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

FORM 10-Q /A
(Amendment No. 1)

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

For the Quarterly Period Ended December 31, 2009

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 x No o

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 o No o

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):

Large Accelerated Filer	o	Accelerated Filer	o
Non-Accelerated Filer	o	Smaller Reporting Company	x

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 10, 2010
[Common Stock, $0.01 par value per share]	3,227,430 shares

EXPLANATORY NOTE

This Amendment No. 1 (“Amendment”) on Form 10-Q/A amends the Quarterly Report of Trio-Tech International (the "Company") on Form 10-Q for the second quarter ended December 31, 2009, as filed with the Securities and Exchange Commission on February 16, 2010 (the "Original Filing"). This Amendment is being filed for the purpose of correcting errors in the condensed consolidated financial statements for the three and six months ended December 31, 2009. These errors related to allocation of losses to non-controlling interest as described in Note 12 to the condensed consolidated financial statements.

This Amendment is an amendment and restatement of the Original Report in its entirety in order to provide a complete presentation. Except as stated herein, this Amendment does not reflect events occurring after the date of the filing of the Original Report.

TRIO-TECH INTERNATIONAL
INDEX TO CONSOLIDATED FINANCIAL INFORMATION, OTHER INFORMATION AND SIGNATURE

Table of Contents

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. We believe customers have tightened and will continue to tighten their spending, resulting in a decline in the demand for electronic products and semiconductor equipment. See the discussions elsewhere in this Form 10-Q 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 ther comparable terminology.

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.

Table of Contents

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, 2009 (Unaudited)	June 30, 2009
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalent	$ 4,699	$ 6,037
Short-term deposits	1,371	1,994
Trade accounts receivable, less allowance for doubtful accounts of $100 and $165	5,919	3,981
Other receivables	501	279
Inventories, less allowance for obsolete inventory of $834 and $718	1,485	1,184
Prepaid expenses and other current assets	195	167
Total current assets	14,170	13,642
INVESTMENT PROPERTY IN CHINA , Net	2,627	2,935
PROPERTY, PLANT AND EQUIPMENT, Net	11,044	6,607
GOODWILL	434	-
OTHER ASSETS	209	1,326
RESTRICTED TERM DEPOSITS	3,570	3,437
TOTAL ASSETS	$ 32,054	$ 27,947
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 2,955	$ 1,025
Accrued expenses	1,830	1,769
Income taxes payable	191	202
Current portion of bank loans payable	1,132	1,266
Current portion of capital leases	78	78
Total current liabilities	6,186	4,340
BANK LOANS PAYABLE, net of current portion	2,511	237
CAPITAL LEASES, net of current portion	16	52
DEFERRED TAX LIABILITIES	531	526
OTHER NON-CURRENT LIABILITIES	634	10
TOTAL LIABILITIES	$ 9,878	$ 5,165
COMMITMENT AND CONTINGENCIES	-	-
EQUITY		
TRIO-TECH INTERNATIONAL’S SHAREHOLDERS' EQUITY:		
Common stock; no par value, 15,000,000 shares authorized; 3,227,430 shares issued and outstanding as at December 31, 2009, and June 30, 2009, respectively	$ 10,365	$ 10,365

Paid-in capital		1,534		1,446
Accumulated retained earnings		6,068		6,859
Accumulated other comprehensive loss-translation adjustments		1,489		1,194
Total Trio-Tech International shareholders' equity		19,456		19,864
NONCONTROLLING INTEREST		2,720		2,918
TOTAL EQUITY	$	22,176	$	22,782
TOTAL LIABILITIES AND EQUITY	$	32,054	$	27,947

See notes to condensed consolidated financial statements.

