

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006
Condensed Consolidated Income Statements
The figures have not been audited

		3 months ended		6 months ended	
	Note	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Revenue		81,881	80,378	164,558	154,612
Cost of goods sold		(62,588)	(66,561)	(128,237)	(125,646)
Gross profit		19,293	13,817	36,321	28,966
Administrative & operating expenses		(7,500)	(6,937)	(14,671)	(13,845)
Other operating income		1,046	744	2,170	1,639
Operating profit before finance cost, depreciation and amortisation and income tax		12,839	7,624	23,820	16,760
Finance Cost		(32)	(14)	(62)	(14)
Depreciation and amortisation		(3,019)	(2,980)	(5,734)	(5,949)
Share of profit / (loss) of associated company		42	24	48	11
Profit before income tax, minority interests and extraordinary items after share of profits of associated company		9,830	4,654	18,072	10,808
Income tax	8	(1,870)	(616)	(3,042)	(755)
Profit after tax		7,960	4,038	15,030	10,053
Minority Interest		-	-	-	-
Net profit from ordinary activities attributable to members of the Company		7,960	4,038	15,030	10,053
Earnings per share (sen)	19				
- basic		0.61	0.31	1.15	0.77
- diluted		0.61	0.31	1.15	0.77

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 JUNE 2006
Condensed Consolidated Balance Sheet
The figures have not been audited

	Note	As at 30/06/2006 RM'000	Restated 31/12/2005 RM'000
Non-Current Assets			
Property, plant & equipment		106,732	97,351
Prepaid lease payments		5,895	5,970
Investment in associated company		4,209	4,175
Other investments		14,277	21,538
Current Assets			
Inventories		30,948	46,454
Trade receivables		30,304	33,070
Other receivables, deposits and prepayments		6,141	4,190
Cash & cash equivalents		84,494	76,959
		151,887	160,673
Current Liabilities			
Trade payables		16,559	30,622
Other payables and accruals		38,086	38,776
Bank borrowings	9	2,607	2,607
Dividend payable		-	5,241
Taxation		1,093	298
Provision		-	3
		58,345	77,547
Net Current Assets		93,542	83,126
		224,655	212,160
Shareholders' Funds			
Share capital		131,025	131,024
Reserves			
Share premium		8,240	8,239
Capital reserve		1,327	1,328
Exchange fluctuation reserve		340	(681)
Unappropriated profits		77,497	66,398
		87,404	75,284
		218,429	206,308
Deferred Taxation		6,181	5,781
Deferred Income		45	71
		224,655	212,160
Net assets per share (RM)		0.17	0.16

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 JUNE 2006
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

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
6 months ended 30/06/2006							
Balance as at 01/01/2006							
- As previously reported		131,024	8,239	(681)	-	67,726	206,308
- Effect of adopting FRS2		-	-	-	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		-	-	1,021	-	-	1,021
Net profit after tax for the period		-	-	-	-	15,030	15,030
Dividends		-	-	-	-	(3,931)	(3,931)
Balance as at 30/06/2006		131,025	8,240	340	1,327	77,497	218,429
6 months ended 30/06/2005							
Balance at 01/01/2005		131,023	8,236	(1,419)	-	65,500	203,340
Foreign exchange differences		-	-	341	-	-	341
Net profit after tax for the period		-	-	-	-	10,053	10,053
Dividends		-	-	-	-	(3,931)	(3,931)
Balance as at 30/06/2005		131,023	8,236	(1,078)	-	71,622	209,803

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 JUNE 2006
Condensed Consolidated Cash Flow Statement
The figures have not been audited

	Note	6 months ended 30/06/2006 RM'000	6 months ended 30/06/2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Tax		18,072	10,808
Adjustments for:-			
Depreciation and amortisation		5,760	5,966
Plant and equipment written off		-	2,083
Loss / (gain) on disposal of plant and equipment		28	(13)
Interest expenses		62	14
Amortisation of deferred income		(26)	(17)
Interest income		(1,410)	(1,084)
Gain on disposal of investments	10,11,13	(589)	(268)
Share of profit of associated company		(48)	(11)
Operating profit before working capital changes		21,849	17,478
(Increase) / Decrease in:			
Inventories		15,506	1,202
Trade and other receivables		2,528	3,519
Increase / (Decrease) in:			
Trade and other payables		(14,614)	(7,381)
Cash generated from / (used in) operating activities		25,269	14,818
Research & development expenditure paid		(3)	(90)
Interest paid		(62)	(14)
Tax (paid) / refund		(1,817)	312
Net cash generated from / (used in) operating activities		23,387	15,026
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,867)	(6,840)
Purchase of other investments		(2,415)	(4,499)
Proceeds from disposal of plant and equipment		1,250	996
Proceeds from disposal of investments		10,335	3,976
Interest received		1,410	1,084
Net cash generated from / (used in) investing activities		(6,287)	(5,283)

	6 months ended 30/06/2006	6 months ended 30/06/2005
	RM'000	RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(9,171)	(3,931)
Repayment of term loan	-	-
Drawdown of term loan	-	2,607
Issue of shares pursuant to ESOS	1	-
Net cash (used in) / generated from financing activities	(9,170)	(1,324)
Net increase / (decrease) in cash and cash equivalents	7,930	8,419
Cash and cash equivalents as at 1 January	76,959	61,810
Foreign exchange differences	(395)	251
Cash and cash equivalents as at 30 June	84,494	70,480

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 JUNE 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 effective 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 illustration below. However, there is no impact to the unappropriated profits of the Group as at 30 June 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		6 months ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysia - current	1,159	605	2,128	1,225
- prior period	300	-	500	(494)
Overseas - current	(1)	8	1	21
- prior period	-	-	-	-
	<u>1,458</u>	<u>613</u>	<u>2,629</u>	<u>752</u>
Deferred tax expenses				
Malaysia	400	-	400	-
Overseas	-	-	-	-
	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>
	<u>1,858</u>	<u>613</u>	<u>3,029</u>	<u>752</u>
Tax expense on share of profit of associated company				
	12	3	13	3
	<u>1,870</u>	<u>616</u>	<u>3,042</u>	<u>755</u>

9. **Bank Borrowings**

	As at 30/06/2006 RM'000	As at 30/06/2005 RM'000
i) Long Term Loan - Secured (between 2-5 years)	-	1,692
ii) Short Term Loan - Secured	2,607	915
	<u>2,607</u>	<u>2,607</u>
	=====	=====

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 RM0.5million

(a)

**6 months ended
30/06/2006
RM'000**

Purchases	2,415
Sales / Maturity	9,262
Profit from disposal	502

(b)

**As at 30/06/2006
RM'000**

Total investment at cost	9,927
Total investment at book value	9,927
Total investment at market value	9,899

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 RM378,000 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 RM51,000.

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 June 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 20 July 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

6 months ended 30/06/2006

	Malaysia	Philippines	China	United States	S'pore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer by location of customers	111,468	1,465	14	10,750	40,628	233	164,558
Segment assets by location of assets	248,148	2,825	15,821	-	-	16,190	282,984
Capital expenditure by location of assets	16,435	-	432	-	-	-	16,867

6 months ended 30/06/2005

	Malaysia	Philippines	China	United States	S'pore	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer by location of customers	110,385	2,163	344	2,508	39,074	138	154,612
Segment assets by location of assets	229,563	4,490	18,551	-	-	14,619	267,223
Capital expenditure by location of assets	5,038	30	1,772	-	-	-	6,840

19.	(a) Basic earnings per share		3 months ended		6 months ended	
			30/06/2006	30/06/2005	30/06/2006	30/06/2005
	Net profit for the period	(RM'000)	7,960	4,038	15,030	10,053
	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	-	3	-
	Weighted average number of ordinary shares	('000)	1,310,237	1,310,148	1,310,237	1,310,148
	Basic earnings per share	(sen)	0.61	0.31	1.15	0.77
	(b) Diluted earnings per share		3 months ended		6 months ended	
			30/06/2006	30/06/2005	30/06/2006	30/06/2005
	Net profit for the period	(RM'000)	7,960	4,038	15,030	10,053
	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	-	3	-
	Effect of share option-ESOS	('000)	1,660	1,224	1,660	1,580
	Weighted average number of ordinary shares		1,311,897	1,311,372	1,311,897	1,311,728
	Diluted earnings per share	(sen)	0.61	0.31	1.15	0.77

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

There is no significant change in the turnover for the quarter ended 30 June 2006 as compared to the preceding quarter. Nonetheless, the net profit of the Group has increased by RM1 million or 13%, mainly due to better product loading mix for the Group.

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

The Group's turnover for the 6 months ended 30 June 2006 have increased by 6% as compared to the same period last year while the net profit of the Group increased significantly by RM5 million or 50% mainly due to : -

- (i) additional volume loading and new products transferred from new customers achieving economy of scale; and
- (ii) one off write off for 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.

The Board of Directors has recommended the following dividends for the financial year ending 31 December 2006 to be payable on a date to be determined later : -

- (i) An interim tax exempt dividend of 3% (2005 : 3% tax exempt) per share; and
- (ii) A special interim tax exempt dividend of 7% (2005 : 7% tax exempt) per share.

By Order of the Board

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

Dated this 25 July 2006