

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**  
**Condensed Consolidated Statement of Comprehensive Income**  
The figures have not been audited

	Note	3 months ended		12 months ended	
		31/12/2010	31/12/2009 Restated	31/12/2010	31/12/2009 Restated
Continuing operations		RM'000	RM'000	RM'000	RM'000
Revenue		73,450	65,045	279,150	217,497
Cost of sales		(56,407)	(49,540)	(211,905)	(177,360)
Gross profit		17,043	15,505	67,245	40,137
Administrative and operating expenses		(6,927)	(13,163)	(33,584)	(31,260)
Other operating income		1,239	2,260	2,560	8,945
Results from operating activities		11,355	4,602	36,221	17,822
Finance income		194	435	1,330	1,254
Finance costs		-	-	-	(9)
Net finance income / (costs)		194	435	1,330	1,245
Share of profit of associate, net of tax		49	39	154	161
Profit before tax		11,598	5,076	37,705	19,228
Income tax expense	8	(3,983)	934	(7,699)	(3,307)
Profit for the period		7,615	6,010	30,006	15,921
Other comprehensive income, net of tax					
Fair value of available-for-sale assets		587	-	519	-
Other comprehensive income for the period, net of tax		587	-	519	-
Total comprehensive income for the period		8,202	6,010	30,525	15,921

	3 months ended		12 months ended	
	31/12/2010	31/12/2009 Restated	31/12/2010	31/12/2009 Restated
	RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to :</b>				
Owners of the Company	7,615	6,010	30,006	15,921
Minority interest	-	-	-	-
<b>Profit for the period</b>	<b>7,615</b>	<b>6,010</b>	<b>30,006</b>	<b>15,921</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	8,202	6,010	30,525	15,921
Minority interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>8,202</b>	<b>6,010</b>	<b>30,525</b>	<b>15,921</b>
<b>Earnings per ordinary share (sen)</b>	19			
- Basic	2.87	2.29	11.31	6.07
- Diluted	2.87	2.26	11.31	6.05

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

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**  
**Condensed Consolidated Statement of Financial Position**

The figures have not been audited

	Note	As at 31/12/2010 RM'000	As at 31/12/2009 Restated RM'000
<b>Assets</b>			
Property, plant and equipment	6	171,822	118,449
Investment property		8,903	9,160
Investment in an associate		4,761	4,608
Other investments		6,381	7,516
<b>Total non-current assets</b>		<u>191,867</u>	<u>139,733</u>
Trade receivables		43,763	36,957
Other receivables, deposits and prepayments		5,694	2,358
Inventories		15,162	8,755
Current tax assets		-	185
Cash and cash equivalents		49,242	85,436
Assets classified as held for sale		-	4,021
<b>Total current assets</b>		<u>113,861</u>	<u>137,712</u>
<b>Total assets</b>		<u><b>305,728</b></u>	<u><b>277,445</b></u>
<b>Equity</b>			
Share Capital		133,149	131,298
Share premium		8,656	8,284
Reserves			
Exchange fluctuation reserve		(4,351)	(1,346)
Fair value reserve		1,328	-
Share option reserve		936	658
Retained profits		101,558	87,599
<b>Total equity</b>		<u>241,276</u>	<u>226,493</u>
<b>Liabilities</b>			
Deferred tax liabilities		5,355	2,793
Deferred income		971	1,719
<b>Total non-current liabilities</b>		<u>6,326</u>	<u>4,512</u>
Trade payables		17,049	17,319
Other payables and accruals		31,821	25,516
Bank borrowings		6,366	-
Current tax liabilities		2,890	3,605
<b>Total current liabilities</b>		<u>58,126</u>	<u>46,440</u>
<b>Total liabilities</b>		<u>64,451</u>	<u>50,952</u>
<b>Total equity and liabilities</b>		<u><b>305,728</b></u>	<u><b>277,445</b></u>
<b>Net assets per share (RM)</b>		<b>0.92</b>	<b>0.86</b>