Table of Contents

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, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Revenue				
Products	$ 7,001	$ 5,966	$ 3,139	$ 2,834
Services	5,263	5,826	2,592	2,728
Fabrication Services	704	-	200	-
Others	328	257	260	243
	13,296	12,049	6,191	5,805
Cost of Sales				
Cost of products sold	6,071	4,897	2,784	2,230
Cost of services rendered	3,816	4,272	1,731	2,011
Cost of fabrication services rendered	1,193	-	699	--
Others	71	19	36	19
	11,151	9,188	5,250	4,260
Gross Margin	2,145	2,861	941	1,545
Operating Expenses/ (Gains) :				
General and administrative	3,028	3,339	1,437	1,324
Selling	227	206	95	83
Research and development	20	20	10	10
Impairment loss	-	520	-	520
(Gain)/loss on disposal of property, plant and equipment	(1)	(154)	-	5
Total operating expenses	3,274	3,931	1,542	1,942
Loss from Operations	(1,129)	(1,070)	(601)	(397)
Other Income (Expenses)				
Interest expense	(74)	(104)	(55)	(46)
Other income	143	332	146	131
Total other income	69	228	91	85
Loss Before Income Taxes	(1,060)	(842)	(510)	(312)
Income Tax Expenses (Benefits)	(28)	36	9	(62)
Loss before non-controlling interest	(1,032)	(878)	(519)	(250)
Net (loss) income attributable to non-controlling interest	(241)	267	(150)	176
Net loss attributable to Trio-Tech International	(791)	(1,145)	(369)	(426)

Comprehensive Loss				
Net loss	(1,032)	(878)	(519)	(250)
Foreign currency translation adjustment	338	(678)	109	(22)
Comprehensive Loss	(694)	(1,556)	(410)	(272)
Comprehensive (loss)/ income attributable to the non-controlling interest	(198)	267	(142)	162
Comprehensive loss attributable to Trio-Tech International	(496)	(1,823)	(268)	(434)
Loss per share attributable to Trio-Tech International:				
Basic and diluted	$ (0.25)	$ (0.35)	$ (0.11)	$ (0.13)
Weighted Average Shares Outstanding:				
Basic and diluted	3,227	3,227	3,227	3,227

See accompanying notes to condensed consolidated financial statements.

Table of Contents

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	Six Months Ended December 31, 2009 (unaudited)	Six Months Ended December 31, 2008 (unaudited)
Cash Flow from Operating Activities		
Net loss	$ (1,032)	$ (878)
Adjustments to reconcile net loss to net cash flow provided by operating activities		
Depreciation and amortization	1,072	1,103
Bad debt expense	135	12
Inventory provision	116	71
Interest income on short-term deposits	(12)	(40)
Gain on sale of equipment	(1)	(154)
Investment income	-	240
Stock compensation	88	275
Deferred tax provision	5	29
Changes in operating assets and liabilities, net of acquisition effects		
Accounts receivables	(1,812)	1,752
Other receivables	(222)	-
Other assets	(155)	7
Inventories	(417)	707
Prepaid expenses and other current assets	304	420
Accounts payable and accrued liabilities	1,115	(3,061)
Income tax payable	(11)	(51)
Other non-current liabilities	(47)	-
Net cash provided by operating activities	(874)	472
Cash Flow from Investing Activities		
Proceeds from unrestricted and restricted term deposits, net	514	2,433
Investments in short-term deposits	-	(152)
Proceeds from investment property	291	-
Investment in Chongqing, China	(31)	(529)
Additions to property, plant and equipment	(3,874)	(1,034)
Acquisition of PT SAS Indonesia, net of cash acquired	225	-
Proceeds from sale of equipment	3	178
Net cash provided by (used in) investing activities	(2,872)	896
Cash Flow from Financing Activities		
Net borrowings on lines of credit	-	5
Repayment of bank loans and capital leases	(1059)	(972)
Proceeds from long-term bank loans and capital leases	3,112	-
Proceeds from exercising stock options	-	3
Net cash provided by (used in) financing activities	2,053	(964)
Effect of Changes in Exchange Rate	355	(263)
NET (DECREASE) INCREASE IN CASH	(1,338)	141

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		6,037		6,600
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	4,699	$	6,741
Supplementary Information of Cash Flows				
Cash paid during the period for:				
Interest	$	65	$	131
Income taxes	$	1	$	-
Non-Cash Transactions				
Non-cash investment for the investment in Chongqing		-		502
Non-cash capital expenditure		1,272		9

See notes to condensed consolidated financial statements.

Table of Contents

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT PER SHARE AND NUMBER OF SHARES)

1.ORGANIZATION AND BASIS OF PRESENTATION

Trio-Tech International ("the Company" or "TTI" hereafter) was incorporated in fiscal 1958 under the laws of the State of California. TTI provides third-party semiconductor testing and burn-in services primarily through its laboratories in Southeast Asia. In addition, TTI operates testing facilities in the United States. The Company also designs, develops, manufactures and markets a broad range of equipment and systems used in the manufacturing and testing of semiconductor devices and electronic components. TTI conducts business in five business segments: Manufacturing, Testing Services, Fabrication Services, Distribution and Real Estate. TTI has subsidiaries in the U.S.A, Singapore, Malaysia, Thailand, China and Indonesia as follows:

	Ownership	Location
Express Test Corporation (dormant)	100%	Van Nuys, California
Trio-Tech Reliability Services (dormant)	100%	Van Nuys, California
KTS Incorporated, dba Universal Systems (dormant)	100%	Van Nuys, California
European Electronic Test Centre (Operation ceased on November 1, 2005)	100%	Dublin, Ireland
Trio-Tech International Pte. Ltd.	100%	Singapore
Universal (Far East) Pte. Ltd.	100%	Singapore
Trio-Tech Thailand	100%	Bangkok, Thailand
Trio-Tech Bangkok	100%	Bangkok, Thailand
Trio-Tech Malaysia	55%	Penang and Selangor, Malaysia
Trio-Tech Kuala Lumpur – 100% owned by Trio-Tech Malaysia	55%	Selangor, Malaysia
Prestal Enterprise Sdn. Bhd.	76%	Selangor, Malaysia
Trio-Tech (Suzhou) Co., Ltd.	100%	Suzhou, China
Trio-Tech (Shanghai) Co., Ltd.	100%	Shanghai, China
Trio-Tech (Chongqing) Co., Ltd.	100%	Chongqing, China
SHI International Pte., Ltd.	55%	Singapore
PT SHI Indonesia (acquired on July 1, 2009)	55%	Batam, Indonesia

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. All significant inter-company accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements are presented in U.S. dollars. The accompanying condensed consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the six months ended December 31, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report for the fiscal year ended June 30, 2009.

Table of Contents

New Accounting Policy:

Revenue Recognition — We adopted the following revenue recognition policy for our fabrication service segment which was acquired in the first quarter of fiscal 2010.

In the fabrication services segment, revenue is recognized from long-term, fixed-price contracts using the percentage-of-completion method of accounting, (1) Input measures - measured by multiplying the estimated total contract value by the ratio of actual contract costs incurred to date to the estimated total contract costs (2) Output measures – measured based on completion on results achieved - units produced or units delivered. The Company makes significant estimates involving its usage of percentage-of-completion accounting to recognize contract revenues. The Company periodically reviews contracts in process for estimates-to-completion, and revises estimated gross profit accordingly. While the Company believes its estimated gross profit on contracts in process is reasonable, unforeseen events and changes in circumstances can take place in a subsequent accounting period that may cause the Company to revise its estimated gross profit on one or more of its contracts in process. Accordingly, the actual gross profit realized upon completion of such contracts can vary significantly from estimated amounts between accounting periods.

Reclassification: — Certain reclassifications have been made to the previous year's financial statements to conform to current year presentation, with no effect on previously reported net income.

2. ACQUISITION OF PT SHI INDONESIA, BATAM, INDONESIA

On July 1, 2009, SHI International Pte., Ltd., a 55% owned subsidiary of the Company, consummated the acquisition of a 100% interest in PT SHI Indonesia, pursuant to the Share Purchase Agreement dated April 7, 2009. PT SHI Indonesia is an Indonesia–based enterprise providing fabrication of large and complex structures employed to process oil and gas and for temporary storage of the oil prior to transshipment, and related services for the offshore oil and gas industries. The Company's objective for acquiring this business was to diversify its business, reduce the risk associated with sole industry focus, and enhance the Company's future growth opportunities. There were operating activities in PT SHI Indonesia for the six months ended December 31, 2008. Beginning on July 1, 2009, the operating results of this subsidiary were included in the consolidated statements of the Company for the six months ended December 31, 2009. Fabrication services are included in the Company's new segment "fabrication services". This acquisition transaction was not considered significant to the Company.

