Framework

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

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

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

Other Key Components of Internal Control System

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

Board Meetings

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

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

INTERNAL CONTROL STATEMENT (CONT'D)

Management Executive Meeting

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

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

Organisational Structure With Formally Defined Responsibility Lines and Delegation of Authority

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

Performance Management Framework

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

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

Operational Policies and Procedures

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

Group Internal Audit


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

Weaknesses in Internal Control

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



FINANCIAL STATEMENT



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 6 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 attributable to shareholders of the Company	21,767,512	1,837,847

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) an interim dividend of 4% per share less tax at 26% on 1,310,297,200 ordinary shares of RM0.10 each, totalling RM3,878,480 in respect of the year ended 31 December 2008 on 28 February 2008;
- ii) a final dividend of 8% per share less tax at 26% (comprising of 4% final dividend and 4% special dividend) on 1,310,297,200 ordinary shares of RM0.10 each, totalling RM7,756,960 in respect of the year ended 31 December 2007 on 18 June 2008; and
- iii) a second interim dividend of 5% per share less tax at 26% and a special dividend of 11% per share less tax at 26% on 1,310,297,200 ordinary shares of RM0.10 each, totalling RM15,513,919 in respect of the year ended 31 December 2008 on 16 October 2008.

No final dividend has been recommended for the financial year ended 31 December 2008.

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' Noor Ahmad Mokhtar Bin Haniff	
Dato' Ng Kweng Moh	
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	
Diong Chin Teck	
Lim Chien Ch'eng	
Ng Kok Khuan	
Ng Kweng Theam	
Hizwani Bin Hassan	
Norhalim Bin Yunus	(Appointed on 18.7.2008)
Dato' Azlin Bin Alias	(Resigned on 29.5.2008)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each			At 31.12.2008
	At 1.1.2008	Bought	Sold	
The Company				
Direct Interest				
Ng Kweng Chong				
- own	6,970,358	—	—	6,970,358
- others *	6,545,600	—	(700,000)	5,845,600
Heng Huck Lee				
- own	4,796,000	500,000	—	5,296,000
Dato' Ng Kweng Moh				
- others *	604,600	—	—	604,600
Dato' Dr Chong Eng Keat @ Teoh Eng Keat				
- own	—	250,000	—	250,000
- others *	492,400	—	—	492,400
Dato' Noor Ahmad Mokhtar Bin Haniff				
- own	94,468	—	—	94,468
- others *	2,100,000	—	—	2,100,000
Diong Chin Teck				
- own	120,700	79,300	—	200,000
Lim Chien Ch'eng				
- own	12,010,000	460,000	—	12,470,000
Ng Kok Khuan				
- own	89,100	110,900	—	200,000
- others *	178,200	—	—	178,200
Ng Kweng Theam				
- own	1,500,000	500,000	—	2,000,000
- others *	170,000	—	—	170,000
Indirect Interest				
Ng Kweng Chong	368,768,069	6,599,400	—	375,367,469
Dato' Ng Kweng Moh	7,023,810	—	—	7,023,810
Ng Kok Khuan	22,461,100	6,599,400	—	29,060,500

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

None of the other Directors holding office at 31 December 2008 had any interests in the ordinary shares of the Company and of its related corporations during the financial year.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Number of options over ordinary shares of RM0.10 each				At 31.12.2008
	At 1.1.2008	Offered and accepted	Exercised	Expired	
The Company					
Ng Kweng Chong	5,700,000	—	—	—	5,700,000
Heng Huck Lee	7,300,000	1,500,000	—	—	8,800,000

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) 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 the professional fees paid by certain subsidiaries to a firm in which a Director is a member.

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

ISSUE OF SHARES AND DEBENTURES

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 year apart from the issue of options pursuant to ESOS II.

The Company's ESOS II was approved by the Companies Commission of Malaysia on 5 February 2004 and by the shareholders at the Extraordinary General Meeting held on 25 March 2004.

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

- i) The total number of shares to be offered under ESOS II shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of ESOS;
- ii) ESOS II shall continue to be in force for a period of five years commencing from 29 March 2004;
- iii) The option is personal to the grantee and is non-assignable, transferable, disposable or chargeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are full-time employees and executive Directors of the Group who have been confirmed in the employment of the Group for at least three months prior to the date of offer, the date when an offer is made in writing to an employee to participate in ESOS II;
- v) The option granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of 100 shares;
- vi) The option price for each ordinary share shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days preceding the date of offer or at par value of the shares of the Company whichever is higher;

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

- 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; and
- 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.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The options granted to take up unissued ordinary shares of RM0.10 each and the option prices are as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.10 each				
		At 1.1.2008	Granted accepted	Exercised	Forfeited	At 31.12.2008
21.5.2004	0.54	33,636,000	—	—	(2,123,000)	31,513,000
30.9.2004	0.44	10,400,000	—	—	(429,000)	9,971,000
8.4.2005	0.37	8,976,000	—	—	(325,000)	8,651,000
5.10.2005	0.30	11,681,000	—	—	(339,000)	11,342,000
31.3.2006	0.31	4,389,000	—	—	(412,400)	3,976,600
9.10.2006	0.30	6,088,000	—	—	(682,000)	5,406,000
3.4.2007	0.32	4,406,000	—	—	(1,065,100)	3,340,900
3.10.2007	0.28	2,138,000	—	—	(402,000)	1,736,000
11.4.2008	0.21	—	4,861,500	—	(389,500)	4,472,000
9.10.2008	0.19	—	2,225,500	—	(22,000)	2,203,500
		81,714,000	7,087,000	—	(6,189,000)	82,612,000

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

OTHER STATUTORY INFORMATION

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

- all known bad debts have been written off and adequate provision made for doubtful debts, and
- all current assets have been stated at the lower of cost and net realisable value.

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

- that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- 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
- 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 FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

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 results of the operations of the Group and of the Company for the financial year ended 31 December 2008 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.

SIGNIFICANT EVENTS

Details of such events are as disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENTS

Details of such events are as disclosed in Note 34 to the financial statements.

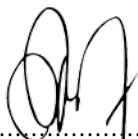
AUDITORS

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
Founder and Executive Chairman



Heng Huck Lee
Director

Penang,

Date: 31 March 2009

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	138,754,587	116,007,427
Prepaid lease payments	4	5,205,120	5,673,568
Investment property	5	9,416,375	9,673,185
Investments in an associate	7	4,446,651	4,301,067
Other investments, at cost	8	7,269,463	11,162,743
Total non-current assets		165,092,196	146,817,990
Receivables, deposits and prepayments	9	42,686,068	61,166,500
Inventories	10	9,950,122	18,577,955
Current tax assets		325,733	1,188,357
Cash and cash equivalents	11	71,120,280	80,625,861
Assets classified as held for sale	12	2,174,998	–
Total current assets		126,257,201	161,558,673
Total assets		291,349,397	308,376,663
Equity			
Share capital	13	131,029,720	131,029,720
Reserves	14	88,956,618	94,567,404
Total equity		219,986,338	225,597,124
Liabilities			
Deferred tax liabilities	16	4,887,394	5,787,394
Deferred income	17	1,162,910	–
Total non-current liabilities		6,050,304	5,787,394
Borrowings	15	1,041,652	904,977
Payables and accruals	19	61,855,572	74,999,597
Current tax liabilities		2,415,531	1,087,571
Total current liabilities		65,312,755	76,992,145
Total liabilities		71,363,059	82,779,539
Total equity and liabilities		291,349,397	308,376,663

The notes on pages 44 to 77 are an integral part of these financial statements.

BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Assets			
Investments in subsidiaries	6	37,383,036	37,042,429
Investments in an associate	7	784,000	784,000
Other investments, at cost	8	515,642	1,067,767
Total non-current assets		38,682,678	38,894,196
Receivables, deposits and prepayments	9	102,258,542	118,345,848
Current tax assets		156,283	73,402
Cash and cash equivalents	11	13,479,311	22,011,927
Total current assets		115,894,136	140,431,177
Total assets		154,576,814	179,325,373
Equity			
Share capital	13	131,029,720	131,029,720
Reserves	14	22,684,594	47,655,503
Total equity		153,714,314	178,685,223
Liabilities			
Payables and accruals	19	862,500	640,150
Total current liabilities		862,500	640,150
Total equity and liabilities		154,576,814	179,325,373

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	20	275,452,262	313,683,590
Cost of goods sold		(209,440,912)	(243,642,717)
Cost of services rendered		(1,351,425)	(1,274,156)
		(210,792,337)	(244,916,873)
Gross profit		64,659,925	68,766,717
Administrative expenses		(31,965,199)	(31,954,577)
Other operating expenses		(9,383,515)	(3,282,426)
Other operating income		6,222,190	5,349,833
Results from operating activities		29,533,401	38,879,547
Financing costs	24	(115,371)	(185,368)
Operating profit		29,418,030	38,694,179
Share of profit after tax of equity accounted associate		145,584	76,686
Profit before tax	21	29,563,614	38,770,865
Tax expense	25	(7,796,102)	(8,642,843)
Profit for the year		21,767,512	30,128,022
Attributable to:			
Shareholders of the Company		21,767,512	30,128,022
Dividends per ordinary share of RM0.10 each - gross (sen)	26	2.00	2.40
Basic earnings per ordinary share (sen)	27	1.66	2.30
Diluted earnings per ordinary share (sen)	27	1.66	2.30

The notes on pages 44 to 77 are an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	20	1,349,343	79,078,095
Administrative expenses		(866,050)	(673,400)
Other operating expenses		(87,628)	(2,197,247)
Other operating income		1,404,720	276,287
Profit before tax	21	1,800,385	76,483,735
Tax expense	25	37,462	(19,460,637)
Profit for the year		1,837,847	57,023,098
Dividends per ordinary share of RM0.10 each - gross (sen)	26	2.00	2.40

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	← Non-distributable →				Distributable	
		Share capital RM	Share premium RM	Share option reserve RM	Exchange fluctuation reserve RM	Retained profits RM	Total RM
At 1 January 2007		131,024,580	8,239,705	1,309,248	(1,518,979)	75,413,165	214,467,719
Exercise of share options		5,140	10,544	—	—	—	15,684
Foreign exchange translation differences *		—	—	—	(38,136)	—	(38,136)
Profit for the year		—	—	—	—	30,128,022	30,128,022
Share-based payments	18	—	—	259,090	—	—	259,090
Dividends	26	—	—	—	—	(19,235,255)	(19,235,255)
At 31 December 2007/At 1 January 2008		131,029,720	8,250,249	1,568,338	(1,557,115)	86,305,932	225,597,124
Disposal of subsidiaries		—	—	—	1,318,187	(1,318,187)	—
Foreign exchange translation differences *		—	—	—	(569,542)	—	(569,542)
Profit for the year		—	—	—	—	21,767,512	21,767,512
Share-based payments	18	—	—	340,603	—	—	340,603
Dividends	26	—	—	—	—	(27,149,359)	(27,149,359)
At 31 December 2008		131,029,720	8,250,249	1,908,941	(808,470)	79,605,898	219,986,338

Note 13

Note 14

Note 14

Note 14

Note 14

* Net loss recognised directly in equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

The notes on pages 44 to 77 are an integral part of these financial statements.

	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained profits RM	Total RM
		← Non-distributable →			Distributable	
At 1 January 2007		131,024,580	8,239,705	1,309,248	49,073	140,622,606
Exercise of share options		5,140	10,544	—	—	15,684
Share-based payments	18	—	—	259,090	—	259,090
Profit for the year		—	—	—	57,023,098	57,023,098
Dividends	26	—	—	—	(19,235,255)	(19,235,255)
At 31 December 2007/At 1 January 2008		131,029,720	8,250,249	1,568,338	37,836,916	178,685,223
Share-based payments	18	—	—	340,603	—	340,603
Profit for the year		—	—	—	1,837,847	1,837,847
Dividends	26	—	—	—	(27,149,359)	(27,149,359)
At 31 December 2008		131,029,720	8,250,249	1,908,941	12,525,404	153,714,314

Note 13

Note 14

Note 14

Note 14

The notes on pages 44 to 77 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		29,563,614	38,770,865
Adjustments for:			
Depreciation of property, plant and equipment	3	23,931,690	27,490,931
Amortisation of prepaid lease payments	4	147,773	147,570
Depreciation of investment property	5	256,810	256,810
Plant and equipment written off	21	2,685,454	642,469
Impairment loss on plant and equipment	21	4,968,786	2,377,108
Loss on disposal of plant and equipment	21	243,343	34,691
Interest income	21	(1,888,233)	(2,847,506)
Amortisation of deferred income	17	(1,836,778)	(27,777)
Share of profit of equity accounted associate	21	(145,584)	(76,686)
Loss/(Gain) on disposal of other investments	8	724,813	(675,457)
Gain on disposal of a subsidiary	21	(39,784)	–
Share-based payments	18	340,603	259,090
Interest expense	24	115,371	185,368
Allowance for diminution in value of other investments	21	597,726	–
Operating profit before changes in working capital		59,665,604	66,537,476
Changes in working capital:			
Inventories		8,609,599	3,751,521
Receivables, deposits and prepayments		17,376,248	(10,924,724)
Payables and accruals		(2,401,705)	2,144,611
Cash generated from operations		83,249,746	61,508,884
Income tax paid		(6,505,518)	(11,046,278)
Net cash generated from operating activities		76,744,228	50,462,606
Cash flows from investing activities			
Purchase of property, plant and equipment	A	(67,218,573)	(33,038,448)
Purchase of other investments		(1,555,071)	(4,830,612)
Proceeds from disposal of plant and equipment		92,411	1,047,954
Interest received		1,888,233	2,847,506
Proceeds from disposal of other investments	8	4,262,020	7,961,949
Disposal of subsidiaries	B	494,420	–
Net cash used in investing activities		(62,036,560)	(26,011,651)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	Note	2008 RM	2007 RM
Cash flows from financing activities			
Dividends paid to shareholders of the Company	26	(27,149,359)	(24,476,238)
Drawdown/(Repayment) of bank borrowings (net)		136,675	(1,701,823)
Proceeds from issue of shares		–	15,684
Interest paid		(115,371)	(185,368)
Grant received	17	2,999,688	–
		(24,128,367)	(26,347,745)
Net cash used in financing activities			
Net decrease in cash and cash equivalents		(9,420,699)	(1,896,790)
Cash and cash equivalents at 1 January		80,625,861	84,868,724
Effect of exchange rates difference on cash and cash equivalents		(84,882)	(2,346,073)
Cash and cash equivalents at 31 December	11	71,120,280	80,625,861

Note

A. Purchase of property, plant and equipment

The Group purchased property, plant and equipment amounting to RM57,508,866 (2007: RM40,772,043) during the year of which, RM1,384,344 (2007: RM11,094,051) remained unpaid at balance sheet date. The total of RM67,218,573 (2007: RM33,038,448) was paid by cash.

B. Disposal of subsidiaries

During the financial year, the Group through its wholly owned subsidiary, Globetronics International Incorporated, completed its disposal of Globetronics Philippines Inc. The fair values of assets disposed and liabilities relieved are as follows:

	Note	2008 RM
Property, plant and equipment		711,833
Inventories		14,667
Receivables, deposits and prepayments		778,243
Cash and cash equivalents		617,238
Payables and accruals		(1,050,107)
Net identifiable assets and liabilities		1,071,874
Gain on disposal	21	39,784
Total consideration received	33	1,111,658
Less: Cash and cash equivalents disposed off		(617,238)
Net cash inflow		494,420

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The notes on pages 44 to 77 are an integral part of these financial statements.

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,800,385	76,483,735
Adjustments for:			
Dividends from subsidiaries	21	(750,000)	(78,316,160)
Gain on disposal of short term investments in fund and bank funds	8	(6,210)	(173,730)
Interest income	21	(599,343)	(761,935)
Operating profit/(loss) before changes in working capital		444,832	(2,768,090)
Changes in working capital:			
Receivables, deposits and prepayments		16,087,306	(37,740,932)
Payables and accruals		222,350	191,748
Cash generated from/(used in) operations		16,754,488	(40,317,274)
Interest received		599,343	761,935
Dividends received from subsidiaries		750,000	58,961,855
Income tax paid		(45,419)	(147,262)
Net cash generated from operating activities		18,058,412	19,259,254
Cash flows from investing activities			
Investment in subsidiaries	6	(4)	–
Purchase of other investments		–	(515,642)
Proceeds from disposal of other investments	8	558,335	3,250,000
Net cash generated from investing activities		558,331	2,734,358
Cash flows from financing activities			
Dividends paid	26	(27,149,359)	(24,476,238)
Proceeds from issue of shares		–	15,684
Net cash used in financing activities		(27,149,359)	(24,460,554)
Net decrease in cash and cash equivalents		(8,532,616)	(2,466,942)
Cash and cash equivalents at 1 January		22,011,927	24,478,869
Cash and cash equivalents at 31 December	11	13,479,311	22,011,927

The notes on pages 44 to 77 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 Board of the Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business are as follows:

Registered office

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

Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

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

The financial statements were approved by the Board of Directors on 31 March 2009.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010 except for FRS 4 and IC Interpretation 9 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs. The initial application of the remaining standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 29). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements 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 estimate is 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 Note 3 - impairment of plant and equipment and note 2(c)(iii) - depreciation of certain plant and equipment over the expected production output.

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

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Associates

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

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses.

(iii) 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.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rate at the dates of transactions except for those that are measured at fair value, which 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 the income statements.

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

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements only when the loan is denominated in either the functional currency of the Company or the foreign operation. Deferred exchange differences are released to the income statement upon disposal of the investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that property, plant and equipment.

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.

