

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006**  
**Condensed Consolidated Income Statements**

The figures have not been audited

		3 months ended		9 months ended	
	Note	30/09/2006 RM'000	30/09/2005 RM'000	30/09/2006 RM'000	30/09/2005 RM'000
Revenue		84,927	86,333	249,485	240,945
Cost of goods sold		(62,488)	(68,538)	(190,725)	(194,184)
Gross profit		22,439	17,795	58,760	46,761
Administrative & operating expenses		(7,892)	(7,156)	(22,563)	(21,001)
Other operating income		666	958	2,836	2,597
Operating profit before finance cost, depreciation and amortisation and income tax		15,213	11,597	39,033	28,357
Finance Cost		(54)	(24)	(116)	(38)
Depreciation and amortisation		(5,785)	(2,973)	(11,518)	(8,922)
Share of profit / (loss) of associated company		58	49	105	59
Profit before income tax, minority interests and extraordinary items after share of profits of associated company		9,432	8,649	27,504	19,456
Income tax	8	(928)	(1,453)	(3,970)	(2,208)
Profit after tax		8,504	7,196	23,534	17,248
Minority Interest		-	-	-	-
Net profit from ordinary activities attributable to members of the Company		8,504	7,196	23,534	17,248
Earnings per share (sen)					
- basic		0.65	0.55	1.80	1.32
- diluted		0.65	0.55	1.79	1.32

The Condensed Consolidated Income Statement should be read in conjunction with the Group's audited Financial Statements as at 31 December 2005. The accompanying notes are an integral part of this statement.

**GLOBETRONICS TECHNOLOGY BHD (410285-W)****INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006****Condensed Consolidated Balance Sheet**

The figures have not been audited

	Note	As at 30/09/2006 RM'000	Restated 31/12/2005 RM'000
<b>Assets</b>			
Property, plant & equipment		105,156	97,351
Prepaid lease payments		5,858	5,970
Investment in associated company		4,251	4,175
Other investments		14,659	21,538
<b>Total non-current assets</b>		<b>129,924</b>	<b>129,034</b>
Inventories		29,201	46,454
Trade receivables		35,974	33,070
Other receivables, deposits and prepayments		4,831	4,190
Cash & Bank balances		95,904	76,959
<b>Total current assets</b>		<b>165,910</b>	<b>160,673</b>
<b>Total assets</b>		<b>295,834</b>	<b>289,707</b>
<b>Equity</b>			
Share Capital		131,025	131,024
Reserves			
Share premium		8,240	8,239
Capital reserve		1,327	1,328
Exchange fluctuation reserve		647	(681)
Unappropriated profits		86,001	66,398
<b>Total equity attributable to shareholders of the Company</b>		<b>227,240</b>	<b>206,308</b>
<b>Liabilities</b>			
Deferred Taxation		6,181	5,781
Deferred Income		36	71
<b>Total non-current liabilities</b>		<b>6,217</b>	<b>5,852</b>
Trade payables		18,831	30,622
Other creditors & accruals		40,224	38,776
Bank borrowings	9	2,607	2,607
Dividend payable		-	5,241
Taxation		715	298
Provision		-	3
<b>Total current liabilities</b>		<b>62,377</b>	<b>77,547</b>
<b>Total liabilities</b>		<b>68,594</b>	<b>83,399</b>
<b>Total equity and liabilities</b>		<b>295,834</b>	<b>289,707</b>
<b>Net assets per share (RM)</b>		<b>0.17</b>	<b>0.16</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited Financial Statements as at 31 December 2005. The accompanying notes are an integral part of this balance sheet.