Pursuant to the Share Purchase Agreement, the purchase price was approximately $113, consisting of $10 in cash and $103 in a contingent note payables. In accordance with ASC Top 805, Business Combinations, the Company allocated the purchase price to the tangible assets and liabilities based on their estimated fair values. The fair value assigned to intangible assets acquired was based on estimates and assumptions determined by management. Management determined that the fair value attributable to non-controlling was nil due to the negative net asset value and the control premium associated with the Company's majority ownership. Therefore, 100% of the goodwill was allocated to the majority shareholder, the Company. The total purchase price was allocated as follows (in thousands):

Table of Contents

Total purchase price:	
Cash	$ 10
Contingent note payable	103
	$ 113
Allocated as follows:	
Cash & cash equivalent	$ 235
Accounts receivable	261
Other current assets	332
Fixed assets	298
Accounts payable and accrued expenses	(876)
Other non-current liabilities	(568)
NET ASSETS	$ (318)
Goodwill	431
	$ 113

The contingent note payable of $103 recorded during the six months ended December 31, 2009 was related to agreements to pay additional amounts based on achievement of certain performance measures for up to two years ending after the acquisition date. The excess purchase price over the fair value of net assets acquired was recorded as goodwill. Goodwill will not be amortized, but will be evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of a certain asset may be impaired. The goodwill is not tax deductible.

The unaudited financial information in the table below summarizes the combined results of the operations of the Company and the new Fabrication Services segment for the three and six months ended December 31, 2009 as if the acquisition had occurred on July 1, 2008. The results from operations for the three and six months ended December 31, 2009 included the acquisition of PT SHI Indonesia, Batam , Indonesia that was completed at the beginning of the first quarter of fiscal 2009.

The pro forma results are presented for information purposes only and are not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of the three and six months ended December 31, 2008. The unaudited pro forma combined the statement of operations for the three and six months ended December 31, 2008 and historical results for the new Fabrication & Services segment for the period preceding the acquisition on July 1, 2008.

Table of Contents

The following amounts are in thousands.

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008

	Historical Information of the Company (1) (Unaudited)	Historical Information of the Acquired Entity (Unaudited)	Pro Forma
Net sales	$ 5,805	$ 67	$ 5,872
Net loss	$ (426)	$ (404)	$ (830)
Basic loss per share	$ (0.13)	(0.13)	$ (0.26)
Diluted loss per share	$ (0.13)	(1.13)	$ (0.26)
Basic weighted average common shares outstanding	3,227	-	3,227
Diluted weighted average common shares outstanding	3,227	-	3,227

Note: The currency exchange rate is based on the average exchange rate of the related period.

1. The historical operating results of the Company were based on the Company's unaudited financial statement in this Form 10-Q filed with the SEC for the three-month period ended December 31, 2008

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

	Historical Information of the Company (1) (Unaudited)	Historical Information of the Acquired Entity (Unaudited)	Pro Forma
Net sales	$ 12,049	$ 67	$ 12,116
Net loss	$ (1,145)	$ (404)	$ (1,549)
Basic loss per share	$ (0.35)	(0.13)	$ (0.48)
Diluted loss per share	$ (0.35)	(0.13)	$ (0.48)
Basic weighted average common shares outstanding	3,227	-	3,227
Diluted weighted average common shares outstanding	3,227	0	3,227

Note: The currency exchange rate is based on the average exchange rate of the related period.

1. The historical operating results of the Company were based on the Company's unaudited financial statement in its Form 10-Q filed with the SEC for the six month period ended December 31, 2008.

Table of Contents

3.NEW ACCOUNTING PRONOUNCEMENTS

In June 2009 the FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Statement of Financial Accounting Standards ("SFAS") SFAS No. 165 (ASC Topic 855), Subsequent Events, SFAS No. 166 (ASC Topic 810), Accounting for Transfers of Financial Assets-an Amendment of FASB Statement No. 140, SFAS No. 167 (ASC Topic 810), Amendments to FASB Interpretation No. 46(R), and SFAS No. 168 (ASC Topic 105), The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles-a Replacement of FASB Statement No. 162 were recently issued. SFAS No. 165, 166, 167, and 168 have no current applicability to the Company or their effect on the financial statements would not have been significant.

Accounting Standards Update ("ASU") ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures - Overall, ASU No. 2009-13 (ASC Topic 605), Multiple-Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU's No. 2009-2 through ASU No. 2009-15 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

The FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, on June 29, 2009 and, in doing so, authorized the Codification as the sole source for authoritative U.S. GAAP. SFAS No. 168 is effective for financial statements issued for reporting periods that end after September, 15, 2009. SFAS 168 supersedes all accounting standards for U.S. GAAP, aside from those issued by the SEC. SFAS No. 168 replaces No. 162 to establish a new hierarchy of GAAP sources for non-governmental entities under the FASB Accounting Standard Codification.

In July 2009, the FASB issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles (“SFAS. 168"). Statement No. 168 supersedes Statement No. 162 issued in May 2008. Statement No. 168 will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. This Statement is effective for interim and annual periods ending after September 15, 2009, including the period covered by this report. The adoption of Statement No.168 does not materially impact the Company’s consolidated financial position or results of operations.

Table of Contents

In June 2009, the FASB issued SFAS No. 167 Amendments to FASB Interpretation No. 46(R). This standard changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The statement becomes effective as to the Company on December 31, 2010. The Company is currently evaluating the impact this statement may have on our consolidated results of operations and financial condition and does not expect the impact, if any, to be material.

Effective June 30, 2009, the Company adopted a new accounting standard included in ASC 855 Subsequent Events that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. This new accounting standard provides guidance on the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The implementation of this standard did not have a material impact on our condensed consolidated financial statements. The Company evaluated subsequent events through February 12, 2010, the date the accompanying financial statements were issued.

August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-05 Fair Value Measurement and Disclosures Topic 820 - Measuring Liabilities at Fair Value, which provides amendments to subtopic 820-10, Fair Value Measurements and Disclosures - Overall, for the fair value measurement of liabilities. This update provides clarification on the methods to be used in circumstances in which a quoted price in an active market for the identical liability is not available. The provisions of ASU 2009-05 were effective for the third quarter of 2009. The adoption of ASU 2009-05 did not have a material impact on the Company's financial statements.

In August 2009, the FASB issued an Update to ASC 820, Fair Value Measurements and Disclosures 2009-05 Measuring Liabilities at Fair Value, to provide guidance on measuring the fair value of liabilities under ASC 820. This update clarifies the fair value measurements for a liability in an active market and the valuation techniques in the absence of a Level 1 measurement. This update became effective for the interim period beginning October 1, 2009. The adoption of this update does not have a material impact on the Company's consolidated financial statements.

In August 2009, the FASB issued new accounting guidance to provide clarification on measuring liabilities at fair value when a quoted price in an active market is not available. This guidance became effective as to the Company on October 1, 2009 and does not have significant impact on the Company's consolidated financial position or results of operations.

In September 2009 the New FASB Accounting Standards Update 2009-08 issued in Earnings Per Share (amendments to Section 260-10-S99). This update includes technical corrections to Topic 260-10-S99 Earnings Per Share, based on EITF Topic D-53, "Computation of Earnings Per Share for a Period that includes redemption or an induced conversion of a portion of a class of preferred stock" and EITF Topic D-42, "The effect of the calculation of Earnings Per Share for the redemption or induced conversion of preferred stock." Implementation of this does not have an impact on its results or financial position of the Company.

Table of Contents

In October 2009, FASB issued ASU No. 2009-13, "Revenue Recognition (Topic 605): "Multiple Deliverable Revenue Arrangements" (a Consensus of the FASB EITF). ASU No. 2009-13 modifies ASC 605-25, "Revenue Recognition - Multiple-Element Arrangements" (formerly EITF 00-21). ASU No. 2009-13 requires an entity to allocate the revenue at the inception of an arrangement to all of its deliverables based on their relative selling prices. This guidance eliminates the residual method of allocation of revenue in multiple deliverable arrangements and requires the allocation of revenue based on the relative-selling-price method. The determination of the selling price for each deliverable requires the use of a hierarchy designed to maximize the use of available objective evidence, including, VSOE, third party evidence of selling price (TPE), or estimated selling price (ESP).