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

(ii) Subsequent costs

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

(iii) Depreciation

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following principal annual rates :

	%
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 years to 4 years.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries and associate, are stated at cost less allowance for diminution in value,
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio/ individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associate, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(e) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investments in subsidiaries and associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statement in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. 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.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Investment property

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

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and 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.

(j) 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 value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(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.

(n) Contingent liabilities

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 at the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(q) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(iv) Government grants

Government grant is recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

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

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee stock 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.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land RM	Buildings and factory improvements RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work-in- progress RM	Total RM
Cost						
At 1 January 2007	3,964,500	40,316,743	94,915,432	19,107,324	254,229	158,558,228
Additions	22,519	1,460,028	35,176,736	4,088,155	24,605	40,772,043
Disposals	—	—	(1,839,821)	(9,130)	—	(1,848,951)
Write off	—	(56,920)	(5,008,126)	(60,232)	(84,182)	(5,209,460)
Foreign exchange difference	—	381,387	554,369	130,592	—	1,066,348
At 31 December 2007/ 1 January 2008	3,987,019	42,101,238	123,798,590	23,256,709	194,652	193,338,208
Additions	—	2,510,485	53,009,008	1,989,373	—	57,508,866
Disposals	—	(281,184)	(1,084,194)	(93,249)	—	(1,458,627)
Write off	—	(10,200)	(5,447,888)	(2,114,435)	(100,639)	(7,673,162)
Reclassification	—	16,910	8,035	26,430	(51,375)	—
Foreign exchange difference	—	43,484	70,404	44,298	(42,638)	115,548
Disposal of subsidiaries	—	(2,212,542)	(3,036,703)	(827,170)	—	(6,076,415)
Transfer to assets classified as held for sale (Note 12)	—	(1,593,230)	(110,000)	(1,129,000)	—	(2,832,230)
At 31 December 2008	3,987,019	40,574,961	167,207,252	21,152,956	—	232,922,188
Accumulated depreciation/ impairment losses						
At 1 January 2007						
- Accumulated depreciation	—	10,354,752	30,247,720	10,535,314	—	51,137,786
- Accumulated impairment losses	—	—	895,824	—	—	895,824
	—	10,354,752	31,143,544	10,535,314	—	52,033,610
Charge for the year	—	1,855,001	23,632,967	2,002,963	—	27,490,931
Impairment loss for the year	—	—	2,377,108	—	—	2,377,108
Disposals	—	—	(757,178)	(9,128)	—	(766,306)
Write off	—	(56,916)	(4,449,851)	(60,224)	—	(4,566,991)
Foreign exchange difference	—	359,077	300,987	102,365	—	762,429
Reclassification	—	16,650	(16,650)	—	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP (CONT'D)

	Freehold land RM	Buildings and factory improvements RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work-in- progress RM	Total RM
At 31 December 2007/ 1 January 2008						
- Accumulated depreciation	–	12,528,564	48,957,995	12,571,290	–	74,057,849
- Accumulated impairment losses	–	–	3,272,932	–	–	3,272,932
	–	12,528,564	52,230,927	12,571,290	–	77,330,781
Charge for the year	–	2,088,930	19,799,230	2,043,530	–	23,931,690
Impairment loss for the year	–	–	4,968,786	–	–	4,968,786
Disposals	–	(230,735)	(806,275)	(85,863)	–	(1,122,873)
Write off	–	(919)	(3,291,847)	(1,694,942)	–	(4,987,708)
Foreign exchange difference	–	56,095	272,015	61,304	–	389,414
Disposal of subsidiaries	–	(2,209,817)	(2,393,297)	(761,468)	–	(5,364,582)
Transfer to assets classified as held for sale (Note 12)	–	(170,034)	(55,000)	(752,873)	–	(977,907)
At 31 December 2008						
- Accumulated depreciation	–	12,062,084	62,482,821	11,380,978	–	85,925,883
- Accumulated impairment losses	–	–	8,241,718	–	–	8,241,718
	–	12,062,084	70,724,539	11,380,978	–	94,167,601
Carrying amounts						
At 1 January 2007	3,964,500	29,961,991	63,771,888	8,572,010	254,229	106,524,618
At 31 December 2007/ 1 January 2008	3,987,019	29,572,674	71,567,663	10,685,419	194,652	116,007,427
At 31 December 2008	3,987,019	28,512,877	96,482,713	9,771,978	–	138,754,587

Impairment of plant and equipment

The Group assesses its assets whenever there are indications of impairment on an annual basis, where applicable. For the year ended 31 December 2008, certain product lines were in end of life position resulted in the Group to assess the recoverable amount of a number of assets related to the production of those products. Based on the assessment, the recoverable value of the assets were lower than the carrying value, therefore, the carrying amount of the assets have been written down by RM4,968,786 (2007: RM2,377,108) to its recoverable value. The estimates of recoverable amount were based on the assets' value in use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PREPAID LEASE PAYMENTS - GROUP

Unexpired period less than 50 years

	Note	RM
Cost		
At 1 January 2007/31 December 2007		6,592,198
Transfer to assets classified as held for sale	12	(360,570)
		<hr/>
At 1 January 2008/31 December 2008		6,231,628
		<hr/>
Amortisation		
At 1 January 2007		771,060
Amortisation for the year	21	147,570
		<hr/>
At 31 December 2007/1 January 2008		918,630
Amortisation for the year	21	147,773
Transfer to assets classified as held for sale	12	(39,895)
		<hr/>
At 31 December 2008		1,026,508
		<hr/>
Carrying amounts		
At 1 January 2007		5,821,138
		<hr/>
At 31 December 2007/1 January 2008		5,673,568
		<hr/>
At 31 December 2008		5,205,120
		<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTY - GROUP

	Note	RM
Cost		
At 1 January 2007/31 December 2007		12,839,566
At 1 January 2008/31 December 2008		12,839,566
Accumulated depreciation		
At 1 January 2007		2,909,571
Depreciation for the year	21	256,810
At 31 December 2007/1 January 2008		3,166,381
Depreciation for the year	21	256,810
At 31 December 2008		3,423,191
Carrying amounts		
At 1 January 2007		9,929,995
At 31 December 2007/1 January 2008		9,673,185
At 31 December 2008		9,416,375

Investment property comprises a factory building that is leased to the associate of the Group. The lease contains a non-cancellable period of 20 years commencing 1 June 1995. No contingent rents are charged. The fair value of the investment property is estimated at approximately RM10.0 million based on a valuation performed by an independent valuer in March 2007 based on an open market value basis.

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2008 RM	2007 RM
Unquoted shares, at cost	35,474,095	35,474,091
Share-based payments allocated to subsidiaries	1,908,941	1,568,338
	37,383,036	37,042,429

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY (CONT'D)

Details of subsidiaries are as follows:

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2008	2007	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Provision of burn-in services, assembly and testing of integrated circuits and optoelectronic products to the electronics industry
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and fabricating of ESD protective materials, ceramic metallisation and assembly of printed circuit boards
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components and technical plating services for the semiconductor industry and trading of chemicals
Globetronics Multimedia Technology Sdn. Bhd.	Malaysia	100%	100%	Provision of computer hardware and software, system solutions and consultations
Globetronics International Incorporated	British Virgin Islands	100%	100%	Investment holding
Globetronics (KL) Sdn. Bhd. **	Malaysia	100%	–	Provision of test and assembly of chip carrier quartz crystal products for the electronics industry
Globetronics Distribution Sdn. Bhd. **	Malaysia	100%	–	Dormant
Subsidiaries of Globetronics International Incorporated				
Globetronics Philippines, Inc. #	Philippines	–	100%	Manufacturing, assembling and testing of integrated circuits for micro processors and other ranges of chip sets and memory chips for the export market.
Globetronics (HK) Limited	Hong Kong	100%	100%	Dormant
Globetronics (Jiaxing) Inc. *	People's Republic of China	100%	100%	Assembly and manufacturing of integrated circuits for the semiconductor industry
Subsidiary of Globetronics Philippines, Inc.				
Globetronics Philippines Manufacturing Inc. #	Philippines	–	100%	Manufacturing and trading in semiconductor packaging materials and the cleaning and recycling of integrated circuits' tray for the export market

* Audited by another firm of auditors.

** Subsidiaries newly incorporated during the year.

Subsidiaries were disposed during the year (refer to Note 33(b)).

The financial statements of subsidiaries incorporated outside Malaysia, except for Globetronics (Jiaxing) Inc., are audited by other member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENTS IN AN ASSOCIATE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares, at cost	784,000	784,000	784,000	784,000
Share of post-acquisition reserves	3,662,651	3,517,067	–	–
	4,446,651	4,301,067	784,000	784,000

Summary financial information on associate:

	Country of incorporation	Effective ownership interest	Revenue	Profit for the year	Total assets	Total liabilities	Equity
			(100%) RM	(100%) RM	(100%) RM	(100%) RM	(100%) RM
2008							
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	25,422,914	297,110	10,601,110	1,373,977	9,227,133
2007							
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	22,258,533	156,503	10,783,121	1,957,489	8,825,632

8. OTHER INVESTMENTS, AT COST

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Quoted bond fund investments	515,642	515,642	515,642	515,642
Quoted bonds	688,708	1,248,200	–	252,125
Quoted shares	1,158,352	5,113,966	–	–
Unquoted bonds	560,297	661,400	–	–
Unquoted bond fund investments	1,726,500	1,653,500	–	–
Unquoted fund investment	1,743,765	1,670,035	–	–
Structured investment products	–	300,000	–	300,000
Fixed income fund	876,199	–	–	–
	7,269,463	11,162,743	515,642	1,067,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. OTHER INVESTMENTS, AT COST (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Market value				
- Quoted bond fund investments	455,000	552,000	455,000	552,000
- Quoted bonds	466,000	1,214,000	–	259,000
- Quoted shares	1,288,000	5,953,000	–	–
- Unquoted bonds	573,000	678,000	–	–
- Unquoted bond fund investments	1,679,000	1,586,000	–	–
- Unquoted fund investment	1,768,000	2,397,000	–	–
- Fixed income fund	753,000	–	–	–
	6,982,000	12,380,000	455,000	811,000

8.1 Analysis of foreign currency exposure for other investments

Significant other investments at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group	
		2008 RM	2007 RM
RM	USD	6,066,247	6,291,232
RM	SGD	97,329	715,511
RM	IDR	100,443	195,977
RM	HKD	183,171	1,032,390
RM	CAD	91,395	138,538
RM	Euro	215,234	240,370
RM	Yen	–	584,539
RM	AUD	–	512,255
RM	GBP	–	68,519

Details of disposed investments stated at cost are as follows:

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Proceeds from disposals		4,262,020	7,961,949	558,335	3,250,000
Carrying amount of investments disposed		(4,986,833)	(7,286,492)	(552,125)	(3,076,270)
(Loss)/Gain on disposal of investments	21	(724,813)	675,457	6,210	173,730

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Associate	9.1	2,280	8,208	–	–
Trade receivables	9.2	35,000,217	48,189,531	–	–
		35,002,497	48,197,739	–	–
Non-trade					
Associate	9.3	26,110	18,083	–	–
Subsidiaries	9.3	–	–	102,182,878	118,269,537
Other receivables	9.2	483,662	4,609,322	52,407	53,054
Deposits		3,564,384	7,105,352	4,500	4,500
Prepayments		3,609,415	1,236,004	18,757	18,757
		7,683,571	12,968,761	102,258,542	118,345,848
		42,686,068	61,166,500	102,258,542	118,345,848

9.1 Amount due from associate

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

9.2 Receivables

Receivables of the Group denominated in currencies other than the functional currency comprise RM22,441,913 (2007: RM32,603,708) of receivables denominated in US Dollar.

9.3 Amount due from subsidiaries and associate

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

10. INVENTORIES - GROUP

	2008 RM	2007 RM
At cost:		
Raw materials	4,012,235	10,982,423
Work-in-progress	2,525,370	3,967,552
Manufactured inventories	314,641	1,885,502
Consumables	2,597,724	1,236,290
Trading inventories	500,152	506,188
	9,950,122	18,577,955

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Funds placed with financial institutions:					
- Short term investment in bond funds		5,093,555	11,336,457	5,093,555	11,336,457
- Short term investment funds	11.1	17,503,939	19,199,470	1,885,539	1,988,653
- Short term deposits		25,160,950	24,235,120	5,322,175	7,177,410
Cash and bank balances		23,361,836	25,854,814	1,178,042	1,509,407
		71,120,280	80,625,861	13,479,311	22,011,927
Market value					
- Short term investment in bond funds		5,116,000	11,500,000	5,116,000	11,500,000
- Short term investment funds		17,299,000	19,081,000	1,867,000	1,959,000

Included in cash and cash equivalents of the Group and of the Company are RM63,309,148 (2007: RM65,895,593) and RM13,375,579 (2007: RM21,776,901) respectively which earn interest at rates ranging from 0.33% to 3.5% (2007: 2.64% to 3.65%) per annum.

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.

11.2 Analysis of foreign currency exposure for cash and cash equivalents

Significant cash and cash equivalents at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group	
		2008 RM	2007 RM
RM	USD	20,125,758	12,708,163
RM	SGD	130,821	463,939
RM	IDR	–	39,247
RM	HKD	484,122	387,244
RM	Euro	–	495,903
RM	Yen	748,974	514,361
RM	AUD	637,153	477,504
RM	CHF	404,684	39,714
RM	THB	–	104,146

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

The following assets are classified as held for sale due to the intention of the Group to dispose off the leasehold industrial land owned by one of the subsidiary.

	Buildings and factory improvements RM	Plant and equipment RM	Equipment, furniture and fixtures RM	Prepaid lease payments RM	Total RM
Cost	1,593,230	110,000	1,129,000	360,570	3,192,800
Accumulated depreciation	(170,034)	(55,000)	(752,873)	(39,895)	(1,017,802)
Carrying amounts	<u>1,423,196</u>	<u>55,000</u>	<u>376,127</u>	<u>320,675</u>	<u>2,174,998</u>

13. SHARE CAPITAL - GROUP AND COMPANY

	No. of Shares	Par Value RM	RM
Ordinary shares			
Authorised:			
Balance at 31 December 2007/31 December 2008	5,000,000,000	0.10	500,000,000
Issued and fully paid:			
Balance at 1 January 2007	1,310,245,800	0.10	131,024,580
Exercise of ESOS II	51,400	0.10	5,140
Balance at 1 January 2008	1,310,297,200	0.10	131,029,720
Exercise of ESOS II	–	0.10	–
Balance at 31 December 2008	<u>1,310,297,200</u>		<u>131,029,720</u>

14. RESERVES

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable					
Share premium		8,250,249	8,250,249	8,250,249	8,250,249
Exchange fluctuation reserve	14.1	(808,470)	(1,557,115)	–	–
Share option reserve	14.2	1,908,941	1,568,338	1,908,941	1,568,338
		9,350,720	8,261,472	10,159,190	9,818,587
Distributable					
Retained profits		79,605,898	86,305,932	12,525,404	37,836,916
		88,956,618	94,567,404	22,684,594	47,655,503

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. RESERVES (CONT'D)

14.1 Exchange fluctuation reserve

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

14.2 Share option reserve

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

14.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt income and Section 108 tax credit to distribute/frank its entire retained profits at 31 December 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

15. BORROWINGS (UNSECURED) - GROUP

	2008 RM	2007 RM
Current		
Short term bank loan	1,041,652	904,977

The bank loan is denominated in Renminbi and is secured by a corporate guarantee from the Company. Interest on the bank loan is payable half yearly and is charged at rates ranging from 7.00% to 7.25% (2007: 7.00% - 7.23%) per annum.

16. DEFERRED TAX LIABILITIES - GROUP

The recognised deferred tax liabilities are as follows:

	2008 RM	2007 RM
Property, plant and equipment		
- capital allowances	4,626,937	5,837,032
Provisions	(408,000)	(426,000)
Others	668,457	376,362
	4,887,394	5,787,394

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. DEFERRED TAX LIABILITIES - GROUP (CONT'D)

Movements in deferred tax liability during the year are as follows:

	At 1.1.2007 RM	Recognised in the Income Statement (Note 25) RM	At 31.12.2007 RM	Recognised in the Income Statement (Note 25)	At 31.12.2008
Property, plant and equipment					
- capital allowances	7,135,017	(1,297,985)	5,837,032	(1,210,095)	4,626,937
Unabsorbed capital allowances	(64,000)	64,000	-	-	-
Provisions	(433,623)	7,623	(426,000)	18,000	(408,000)
Others	-	376,362	376,362	292,095	668,457
	6,637,394	(850,000)	5,787,394	(900,000)	4,887,394

17. DEFERRED INCOME - GROUP

	2008 RM	2007 RM
Government grant:		
Balance at 1 January	-	27,777
Add: Addition during the year	2,999,688	-
Less: Amortised during the year (Note 21)	(1,836,778)	(27,777)
Balance at 31 December	1,162,910	-

18. EMPLOYEE BENEFITS - GROUP

Share-based payments

The Group offers vested share options over ordinary shares to Directors and other employees with more than three months of service for ESOS II. The contractual life of ESOS II is five years commencing from 29 March 2004. Details of the grants are as follows:

Grant date	Number of instruments (‘000)
21 May 2004	60,844
30 September 2004	18,470
8 April 2005	13,354
5 October 2005	13,916
31 March 2006	6,738
9 October 2006	6,742
3 April 2007	5,324
3 October 2007	2,258
11 April 2008	4,862
9 October 2008	2,225

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. EMPLOYEE BENEFITS - GROUP (CONT'D)

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

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

	2008		2007	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
ESOS II				
Outstanding at 1 January	0.43	81,714,000	0.43	86,146,400
Issued	0.20	7,087,000	0.31	7,582,000
Exercised	—	—	0.31	(51,400)
Lapsed/Expired	0.39	(6,189,000)	0.42	(11,963,000)
Outstanding at 31 December	0.41	82,612,000	0.43	81,714,000
Exercisable at 31 December	0.41	82,612,000	0.43	60,978,217

The options outstanding at 31 December 2008 have an exercise price in the range of RM0.19 to RM0.54 and a weighted contractual life of 0.25 years.

