

TRIO TECH INTERNATIONAL
Form 10-Q
February 18, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ___ to ___

Commission File Number 1-14523

TRIO-TECH INTERNATIONAL
(Exact name of Registrant as specified in its Charter)

California
(State or other jurisdiction of
incorporation or organization)

95-2086631
(I.R.S. Employer
Identification Number)

16139 Wyandotte Street
Van Nuys, California
(Address of principal executive offices)

91406
(Zip Code)

Registrant's Telephone Number, Including Area Code: 818-787-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" (and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large Accelerated Filer	<input type="radio"/>	Accelerated Filer	<input type="radio"/>
Non-Accelerated Filer (Do not check if a smaller reporting company)	<input type="radio"/>	Smaller Reporting Company	<input checked="" type="radio"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 10, 2011, there were 3,303,805 shares of the issuer's Common Stock, no par value, outstanding.

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SIGNATURE

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FORWARD-LOOKING STATEMENTS

The discussions of Trio-Tech International's (the "Company") business and activities set forth in this Form 10-Q and in other past and future reports and announcements by the Company may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and assumptions regarding future activities and results of operations of the Company. In light of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the following factors, among others, could cause actual results to differ materially from those reflected in any forward-looking statements made by or on behalf of the Company: market acceptance of Company products and services; changing business conditions or technologies and volatility in the semiconductor industry, which could affect demand for the Company's products and services; the impact of competition; problems with technology; product development schedules; delivery schedules; changes in military or commercial testing specifications which could affect the market for the Company's products and services; difficulties in profitably integrating acquired businesses, if any, into the Company; risks associated with conducting business internationally and especially in Southeast Asia, including currency fluctuations and devaluation, currency restrictions, local laws and restrictions and possible social, political and economic instability; changes in U.S. and global financial and equity markets, including market disruptions and significant interest rate fluctuations; and other economic, financial and regulatory factors beyond the Company's control. Other than statements of historical fact, all statements made in this Quarterly Report are forward-looking, including, but not limited to, statements regarding industry prospects, future results of operations or financial position, and statements of our intent, belief and current expectations about our strategic direction, prospective and future financial results and condition. In some cases, you can identify forward-looking statements by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential," "believes," "can impact," "continue," or the negative thereof or other comparable terminology. Forward-looking statements involve risks and uncertainties that are inherently difficult to predict, which could cause actual outcomes and results to differ materially from our expectations, forecasts and assumptions.

Unless otherwise required by law, we undertake no obligation to update forward-looking statements to reflect subsequent events, changed circumstances, or the occurrence of unanticipated events. Important factors that could cause or contribute to such material differences include those discussed in "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K. You are cautioned not to place undue reliance on such forward-looking statements.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	December 31, 2010 (Unaudited)	June 30, 2010
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalent	\$ 5,307	\$ 3,244
Short-term deposits	388	2,714
Trade accounts receivable, less allowance for doubtful accounts of \$59 and \$91	9,385	12,142
Other receivables	401	778
Loan receivables from property development projects	1,057	--
Inventories, less provision for obsolete inventory of \$867 and \$907	2,794	3,400
Investment in property development	--	887
Prepaid expenses and other current assets	482	296
Total current assets	19,814	23,461
INVESTMENT IN UNCONSOLIDATED JOINT VENTURE	755	--
INVESTMENT PROPERTY IN CHINA, Net	2,135	2,141
PROPERTY, PLANT AND EQUIPMENT, Net	13,720	12,695
OTHER ASSETS	1,930	1,180
RESTRICTED TERM DEPOSITS	2,426	2,247
TOTAL ASSETS	\$ 40,780	\$ 41,724
LIABILITIES		
CURRENT LIABILITIES:		
Lines of credit	\$ 2,003	\$ 2,532
Accounts payable	5,099	7,968
Accrued expenses	2,757	3,419
Income taxes payable	628	342
Current portion of bank loans payable	277	478
Current portion of capital leases	124	57
Total current liabilities	10,888	14,796
BANK LOANS PAYABLE, net of current portion	2,638	2,566
CAPITAL LEASES, net of current portion	265	--
DEFERRED TAX LIABILITIES	706	718
OTHER NON-CURRENT LIABILITIES	478	569
TOTAL LIABILITIES	\$ 14,975	\$ 18,649
COMMITMENT AND CONTINGENCIES	--	--
EQUITY		

TRIO-TECH INTERNATIONAL'S SHAREHOLDERS' EQUITY:

Common stock, no par value, 15,000,000 shares authorized; 3,303,805 and 3,227,430 shares issued and outstanding as at December 31, 2010, and June 30, 2010, respectively

	\$	10,500	\$	10,365
Paid-in capital		2,133		1,597
Accumulated retained earnings		7,164		6,486
Accumulated other comprehensive gain-translation adjustments		3,099		1,818
Total Trio-Tech International shareholders' equity		22,896		20,266
NON-CONTROLLING INTEREST		2,909		2,809
TOTAL EQUITY	\$	25,805	\$	23,075
TOTAL LIABILITIES AND EQUITY	\$	40,780	\$	41,724

See notes to condensed consolidated financial statements.

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TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
 UNAUDITED (IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	Six Months Ended		Three Months Ended	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Revenue				
Products	\$ 14,694	\$ 7,001	\$ 5,491	\$ 3,139
Testing Services	6,667	5,250	3,193	2,591
Fabrication Services	258	704	93	200
Others	959	328	772	260
	22,578	13,283	9,549	6,190
Cost of Sales				
Cost of products sold	12,542	6,071	4,634	2,784
Cost of testing services rendered	3,875	3,773	1,766	1,710
Cost of fabrication services rendered	403	1,193	188	699
Others	128	71	78	36
	16,948	11,108	6,666	5,229
Gross Margin	5,630	2,175	2,883	961
Operating Expenses / (Gains):				
General and administrative	4,134	3,006	2,304	1,423
Selling	249	227	121	95
Research and development	116	20	87	10
Loss / (Gain) on disposal of property, plant and equipment	7	(1)	--	--
Total operating expenses	4,506	3,252	2,512	1,528
Income / (Loss) from Operations	1,124	(1,077)	371	(567)
Other Income / (Expenses)				
Interest expenses	(119)	(74)	(59)	(55)
Other income / (expenses), net	143	136	183	139
Total other income / (expenses)	24	62	124	84
Income / (Loss) from Continuing Operations before Income Taxes	1,148	(1,015)	495	(483)
Income Tax (Expenses) / Benefits	(158)	28	(162)	(9)
Income / (loss) from continuing operations before non-controlling interest, net of tax	990	(987)	333	(492)
Other Operating Activities				
Equity in earnings of unconsolidated joint venture, net of tax	--	--	--	--

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Discontinued Operations (Note 18)

Loss from discontinued operations, net of tax	(2)	(45)	--	(27)
NET INCOME / (LOSS)	988	(1,032)	333	(519)
Less: net income / (loss) attributable to the non-controlling interest	310	(241)	146	(150)
Net Income / (Loss) Attributable to Trio-Tech International Common Shareholder	\$ 678	\$ (791)	\$ 187	\$ (369)

Amounts Attributable to Trio-Tech International Common Shareholders: