

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011
Condensed Consolidated Statement of Comprehensive Income
The figures have not been audited

| | Note | 3 months ended | | 3 months ended | |
|--|------|----------------|---------------|----------------|---------------|
| | | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| Continuing operations | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 67,085 | 60,203 | 67,085 | 60,203 |
| Cost of sales | | (53,138) | (45,881) | (53,138) | (45,881) |
| Gross profit | | 13,947 | 14,322 | 13,947 | 14,322 |
| Administrative and operating expenses | | (7,885) | (8,235) | (7,885) | (8,235) |
| Other operating income | | 1,256 | 582 | 1,256 | 582 |
| Results from operating activities | | 7,318 | 6,669 | 7,318 | 6,669 |
| Finance income | | 168 | 310 | 168 | 310 |
| Finance costs | | (30) | - | (30) | - |
| Net finance income / (costs) | | 138 | 310 | 138 | 310 |
| Share of profit of associate, net of tax | | 23 | 26 | 23 | 26 |
| Profit before tax | | 7,479 | 7,005 | 7,479 | 7,005 |
| Income tax expense | 8 | (1,054) | (855) | (1,054) | (855) |
| Profit for the period | | 6,425 | 6,150 | 6,425 | 6,150 |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences for foreign operations | | 242 | (483) | 242 | (483) |
| Fair value of available-for-sale assets | | 35 | (48) | 35 | (48) |
| Other comprehensive income for the period, net of tax | | 277 | (531) | 277 | (531) |
| Total comprehensive income for the period | | 6,702 | 5,619 | 6,702 | 5,619 |

| | 3 months ended | | 3 months ended | |
|---|----------------|--------------|----------------|--------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to : | | | | |
| Owners of the Company | 6,425 | 6,150 | 6,425 | 6,150 |
| Profit for the period | <u>6,425</u> | <u>6,150</u> | <u>6,425</u> | <u>6,150</u> |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | <u>6,702</u> | <u>5,619</u> | <u>6,702</u> | <u>5,619</u> |
| Total comprehensive income for the period | <u>6,702</u> | <u>5,619</u> | <u>6,702</u> | <u>5,619</u> |
| Earnings per ordinary share (sen) | 19 | | | |
| - Basic | 2.42 | 2.33 | 2.42 | 2.33 |
| - Diluted | 2.41 | 2.33 | 2.41 | 2.33 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements as at 31 December 2010. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011
Condensed Consolidated Statement of Financial Position

The figures have not been audited

| | Note | As at 31/03/2011 | As at 31/12/2010 |
|---|------|-----------------------|-----------------------|
| | | RM'000 | RM'000 |
| Assets | | | |
| Property, plant and equipment | 6 | 160,621 | 171,822 |
| Investment property | | 8,839 | 8,903 |
| Investment in an associate | | 4,784 | 4,761 |
| Other investments | | 6,645 | 6,381 |
| Total non-current assets | | <u>180,889</u> | <u>191,867</u> |
| Trade receivables | | 43,940 | 45,317 |
| Other receivables, deposits and prepayments | | 7,876 | 4,500 |
| Inventories | | 12,367 | 15,130 |
| Cash and cash equivalents | | 56,511 | 49,242 |
| Total current assets | | <u>120,694</u> | <u>114,189</u> |
| Total assets | | <u>301,583</u> | <u>306,056</u> |
| Equity | | | |
| Share capital | | 133,191 | 133,149 |
| Share premium | | 8,657 | 8,656 |
| Reserves | | | |
| Exchange fluctuation reserve | | (2,015) | (2,257) |
| Fair value reserve | | 1,363 | 1,329 |
| Share option reserve | | 1,044 | 936 |
| Retained profits | | 105,889 | 99,464 |
| Total equity | | <u>248,129</u> | <u>241,277</u> |
| Liabilities | | | |
| Deferred tax liabilities | | 5,355 | 5,355 |
| Deferred income | | 653 | 971 |
| Total non-current liabilities | | <u>6,008</u> | <u>6,326</u> |
| Trade payables | | 14,473 | 17,049 |
| Other payables and accruals | | 20,211 | 32,148 |
| Bank borrowings | | 8,908 | 6,365 |
| Current tax liabilities | | 3,854 | 2,891 |
| Total current liabilities | | <u>47,446</u> | <u>58,453</u> |
| Total liabilities | | <u>53,454</u> | <u>64,779</u> |
| Total equity and liabilities | | <u>301,583</u> | <u>306,056</u> |
| Net assets per share (RM) | | 0.93 | 0.91 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements as at 31 December 2010. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

| | ← Non-distributable → | | | | | Distributable | Total RM'000 |
|--|----------------------------|----------------------------|--|------------------------------------|--------------------------------------|-------------------------------|-----------------|
| | Share Capital RM'000 | Share Premium RM'000 | Exchange Fluctuation Reserve RM'000 | Fair Value Reserve RM'000 | Share Option Reserve RM'000 | Retained Profits RM'000 | |
| 3 months ended 31/03/2011 | | | | | | | |
| Balance as at 1 January 2011 | 133,149 | 8,656 | (2,257) | 1,328 | 936 | 99,464 | 241,276 |
| Issuance of new ordinary shares pursuant to ESOS III | 42 | 1 | - | - | - | - | 43 |
| Total comprehensive income for the period | - | - | 242 | 35 | - | 6,425 | 6,702 |
| Share-based payments | - | - | - | - | 108 | - | 108 |
| Balance as at 31 March 2011 | 133,191 | 8,657 | (2,015) | 1,363 | 1,044 | 105,889 | 248,129 |
| 3 months ended 31/03/2010 | | | | | | | |
| Balance as at 1 January 2010, as previously stated | 131,298 | 8,284 | (1,346) | - | 658 | 87,599 | 226,493 |
| - Effect of adopting FRS 139 | - | - | - | 809 | - | - | 809 |
| At 1 January 2010, as restated | 131,298 | 8,284 | (1,346) | 809 | 658 | 87,599 | 227,302 |
| Issuance of new ordinary shares pursuant to ESOS III | 573 | 16 | - | - | - | - | 589 |
| Total comprehensive income for the period | - | - | (483) | (48) | - | 6,150 | 5,619 |
| Share-based payments | - | - | - | - | 101 | - | 101 |
| Dividends to owners | - | - | - | - | - | (5,923) | (5,923) |
| Balance as at 31 March 2010 | 131,871 | 8,300 | (1,829) | 761 | 759 | 87,826 | 227,688 |

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited Financial Statements as at 31 December 2010. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011
Condensed Consolidated Statement of Cash Flows

The figures have not been audited

| | | 3 months ended 31/03/2011 | 3 months ended 31/03/2010 |
|--|-------------|--|--|
| | Note | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax from continuing operations | | 7,479 | 7,005 |
| Adjustments for:- | | | |
| Depreciation of property, plant and equipment | | 11,815 | 9,366 |
| Depreciation of investment property | | 64 | 65 |
| Amortisation of assets held for sale | | - | 129 |
| Plant & equipment written off | | 103 | - |
| Gain on disposal of plant and equipment | | (48) | - |
| Finance income | | (168) | (310) |
| Amortisation of deferred income | | (318) | (196) |
| Share of profit of associate, net of tax | | (23) | (26) |
| Loss on disposal of other investments | 9 | - | 48 |
| Share-based payments | | 109 | 101 |
| Finance costs | | 30 | - |
| Operating profit before changes in working capital | | <u>19,043</u> | <u>16,182</u> |
| Changes in working capital : | | | |
| Inventories | | 2,762 | (937) |
| Receivables, deposits and prepayments | | (2,000) | 668 |
| Payables and accruals | | (12,848) | (2,928) |
| Cash generated from operations | | <u>6,957</u> | <u>12,985</u> |
| Income tax paid | | (90) | (2,015) |
| Net cash generated from operating activities | | <u>6,867</u> | <u>10,970</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 6 | (819) | (4,360) |
| Purchase of other investments | 9 | (299) | (183) |
| Proceeds from disposal of plant and equipment | | 150 | 5 |
| Proceeds from disposal of other investments | | - | 1,550 |
| Interest received | | 168 | 310 |
| Net cash used in investing activities | | <u>(800)</u> | <u>(2,678)</u> |

| | 3 months ended 31/03/2011 RM'000 | 3 months ended 31/03/2010 RM'000 |
|--|---|---|
|--|---|---|

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|---------------|----------------|
| Dividends paid to owners of the Company | - | (5,923) |
| Drawdown of bank borrowings | 2,543 | - |
| Proceeds from issue of shares | 42 | 589 |
| Interest paid | (30) | - |
| Net cash generated from / (used in) financing activities | 2,555 | (5,334) |
| Net increase in cash and cash equivalents | 8,622 | 2,958 |
| Cash and cash equivalents as at 1 January | 49,242 | 85,436 |
| Effect of exchange rates difference on cash and cash equivalents | (1,353) | (1,500) |
| Cash and cash equivalents as at 31 March | 56,511 | 86,894 |

Cash and cash equivalents

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

| | | |
|--|---------------|---------------|
| Funds placed with financial institutions | | |
| - Short term investment funds / bond funds | 17,764 | 22,645 |
| - Short term deposits | 13,102 | 22,795 |
| Cash and bank balances | 25,645 | 41,454 |
| | 56,511 | 86,894 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements as at 31 December 2010. The accompanying notes are an integral part of this statement.

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011
Notes to the condensed consolidated interim financial statements

1. Basis of Preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 2011 and has been prepared in compliance with *FRS 134: Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and the Bursa Malaysia Securities Berhad Listing Requirements. The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2010 except for those standards, amendments and interpretations, as indicated in Note 2 of this statement. The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group’s financial period beginning 1 January 2011.

Amendments effective for annual periods beginning on or after 1 March 2010

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

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

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

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

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfer of Assets from Customers*
- Improvements to FRSs (2010)

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

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

FRS and Interpretation effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2010 was not qualified.

4. Changes in Estimates

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2010.

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter.

5. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

6. **Property, Plant and Equipment**

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

(a) Acquisitions and disposals

During the three months ended 31 March 2011, the Group acquired assets with a cost of RM0.82 million (three months ended 31 March 2010 : RM4.36 million).

(b) Capital commitments

During the three months ended 31 March 2011, the Group entered into a contract to purchase property, plant and equipment for RM5.78 million (three months ended 31 March 2010 : RM49.84 million).

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

During the financial quarter under review, there were no items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size, or incidence.

8. **Income Tax Expense**

| | 3 months ended | | 3 months ended | |
|------------------------------|----------------|------------|----------------|------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expenses | | | | |
| Malaysia - current | 1,054 | 855 | 1,054 | 855 |
| - prior period | - | - | - | - |
| | <hr/> 1,054 | <hr/> 855 | <hr/> 1,054 | <hr/> 855 |
| Deferred tax expenses | | | | |
| Malaysia | - | - | - | - |
| | <hr/> 1,054 | <hr/> 855 | <hr/> 1,054 | <hr/> 855 |

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

9. **Quoted Securities and Bond**

There were purchases and disposals of quoted investments during the financial period under review, as disclosed below :

| | 3 months ended |
|---------------------------------|----------------|
| | 31/03/2011 |
| | RM'000 |
| Purchases | 299 |
| Sales | - |
| Gain on disposal of investments | - |

10. **Unquoted Investments**

During the financial period to date, there was no disposal of unquoted investment by the Company.

11. Corporate Proposals

There were no corporate proposals by the Company during the financial period to date.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period to date.

13. Debt and Equity Securities

There were no issuance and repayments of debt and equity securities, share buy back, shares held as treasury stocks and resale of treasury shares for the current financial period to date except for the issuance of the following ordinary shares of RM0.50 each exercised by the eligible employees pursuant to the Company's ESOS III :

| ESOS Option Price RM per share | Number of Shares '000 |
|-----------------------------------|--------------------------|
| 0.51 | 82.9 |

14. Changes in Contingent Liabilities

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM21 million of which RM13.2 million has been utilized as at 31 March 2011, an increase of RM 3.3 million as compared to 31 December 2010.

15. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 18 April 2011, the latest practicable date that shall not be earlier than 7 days from the date of issue of the quarterly report.

16. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2010.