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

	Directors		Employees	
	2008	2007	2008	2007
Fair value of share options and assumptions				
Fair value at grant date	0.023	—	0.015 - 0.023	0.04 - 0.05
Weighted average share price	0.196	—	0.196	0.306
Exercise price	0.21	—	0.19 - 0.21	0.28 - 0.32
Expected volatility (weighted average volatility)	33.07%	—	33.07%	33.07%
Option life (expected weighted average life)	0.96 years	—	0.81 years	1.84 years
Expected dividends	14.8%	—	14.8%	17%
Risk-free interest rate (based on Malaysian government bonds)	3.62%	—	3.62%	3.62%

Value of employee services received for issue of share options

	Group	
	2008	2007
Share options granted in 2005	64,152	—
Share options granted in 2006	52,274	89,603
Share options granted in 2007	83,272	169,487
Share options granted in 2008	140,905	—
Total expense recognised as share-based payments	340,603	259,090

Two share option arrangements granted prior to 1 January 2005 exist. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to these grants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	19.1	20,121,947	24,353,032	—	—
Non-trade					
Amount due to subsidiaries	19.2	—	—	405,000	201,000
Other payables	19.1	21,951,216	30,260,659	—	—
Accrued expenses		19,782,409	20,385,906	457,500	439,150
		41,733,625	50,646,565	862,500	640,150
		61,855,572	74,999,597	862,500	640,150

19.1 Payables

Payables of the Group denominated in currencies other than the functional currency comprise RM7,926,085 (2007: RM9,772,294) of payables denominated in US Dollar, RM114,059 (2007: RM245,586) denominated in Singapore Dollar and RM16,932,189 (2007: RM149,459) denominated in Japanese Yen.

Included in other payables is an amount of RM1,100,000 (2007: Nil) being deposits received for the disposal of a subsidiary's leasehold land and building (refer to note 33(a)).

19.2 Amount due to subsidiaries

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

20. REVENUE

	2008 RM	2007 RM
Group		
Invoiced value of goods sold	272,884,869	311,116,930
Services rendered	1,447,648	1,366,168
Dividend income	72,551	127,154
Interest income	1,047,194	1,073,338
	275,452,262	313,683,590
Company		
Dividend income	750,000	78,316,160
Interest income	599,343	761,935
	1,349,343	79,078,095

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging:				
Auditors' remuneration				
Audit services				
- Auditors of the Company	84,596	55,500	10,000	8,000
- Other auditors	11,440	47,161	—	—
Depreciation of property, plant and equipment (Note 3)	23,931,690	27,490,931	—	—
Amortisation of prepaid lease payments (Note 4)	147,773	147,570	—	—
Depreciation of investment property (Note 5)	256,810	256,810	—	—
Directors' emoluments				
Directors of the Company				
- fees	767,000	758,750	437,000	428,750
- others	2,544,750	3,095,820	—	—
Other Directors				
- fees	66,000	66,000	—	—
- others	323,792	309,288	—	—
Inventories written down	—	247,040	—	—
Impairment loss on plant and equipment (Note 3)	4,968,786	2,377,108	—	—
Rental of premises	1,230,216	919,221	—	—
Plant and equipment written off	2,685,454	642,469	—	—
Loss on disposal of plant and equipment	243,343	34,691	—	—
Professional fees paid to a firm of which a Director of the Company is a member	38,190	4,215	—	—
Realised loss on foreign exchange	—	3,025,416	—	—
Unrealised loss on foreign exchange	2,673,252	207,275	—	2,135,672
Research and development expenditure	816,762	929,023	—	—
Rental of equipment	—	39,392	—	—
Loss on disposal of other investments (Note 8)	724,813	—	—	—
Loss on disposal of short term investment in funds & bond funds	70,683	—	87,628	—
Allowance for diminution in value of other investments	597,726	—	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
and crediting:				
Share of profit of equity accounted associate	145,584	76,686	—	—
Gain on disposal of other investments (Note 8)	—	675,457	6,210	173,730
Interest income	1,888,233	2,847,506	599,343	761,935
Rental income from investment property	2,082,157	2,135,190	—	—
Dividends from subsidiaries	—	—	750,000	78,316,160
Dividend income	—	127,154	—	—
Inventories written back	692,088	—	—	—
Amortisation of deferred income (Note 17)	1,836,778	27,777	—	—
Realised gain on foreign exchange	13,972	—	—	—
Unrealised gain on foreign exchange	—	—	1,398,220	—
Waiver of other payables	591,603	—	—	—
Gain on disposal of a subsidiary	39,784	—	—	—

22. EMPLOYEE INFORMATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs (including Executive Directors)	54,703,821	55,289,894	—	—

- i) The estimated monetary value of Directors' benefits-in-kind of the Group is RM25,400 (2007: RM45,400).
- ii) Staff costs include contributions to the Employees' Provident Fund of RM3,371,557 (2007: RM3,294,515).
- iii) Staff costs include share-based payments of RM340,603 (2007: RM259,090).

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors				
- Fees	833,000	824,750	437,000	428,750
- Remuneration	2,464,100	2,922,150	—	—
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	429,842	528,358	—	—
Total short-term employee benefits	3,726,942	4,275,258	437,000	428,750
- Share-based payment	33,750	—	—	—
	3,760,692	4,275,258	437,000	428,750

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCING COSTS - GROUP

	2008 RM	2007 RM
Interest expense on bank loan	115,371	185,368

25. TAX EXPENSE

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expense on continuing operations	7,796,102	8,642,843	(37,462)	19,460,637
Share of tax of equity accounted associate	51,151	28,363	-	-
Total tax expense	7,847,253	8,671,206	(37,462)	19,460,637

Current tax expense

Malaysian tax				
- Current year	9,028,974	8,053,257	33,411	19,379,053
- Prior years	(332,872)	1,439,586	(70,873)	81,584
Total current tax recognised in the income statement	8,696,102	9,492,843	(37,462)	19,460,637

Deferred tax expense

Origination and reversal of temporary differences	1,012,490	(850,000)	-	-
Prior year	(1,912,490)	-	-	-
Total deferred tax	(900,000)	(850,000)	-	-
	7,796,102	8,642,843	(37,462)	19,460,637
Share of tax of equity accounted associate	51,151	28,363	-	-
Total tax expense	7,847,253	8,671,206	(37,462)	19,460,637

Reconciliation of effective tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit for the year	21,767,512	30,128,022	1,837,847	57,023,098
Total tax expense	7,847,253	8,671,206	(37,462)	19,460,637
Profit excluding tax	29,614,765	38,799,228	1,800,385	76,483,735

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. TAX EXPENSE (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax at Malaysian tax rate of 26% (2007: 27%)	7,699,839	10,475,791	468,100	20,650,608
Effect of different tax rates in foreign jurisdictions	–	(519,719)	–	–
Non-deductible expenses	2,535,428	1,697,558	221,592	614,212
Non-taxable income	(131,657)	–	(461,281)	–
Tax exempt income	(590,728)	(935,449)	(195,000)	(1,923,430)
Tax incentives	(289,782)	(4,558,676)	–	–
Effect of changes in tax rate *	(219,187)	(35,000)	–	–
Other items	1,088,702	1,107,115	–	37,663
	10,092,615	7,231,620	33,411	19,379,053
Under/(Over) provided in prior years	(2,245,362)	1,439,586	(70,873)	81,584
Tax expense	7,847,253	8,671,206	(37,462)	19,460,637

* The corporate tax rates are at 27% for year assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent year of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

26. DIVIDENDS

	Sen per share (net of tax)	Total amount RM	Date of payment
2008			
Final 2007 ordinary	0.592	7,756,960	18 June 2008
First interim 2008 ordinary	0.296	3,878,480	28 February 2008
Second interim 2008 ordinary	1.184	15,513,919	16 October 2008
Total amount		27,149,359	
2007			
Final 2006 ordinary	0.300	3,930,891	12 June 2007
Interim 2007 ordinary	0.219	2,869,551	18 October 2007
Special interim 2007 ordinary	0.949	12,434,813	18 October 2007
Total amount		19,235,255	

27. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to the shareholders of RM21,767,512 (2007: RM30,128,022) and on the weighted average number of ordinary shares outstanding during the year of 1,310,297,200 (2007: 1,310,292,074) calculated as follows :

	2008	2007
Issued ordinary shares at beginning of year	1,310,297,200	1,310,245,800
Effect of shares issued during the year	–	46,274
Weighted average number of ordinary shares	1,310,297,200	1,310,292,074

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. EARNINGS PER ORDINARY SHARE - GROUP (CONT'D)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the shareholders of RM21,767,512 (2007: RM30,128,022) and on the weighted average number of ordinary shares outstanding during the year of 1,310,297,200 (2007: 1,311,072,493) calculated as follows:

	2008	2007
Weighted average number of shares as above	1,310,297,200	1,310,292,074
Effect of ESOS II	* –	780,419
Weighted average number of ordinary shares (diluted)	1,310,297,200	1,311,072,493

* The effect of share options is anti-dilutive

28. CAPITAL COMMITMENTS - GROUP

	2008	2007
Property, plant and equipment Contracted but not provided for in the financial statements - within 1 year	9,279,000	18,366,000

29. SEGMENTAL INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group's business segment mainly comprised of the manufacture, assembly and testing of integrated circuits, chip carrier quartz crystal products, optoelectronic products, printed circuit boards, ESD protective materials, small outline components, technical plating services and packaging materials for the semiconductor and electronics industries, import and export of components and direct materials of semiconductor.

