TRIO TECH INTERNATIONAL
Form 10-K
September 26, 2008

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

FORM 10-K

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

For the fiscal year ended June 30, 2008

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	95-2086631
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
16139 Wyandotte Street Van Nuys, California	91406
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number: 818-787-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange On which registered
Common Stock, no par value	AMEX

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in rule 405 of the Securities Act. £Yes RNo

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. £Yes R No

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. R Yes £ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy statement or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

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 definition of "large accelerated filer" "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large Accelerated Filer £ Accelerated Filer £ Non-Accelerated Filer (Do not check if a smaller reporting company)£ Smaller reporting company R

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). £Yes RNo

The aggregate market value of voting stock held by non-affiliates of Registrant, based upon the closing price of $9.16 for shares of the registrant's common stock on December 31, 2007, the last business day of the registrant's most recently completed second fiscal quarter as reported by the AMEX, was approximately $19.6 million. In calculating such aggregate market value, shares of Common Stock held by each officer, director and holder of 5% or more of the outstanding Common Stock (including shares with respect to which a holder has the right to acquire beneficial ownership within 60 days) were excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of Common Stock outstanding as of September 22, 2008 was 3,226,430

Documents Incorporated by Reference

Part III of this Form 10-K incorporates by reference information from Registrant's Proxy Statement for its 2008 Annual Meeting of Shareholders to be filed with the Commission under Regulation 14A within 120 days of the end of the fiscal year covered by this Form 10-K.

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TRIO-TECH INTERNATIONAL

PART I

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

The discussions of Trio-Tech International's (the "Company") business and activities set forth in this Form 10-K 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 statement 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; and other economic, financial and regulatory factors beyond the Company's control; the sharp correction in the housing market and the significant fluctuations of oil prices which occurred in 2007 and 2008 may affect the end-market demand of our products. See the discussions elsewhere in this Form 10-K, including under item 1A, "Risk Factors," for more information. 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 comparable terminology.

We undertake no obligation to update forward-looking statements to reflect subsequent events, changed circumstances, or the occurrence of unanticipated events. You are cautioned not to place undue reliance on these forward-looking statements.

ITEM 1 – BUSINESS (IN THOUSANDS, EXCEPT PERCENTAGE AND SHARE AMOUNTS)

Trio-Tech International was incorporated in 1958 under the laws of the State of California. As used herein, the term "Trio-Tech" or "Company" or "we" or "us" or "Registrant" includes Trio-Tech International and its subsidiaries unless the context otherwise indicates. Our mailing address and executive offices are located at 16139 Wyandotte Street, Van Nuys, California 91406, and our telephone number is (818) 787-7000.

With more than 50 years dedicated to the semiconductor and related industries, we have applied our expertise to our global customer base in test services, design, engineering, manufacturing, and distribution.

Subsequent Events

On August 24, 2008, Trio-Tech (Malaysia) Sdn. Bhd. obtained a long-term loan of RM 9,625, or approximately $4,010, offered by CIMB Bank Berhad in Malaysia. This non-revolving long-term loan has a term of fifteen years from the first draw down. The bank offered an interest rate at the bank's prime rate plus 1.5% per annum or a fixed rate of 7.12% per annum in the first five years and the bank's prime rate plus 1.5% per annum thereafter. The Company has not made a decision on these interest options yet.

On July 11, 2008, the Board of Directors granted options covering 50,000 shares of Common Stock pursuant to the 2007 Employee Plan and options covering 60,000 shares of Common Stock under the 2007 Directors Equity Incentive Plan, with an exercise price of $4.81 per share (equal to the market price at the grant date). The options granted to directors have a ten year term and vested in full on the granted date. The options granted to the employees have a five-year contractual life and vested 25% on the grant date and will vest an additional 25% on each anniversary date. The fair market value of these stock options was estimated to be approximately $320 based on the Black Scholes option pricing model.

General

Trio-Tech International provides third-party semiconductor testing and burn-in services primarily through its laboratories in Southeast Asia. We also design, manufacture and market equipment and systems to be used in the process of testing semiconductors at our facilities in California and Southeast Asia, and distribute semiconductor processing and testing equipment manufactured by other vendors.

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We operate in three business segments: Testing Services, Manufacturing and Distribution. The financial information on the measurement of profit or loss and total assets for the three segments, as well as geographic areas information, can be found under management's discussion and analysis of results of operations and financial conditions, as well as in the financial statements included in this report. Our working capital requirements are covered under management's discussion and analysis of business outlook, liquidity and capital resources.

We currently operate five testing facilities; one in the United States and four in Southeast Asia. These facilities provide customers with a full range of testing services, such as burn-in and product life testing for finished or packaged semiconductors. In June 2007, Trio-Tech International Pte., Ltd. established a subsidiary in Chongqing, China. This subsidiary, Trio-Tech (Chongqing) Co., Ltd., has registered capital of RMB 20,000 (Chinese yuan), or approximately U.S. $2,600, and is wholly owned by Trio-Tech International Pte., Ltd. On August 27, 2007, Trio-Tech (Chongqing) Co., Ltd. entered into a Memorandum Agreement with Jiasheng Property Development Co., Ltd. (Jiasheng) to jointly develop a piece of property with 24.91 acres owned by Jiasheng located in Chongqing City, China, which is intended for sale after the completion of development. In fiscal 2008, the Company invested an aggregate of RMB 15,000, equivalent to approximately U.S. $2,187 based on the exchange rate on June 30, 2008 published by the Federal Reserve System on this project. In the fourth quarter of 2008, the investment of RMB 5,000, or approximately $729 was returned to the Company, which reduced the investment in this project to $1,458. The Company also recorded a profit of RMB 750, approximately $103 in investment income in the fourth quarter of 2008.

In accordance with APB 18, The Equity Method of Accounting for Investments in Common Stock, with the initial investment of 16% equity interest in the joint venture project, the Company considered several factors including primary beneficiary, decision making power and representation on the Board of Directors. As Jiasheng is responsible for the daily business operations and development of that project and the Company does not have decision making power and has played a passive investor role since the inception of this joint venture, management believes that the cost method of accounting is appropriate.

On January 4, 2008, Trio-Tech (Chongqing) Co., Ltd. entered into a Memorandum Agreement with MaoYe Property Ltd. to purchase an office space of 827.2 square meters on the 35th floor of a 40 story high office building located in Chongqing, China. The total cash purchase price was RMB 5,554 (Chinese yuan), equivalent to approximately $809 based on the exchange rate as of June 30, 2008 published by the Federal Reserve System. The Company rented this property out to a third party on July 13, 2008. The term of the rent agreement is five years with a monthly rental income of RMB 39, or approximately $5 for the first three years, with an increase of 8% in the fourth year and another 8% in the fifth year.

The investment income generated by Trio-Tech (Chongqing) Co., Ltd. in fiscal year 2008 was classified as investment income, which was included in other income in the Consolidated Statements of Operations and Comprehensive Income for the years ended June 30, 2008, 2007 and 2006.

Our Ireland operation, as a component of the Testing segment, suffered continued operating losses in the three fiscal years ended June 30, 2005 and the cash flows were minimal during the same three fiscal years. Thus, in August 2005, we established a restructuring plan to close the testing operation in Dublin, Ireland. In November 2005, we completed the sale of the property located in Dublin, Ireland and recorded a gain of $8,909 for the fiscal year ended June 30, 2006. As a result, in fiscal 2006, this discontinued operation reported an income of $8,459, which consisted of the gain from the sale of property of $8,909 offset by the loss from discontinued operations of $450. Ireland has remained a discontinued operation since 2006.

In the third quarter of fiscal 2008, one of our major customers ceased its advanced burn-in testing service contract with us due to one of their product lines reaching the end of its life cycle earlier than expected. Management took immediate action to reduce costs to assist in matching our expenses with reduced future cash flows from this source of testing revenue. All of these cost saving actions benefited the Company starting from April 1, 2008. The Company is in the early stages of developing new customer relationships in China and Malaysia to replace the lost testing revenue from this contract.

Our manufacturing segment manufactures Artic Temperature Controlled Wafer Chucks, which are used for test, characterization and failure analysis of semiconductor wafers, Wet Process Stations, which wash and dry wafers at a series of 100 to 300 additional processing steps after the etching or deposition of integrated circuits, and other microelectronic substrates in what is commonly called the “front-end”, or creation of semiconductor circuits. Additionally, we also manufacture centrifuges, leak detectors, HAST (Highly Accelerated Stress Test) systems and “burn-in" systems that are used primarily in the “back-end” of the semiconductor manufacturing process to test finished semiconductor devices and electronic components.

Our distribution segment operates primarily in Southeast Asia. This segment markets and supports distribution of our own manufactured equipment in addition to distributing complementary products supplied by other manufacturers that are used by our customers and other semiconductor and electronics manufacturers. We expanded the distribution business to include a strategic business unit mainly to serve as a distributor of electronic components to customers.

Information for each segment regarding external customers, profit and loss and total assets may be found in the footnotes to the financial statements included in this Form 10-K, which information is incorporated herein by this reference.

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Company History

1958	Incorporated in California.
1976	The Company formed Trio-Tech International Pte., Ltd. in Singapore.
1984	The Company formed the European Electronic Test Center (EETC), a Cayman Islands domiciled subsidiary, to operate a test facility in Dublin, Ireland.
1985	The Company's Singapore subsidiary entered into a joint venture agreement, Trio-Tech Malaysia, to operate a test facility in Penang.
1986	Trio-Tech International listed on the NASDAQ Small Cap market under the symbol TRTC.
1988	The Company acquired the Rotating Test Equipment Product Line of Genisco Technology Corporation.
1990	Trio-Tech International acquired Express Test Corporation in California. Trio-Tech Malaysia opened a new facility in Kuala Lumpur.
1992	Trio-Tech Singapore opened Trio-Tech Bangkok, Thailand. Trio-Tech Singapore achieved ISO 9002 certification.
1994	Trio-Tech Malaysia started a new components assembly operation in Batang Kali.
1995	Trio-Tech Singapore achieved ISO 9001 certification.
1997	In November 1997, the Company acquired KTS Incorporated, dba Universal Systems of Campbell, California.
1998	In September 1998, the Company listed on AMEX under the symbol TRT.
2000	Trio-Tech Singapore achieved QS 9000 certification. Trio-Tech Malaysia closed its facility in Batang Kali.
2001	The Company divested the Rotating Test Equipment Product Line. Trio-Tech Malaysia closed its facility in Kuala Lumpur.
2003	Trio-Tech Singapore opened a sales office in China known as Trio-Tech (Suzhou) Co., Ltd. Trio-Tech Malaysia scaled down its facility in Penang.
2004	The Company moved its Wet Process Station manufacturing from Campbell, California to Singapore. Trio-Tech Test Services Pte., Ltd. was renamed Universal (Far East) Pte., Ltd. Trio-Tech Malaysia acquired a burn-in testing division in Petaling Jaya.
2005	Trio-Tech Singapore, Trio-Tech Malaysia and Trio-Tech Bangkok achieved ISO 9001: 2000 certification. Trio-Tech Singapore, Trio-Tech Malaysia and Trio-Tech Bangkok achieved ISO/TS16949, 2002 certification. Trio-Tech Ireland closed its facility in Ireland.
2006	Trio-Tech Singapore acquired a burn-in testing company in Shanghai and changed its name to Trio-Tech (Shanghai) Co., Ltd.
2007	Trio-Tech Singapore achieved ISO 14001, 2004 certification. Universal (Far East) Pte., Ltd achieved ISO/IEC 17025, 2005 accreditation under SAC-SINGLAS for the field of Testing. Trio-Tech (Suzhou) started its testing service. Trio-Tech Singapore established a subsidiary, Trio-Tech (ChongQing) Co., Ltd. in ChongQing, China.
2008	Trio-Tech (Suzhou) achieved ISO 9001:2000 certification. Universal (Far East) Pte., Ltd. obtained ISO/IEC 17025:2005 accreditation under SAC-SINGLAS for the field of Calibration and Measurement. Universal (Far East) Pte., Ltd. obtained ISO 9001:2000 certification.

Trio-Tech Singapore scaled down its facility in Singapore due to the loss of one of its major customers.

Background

As reported by the Semiconductor Industry Association, the worldwide unit demand for semiconductors continued to grow in calendar 2008, driven by healthy growth in major end markets, such as personal computers and consumer devices. The decline of the average selling price of semiconductors helped make possible very attractive prices for many consumer products. According to the Semiconductor Industry Association (SIA), total sales growth for semiconductors for the first half of 2008 grew to $127.5 billion, an increase of 5.4% over the first half of 2007 when sales were $121 billion.

Recent reports show that worldwide sales of semiconductors of $21.8 billion in May 2008 were 7.4% higher than the $20.3 billion reported for May of 2007, and 9% higher than the $20.0 billion reported for April 2007. The increase in sales indicates continued strength in end markets for personal computers and cell phones.

Testing Services

We own and operate facilities that provide testing services for semiconductor products to ensure that these products meet certain requirements imposed for military, aerospace, industrial and commercial applications. Testing services represented approximately 45%, 45% and 50% of net sales for the fiscal years ended June 30, 2008, 2007 and 2006, respectively.

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We use our own proprietary equipment for certain burn-in, centrifugal and leak tests, and commercially available equipment for various other environmental tests. We conduct the majority of our testing operations in Southeast Asia with facilities in Singapore, Malaysia, Thailand and China. Most of the facilities in Southeast Asia are either ISO9001 or ISO14001 certified. In 2008, one of our testing operations was awarded ISO/ICE 17025: 2005 accreditation under SAC-SINGLAS (Singapore Accreditation Council-Singapore Laboratory Accreditation Scheme) for the fields of Calibration and Measurement. In June 2008, Trio-Tech (Suzhou) achieved ISO 9001:2000 certification.

In August 2005, we established a restructuring plan to close our testing operation in Dublin, Ireland, as the operation had not generated adequate operating cash flow during the three prior years. The testing operations closed in November 2005. In the second quarter of fiscal 2007, our China operation in Suzhou started its testing services.

In the third quarter of fiscal 2008, one of our major customers ceased their advanced burn-in testing service contract with us due to one of their product lines reaching the end of its life cycle earlier than expected. The net sales in the testing segment decreased by $2,711 to $18,172 for the year ended June 30, 2008 as the result of the significant drop in orders from this major customer. Management took immediate action to reduce expenses in an effort to match future cash flows and is in the process of developing new customer relationships in China and Malaysia and exploring new business opportunities to offset the lost testing revenue from this contract.

Testing services are rendered to manufacturers and purchasers of semiconductors and other entities who either lack testing capabilities or whose in-house screening facilities are insufficient for testing devices in order for them to make sure that these products meet military or certain commercial specifications. Customers outsource their test services either to accommodate fluctuations in output or to benefit from economies that can be offered by third party service providers. For those customers with adequate in-house capabilities, we offer testing services for their “overflow” requirements and also provide independent testing verification services.

Our laboratories perform a variety of tests, including stabilization bake, thermal shock, temperature cycling, mechanical shock, constant acceleration, gross and fine leak tests, electrical testing, microprocessor equipment contract cleaning services, static and dynamic burn-in tests, smart burn-in tests, reliability lab services and vibration testing. Our laboratories also perform qualification testing, consisting of intense tests conducted on small samples of output from manufacturers who require qualification of their processes and devices.

Manufacturing Products

We design, develop, manufacture and market equipment for the manufacturing and testing of semiconductor wafers, devices and other electronic components. Revenue from the sale of products manufactured by the Company represented approximately 54%, 51% and 43% of net sales for the fiscal years ended June 30, 2008, 2007 and 2006, respectively.

Front-End Products

Wet Process Stations

Wet Process Stations are used for cleaning, rinsing and drying semiconductor wafers, magnetic disks, flat panel displays and other microelectronic substrates. After the etching or deposition of integrated circuits, wafers are typically sent through a series of 100 to 300 additional processing steps. At many of these processing steps, the wafer is washed and dried using Wet Process Stations. This product line includes manual, semi-automated and automated Wet Process Stations, and features radial and linear robots, state-of-the-art PC touch-screen controllers and sophisticated scheduling and control software. The Wet Process Station is currently manufactured in Singapore.

Artic Temperature Controlled Wafer Chucks

Artic Temperature Controlled Chucks are used for test, characterization and failure analysis of semiconductor wafers and other components at accurately controlled hot and cold temperatures. Several models are available with temperature ranges from -65°C to +400°C and in diameters from 4 to 12 inches. The finished wafer is put through a series of tests using the Artic Temperature Controlled Chuck in which each separate integrated device on the wafer is tested at accurately controlled temperatures for functionality. After testing, the wafer is "diced" or cut up, and each die is then placed into packaging material, usually plastic or ceramic, with lead wires to permit mounting onto printed circuit boards. These systems provide excellent performance to meet the most demanding customer applications. Several unique mechanical design features, for which patents have been granted, provide excellent mechanical stability under high probing forces and across temperature ranges.

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Back-End Products

Autoclaves and HAST (Highly Accelerated Stress Test) Equipment

We manufacture a range of autoclaves and HAST systems and specialized test fixtures. Autoclaves provide pressurized, saturated vapor (100% relative humidity) test environments for fast and easy monitoring of integrated circuit manufacturing processes. HAST equipment, which provides a pressurized high temperature environment with variable humidity, are used to determine the moisture resistance of plastic encapsulated devices. HAST provides a fast and cost-effective alternative to conventional non-pressurized temperature and humidity testing.

Burn-in Equipment and Boards

We manufacture burn-in systems, burn-in boards and burn-in board test systems. Burn-in equipment is used to subject semiconductor devices to elevated temperatures while testing them electrically to identify early product failures and to assure long-term reliability. Burn-in testing approximates, in a compressed time frame, the electrical and thermal conditions to which the device would be subjected during its normal life.

We manufacture the COBIS II burn-in system, which offers state-of-the-art dynamic burn-in capabilities and a Windows-based operating system with full data logging and networking features. We also offer burn-in boards for our BISIC, COBIS and COBIS II burn-in systems and other brands of burn-in systems. Burn-in boards are used to mount devices during high temperature environmental stressing tests.

We have developed several new products to complement the burn-in processes, including semi-automatic (LUBIBM) and automatic burn-in board loaders and unloaders (LUBIB). These products are designed to perform precise, high-speed transfer of IC (Integrated Circuit) packages from the semiconductor holding tray to the burn-in board, or vice versa, while maintaining the integrity of the IC's leads. Burn-in-board cleaning systems (CUBIB) are designed to perform wet or dry cleaning for burn-in boards and other modular boards.

We build Smart Burn-In (SBI) electrical equipment and System Level Test (SLT) equipment, which are used in the few final stages of testing microprocessor devices. While providing integrated burn-in solutions, we present total burn-in automation solutions to improve products' yield, reduce processing downtime and improve efficiency. In addition, we developed a cooling solution for high power heat dissipation semiconductor devices. This solution involves the cooling or maintaining of the temperature of high power semiconductor devices.

Component Centrifuges and Leak Detection Equipment

Component centrifuges and leak detection equipment are used to test the mechanical integrity of ceramic and other hermetically sealed semiconductor devices and electronic parts for high reliability and aerospace applications. Our centrifuges spin these devices and parts at specific acceleration rates, create gravitational forces (g's) up to 30,000g's, and thereby indicate any mechanical weakness in the devices. Leak detection equipment is designed to detect leaks in hermetic packaging. The first stage of the test includes pressurizing the devices in a tracer gas for fine leaks or fluid for gross leaks. The bubble tester is used for gross leak detection. A visual bubble trail will indicate when a device is defective.

Distribution Activities

The Company's Singapore subsidiary continues to develop its international distribution activities in Southeast Asia. In addition to marketing our own proprietary products, the Singapore subsidiary distributes complementary products from other manufacturers based in the United States, Europe, Japan and other countries. The products sold include environmental chambers, shaker systems, handlers, interface systems, vibration systems, solderability testers and other manufactured products.

In recent years, many multinational companies in electronic manufacturing and semiconductor industries have set up production facilities in China, and this trend has presented excellent opportunities for our testing equipment in China. We believe that requirements for auxiliary services such as after-sales installation, equipment services, and spare parts will be natural add-ons to our overall business.

Revenue from distribution activities represented approximately 1%, 4%, and 7% of net sales for the years ended June 30, 2008, 2007, and 2006, respectively. It is the strategy of management to focus on the sales of our own manufactured products. We believe this will help us to reduce our exposure to multiple risks arising from being a mere distributor of manufactured products from others.

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Product Research and Development

Research and development costs in our U.S. operation decreased by $14 in fiscal 2008 when compared with fiscal 2007 due to a decrease in full time research and development engineer headcount in the U.S. operation. The Company incurred research and development costs of $55 in fiscal 2008, $69 in fiscal 2007, and $70 in fiscal 2006.

In fiscal 2008, we successfully incorporated the new touch panel display and PLC controller into the C-103 Series CENTRSAFE Centrifuge. The existing C-103 series Centrifuge systems with obsolete display and analog boards are difficult to support. These systems can now be upgraded with a new design and will have supportable configuration. This modification is also available as an upgrade to customers that have the previous style display and controller boards.

Marketing, Distribution and Services

We market our products and services worldwide, directly and through independent sales representatives. We have approximately six independent sales representatives operating in the United States and another sixteen in various foreign countries. Of the twenty-two sales representatives, six are representing the distribution segment and sixteen are representing the testing segment and the manufacturing segment. Trio-Tech's United States marketing efforts are coordinated from its California location. Southeast Asia marketing efforts are assigned to the Company's subsidiaries located in Singapore. We advertise our products in trade journals and participate in trade shows.

Independent testing laboratories, users, assemblers and manufacturers of semiconductor devices, including many large, well-known corporations, purchase our products and services. These customers depend on the current and anticipated market demand for integrated circuits and products utilizing semiconductor devices. Our ability to maintain close, satisfactory relationships with our customers is essential to our stability and growth. However, because of a high concentration of customers, the loss, reduction, or delay of orders placed by our significant customers, or delays in collecting accounts receivable from our significant customers, could adversely affect our results of operations and financial positions.

In fiscal 2008, 2007 and 2006, sales of equipment and services to our three largest customers (Advanced Micro Devices, Freescale Semiconductor and Infineon Technology) accounted for approximately 80%, 77% and 71%, respectively, of our total net revenue. During fiscal 2008, we had sales of $16,760 (42%), $13,777 (34%) and $1,736 (4%) to Advanced Micro Devices, Freescale Semiconductor and Infineon Technology, respectively. During fiscal 2007, we had sales of $27,895 (60%), $6,923 (15%) and $1,100 (2%) to Advanced Micro Devices, Freescale Semiconductor and Infineon Technology, respectively. During fiscal 2006, we had sales of $14,490 (50%), $4,787 (16%) and $1,441 (5%) to Advanced Micro Devices, Freescale Semiconductor and Infineon Technology, respectively (see information presented in Note 15-Concentration of customers). Although the three customers mentioned above are U.S. companies, the revenue generated from them was from their facilities located outside of the U.S. The majority of our sales and services in fiscal years 2008, 2007 and 2006 were to customers outside of the United States. See information presented in Note 22 - Business Segments of our financial statements included in this Form 10-K, which note is incorporated by reference, for further financial information about geographic areas.

Backlog

The following table sets forth the Company's backlog at the dates indicated (amounts in thousands):

	June 30,	June 30,

	2008	2007
Manufacturing backlog	$ 3,165	$ 6,275
Testing service backlog	6,965	6,452
Distribution backlog	316	102
	$ 10,446	$ 12,829

Based upon our past experience, we do not anticipate any significant cancellations or renegotiation of sales. Because the purchase orders for manufacturing, testing and distribution businesses generally require delivery within 12 months from the date of the purchase order, and certain costs are incurred before that delivery, we require our customers to reimburse us for all costs incurred in the event of a cancellation of a confirmed purchase order. We do not anticipate any difficulties in meeting delivery schedules.

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Materials and Supplies

Our products are designed by our engineers and are assembled and tested at our facilities in California, China and Singapore. We purchase all parts and certain components from outside vendors for assembly purposes. We have no written contracts with any of our key suppliers. As these parts and components are available from a variety of sources, we believe that the loss of any one of our suppliers would not have a material adverse effect on our results of operations taken as a whole.

Competition

There are numerous testing laboratories in the areas where we operate that perform a range of testing services similar to those offered by us. However, recent severe competition in the South Asia testing and burn-in services industry has reduced the total number of our competitors. As we have sold and will continue to sell our products to competing laboratories, and other test products are available from many other manufacturers, our competitors are able to offer the same testing capabilities. The relevant testing equipment is also available to semiconductor manufacturers and users who might otherwise use third party testing laboratories, including us, to perform testing. The existence of competing laboratories and the purchase of testing equipment by semiconductor manufacturers and users are potential threats to our future testing services revenue and earnings. Although these laboratories and new competitors may challenge us at any time, we believe that other factors, including reputation, long service history and strong customer relationships, are more important than pricing in determining our position in the market.

The distribution segment sells a wide range of equipment to be used for testing products. We believe that the equipment, components trading and equipment servicing markets are key growth areas in Southeast Asia and hence have focused our marketing efforts on Asia. As the semiconductor equipment industry is highly competitive, the distribution operation faces stiff price competition if the equipment is sold piecemeal. Thus, "add value" has been a key phrase in our sales mission for the past several years. We believe that “add value” will continue to dominate as the key focal point as we offer integrated solutions that draw on the strengths of our technical specialists who have undergone intensive training with our vendors. Equipment is brought into Singapore from various vendors, and depending on customers' specific requirements, is tested and system integrated before distribution, delivery and installation.

The demand for electronic components in fiscal 2008 was relatively strong in Southeast Asia, driven by a greater demand in high-end personal computers, notebooks and server chips. Many Original Equipment Manufacturers (OEM) customers have been outsourcing for connectors and specialized sockets. However, as our target customers are mainly multinational contract manufacturers with a worldwide database of suppliers, the most commonly used components became extremely price competitive. The components division of our distribution segment has been in competition on the market with various distribution methods, including direct online ordering systems put in place by vendors for the products they are distributing. However, we do not believe that such online competition is a major competitive factor to our business, as we offer good credit facilities and believe that we have maintained excellent business relationships with our long-term customers.

The semiconductor equipment manufacturing industry is highly competitive and most of our competitors for such equipment are located in Southeast Asia. Some of our electronic device manufacturing customers in Southeast Asia increased their capital equipment in order to meet the increase in production capacity for electronic products. There is no assurance that competition will not increase or that our technological advantages may not be reduced or lost as a result of technological advances by competitors or changes in semiconductor processing technology. In the United States, our manufacturing segment focused on marketing used and refurbished equipment, which some customers are

more willing to purchase since it is less expensive than new equipment.

We believe that the principal competitive factors in the manufacturing industry include product performance, reliability, service and technical support, product improvements, price, established relationships with customers and product familiarity. We make every effort to compete favorably with respect to each of these factors. Although we have competitors for our various products, we believe that our products compete favorably with respect to each of the above factors. We have been in business for more than 50 years and have operation facilities mostly located in Southeast Asia. We believe that those factors combined have helped us to establish long-term relationships with customers and will allow us to continue doing business with our existing customers upon their relocation to other regions where we have a local presence or are able to reach.

Patents

The manufacturing segment holds a United States patent granted in 1994 on certain aspects of our Artic temperature test systems. In 2001, we registered a new United States patent (for 20 years) for several aspects of our new range of Artic Temperature Controlled Chucks. Although we believe that these patents are an integral part of our manufacturing segment, the capitalized cost of the patents was written off in fiscal 2002 because of the impairment assessed by our management. In fiscal 2006, 2007 and 2008 we did not register any patents within the U.S.

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It is typical in the semiconductor industry to receive notices from time to time alleging infringement of patents or other intellectual property rights of others. We do not believe that we infringe the intellectual property rights of any others. However, should any claims be brought against us, the cost of litigating such claims and any damages could materially and adversely affect our business, financial condition, and results of operations.

Employees

As of June 30, 2008 we had approximately 10 employees in the United States and 470 in Southeast Asia for a total of approximately 480 employees. None of our employees are represented by a labor union. As of June 30, 2008, there were approximately 300 employees in the testing segment, 117 employees in the manufacturing segment, 61 employees in the distribution segment, and 2 in the corporate office.

ITEM 1A RISK FACTORS

The following are certain risk factors that could impact our business, financial results and results of operations. Investing in our Common Stock involves risks, including those described below. The risk factors below, among others, should be considered by prospective and current investors in our Common Stock before making or evaluating an investment in our securities. These risk factors could cause actual results and conditions to differ materially from those projected herein. If the risks we face, including those listed below, actually occur, our business, financial condition or results of operations could be negatively impacted, and the trading price of our Common Stock could decline, which could cause you to lose all or part of your investment.

Our operating results are affected by a variety of factors

Our operating results are affected by a wide variety of factors that could materially affect revenue and profitability or lead to significant variability of quarterly or annual operating results. These factors include, among others, components relating to:

- economic and market conditions in the semiconductor industry;
- market acceptance of our products and services;
- changes in technology in the semiconductor industry, which could affect demand for our products and services;
- changes in testing processes;
- the impact of competition;
- the lack of long-term purchase or supply agreements with customers and vendors;
- changes in military or commercial testing specifications, which could affect the market for our products and services;
- difficulties in profitably integrating acquired businesses, if any, into the Company;
- the loss of key personnel or the shortage of available skilled employees;
- international political or economic events;
- currency fluctuations; and
- other technological, economic, financial and regulatory factors beyond our control.

Unfavorable changes in these or other factors could materially and adversely affect our financial condition or results of operations. We may not be able to generate revenue growth, and any revenue growth that is achieved may not be sustained. Our business, results of operations and financial condition would be materially adversely affected if operating expenses increased and were not subsequently followed by increased revenues.

Semiconductor industry cycles affect our business

Our business depends primarily upon the capital expenditures of semiconductor manufacturers, assemblers and other testing companies worldwide. These industries in turn depend on the current and anticipated market demand for integrated circuits and products utilizing semiconductor devices. The global semiconductor industry generally, and the semiconductor testing equipment industry in particular, are volatile and cyclical, with periodic capacity shortages and excess capacity. In periods of excess capacity, the industry sharply cuts its purchases of capital equipment, including our distributed products, and reduces testing volumes, including our testing services. Excess capacity also causes downward pressure on the selling prices of our products and services.