In October 2009, FASB issued Accounting Standards Update (ASU) No. 2009-14, Topic 985: Certain Revenue Arrangements That Include Software Elements (a Consensus of the FASB Emerging Issues Task Force Issue (EITF)). ASU No. 2009-14 modifies ASC 985-605, Software Revenue, such that the following products would be considered non-software deliverables and therefore excluded from the scope of ASC 985-605:

- Tangible products that contain software elements and non-software elements that function together to deliver the tangible product's essential functionality.
    - Undelivered elements that are essential to the above described tangible product's functionality.

ASU No. 2009-13 and ASU No. 2009-14 must be adopted no later than the beginning of the Company's fiscal year 2011 and early adoption is allowed and may be adopted either under the prospective method, whereby the guidance will apply to all revenue arrangements entered into or materially modified after the effective date, or under the retrospective application, whereby the guidance will apply to all revenue arrangements for all periods presented. An entity may elect to adopt ASU No. 2009-13 and ASU No. 2009-14 in a period other than their first reporting period of a fiscal year under the prospective method but must adjust the revenue of prior reported periods such that all new revenue arrangements entered into, or materially modified, during the fiscal year of adoption are accounted for under this guidance.

The adoption of ASU No. 2009-13 and ASU No. 2009-14 will allow the separation of deliverables under more arrangements which may result in less revenue deferral. For such arrangements, the application of the relative-selling price method of allocating the revenue of an arrangement and the elimination of the residual method of allocation may result in a different reallocation of revenue from product revenue, which is recognized upon delivery, to support revenue, which is recognized ratably over the support period.

The Company is currently evaluating the impact of these pronouncements on its financial position and results of operations.

4. INVENTORIES

Inventories consisted of the following:

	Dec. 31, 2009 (Unaudited)	June 30, 2009
Raw materials	$ 1,127	$ 1,084
Work in progress	1,041	645
Finished goods	151	173
Less: provision for obsolete inventory	(834)	(718)
	$ 1,485	$ 1,184

Table of Contents

5. STOCK OPTIONS

As of December 31, 2009, there were no outstanding options to purchase Common Stock which had been granted pursuant to the 1998 Employee Option Plan, which plan was terminated on December 2, 2005 by the Company's Board of Directors.

On September 24, 2007, the Company's Board of Directors unanimously adopted the 2007 Employee Stock Option Plan and the 2007 Directors Equity Incentive Plan, which were approved by the shareholders on December 3, 2007. The 2007 Employee Stock Option Plan provides for awards of up to 300,000 shares of the Company's Common Stock to employees, consultants and advisors. The 2007 Directors Equity Incentive Plan provides for awards of up to 200,000 shares of the Company's Common Stock to the members of the Board of Directors in the form of non-qualified options and restricted stock. These two plans are administered by the Board, which also establishes the terms of the awards.

Assumptions

The fair value for these awards was estimated using the Black-Scholes option pricing model with the following weighted average assumptions, assuming no expected dividends:

	Six Months Ended December 31, 2009	Year Ended June 30, 2009
Expected volatility	107.18-145.18%	107.18-145.18%
Risk-free interest rate	1.27 – 2.48%	1.27 – 2.48%
Expected life (years)	2.00 - 3.25	2.00 - 3.25

The expected volatilities are based on the historical volatility of the Company's stock. The observation is made on a weekly basis. The observation period covered is consistent with the expected life of options. The expected term of options granted to employees has been determined utilizing the "simplified" method as prescribed by SAB No. 107, Share-Based Payment, as amended by SAB No. 110 on January 1, 2008, which, among other provisions, allowed companies without access to adequate historical data about employee exercise behavior to use a simplified approach for estimating the expected term of a "plain vanilla" option grant. The simplified rule for estimating the expected term of such an option was the average of the time to vesting and the full term of the option. The risk-free rate is consistent with the expected terms of the stock options and is based on the United States Treasury yield curve in effect at the time of grant.