Business segmental information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation, and non cash expenses are mainly confined to one business segment.

Geographical segments

The manufacturing and trading, and investment holding operations are managed on a worldwide basis. Manufacturing and trading operations are principally in Malaysia, Philippines, United States, Singapore and People's Republic of China. The services operation is solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENTAL INFORMATION - GROUP (CONT'D)

Geographical segments

	Malaysia RM	Philippines RM	United States RM	People's Republic of China RM	Singapore RM	Others RM	Consolidated RM
2008							
Revenue from external customers	171,351,858	2,670,453	67,770,738	–	33,124,663	534,550	275,452,262
Segment assets	265,878,523	–	–	13,605,239	–	11,539,902	291,023,664
Capital expenditure	57,412,218	18,015	–	78,633	–	–	57,508,866
2007							
Revenue from external customers	220,777,842	4,162,046	50,467,348	154,553	37,680,695	441,106	313,683,590
Segment assets	276,226,550	3,578,212	–	14,273,012	–	13,110,532	307,188,306
Capital expenditure	40,765,037	–	–	7,006	–	–	40,772,043

30. RELATED PARTIES - GROUP/COMPANY

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

30.1 Controlling related party relationships are as follows:

- i) Subsidiaries and associate of the Company as disclosed in Note 6 and Note 7 to the financial statements; and
- ii) Companies in which Mr Ng Kweng Chong is deemed to have substantial financial interest:
 - Wiserite Sdn Bhd (Company No: 410593 - W)
 - Ng Kweng Chong Holdings Sdn Bhd (Company No: 51580 - M)
 - Glencare Sdn. Bhd. (Company No: 549058 - U)
- iii) Directors and key management personnel of the Group

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

	2008 RM	2007 RM
Group		
i) Transactions with an associate <i>SMCi Globetronics Technology Sdn. Bhd.</i>		
Sales	31,768	37,924
Rental of premises	1,882,740	1,882,740
Provision of management support services	192,000	192,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RELATED PARTIES - GROUP/COMPANY (CONT'D)

ii) Transactions with Directors and key management personnel

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

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

iii) Transactions with a firm of which a Director of the Company is a member

	2008	2007
	RM	RM
Professional fees paid	38,190	4,215

The above transactions were entered into in the normal course of business and the terms of which have been established on a negotiated basis.

The non-trade balances with the associate are disclosed in Note 9 to the financial statements.

31. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and Company's overall financial risk management objectives are to ensure that the Group and the Company create value for the shareholders. The Group and the Company have formulated a financial risk management framework with the principal objective to minimise the Group's exposure to risk and/or costs associated with financing, investing and operating activities. The various financial risk management policies were approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments and are summarised as below:

Credit risk

The Group and the Company are exposed to credit risk mainly from trade receivables and investments. The receivables are continuously monitored to ensure that issues arising from non-collectibility are minimised.

Investments are allowed only in investment grade liquid securities which are rated by certified international rating agencies.

At balance sheet date, the maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset as disclosed in the financial statements.

Foreign currency risk

The Group and the Company incur foreign currency risk on the sales, purchases and investments that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the US Dollar, Japanese Yen, Hong Kong Dollar, Australian Dollar, Euro Dollar, Singapore Dollar, Indonesia Rupiah, Canadian Dollar and Swiss Franc.

Interest rate risk

The Group and the Company's primary interest rate risk relates to interest-earning assets and interest-bearing liabilities as disclosed in Notes 8, 11 and 15 respectively. The investment in financial assets are not held for speculative purposes but mainly held in highly rated long term bonds and short term investments which yield better returns as compared to the conventional cash or fixed deposits placed with banks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprise or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 Years RM	After 5 years RM
2008					
Group					
Financial assets					
Quoted bond fund	7.78	515,642	–	515,642	–
Quoted bonds	6.75	688,708	–	–	688,708
Unquoted bonds	7.20	560,297	–	560,297	–
Unquoted bond fund investments	2.80	1,726,500	1,035,900	690,600	–
Short-term investment in bond funds	3.20	5,093,555	5,093,555	–	–
Short-term investment funds	3.21	17,503,939	17,503,939	–	–
Short-term deposits	2.04	25,160,950	25,160,950	–	–
Cash at banks	2.25	15,550,704	15,550,704	–	–
Financial liability					
Short-term bank loan	7.00	1,041,652	1,041,652	–	–
Company					
Financial assets					
Quoted bond fund	7.78	515,642	–	515,642	–
Short-term investment in bond funds	3.20	5,093,555	5,093,555	–	–
Short-term investment funds	1.87	1,885,539	1,885,539	–	–
Short-term deposits	3.45	5,322,175	5,322,175	–	–
Cash at banks	2.55	1,074,310	1,074,310	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 Years RM	After 5 years RM
2007					
Group					
Financial assets					
Quoted bond fund	7.78	515,642	–	515,642	–
Quoted bonds	8.30	1,248,200	–	336,487	911,713
Unquoted bonds	7.80	661,400	330,700	330,700	–
Unquoted bond fund investments	2.80	1,653,500	–	1,653,500	–
Structured investment products	4.45	300,000	–	300,000	–
Short-term investment in bond funds	3.53	11,336,457	11,336,457	–	–
Short-term investment funds	2.64	19,199,470	19,199,470	–	–
Short-term deposits	3.65	24,235,120	24,235,120	–	–
Cash at banks	2.92	11,124,546	11,124,546	–	–
Financial liability					
Short-term bank loan	7.00	904,977	904,977	–	–
Company					
Financial assets					
Quoted bond fund	7.78	515,642	–	515,642	–
Quoted bonds	6.50	252,125	–	–	252,125
Structured investment products	4.45	300,000	–	300,000	–
Short-term investment in bond funds	3.53	11,336,457	11,336,457	–	–
Short-term investment funds	4.23	1,988,653	1,988,653	–	–
Short-term deposits	3.42	7,177,410	7,177,410	–	–
Cash at banks	2.40	1,274,381	1,274,381	–	–

Fair values

Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

The fair values of the other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

Group	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Quoted bond fund	515,642	455,000	515,642	552,000
Quoted bonds	688,708	466,000	1,248,200	1,214,000
Unquoted bonds	560,297	573,000	661,400	678,000
Quoted shares	1,158,352	1,288,000	5,113,966	5,953,000
Unquoted bond funds investments and fund investment	3,470,265	3,447,000	3,323,535	3,983,000
Structured investment products	–	–	300,000	*
Fixed income fund	876,199	753,000	–	–
Company				
Financial assets				
Quoted bond fund	515,642	455,000	515,642	552,000
Quoted bonds	–	–	252,125	259,000
Structured investment products	–	–	300,000	*

The fair value of the quoted investments is their quoted bid price at the balance sheet date.

* There is no quoted bid price for this financial instrument. The Directors are of the opinion that the carrying value of the financial assets approximates the fair value.

32. CONTINGENT LIABILITIES - COMPANY, UNSECURED

The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries up to limits of RM8,550,000 (2007: RM9,000,000) of which RM4,026,402 (2007: RM3,794,477) have been utilised at balance sheet date. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit limit is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SIGNIFICANT EVENTS

- (a) On 20 March 2008, the Company's subsidiary ISO Technology Sdn. Bhd. had entered into a sale and purchase agreement ("SPA") with a potential purchaser for disposal of a leasehold industrial land held under H.S (D) 240/91, P.T. No. 2361, Mukim Naga, Daerah Kubang Pasu, Negeri Kedah together with an industrial building erected thereon for a cash consideration of RM5,500,000. At year end, the completion of the disposal is subject to the fulfilment of all conditions stipulated in the SPA. The assets with carrying value of RM2,174,998 is classified as assets held for sale (Note 12).
- (b) On 30 November 2008, the Group had completed the disposal of its entire equity interest in Globetronics Philippines, Inc. ("GPI") together with its wholly owned subsidiary, Globetronics Philippines Manufacturing Inc. for a cash consideration of RM1,111,658. GPI is a wholly owned subsidiary of Globetronics International Incorporated. The disposed GPI Group contributed to a gain of RM39,784 to the consolidated profit for the year ended 31 December 2008. The fair values of assets disposed off and liabilities relieved are as follows:

	2008
	RM
Property, plant and equipment	711,833
Inventories	14,667
Receivables, deposits and prepayments	778,243
Cash and cash equivalents	617,238
Payables and accruals	(1,050,107)
Net identifiable assets and liabilities	1,071,874
Gain on disposal	39,784
Total consideration received	1,111,658
Less: Cash and cash equivalents disposed off	(617,238)
Net cash inflow	494,420

34. SUBSEQUENT EVENTS

Subsequent to the year end, the Company has:

- (a) consolidated its entire issued and paid-up share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of shares in issue of the Company is consolidated into 262,059,440 ordinary shares of 50 sen each from 1,310,297,200 ordinary shares of 10 sen each; and
- (b) proposed to establish a new employees' share option scheme ("ESOS") of up to 10% of the issued and paid up share capital; replacing the ESOS II which expired on 28 March 2009.