Our operating results have been adversely affected by past downturns and slowdowns. There is no assurance that there will not be downturns or slowdowns in the future that may adversely affect our financial condition or operating results. In addition, if one or more of our primary customers reduces its or their purchases or use of our products or testing services, our financial results could be materially and adversely affected. We anticipate that we will continue to be primarily dependent on the semiconductor industry for the foreseeable future.

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Rapid technological changes may make our products obsolete or result in decreased prices or increased expenses

Technology changes rapidly in the semiconductor industry and may make our services or products obsolete. Advances in technology may lead to significant price erosion for products that we test with our older testing technologies. Our success will depend in part on our ability to develop and offer more advanced testing technologies and processes in the future, to anticipate both future demand and the technology to supply that demand, to enhance our current products and services, to provide those products and services at competitive prices on a timely and cost-effective basis and to achieve market acceptance of those products and services. To accomplish these goals, we may be required to incur significant engineering expenses. As new products or services are introduced, we may experience warranty claims or product returns. We may not be able to accomplish these goals correctly or timely enough. If we fail in our efforts, our products and services may become less competitive or obsolete.

Our dependence on international sales involves significant risk

Sales and services to customers outside the United States accounted for approximately 88%, 86% and 91% of our sales for fiscal 2008, 2007 and 2006, respectively. Approximately 98%, 98% and 90% of our net revenues in fiscal 2008, 2007and 2006, respectively, were generated from business in Southeast Asia. We expect that our non-U.S. sales and services will continue to generate the majority of our future revenue. Testing services in Southeast Asia were performed primarily for American companies, and to a lesser extent German companies, selling products and doing business in those regions. International business operations may be adversely affected by many factors, including fluctuations in exchange rates, imposition of government controls, trade restrictions, political, economic and business events and social and cultural differences.

We may incur losses due to foreign currency fluctuations

Significant portions of our revenue are denominated in Singapore and Euro dollars, Malaysian ringgit, Thai baht, Chinese yuan and other currencies. Consequently, a portion of our costs, revenue and operating margins may be affected by fluctuations in exchange rates, primarily between the U.S. dollar and such foreign currencies. We are also affected by fluctuations in exchange rates because our reporting currency is the U.S. dollar whereas the functional currencies in our Southeast Asia operations are non-U.S. dollars. Foreign currency translation adjustments resulted in an increase of $1,548 to shareholders' equity for fiscal 2008, an increase of $911 to shareholders' equity for fiscal 2007, and a decrease of $190 to shareholders' equity for fiscal 2006.

We try to reduce our risk of foreign currency fluctuations by purchasing certain equipment and supplies in U.S. dollars and seeking payment, when possible, in U.S. dollars. However, we may not be successful in our attempts to mitigate our exposure to exchange rate fluctuations. Those fluctuations could have a material adverse effect on the Company's financial results.

We do not rely on patents to protect our products or technology

We hold U.S. patents relating to our pressurization humidity testing equipment and certain aspects of our Artic Temperature test systems. Additionally, in fiscal 2001, we were granted patents for certain aspects of our new range of Artic Temperature Controlled Chucks. However, although we believe our patents are integral to the business of our manufacturing segment, generally we do not rely on patent or trade secret protection for our products or technology. Competitors may develop technologies similar to or more advanced than ours. We cannot assure that our current or future products will not be copied or will not infringe on the patents of others. Moreover, the cost of litigation of any claim or damages resulting from infringement of patents or other intellectual property could adversely

affect our business, financial condition and results of operations.

Intense competition can adversely affect our operating results

The semiconductor equipment and testing industries are intensely competitive. Significant competitive factors include price, technical capabilities, quality, automation, reliability, product availability and customer service. We face competition from established and potential new competitors, many of whom have greater financial, engineering, manufacturing and marketing resources than us. New products or testing facilities offered by our competitors could cause a decline in our revenue or a loss of market acceptance of our existing products and services. Increased competitive pressure could also lead to intensified price-based competition. Price-based competition may result in lower prices, adversely affecting our operating results.

Loss, reduction or delay of orders from significant customers could adversely affect our financial condition

The semiconductor manufacturing industry is highly concentrated, with a relatively small number of large manufacturers and assemblers accounting for a substantial portion of our revenue from product sales and testing revenue. Our experience has been that sales to particular customers may fluctuate significantly from quarter to quarter and year to year. In fiscal 2008, 2007, and 2006, sales of equipment and services to our three largest customers accounted for approximately 80%, 77% and 71%, respectively, of our total net revenue. Our ability to maintain close, satisfactory relationships with our customers is essential to our stability and growth. The loss of or reduction or delay in orders from our significant customers, or delays in collecting accounts receivable from our significant customers, could adversely affect our financial condition and results of operations.

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Our testing products and services may be adversely affected by our sales of testing equipment

If our testing equipment is purchased by semiconductor manufacturers and assemblers, it may reduce the likelihood that they will make further purchases of such equipment or use our laboratories for testing services. Although military or other specifications require certain testing to be done by independent laboratories, over time other current customers may have less need of our testing services. We believe that there is a growing trend toward outsourcing of the integrated circuit testing process. As a result, we anticipate continued growth in the test laboratory business. However, there is no assurance that this trend will continue. In an attempt to diversify our sales mix, we may seek to develop and introduce new or advanced products, and to acquire other companies in the semiconductor equipment manufacturing business.

Acquisition and integration of new businesses could disrupt our ongoing business, distract management and employees, increase our expenses or adversely affect our business

A portion of any future growth may be accomplished through the acquisition of other entities. The success of those acquisitions will depend, in part, on our ability to integrate the acquired personnel, operations, products, services and technologies into our organization, to retain and motivate key personnel of the acquired entities and to retain the customers of those entities. We may not be able to identify suitable acquisition opportunities, obtain financing on acceptable terms to bring the acquisition to fruition or to integrate such personnel, operations, products or services. The process of identifying and closing acquisition opportunities and integrating acquisitions into our operations may distract our management and employees, disrupt our ongoing business, increase our expenses and materially and adversely affect our operations. We may also be subject to certain other risks if we acquire other entities, such as the assumption of additional liabilities. We may issue additional equity securities or incur debt to pay for future acquisitions.