17. Changes In Material Litigation

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

18. **Segment Information**

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

Analysis By Geographical Segments

3 months ended 31/03/2011

| | Malaysia | China | United States | Singapore | Others | Group |
|---|-----------------|---------------|----------------------|------------------|---------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from external customers | 49,179 | 1,333 | 10,439 | 6,073 | 61 | 67,085 |
| Non-current assets | 175,440 | - | - | - | 5,449 | 180,889 |
| Capital expenditure by location of assets | 819 | - | - | - | - | 819 |

3 months ended 31/03/2010

| | Malaysia | China | United States | Singapore | Others | Group |
|---|-----------------|---------------|----------------------|------------------|---------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from external customers | 37,606 | 216 | 16,914 | 5,442 | 25 | 60,203 |
| Non-current assets | 128,843 | - | - | - | 5,067 | 133,910 |
| Capital expenditure by location of assets | 4,360 | - | - | - | - | 4,360 |

19. **Earnings Per Share**

(a) Basic earnings per share

| | | 3 months ended | | 3 months ended | |
|---|----------|-----------------------|-------------------|-----------------------|-------------------|
| | | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| Net profit for the period | (RM'000) | 6,425 | 6,150 | 6,425 | 6,150 |
| Issued ordinary shares at beginning of the period | ('000) | 265,248 | 262,597 | 265,248 | 262,597 |
| Effect of shares issued during the period | ('000) | 56 | 926 | 56 | 926 |
| Weighted average number of ordinary shares | ('000) | 265,304 | 263,523 | 265,304 | 263,523 |
| Basic earnings per share | (sen) | 2.42 | 2.33 | 2.42 | 2.33 |

(b) Diluted earnings per share

| | | 3 months ended | | 3 months ended | |
|--|----------|-----------------------|-------------------|-----------------------|-------------------|
| | | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| Net profit for the period / year | (RM'000) | 6,425 | 6,150 | 6,425 | 6,150 |
| Issued ordinary shares at beginning of the period / year | ('000) | 265,248 | 262,597 | 265,248 | 262,597 |
| Effect of shares issued during the period | ('000) | 56 | 926 | 56 | 926 |
| Effect of share option-ESOS | ('000) | 1,269 | 346 | 1,269 | 346 |
| Weighted average number of ordinary shares | | 266,573 | 263,869 | 266,573 | 263,869 |
| Diluted earnings per share | (sen) | 2.41 | 2.33 | 2.41 | 2.33 |

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

Turnover for the quarter ended 31 March 2011 was approximately RM67.09 million, representing a decrease of 8.7% as compared to the preceding quarter while the net profit of the Group decreased by 12.4%. The decrease in turnover and net profit is mainly due to lower volume loadings after the respective customers' festive seasons order had been met.

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

The Group's turnover and net profit for the quarter ended 31 March 2011 increased by 11.4% and 4.5% respectively as compared to the same period last year mainly due to higher volume loadings from certain of the Group's customers.

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

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

23. **Seasonal / Cyclical Factors**

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

24. **Prospects**

Moving forward, the Group will continue to focus on escalating up the value chain and riding on the R&D initiatives in new products' design and development. The Group will also continue to step up efforts in improving the efficiency and cost reduction measures in its Group's operations to achieve the necessary competitive edge in the market.

Barring any unforeseen circumstances, the Group is optimistic of maintaining its performance and growth in financial year 2011.

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

Not Applicable.

26. **Dividends**

A first single tier interim dividend of 3% (2010 : 6% less 25% tax) per share for the financial year ending 31 December 2011 totalling RM4 million was paid on 6 April 2011.

A single tier final dividend of 4% (2009 : 4% less 25% tax) per share for the financial year ended 31 December 2010 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

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

The breakdown of the retained earnings of the Group as at 31 March 2011 and 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:-

| | As At End of Current Quarter 31/03/2011 RM'000 | As At End of Preceding Quarter 31/12/10 RM'000 |
|---|---|---|
| Total retained earnings of the Company and its subsidiaries:- | | |
| - Realised | 95,978 | 91,726 |
| - Unrealised | 6,230 | 4,532 |
| | <hr/> 102,208 | <hr/> 96,258 |
| Add: Consolidation adjustments | 3,681 | 3,206 |
| Total retained earnings | <hr/> <hr/> 105,889 | <hr/> <hr/> 99,464 |

By Order of the Board

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

Dated this 26 April 2011