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 35 to 77 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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 2009

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

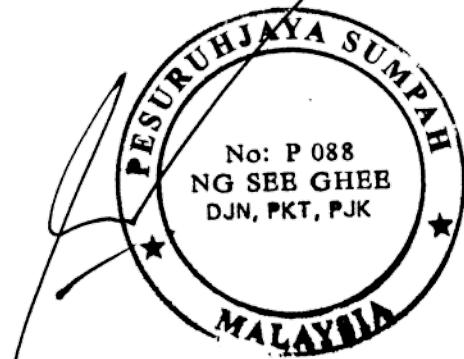
I, Ng Kok Choon, the officer primarily responsible for the financial management of Globetronics Technology Bhd, do solemnly and sincerely declare that the financial statements set out on pages 35 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 31 March 2009.

Ng Kok Choon

.....
Ng Kok Choon

Before me :



731, 1st Floor, Jalan Dato Keramat
10460 Pulau Pinang, Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMEBER OF GLOBETRONICS TECHNOLOGY BHD

Report on the Financial Statements

We have audited the financial statements of Globetronics Technology Bhd., which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 77.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

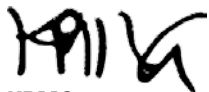
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 6 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) Our 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.

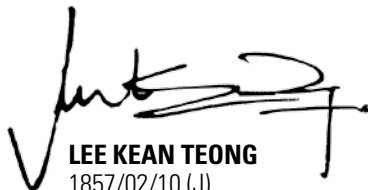
INDEPENDENT AUDITORS' REPORT TO THE MEMEBER OF GLOBETRONICS TECHNOLOGY BHD (CONT'D)

Other Matters

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



KPMG
AF 0758
Chartered Accountants



LEE KEAN TEONG
1857/02/10 (J)
Chartered Accountant

Penang,

Date: 31 March 2009

STATISTICS ON SHAREHOLDINGS AS AT 31 MARCH 2009

Analysis By Size Of Holdings: 31 March 2009

AUTHORISED SHARE CAPITAL:	RM500,000,000
ISSUE AND PAID-UP CAPITAL:	RM131,029,720
CLASS OF SHARES:	Ordinary shares of RM0.50 each
VOTING RIGHT:	One vote per ordinary share

Size Of Holdings	No. of Depositors	% of Depositors	No. of Share Held	% of Issued Capital
Less than 100	53	0.528	1,602	0.001
100 - 1,000	2,363	23.529	1,634,918	0.624
1,001 - 10,000	5,891	58.658	23,825,820	9.092
10,001 - 100,000	1,584	15.772	43,241,197	16.500
100,001 - 13,102,971	149	1.483	88,382,287	33.726
13,102,972 - 262,059,440	3	0.030	104,973,616	40.057
TOTAL	10,043	100	262,059,440	100

STATISTICS ON SHAREHOLDINGS AS AT 31 MARCH 2009 (CONT'D)

Top 30 Shareholders:

	Name	Number of Shares Held	% of Issued Share Capital
1	WISERITE SDN. BHD.	59,107,868	22.555
2	EMPLOYEES PROVIDENT FUND BOARD	25,385,340	9.687
3	GENERAL PRODUCE AGENCY SDN. BERHAD	20,480,408	7.815
4	LEMBAGA TABUNG HAJI	13,067,700	4.987
5	NG KWENG CHONG HOLDINGS SDN BHD	10,153,524	3.875
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	8,712,560	3.325
7	GLENCARE SDN. BHD.	6,150,873	2.347
8	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	4,100,000	1.565
9	LIM CHIEN CH'ENG	2,534,000	0.967
10	ENGEE HOLDINGS SENDIRIAN BERHAD	1,404,762	0.536
11	NG KWENG CHONG	1,394,071	0.532
12	HENG HUCK LEE	1,202,200	0.459
13	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIEW WING KEONG (SIN 9734-4)	1,029,000	0.393
14	HLG NOMINEE (ASING) SDN BHD YONG MA. TERESA ALAVA	1,000,000	0.382
15	KHO CHAI YAM	974,420	0.372
16	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	920,180	0.351
17	GOOI MEI HOON	902,000	0.344
18	GOOI MOY HUA	877,505	0.335
19	LIM SAM CHIN	819,980	0.313
20	LIM SEAT TING	802,520	0.306
21	NG KOK CHIN	758,114	0.289
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE HOONG HING (474453)	706,000	0.269
23	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (SHF)	645,520	0.246
24	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD DANA JOHOR	594,000	0.227
25	KOPERASI PERMODALAN FELDA BERHAD	581,480	0.222
26	TABUNG AMANAH WARISAN NEGERI JOHOR	566,400	0.216
27	NG BARBARA ELIZABETH	535,660	0.204
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	517,560	0.197
29	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	511,820	0.195
30	SIEW WING KEONG	511,179	0.195
		166,946,644	63.706

STATISTICS ON SHAREHOLDINGS AS AT 31 MARCH 2009 (CONT'D)

Substantial Shareholdings as at 31 March 2009

Substantial Shareholders	No. of ordinary shares of RM0.50 each held				
	Direct Interest	%	Indirect Interest	%	
Ng Kweng Chong	1,394,071	0.53	76,697,385	N1	29.27
Gooi Mei Hoon	902,000	0.34	75,418,265	N2	28.78
Ng Kweng Chong Holdings Sendirian Berhad	10,153,524	3.87	65,264,741	N3	24.90
General Produce Agency Sdn. Bhd.	20,480,408	7.82	65,264,741	N3	24.90
Malaysian Technology Development Corporation Sdn. Bhd.	121,199	0.05	65,264,741	N3	24.90
Wiserite Sdn. Bhd.	59,107,868	22.56	6,156,873	N4	2.35
Employees Provident Fund Board	34,397,900	N5	13.13	—	

Notes:

(N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N4) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N5) Inclusive of shares held through PHEIM Asset Management Sdn. Bhd. of 8,712,560 ordinary shares in GTB.

STATISTICS ON SHAREHOLDINGS AS AT 31 MARCH 2009 (CONT'D)

Directors' Shareholdings as at 31 March 2009

Directors	No. of ordinary shares of RM0.50 each held				
	Direct Interest	%	Indirect Interest		%
Ng Kweng Chong	1,394,071	0.53	76,697,385	N1	29.27
Heng Huck Lee	1,252,200	0.48	—		
Dato' Noor Ahmad Mokhtar Bin Haniff	18,893	0.01	420,000	N4	0.16
Dato' Ng Kweng Moh	—		1,485,682	N2	0.57
			40,000	N5	0.02
Dato' Dr. Chong Eng Keat	50,000	0.02	98,480	N4	0.04
Lim Chien Ch'eng	2,534,000	0.97	—		
Ng Kok Khuan	40,000	0.02	6,192,513	N3	2.36
Diong Chin Teck	40,000	0.02	—		
Ng Kweng Theam	400,000	0.15	10,000	N4	—
			24,000	N5	0.01
Hizwani Bin Hassan	—		—		
Norhalim Bin Yunus	—		—		

Notes:

(N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N2) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Engee Holdings Sendirian Berhad of 1,404,762 ordinary shares in GTB.

(N3) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 6,156,873 ordinary shares in GTB.

(N4) Deemed interested by virtue of his spouse's direct interest in GTB.

(N5) His child's direct interest in GTB notified under Section 134(12)(c) of the Companies (Amendment) Act, 2007.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth 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, 20 May 2009 at 9.30 a.m. for the following purposes:

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of Directors and Auditors thereon. **Please refer to Note 6**
2. To re-elect the following directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - i) Mr. Lim Chien Ch'eng **Resolution 1**
 - ii) Dato' Dr. Chong Eng Keat **Resolution 2**
 - iii) Mr. Ng Kweng Theam **Resolution 3**
3. To re-elect Encik Norhalim Bin Yunus, a director who retires in accordance with Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Resolution 4**
4. To consider and if thought fit, to pass with or without modifications, the following special resolutions in accordance with Section 129(6) of the Companies Act, 1965:
 - i) "That Mr. Diong Chin Teck, a director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**
 - ii) "That Dato' Noor Ahmad Mokhtar Bin Haniff, 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 6**
5. To approve the payment of directors' fees for the financial year ended 31 December 2008. **Resolution 7**
6. To re-appoint Messrs. KPMG as auditors of the Company until the next Annual General Meeting of the Company and to authorise the directors to fix their remuneration. **Resolution 8**

As Special Business:

To consider and if thought fit, to pass with or without modifications, the following ordinary resolution :

7. **Authority for the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

Resolution 9
8. 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By Order of the Board,

ONG ENG CHOON (MIA 2121)
LEE PENG LOON (MACS 01258)

Joint Secretaries

Penang

Date: 28 April 2009

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the Proxy Form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.
6. This 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 the shareholders of the Company and hence, Agenda 1 is not put forward for voting.
7. Explanatory Notes on Special Business

The Ordinary Resolution 9, if passed, will give the directors of the Company authority to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

8. Annual Report 2008

The Annual Report 2008 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.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Mr. Ng Kok Yu at telephone no. 04-644 4906 ext. 160 or e-mail your request to kok_yu@globe.com.my.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of directors who are standing for re-election or re-appointment at the Twelfth Annual General Meeting:-

- Mr. Lim Chien Ch'eng**, aged 56, a Malaysian, is an Independent Non-Executive Director of GTB. **Resolution 1**

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

He 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 and has no convictions for any offences within the past 10 years.

He has a direct shareholdings of 2,534,000 ordinary shares in GTB.
- Dato' Dr. Chong Eng Keat**, aged 63, a Malaysian, is an Independent Non-Executive Director of GTB. **Resolution 2**

Dato' Dr. Chong graduated from USM in 1975 with an Honours Degree in Chemistry and went on an Australian National University Scholarship to do his PhD in Chemistry in 1976.

In 1980, Dato' Dr. Chong left USM to join Intel as a Senior Process Engineer. During his 22 years in Intel, Dato' Dr. Chong has domestic and international experience in starting up as well as managing manufacturing operations, technology development and deployment. Dato' Dr. Chong started up the Intel Kulim site and he was the Vice-President & General Manager of Intel's Worldwide Board & Systems operations at the time of his retirement in 2002.

Currently, Dato' Dr. Chong is the President and Chief Executive Officer of Kolej Disted Stamford and also the Independent Non-Executive Director of MQ Technology Bhd, Elsoft Research Berhad and Tejari Technologies Berhad.

Dato' Dr. Chong 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 and has no convictions for any offences within the past 10 years.

Dato' Dr. Chong has a direct shareholdings of 50,000 and indirect shareholdings of 98,480 ordinary shares respectively in GTB.
- Mr. Ng Kweng Theam**, aged 55, a Malaysian, is a Non-Independent Non-Executive Director of GTB. **Resolution 3**

He graduated with a Diploma in Economics from the University of London in 1975. He started his career with Peshin Components Sdn Bhd as a Marketing Executive in 1975 where he was responsible for the marketing of their carbon film resistors. He subsequently moved on to Ruf (M) Sdn Bhd in 1979, initially as Section Head of Marketing and later promoted to Head of Marketing where he was in charge of the marketing of Variable Resistors as well as handling the portfolio of their German customers. He moved on to join A.A. Anthony & Co Sdn Bhd as a Dealer's representative in 1983 and has served in that position since then.

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

He has a direct shareholdings of 400,000 and indirect shareholdings of 34,000 ordinary shares respectively in GTB.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. **Encik Norhalim Bin Yunus**, aged 46, a Malaysian, is a Non-Independent Non-Executive Director of GTB. **Resolution 4**
- He is a Biologist by training and graduated from Universiti Kebangsaan Malaysia in 1986. He has wide experience in several areas including venture capital investment, commercialization of research and nurturing start-up companies.
- He was attached to Guthrie Plantation & Agricultural Services before joining Malaysian Technology Development Corporation Sdn. Bhd. (MTDC), a venture capital company under Khazanah Nasional Berhad Group in 1993. Since then, he has held various positions in MTDC including Director of Technology Development, General Manager of Operations and General Manager of Biotechnology Group. As a Director of Technology Development, he was responsible for management of government funding programmes for the commercialization of research and technology acquisitions and the running of incubation centers. He was also involved in the creation of several start-up companies under MTDC and was for several years, the Executive Director of MTDC Biotechnology Holding Sdn. Bhd. Currently, he is the Chief Executive Officer of MTDC.
- He 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 and has no convictions for any offences within the past 10 years.
- He has no shareholdings in GTB and/or its subsidiaries.
5. **Mr. Diong Chin Teck**, aged 76, a Malaysian, is an Independent Non-Executive Director of GTB. **Resolution 5**
- He is a Fellow Member of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted as a member of the Institute of Chartered Accountants in Australia in 1966.
- He joined KPMG in 1967 and worked in Kuala Lumpur, Ipoh and Penang offices. He was made a partner of the firm in 1971 and held the position until his retirement in 1988. Currently, he sits on the Board of Eurospan Holdings Berhad, Zhulian Corporation Berhad, Asas Dunia Berhad and Oriental Holdings Berhad.
- He 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 and has no convictions for any offences within the past 10 years.
- He has a direct shareholdings of 40,000 ordinary shares in GTB.
6. **Dato' Noor Ahmad Mokhtar Bin Haniff**, aged 70, a Malaysian, is an Independent Non-Executive Director of GTB. **Resolution 6**
- Dato' Mokhtar graduated with a Bachelor of Arts (Honours) Degree majoring in Economics from Universiti Malaya in 1964 and also obtained a Diploma in Education in 1965 from Universiti Malaya. From 1965 to 1970, Dato' Mokhtar was an Educationist with the Ministry of Education. Dato' Mokhtar assumed the position of Special Assistant to the Chief Minister of Penang with Penang City Council from 1970 to 1971 before joining USM as a Senior Assistant Registrar. In 1972, Dato' Mokhtar joined Penang Development Corporation as the Principal Director of Free Trade Zones and was subsequently promoted to Administration Manager in 1976 and Deputy General Manager in 1980. From 1991 to 1996, Dato' Mokhtar was the General Manager of Penang Development Corporation. Currently, he sits on the Board of Eurospan Holdings Berhad and Yikon Corporation Berhad.
- Dato' Mokhtar 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 and has no convictions for any offences within the past 10 years.
- Dato' Mokhtar has a direct shareholdings of 18,893 and indirect shareholdings of 420,000 ordinary shares respectively in GTB.

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 31.12.2008 (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		1,314,607	01.08.1990
	Factory Building		70,000	(14-05-2051)	16	4,711,977	
	Factory Building		110,000		14	9,416,375	
	Factory Building		40,000		13	3,906,536	
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		35	2,185,000	
ISO Technology Sdn Bhd 290,291 & 292, Phase 3 Free Industrial Zone 11900 Bayan Lepas Penang	Leasehold land	3.11		Leasehold 60 years		862,938	05.01.1999
	Factory Building		50,000	(06-03-2050)	18	4,932,513	
ISO Technology Sdn Bhd Plot 36, Kawasan Perindustrian Bandar Baru Darulaman 06000 Jitra, Kedah	Leasehold land	5.94		Leasehold 60 years		320,675	10.06.2003
	Factory Building		51,200	(21-04-2051)	17	1,423,196	
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		1,547,471	20.11.2002
	Factory Building		67,515	Lot 1959 (21.11.2033)	35	4,496,346	
				H.S.(D) 13853 (02.03.2040)	28		
Globetronics Jiaxing Inc. No. 5, Heping Road Jiaxing Economic Development Zone Jiaxing 314001 Zhejiang, China	Leasehold land	3.29		Leasehold 50 years J(2005) 204632 No: 01-04-50- 0015 (12-09-2055)		1,480,102	22.10.2005
	Factory Building		60,000	JPC0154598	4	4,179,784	

PROXY FORM

GLOBETRONICS TECHNOLOGY BHD. (410285-W)
(Incorporated in Malaysia)

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

of
 (Address)

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

.....
 (Full Name in Block Letters)

of
 (Address)

or failing him,
 (Full Name in Block Letters)

of
 (Address)

as * my/our proxy to vote for * me/us on * my/our behalf at the Twelfth 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, 20 May 2009 at 9.30 a.m. and at any adjournment thereof.

	RESOLUTION								
	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

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

As witness my hand day of2009.

No. of shares held
 Signature of Member(s)

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

fold here

fold here

STAMP
HERE

The Secretary
GLOBETRONICS TECHNOLOGY BHD (410285-W)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

fold here



Globetronics Technology Bhd (410285-W)
Plot 2 Phase 4, Free Industrial Zone
Bayan Lepas, 11900 Penang, Malaysia
Tel: +604-644 4906 Fax: +604-644 6617
www.globetronics.com.my