We do not have contracts with key suppliers

We have no written contracts with any of our suppliers. Our suppliers may terminate their relationships with us at any time without notice. There can be no assurance that we will be able to find satisfactory replacement suppliers or that new suppliers will not be more expensive than the current suppliers if any of our suppliers were to terminate their relationship with us.

We are highly dependent on key personnel

Our success has depended, and to a large extent will depend, on the continued services of S. W. Yong, our Chief Executive Officer and President, Victor H. M. Ting, our Vice President and Chief Financial Officer, our other key senior executives, and engineering, marketing, sales, production and other personnel. We do not have an employment agreement with Mr. Yong or Mr. Ting, but we are the beneficiary of “key man” life insurance in the amount of $6 million on Mr. Yong and $2 million on Mr. Ting. The loss of these key personnel, who would be difficult to replace, could harm our business and operating results. Competition for management in our industry is intense and we may be unsuccessful in attracting and retaining the executive management and other key personnel that we require.

Our management has significant influence over corporate decisions

As of September 20, 2008, our officers and directors and their affiliates beneficially owned approximately 29.94% of the outstanding shares of Common Stock, including options held by them that are exercisable within 60 days of the date of filing of this 10-K. As a result, they may be able to significantly influence matters requiring approval of the shareholders, including the election of directors, and may be able to delay or prevent a change in control of the

Company.

We may not pay cash dividends in the future

We declared a cash dividend of eleven cents (U.S. $0.11) per share payable to the shareholders of record on February 25, 2008, a cash dividend of ten cents (U.S. $0.10) per share payable to the shareholders of record on December 15, 2006 and a cash dividend of fifty cents (U.S. $0.50) per share payable to the shareholders of record on January 10, 2006. However, there is no assurance that we will, or that we will be able to, pay any cash dividends on our Common Stock in the future. We anticipate that future earnings, if any, will be retained for use in the business or for other corporate purposes. Additionally, California law prohibits the payment of dividends if the Company does not have sufficient retained earnings or cannot meet certain asset to liability ratios.

The market price for our Common Stock is subject to fluctuation

The trading price of our Common Stock has from time to time fluctuated widely. The trading price may similarly fluctuate in the future in response to quarter-to-quarter variations in our operating results, announcements of innovations or new products by us or our competitors, general conditions in the semiconductor industry and other events or factors. In addition, in recent years, broad stock market indices in general, and the securities of technology companies in particular, have experienced substantial price fluctuations on a daily basis. Fluctuations in the trading price of our Common Stock may adversely affect our liquidity.

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Our results may be affected by interest rate fluctuations

We do not use derivative financial instruments in our investment portfolio. Our investment portfolio is generally comprised of cash deposits. Our policy is to place these investments in instruments that meet high credit quality standards. These securities are subject to interest rate risk and could decline in value if interest rates fluctuate, and thus subject us to market risk due to those fluctuations. Due to the short duration and conservative nature of our investment portfolio, we do not expect any material loss with respect to our investment portfolio, though no assurances can be given that material losses will not occur.

The interest rates on our loans and lines of credit range from 5.25% to 6.02% per annum. As of June 30, 2008, the outstanding aggregate principal balance on these loans and lines of credit was approximately $3,023. These interest rates are subject to change and we cannot predict an increase or decrease in rates, if any. However, an increase in interest rates could have an adverse effect on our financial results.

ITEM 1B – UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2 – PROPERTIES

As of the date of filing of this Form 10-K, we believe that we are utilizing approximately 92% of our fixed property capacity. We also believe that our existing facilities are under-utilized and are adequate and suitable to cover any sudden increase in our needs in the foreseeable future.

The following table presents the relevant information regarding the location and general character of our principal manufacturing and testing facilities:

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Location	Principal Use/Segment	Approx. Sq. Ft. Occupied	Owned (O) or Leased (L) & Expiration Date
16139 Wyandotte Street, Van Nuys, CA 91406, United States of America	Headquarters/ Trio-Tech Systems	5,200	(L) Dec. 2010
1004, Toa Payoh North, Singapore			
HEX 07-01/07,	Testing	6,864	(L) Sept. 2009
HEX 07-01/07, (ancillary site)	Testing	2,339	(L) Sept. 2009
HEX 03-01/02/03,	Testing/Manufacturing	2,959	(L) Sept. 2009
HEX 01-08/15,	Testing/Manufacturing	6,864	(L) Jan. 2009
HEX 01-08/15, (ancillary site)	Testing/Manufacturing	1,980	(L) Jan. 2009
HEX 01-16/17,	Testing	1,983	(L) Jan. 2009
HEX 02-08/09/10,	Testing	2,959	(L) Aug. 2008*2
HEX 02-11/12/14/15,	Testing	3,905	(L) Apr. 2011
HEX 03-08/10,	Manufacturing	2,959	(L) May. 2010
HEX 03-06/07	Testing/Manufacturing	1,953	(L) Jan. 2009*2
HEX 03-06/07 (ancillary site)	Testing/Manufacturing	266	(L) Jan. 2009*2
HEX 03-06/07 (ancillary site)	Testing/Manufacturing	101	(L) Jan. 2009*2
HEX 04-05/07	Manufacturing	2,929	(L) May. 2009*1
HEX 04-08/09/10	Manufacturing	2,959	(L) Dec. 2009*2
HEX 04-11/12	Manufacturing	1,953	(L) Nov. 2010*2
1008, Toa Payoh North, Singapore			
HEX 03-01/06,	Testing	7,345	(L) Feb. 2009*2
HEX 03-09/17,	Logistics/Universal (FE)	6,099	(L) Jan. 2009 *1
HEX 03-09/17, (ancillary site)	Logistics/Universal (FE)	70	(L) Jan. 2009*1
HEX 07-17/18,	Testing	4,315	(L) Nov. 2009
HEX 07-17/18, (ancillary site)	Testing	25	(L) Nov. 2009
HEX 07-01,	Testing	3,466	(L) Jan. 2010
HEX 02-17	Universal (FE)	832	(L) Jun. 2010
HEX 02-18	Universal (FE)	3,466	(L) Nov. 2009
HEX 02-15/16	Universal (FE)	1,400	(L) Jul. 2010
HEX 01-09/10/11	Universal (FE)	2,202	(L) Nov. 2009
HEX 01-15/16	Universal (FE)	1,400	(L) Sept. 2008*1
HEX 03-07/08	Testing	1,765	(L) Nov. 2010*2
HEX 03-07/08, (ancillary site)	Testing	144	(L) Nov. 2010
HEX 01-08	Universal (FE)	603	(L) Jun. 2009
Plot 1A, Phase 1 Bayan Lepas Free Trade Zone 11900 Penang	Subleased	42,013	(O) *3

Lot No. 11A, Jalan SS8/2, Sungai Way Free Industrial Zone, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Testing	19,334	(L) Aug. 2009
Lot No. 4, Kawasan MIEL Sungai Way Baru Free Industrial Zone, Phsdr Phase III, Phase III, Selangor Darul Ehsan, Malaysia	Subleased Dynamics, Malaysia	14,432	(L) Nov. 20108*3
327, Chalongkrung Road, Lamplathew, Lat Krabang, Bangkok 10520, Thailand	Testing	34,433	(O)
No. 5, Xing Han Street, Block A #04-13/14, Suzhou Industrial Park China 215021	Testing	9,957	(L) Oct. 2008*2
No. 5, Xing Han Street, Block A #04-15/16, Suzhou Industrial Park China 215021	Testing	9,957	(L) Oct. 2008*1
No. 273, Debao Road Factory No.58 Level 1 (West) Waigaoqiao Free Trade Zone, Pudong 200131 Shanghai, China Zone, Pudong 200131 Shanghai, China	Testing	7,158	(L) Aug. 2010
No. 5, Xing Han Street, Block A #04-11/12, Suzhou Industrial Park China 215021	Testing	3,606	(L) Nov. 2008*1
26-4/5, Future International Building. No. 6 North Jianxin Road 1st Road. Jiangbei District Chongqing China 400020	Office	2125	(L) Sep. 2010

*1 With respect to the various leases that expire during fiscal 2009, the Company anticipates that the landlord will offer similar terms on each such lease at renewal and does not believe that material expenses will be incurred.

*2 The Company intends to return the indicated leased premises to the landlord at the end of the lease period.

*3 The premises are subleased to a third party.

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ITEM 3 – LEGAL PROCEEDINGS

The Company is, from time to time, the subject of litigation claims and assessments arising out of matters occurring in its normal business operations. In the opinion of management, resolution of these matters will not have a material adverse effect on our financial statements.

There are no material proceedings to which any director, officer or affiliate of the Company, any beneficial owner of more than five percent of the Company's Common Stock, or any associate of such person is a party that is adverse to the Company or its properties.

There was no litigation relating to environmental action which arose from our operations.

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Stock is traded on the American Stock Exchange under the symbol "TRT." The following table sets forth, for the periods indicated, the range of high and low sales prices of our Common Stock as quoted by AMEX:

Quarter Ended	High	Low
Fiscal 2007		
September 30, 2006	$ 11.96	$ 5.95
December 31, 2006	$ 15.40	$ 10.45
March 31, 2007	$ 17.15	$ 10.68
June 30, 2007	$ 21.93	$ 14.25
Fiscal 2008		
September 30, 2007	$ 23.81	$ 9.79
December 31, 2007	$ 12.50	$ 8.26
March 31, 2008	$ 9.44	$ 5.28
June 30, 2008	$ 6.50	$ 5.08

Stockholders

As of June 30, 2008, there were 3,226,430 shares of our Common Stock issued and outstanding, and the Company had approximately 167 record holders of Common Stock.

Dividend Policy

On December 2, 2005, our Board of Directors declared a cash dividend of fifty cents (U.S. $0.50) per share payable to the shareholders of record on January 10, 2006. The total number of shares issued and outstanding as of January 10, 2006 was 3,215,532 and the total amount of the cash dividends paid on January 25, 2006 was approximately $1,607,766. The source of cash was from the proceeds from disposition of the property located in Dublin, Ireland.

On December 5, 2006, our Board of Directors declared a cash dividend of ten cents (U.S. $0.10) per share payable to the shareholders of record on December 15, 2006. The total number of shares issued and outstanding as of December 15, 2006 was 3,225,242 and the total amount of the cash dividends paid on January 15, 2007 was approximately $322,524.

On February 12, 2008, the Board of Directors declared a cash dividend of eleven cents (U.S. $0.11) per share payable to the shareholders of record on February 25, 2008. The total number of shares issued and outstanding as of February 25, 2008 was 3,226,430 and total cash dividends paid on March 25, 2008 were $354,907.

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The determination as to whether to pay any future cash dividends will depend upon our earnings and financial position at that time and other factors as the Board of Directors may deem appropriate. California law prohibits the payment of dividends if a corporation does not have sufficient retained earnings or cannot meet certain asset to liability ratios. There is no assurance that dividends will be paid to holders of Common Stock in the foreseeable future.

Stock Performance Graph

The graph below compares our cumulative total shareholder return of the Common Stock of the Company with that of the Standard & Poor's 500 Index and the AMEX Composite Index for the five-year period ending June 30, 2008. The graph assumes an investment of $100 on June 30, 2003 in the AMEX Composite Index and in the S&P 500 Index. The graph also assumes reinvestment of dividends, if any. The historical stock performance shown on the following graph should not be considered indicative of future shareholder returns, and we will not make or endorse any predictions of future shareholder returns.

$100 invested on 06/30/03 in stock or index-including reinvestment of dividends. Fiscal year ends June 30.

	6/03	6/04	6/05	6/06	6/07	6/08
TRIO TECH INTL	$ 100	$ 178	$ 155	$ 250	$ 816	$ 208
S & P 500	$ 100	$ 117	$ 122	$ 130	$ 154	$ 131
AMEX	$ 100	$ 129	$ 159	$ 199	$ 243	$ 243

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ITEM 6 – SELECTED FINANCIAL DATA

(In thousands, except per share data)

	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Consolidated Statements of Operations					
Net Sales	$ 40,314	$ 46,750	$ 29,099 (1)	$ 25,061 (2)	$ 18,661
Income (loss) from Operations	(41)	4,197	487	359	56
Net Income (loss) from Continuing Operations	(956)	3,308	597	216	162
Net Income (loss) from Discontinued Operations	-	-	8,459	5	58
Total Net Income (loss)	(956)	3,308	9,056		