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006**  
**Condensed Consolidated Statement of Changes in Equity**

The figures have not been audited

		Non-distributable			Distributable		
	Note	Share Capital	Share Premium	Exchange Fluctuation Reserve	Capital Reserve	Unappropriated Profits	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended 30/09/2006</b>							
Balance as at 01/01/2006							
- As previously reported		131,024	8,239	(681)	-	67,726	206,308
- Effect of adopting FRS2	2(a)	-	-	-	1,328	(1,328)	-
- As restated		131,024	8,239	(681)	1,328	66,398	206,308
Issue of shares		1	1	-	(1)	-	1
Foreign exchange differences		-	-	1,328	-	-	1,328
Net profit after tax for the period		-	-	-	-	23,534	23,534
Dividends		-	-	-	-	(3,931)	(3,931)
<b>Balance as at 30/09/2006</b>		<b>131,025</b>	<b>8,240</b>	<b>647</b>	<b>1,327</b>	<b>86,001</b>	<b>227,240</b>
<b>9 months ended 30/09/2005</b>							
Balance at 01/01/2005		131,023	8,236	(1,419)	-	65,500	203,340
Issue of shares		1	3	-	-	-	4
Foreign exchange differences		-	-	281	-	-	281
Net profit after tax for the period		-	-	-	-	17,248	17,248
Dividends		-	-	-	-	(3,931)	(3,931)
<b>Balance as at 30/09/2005</b>		<b>131,024</b>	<b>8,239</b>	<b>(1,138)</b>	<b>-</b>	<b>78,817</b>	<b>216,942</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 2005. The accompanying notes are an integral part of this statement.

**GLOBETRONICS TECHNOLOGY BHD (410285-W)****INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006****Condensed Consolidated Cash Flow Statement**

The figures have not been audited

	Note	9 months ended 30/09/2006 RM'000	9 months ended 30/09/2005 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Tax		27,504	19,456
Adjustments for:-			
Depreciation and amortisation		11,553	8,947
Plant and equipment written off		1,885	2,076
Loss/ (gain) on disposal of plant and equipment		(63)	(222)
Interest expenses		116	38
Amortisation of deferred income		(35)	(25)
Interest income		(2,266)	(1,795)
Gain on disposal of investments	10,11,13	(666)	(265)
Share of profit of associated company		(105)	(59)
Operating profit before working capital changes		37,923	28,151
(Increase) / Decrease in:			
Inventories		17,253	(3,465)
Trade and other receivables		(1,635)	(1,062)
Increase / (Decrease) in:			
Trade and other payables		(10,239)	2,670
Cash generated from / (used in) operating activities		43,302	26,294
Research & development expenditure paid		(3)	(115)
Interest paid		(116)	(38)
Tax (paid) / refund		(3,106)	(610)
Net cash generated from / (used in) operating activities		<b>40,077</b>	<b>25,531</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(23,789)	(10,024)
Purchase of other investments		(3,305)	(5,798)
Proceeds from disposal of plant and equipment		2,323	1,534
Proceeds from disposal of investments		10,921	5,395
Interest Received		2,266	1,795
Net cash (used in) / generated from investing activities		<b>(11,584)</b>	<b>(7,098)</b>

	9 months ended 30/09/2006	9 months ended 30/09/2005
	RM'000	RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(9,172)	(3,931)
Drawdown of term loan	-	2,607
Grant received	-	70
Issue of shares pursuant to ESOS	1	4
Net cash (used in) / generated from financing activities	<b>(9,171)</b>	<b>(1,250)</b>
Net increase / (decrease) in cash and cash equivalents	<b>19,322</b>	<b>17,183</b>
<b>Cash and cash equivalents as at 1 January</b>	76,959	61,810
Foreign exchange differences	(377)	241
<b>Cash and cash equivalents as at 30 September</b>	<b>95,904</b>	<b>79,234</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited Financial Statements as at 31 December 2005. The accompanying notes are an integral part of this statement.

**GLOBETRONICS TECHNOLOGY BHD (410285-W)**  
**INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006**  
**Notes to the interim financial report**

**1. Basis of Preparation**

This interim report is 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 2005.

The significant accounting policies and presentation applied in the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2005 except for the adoption of the following new / revised FRS for the Group's financial period beginning 1 January 2006 :

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 3, 5, 110, 116, 121, 127, 128, 132, 133, 136, 138 and 140 does not have any significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRSs are disclosed in Note 2 below.

**2. Changes in Accounting Policies**

The adoption of the above new / revised FRS has resulted in changes in accounting policies as follows :

**a) FRS 2 : Share-based Payment**

The adoption of FRS 2 has resulted in a change in accounting policy for staff costs of the Group arising from share options granted by Globetronics Technology Bhd to employees (including executive directors) of the Group.

Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted to employees of the Group. Upon the adoption of FRS 2, where the Group pays for services of its employees using share options, the fair value of the transaction is recognised as an expense in the income statement over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option at the date of the grant and the number of share options to be vested by vesting date. At balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is

**a) FRS 2 : Share-based Payment (Con't)**

included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

During the first quarter ended 31 March 2006, the Group has adopted the *Black Scholes* share option valuation methodology, for the valuation of share options granted under the Company's share option schemes in line with best practices. As a result, the Company had accordingly restated the comparative information and opening balance of unappropriated profits for the prior year charges, as allowed under the transitional provisions of FRS 2, as follows : -

	As previously reported RM'000	Effect of adopting FRS2 RM'000	As restated RM'000
As at 31/12/2005			
- Unappropriated profits	67,726	(1,328)	66,398
- Capital reserve	-	1,328	1,328

**b) FRS 117 : Leases**

With the adoption of FRS 117, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued.

Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. Such prepaid lease payment will now be amortized over the remaining lease term of the land.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively in accordance with FRS 117 by restating the balance sheet presentation as at 31 March 2006, as illustrated below. However, there is no impact to the unappropriated profits of the Group as at 30 September 2006.

The Group has adopted the above FRS in its financial statements since 1 January 2006. The following comparative amounts have been restated due to the adoption of the revised FRS :

	As previously reported RM'000	Effect of adopting FRS 117 RM'000	As restated RM'000
As at 31/12/2005			
- Property, plant and equipment	103,321	(5,970)	97,351
- Prepaid lease payments	-	5,970	5,970

**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 2005 was not qualified.

**4. Changes in Estimates**

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.

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**

	3 months ended		9 months ended	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expenses</b>				
Malaysia - current	965	981	3,094	2,206
- prior period	(58)	7	442	(487)
Overseas - current	5	21	5	41
- prior period	-	(69)	-	(69)
	912	940	3,541	1,691
<b>Deferred tax expenses</b>				
Malaysia	-	500	400	500
Overseas	-	-	-	-
	-	-	400	-
	912	1,440	3,941	2,191
<b>Tax expense on share of profit of associated company</b>				
	16	13	29	17
	928	1,453	3,970	2,208

9. **Bank Borrowings**

	As at 30/09/2006 RM'000	As at 30/09/2005 RM'000
i) Long Term Loan - Secured (between 2-5 years)	-	1,692
ii) Short Term Loan - Secured	2,607	915
	-----	-----
	2,607	2,607
	=====	=====

The term loans are secured by a corporate guarantee from the Company and are repayable in full on April 2007. Interest on the term loan is payable half yearly and is charged at fixed rates of 4.94% to 5.06% per annum respectively.



10. **Quoted Securities / Bond**

During the financial period to date, the Company recorded a gain on disposal of its other investments amounting to approximately RM0.5 million.

(a)

**9 months ended  
30/09/2006  
RM'000**

Purchases	3,305
Sales / Maturity	9,698
Profit from disposal	465

(b)

**As at 30/09/2006  
RM'000**

Total investment at cost	10,309
Total investment at book value	10,309
Total investment at market value	10,432

11. **Profit on Sale of Unquoted Investments**

During the financial period to date, the Company had made a sale of its unquoted investments of approximately RM0.4 million and recorded no gain or loss from the disposal.

12. **Corporate Proposals**

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

13. **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 except Globetronics International Incorporated (a wholly-owned subsidiary of the Company) has completed the disposal of its entire equity interest in Globetronics Shanghai Inc to Trio-Tech International Private Ltd on 3 January 2006, for a cash consideration of RM 2 million. As a result, the Group recorded a gain on disposal amounting to approximately RM0.2 million (including an amount of RM0.15 million representing final adjustments on net debtors/creditors).

14. **Debt and Equity Securities**

There were no other 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 following :-

Issuance of the following ordinary shares of RM0.10 each exercised by the eligible employees pursuant to the Company's Employee Share Option Scheme II ("ESOS II").

ESOS option price	Number of Shares
RM per share	'000
0.30	3.7

15. **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 RM9 million of which RM5 million has been utilized as at 30 September 2006, no change when compared to 31 December 2005.

16. **Off Balance Sheet Financial Instruments**

The Group did not have any financial instruments with off balance sheet risk as at 26 October 2006, the latest practicable date that shall not be earlier than 7 days from the date of issue of the quarterly report.

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**

**9 months ended 30/09/2006**

	<b>Malaysia</b>	<b>Philippines</b>	<b>China</b>	<b>United States</b>	<b>S'pore</b>	<b>Others</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</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	167,746	2,308	24	21,556	57,498	353	249,485
Segment assets by location of assets	260,831	2,931	15,782	-	-	16,276	295,820
Capital expenditure by location of assets	23,046	-	743	-	-	-	23,789

**9 months ended 30/09/2005**

	<b>Malaysia</b>	<b>Philippines</b>	<b>China</b>	<b>United States</b>	<b>S'pore</b>	<b>Others</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</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	170,158	3,076	745	4,211	62,499	256	240,945
Segment assets by location of assets	248,201	3,746	18,305	-	-	14,715	284,967
Capital expenditure by location of assets	8,121	30	1,873	-	-	-	10,024

19. **Earnings Per Share**

**(a) Basic earnings per share**

		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>30/09/2006</b>	<b>30/09/2005</b>	<b>30/09/2006</b>	<b>30/09/2005</b>
Net profit for the period	(RM'000)	8,504	7,196	23,534	17,248
Issued ordinary shares at beginning of the period	('000)	1,310,234	1,310,148	1,310,234	1,310,148
Effect of shares issued during the period	('000)	3	2	3	2
<b>Weighted average number of ordinary shares</b>	('000)	1,310,237	1,310,150	1,310,237	1,310,150
Basic earnings per share	(sen)	0.65	0.55	1.80	1.32

**(b) Diluted earnings per share**

		<b>3 months ended</b>		<b>9 months ended</b>	
		<b>30/09/2006</b>	<b>30/09/2005</b>	<b>30/09/2006</b>	<b>30/09/2005</b>
Net profit for the period	(RM'000)	8,504	7,196	23,534	17,248
Issued ordinary shares at beginning of the period	('000)	1,310,234	1,310,148	1,310,234	1,310,148
Effect of shares issued during the period	('000)	3	2	3	2
Effect of share option-ESOS	('000)	1,102	1,419	1,102	1,419
<b>Weighted average number of ordinary shares</b>		1,311,339	1,311,569	1,311,339	1,311,569
Diluted earnings per share	(sen)	0.65	0.55	1.79	1.32

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

Turnover for the quarter ended 30 September 2006 was approximately RM85 million, representing an increase of 4% as compared to the preceding quarter while the net profit of the Group increased by RM0.6million or 7%, mainly attributed to increase of volume produced and better product loading mix for the Group.

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

The Group's turnover for the 9 months ended 30 September 2006 have increased by 3% as compared to the same period last year while the net profit of the Group increased significantly by RM6 million or 36% mainly due to : -

- (i) additional volume loading and new products transferred from new customers achieving economy of scale; and
- (ii) one time write off for the Group's Philippines operations (approximately RM2.3 million) incurred in year 2005.

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**

The Board of Directors is optimistic of achieving satisfactory results this year by making continuous breakthrough in creating new business opportunities with various customers.

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

Not Applicable.

26. **Dividends**

A final dividend of 3% tax exempt (2004: 3% tax exempt) per share for the financial year ended 31 December 2005 totalling RM3,930,737 was paid on 8 June 2006.

An interim dividend of 3% tax exempt (2005: 3% tax exempt) per share for the financial year ending 31 December 2006, totaling RM3,930,737 was paid on 18 October 2006.

A special interim dividend of 7% tax exempt (2005: 7% tax exempt) per share for the financial year ending 31 December 2006 totalling RM9,171,720 was paid on 18 October 2006.

By Order of the Board

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

Dated this 30 October 2006