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

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**  
**Condensed Consolidated Statement of Changes in Equity**

The figures have not been audited

	← Non-distributable →					Distributable	
	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	Total RM'000
<b>12 months ended 31/12/2010</b>							
Balance as at 1 January 2010, as previously stated	131,298	8,284	(1,346)	-	658	87,599	226,493
- Effect of adopting FRS 139	-	-	-	809	-	-	809
At 1 January 2010, as restated	131,298	8,284	(1,346)	809	658	87,599	227,302
Issuance of new ordinary shares pursuant to ESOS III	1,851	372	-	-	-	-	2,223
Foreign exchange translation difference	-	-	(3,005)	-	-	-	(3,005)
Disposal of Subsidiary	-	-	-	-	-	(16,824)	(16,824)
Total comprehensive income for the period	-	-	-	519	-	48,645	49,164
Share-based payments	-	-	-	-	278	-	278
Dividends to owners	-	-	-	-	-	(17,862)	(17,862)
<b>Balance as at 31 December 2010</b>	<b>133,149</b>	<b>8,656</b>	<b>(4,351)</b>	<b>1,328</b>	<b>936</b>	<b>101,558</b>	<b>241,276</b>
<b>12 months ended 31/12/2009</b>							
Balance as at 1 January 2009	131,030	8,250	(809)	-	1,909	79,606	219,986
Reversal from share option for expiry of ESOS II	-	-	-	-	(1,909)	1,909	-
Issuance of new ordinary shares pursuant to ESOS III	268	6	-	-	-	-	274
Foreign exchange translation difference	-	-	(537)	-	-	-	(6)
Profit for the period	-	-	-	-	-	15,921	9,911
Share-based payments	-	28	-	-	658	-	686
Dividends to owners	-	-	-	-	-	(9,837)	(9,837)
<b>Balance as at 31 December 2009</b>	<b>131,298</b>	<b>8,284</b>	<b>(1,346)</b>	<b>-</b>	<b>658</b>	<b>87,599</b>	<b>226,493</b>

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

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**  
**Condensed Consolidated Statement of Cash Flows**

The figures have not been audited

	Note	12 months ended 31/12/2010 RM'000	12 months ended 31/12/2009 Restated RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		37,705	19,228
Adjustments for:-			
Depreciation of property, plant and equipment		43,437	37,999
Depreciation of investment property		257	-
Amortisation of prepaid lease payments		145	257
Amortisation of assets held for sale		-	163
Plant & equipment written off		37	1,696
Impairment loss on plant & equipment		-	1,454
Loss / (gain) on disposal of plant and equipment		(64)	4,491
Loss / (gain) on disposal of a subsidiary		1,628	-
Finance income		(1,330)	(1,254)
Amortisation of deferred income		(2,058)	(2,833)
Share of profit of associate, net of tax		(153)	(161)
Loss / (gain) on disposal of other investments	9	(39)	10
Share-based payments		278	686
Finance costs		-	9
(Reversal) / Allowance for diminution in value of other investment		-	(321)
Operating profit before changes in working capital		79,843	61,424
Changes in working capital :			
Inventories		(6,407)	1,195
Receivables, deposits and prepayments		(6,886)	3,359
Payables and accruals		6,095	(19,267)
Cash generated from operations		72,645	46,711
Income tax paid		(5,666)	(4,072)
Net cash generated from operating activities		<b>66,979</b>	<b>42,639</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(97,270)	(22,192)
Purchase of prepaid lease payments		-	(2,523)
Purchase of other investments	9	(307)	(1,212)
Proceeds from disposal of plant and equipment		348	2,454
Proceeds from disposal of other investments		2,309	1,220
Disposal of a subsidiary		2,622	-
Interest received		1,330	1,254
Net cash used in investing activities		<b>(90,968)</b>	<b>(20,999)</b>

