

GLOBETRONICS TECHNOLOGY BHD (410285-W)
INTERIM REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006
Condensed Consolidated Income Statements

The figures have not been audited

	Note	3 months ended		3 months ended	
		31/03/2006 RM'000	31/03/2005 RM'000	31/03/2006 RM'000	31/03/2005 RM'000
Revenue		82,676	74,234	82,676	74,234
Cost of goods sold		(65,648)	(59,085)	(65,648)	(59,085)
Gross profit		17,028	15,149	17,028	15,149
Administrative & operating expenses		(7,171)	(6,908)	(7,171)	(6,908)
Other operating income		1,125	895	1,125	895
Operating profit before finance cost, depreciation and amortisation and income tax		10,982	9,136	10,982	9,136
Finance Cost		(30)	-	(30)	-
Depreciation and amortisation		(2,715)	(2,969)	(2,715)	(2,969)
Share of profit / (loss) of associated company		5	(13)	5	(13)
Profit before income tax, minority interests and extraordinary items after share of profits of associated company		8,242	6,154	8,242	6,154
Income tax	8	(1,172)	(139)	(1,172)	(139)
Profit after tax		7,070	6,015	7,070	6,015
Minority Interest		-	-	-	-
Net profit from ordinary activities attributable to members of the Company		7,070	6,015	7,070	6,015
Earnings per share	19				
- basic		0.54	0.46	0.54	0.46
- diluted		0.54	0.46	0.54	0.46

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 31 MARCH 2006
Condensed Consolidated Balance Sheet

The figures have not been audited

	Note	As at 31/03/2006 RM'000	Restated 31/12/2005 RM'000
Non Current Assets			
Property, plant & equipment		102,587	97,351
Prepaid lease payments		5,933	5,970
Investment in associated company		4,178	4,175
Other investments		19,818	21,538
Current Assets			
Inventories		32,435	46,454
Trade receivables		37,739	33,070
Other receivables, deposits and prepayments		2,613	4,190
Cash & cash equivalents		74,445	76,959
		147,232	160,673
Current Liabilities			
Trade payables		19,311	30,622
Other payables and accruals		37,201	38,776
Bank borrowings	9	2,607	2,607
Dividend payable		-	5,241
Taxation		644	298
Provision		2	3
		59,765	77,547
Net Current Assets		87,467	83,126
		219,983	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		88	(681)
Unappropriated profits		73,468	66,398
		83,123	75,284
		214,148	206,308
Deferred Taxation		5,781	5,781
Deferred Income		54	71
		219,983	212,160
Net assets per share		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 31 MARCH 2006
Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

Note	← Non-distributable →			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	Unappropriated Profits RM'000	
3 months ended 31/03/2006						
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	-	-	769	-	-	769
Net profit after tax for the period	-	-	-	-	7,070	7,070
Balance as at 31/03/2006	131,025	8,240	88	1,327	73,468	214,148
3 months ended 31/03/2005						
Balance at 01/01/2005	131,023	8,236	(1,419)	-	65,500	203,340
Foreign exchange differences	-	-	363	-	-	363
Net profit after tax for the period	-	-	-	-	6,015	6,015
Balance as at 31/03/2005	131,023	8,236	(1,056)	-	71,515	209,718

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 31 MARCH 2006
Condensed Consolidated Cash Flow Statement

The figures have not been audited

	Note	3 months ended 31/03/2006 RM'000	3 months ended 31/03/2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Tax		8,242	6,154
Adjustments for:-			
Depreciation and amortisation		2,732	2,978
Plant and equipment written off		-	12
Loss / (gain) on disposal of plant and equipment		18	-
Interest expenses		30	-
Amortisation of deferred income		(17)	(9)
Interest income		(762)	(515)
Loss / (gain) on disposal of investments	10,11,13	(308)	(243)
Share of (profit) / loss of associated company		(5)	13
Operating profit before working capital changes		9,930	8,390
(Increase) / Decrease in:			
Inventories		14,019	2,945
Trade and other receivables		(2,093)	2,951
Increase / (Decrease) in:			
Trade and other payables		(12,819)	(12,606)
Cash generated from / (used in) operating activities		9,037	1,680
Research & development expenditure paid		(1)	(35)
Interest paid		(30)	-
Tax refund / (paid)		(812)	925
Net cash generated from / (used in) operating activities		8,194	2,570
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9,527)	(1,174)
Purchase of other investments		(1,199)	(2,634)
Proceeds from disposal of plant and equipment		1,146	6
Proceeds from disposal of investments		3,574	3,736
Interest received		762	515
Net cash generated from / (used in) investing activities		(5,244)	449

	3 months ended 31/03/2006	3 months ended 31/03/2005
	RM'000	RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,241)	-
Repayment of term loans	-	-
Drawdown of term loan	-	-
Grant received	-	-
Issue of shares pursuant to ESOS	1	-
Net cash generated from / (used in) financing activities	(5,240)	-
Net increase / (decrease) in cash and cash equivalents	(2,290)	3,019
Cash and cash equivalents as at 1 January	76,959	61,810
Foreign exchange differences	(224)	60
Cash and cash equivalents as at 31 March	74,445	64,889

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 31 MARCH 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 quarter, 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 31 March 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		3 months ended	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysia - current	970	620	970	620
- prior period	200	(494)	200	(494)
Overseas - current	1	13	1	13
- prior period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,171	139	1,171	139
Deferred tax expenses				
Malaysia	-	-	-	-
Overseas	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,171	139	1,171	139
Tax expense on share of profit of associated company				
	1	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,172	139	1,172	139
	<hr/>	<hr/>	<hr/>	<hr/>

9. **Borrowings**

	As at 31/3/2006
	RM'000
i) Long Term Loan - Secured (between 2-5 years)	-
ii) Short Term Loan - Secured	2,607
	<hr/>
	2,607
	<hr/>

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

10. **Quoted Securities**

During the financial period to date, the Company recorded a gain on disposal of its other investments amounting to approximately RM0.2 million

(a)

**3 months ended
31/3/2006
RM'000**

Purchases	1,199
Sales	2,501
Profit from disposal	257

(b)

**As at 31/3/2006
RM'000**

Total investment at cost	5,715
Total investment at book value	5,715
Total investment at market value	6,267

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 Company 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 31 March 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 April 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

3 months ended 31/3/2006

	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	55,620	812	8	3,840	22,292	104	82,676
Segment assets by location of assets	244,194	3,117	15,723	-	-	16,695	279,729
Capital expenditure by location of assets	9,096	-	431	-	-	-	9,527

3 months ended 31/3/2005

	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	53,211	1,263	203	1,286	18,205	66	74,234
Segment assets by location of assets	220,678	7,763	15,410	-	-	15,525	259,376
Capital expenditure by location of assets	1,144	14	16	-	-	-	1,174

19.	(a) Basic earnings per share		3 months ended		3 months ended	
			31/03/2006	31/03/2005	31/03/2006	31/03/2005
	Net profit for the period	(RM'000)	7,070	6,015	7,070	6,015
	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)	2	-	2	-
	Weighted average number of ordinary shares	('000)	1,310,236	1,310,148	1,310,236	1,310,148
	Basic earnings per share	(sen)	0.54	0.46	0.54	0.46
	(b) Diluted earnings per share					
	Net profit for the period	(RM'000)	7,070	6,015	7,070	6,015
	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)	2	-	2	-
	Effect of share option-ESOS	('000)	1,441	356	1,441	356
	Weighted average number of ordinary shares		1,311,677	1,310,504	1,311,677	1,310,504
	Diluted earnings per share	(sen)	0.54	0.46	0.54	0.46

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

There were no major fluctuations noted on the turnover and net profit for the quarter ended 31 March 2006 when compared to the preceding quarter.

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

The Group's turnover for the first quarter ended 31 March 2006 have increased by 11% as compared to the first quarter of the previous year while the net profit of the Group increased by RM 1 million or 18% mainly due to additional volume loading and new products transferred from new customers achieving economy of scale.

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. **Dividend**

A second special interim dividend of 4% tax exempt (2004: Nil) per share for the financial year ended 31 December 2005 totalling RM5,240,968 was paid on 8 February 2006.

A final dividend of 3% tax exempt (2004: 3% tax exempt) per share for the financial year ended 31 December 2005 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

By Order of the Board

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

Dated this 25 April 2006