	<b>12 months ended 31/12/2010 RM'000</b>	<b>12 months ended 31/12/2009 RM'000 Restated</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to owners of the Company	(17,862)	(9,837)
Drawdown / (repayment) of bank borrowings	6,365	(1,042)
Proceeds from issue of shares	2,223	274
Interest paid	-	(9)
Grant received	1,309	3,389
Net cash used in financing activities	<b>(7,965)</b>	<b>(7,225)</b>
Net (decrease) / increase in cash and cash equivalents	<b>(31,954)</b>	<b>14,415</b>
<b>Cash and cash equivalents as at 1 January</b>	85,436	71,120
Effect of exchange rates difference on cash and cash equivalents	(4,240)	(99)
<b>Cash and cash equivalents as at 31 December</b>	<b>49,242</b>	<b>85,436</b>

**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	11,647
- Short term deposits	10,352
Cash and bank balances	27,243
	<b>49,242</b>

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

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**  
**Notes to the condensed consolidated interim financial statements**

**1. Basis of Preparation**

**Statement of Compliance**

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

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010 respectively.

FRS 4 and IC Interpretations 12, 13, 14 and 15 are not applicable to the Group. Other than as stated below, the adoption of the other FRSs, Amendments to FRSs and IC Interpretations do not have any material impact on the financial statements of the Group.

**2. Significant Accounting Policies**

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

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

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

**Financial Assets**

**(a) Loans and receivables**

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

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

**(b) Available-for-sale financial assets**

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

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

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

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

### **Financial Liabilities**

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

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

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

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

### ***Investments in equity securities***

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

### ***Investments in debt securities***

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



**Impairment of trade and other receivables**

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

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

**(ii) FRS 8, Operating Segments**

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

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

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

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

**(iv) FRS 117, Leases**

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

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

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

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

3. **Audit Report of Preceding Annual Financial Statements**

The auditors' report of the Group's most recent annual audited financial statements for the year ended 31 December 2009 was not qualified.

4. **Changes in Estimates**

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2009.

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

5. **Comparative Figures**

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

6. **Property, Plant and Equipment**

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

**(a) Acquisitions and disposals**

During the year ended 31 December 2010, the Group acquired assets with a cost of RM97.3 million (31 December 2009 : RM22.5 million).

Assets with a carrying amount of RM NIL (2009: RM4 million) which had been classified as held for sale due to the Group's intention to dispose of a wholly owned subsidiary, Globetronics Jiaxing Inc. were completed by the Group during the quarter.

**(b) Capital commitments**

During the year ended 31 December 2010, the Group entered into a contract to purchase property, plant and equipment for RM14.3 million (year ended 31 December 2009 : RM4.3 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		12 months ended	
	31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
<b>Current tax expenses</b>				
Malaysia - current	1,944	136	5,289	4,158
- prior period	(23)	124	(152)	343
Overseas - current	-	-	-	-
- prior period	-	-	-	-
	<hr/> 1,921	<hr/> 260	<hr/> 5,137	<hr/> 4,501
<b>Deferred tax expenses</b>				
Malaysia	2,062	(1,194)	2,562	(1,194)
Overseas	-	-	-	-
	<hr/> 3,983	<hr/> (934)	<hr/> 7,699	<hr/> 3,307

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 year.

## 9. Quoted Securities and Bond

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

	12 months ended
	31/12/2010 RM'000
Purchases	307
Sales	2,306
Gain on disposal of investments	39

## 10. Unquoted Investments

During the financial year to date, the Company disposed certain of its unquoted investments at cost and recorded no gain nor loss from the disposal.

## 11. Corporate Proposals

There were no corporate proposals by the Company during the financial year 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 year to date, except for the following transactions : -

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

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

ESOS Option Price RM per share	Number of Shares '000
0.51	3,643.3
0.80	49.7
1.52	4.8
1.09	4.0

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 RM23.8 million of which RM9.9 million has been utilized as at 31 December 2010, an increase of RM5 million as compared to 31 December 2009.

15. **Off Balance Sheet Financial Instruments**

The Group did not have any financial instruments with off balance sheet risk as at 14 February 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 2009.

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**

**12 months ended 31/12/2010**

	<b>Malaysia</b>	<b>China</b>	<b>United States</b>	<b>Singapore</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers by location of customers	188,667	1,405	65,629	23,323	279,150
Segment assets by location of assets	294,789	218	-	-	305,728
Capital expenditure by location of assets	97,270	-	-	-	97,270

**12 months ended 31/12/2009**

	<b>Malaysia</b>	<b>China</b>	<b>United States</b>	<b>Singapore</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers by location of customers	135,483	886	62,522	18,385	217,497
Segment assets by location of assets	256,282	5,807	-	-	277,260
Capital expenditure by location of assets	24,715	-	-	-	24,715

19. **Earnings Per Share**

**(a) Basic earnings per share**

		<b>3 months ended</b>		<b>12 months ended</b>	
		<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
Net profit for the period / year	(RM'000)	7,615	6,010	30,006	15,921
Issued ordinary shares at beginning of the period / year	('000)	262,597	1,310,297	262,597	1,310,297
Effect of shares consolidation during the period / year	('000)	-	(1,048,238)	-	(1,048,238)
Effect of shares issued during the period / year	('000)	2,651	245	2,651	245
<b>Weighted average number of ordinary shares</b>	('000)	<b>265,248</b>	<b>262,304</b>	<b>265,248</b>	<b>262,304</b>
Basic earnings per share	(sen)	2.87	2.29	11.31	6.07

**(b) Diluted earnings per share**

		<b>3 months ended</b>		<b>12 months ended</b>	
		<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
Net profit for the period / year	(RM'000)	7,615	6,010	30,006	15,921
Issued ordinary shares at beginning of the period / year	('000)	262,597	1,310,297	262,597	1,310,297
Effect of shares consolidation during the period / year	('000)	-	(1,048,238)	-	(1,048,238)
Effect of shares issued during the period / year	('000)	2,651	245	2,651	245
Effect of share option-ESOS	('000)	131	4,039	131	4,039
<b>Weighted average number of ordinary shares</b>		<b>265,379</b>	<b>266,343</b>	<b>265,379</b>	<b>266,343</b>
Diluted earnings per share	(sen)	2.87	2.26	11.31	6.05

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

Turnover for the quarter ended 31 December 2010 was approximately RM73.45 million, representing a decrease of 3.8% as compared to the preceding quarter while the net profit of the Group decreased by 12.6%. The decrease in turnover and net profit is mainly due to lower volume loadings after the respective customers' festive seasons order had been met and higher deferred tax charge.

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

The Group's turnover and net profit for the year ended 31 December 2010 increased significantly by 28% and 88% respectively as compared to the same period last year mainly due to higher volume loadings from all the Group's customers as a result of recovery of the global economy. The net profit for the year ended 31 December 2009 was partly affected by impairment loss due to the shutdown of the Group's China operations.

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

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

A second interim dividend of 5.3% less 25% tax (2009 : 5% less 25% tax) per share and a special dividend of 2% tax-exempt (2009 : 1% less 25% tax) per share for the financial year ended 31 December 2010 totalling RM7.96 million was paid on 2 December 2010.

27. **Realised and unrealised profits/losses disclosure**

The retained profits as at 31 December 2010 and 30 September 2010 are analysed as follows:-

	<b>As At End of Current Quarter 31/12/2010 RM'000</b>	<b>As At End of Preceding Quarter 30/09/10 RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
- Realised	88,511	75,728
- Unrealised	7,747	4,210
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Add: Consolidated adjustments	5,300	20,145
Total group retained profits as per consolidated income statements	101,558	100,083
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By Order of the Board

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

Dated this 22 February 2011