2007 Employee Stock Option Plan

The Company's 2007 Employee Stock Option Plan (the "2007 Employee Plan"), which is shareholder-approved, permits the grant of stock options to its employees of up to 300,000 shares of Common Stock. Under the 2007 Employee Plan, all options must be granted with an exercise price of not less than "fair market value" as of the grant date and the options granted should be exercisable within a maximum of ten years after the date of grant, or such lesser period of time as is set forth in the stock option agreements. The options may be exercisable (a) immediately as of the effective date of the stock option agreement granting the option, or (b) in accordance with a schedule related to the date of the grant of the option, the date of first employment, or such other date as may be set by the Compensation Committee. Generally, options granted under the 2007 Employee Plan are exercisable within five years after the date of grant, and vest over the period as follows: 25% vesting on the grant date and the remaining balance vesting in equal installments on the next three succeeding anniversaries of the grant date. The share-based compensation will be recognized in terms of the grade method over the vesting period. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the 2007 Employee Plan).

-12-

Table of Contents

The Company did not grant any options pursuant to the 2007 Employee Plan during the six months ended December 31, 2009. The Company recognized stock-based compensation expenses of $88 in the six months ended December 31, 2009 under the 2007 Employee Plan. The balance of unamortized stock-based compensation of $148 based on fair value on the grant date related to options granted under the 2007 Employee Plan is expected to be recognized over a period of three years.

During the six months ended December 31, 2008, pursuant to the 2007 Employee Plan, 50,000 shares of stock options were granted to certain officers and employees with an exercise price equal to the fair market value of the Company's Common Stock (as defined under the 2007 Employee Plan in conformity with Regulation 409A of the Internal Revenue Code of 1986, as amended) at the date of grant. These options vest over the period as follows: 25% vesting on the grant date, and the balance vesting in equal installments on the next three succeeding anniversaries of the grant date. The fair market value of 50,000 shares of the Company's Common Stock issuable upon exercise of stock options granted was approximately $136 based on the fair value of $2.71 per share determined by using the Black Scholes option pricing model.

The Company recognized stock-based compensation expense of approximately $112 in the six months ended December 31, 2008 under the 2007 Employee Plan. Unamortized stock-based compensation of $135 based on fair value on the grant date related to options granted under the 2007 Employee Plan is expected to be recognized over a period of three years.

As of December 31, 2009, there were vested employee stock options covering a total of 102,125 shares of Common Stock. The weighted-average exercise price was $4.70 and the weighted average remaining contractual term was 3.75 years. The total intrinsic value of vested employee stock options during the six month period ended December 31, 2009 was $74. A summary of option activities under the 2007 Employee Plan during the six month period ended December 31, 2009 is presented as follows:

	Options	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2009	283,000	$ 3.32	4.47	-
Granted	-	-	-	-
Exercised	-	-		
Forfeited or expired	(6,000)	3.21	3.78	
Outstanding at December 31, 2009	277,000	$ 3.31	3.97	$ 294
Exercisable at December 31, 2009	102,125	$ 4.70	3.75	$ 74

Table of Contents

A summary of the status of the Company’s non-vested employee stock options during the six months ended December 31, 2009 is presented below:

	Options	Weighted-Average Grant-Date Fair Value
Non-vested at July 1, 2009	202,375	$ 3.84
Granted	-	-
Vested	(19,000)	4.14
Forfeited	(6,000)	2.17
Non-vested at December 31, 2009	177,375	$ 4.90

2007 Directors Equity Incentive Plan

The 2007 Directors Equity Incentive Plan (the “2007 Directors Plan”), which is shareholder-approved, permits the grant of 200,000 shares of Common Stock to its duly elected non-employee directors in the form of non-qualified options and restricted stock. The exercise price of the non-qualified options is 100% of the fair market value of the underlying shares on the grant date. The options have five-year contractual terms and are generally exercisable immediately as of the grant date.

During the six months ended December 31, 2009, the Company did not grant any options pursuant to the 2007 Directors Plan.

During the six months ended December 31, 2008, pursuant to the 2007 Directors Plan, stock options covering 60,000 shares of Common Stock were granted to our directors with an exercise price equal to the fair market value of our Common Stock (as defined under the 2007 Directors Plan in conformity with Regulation 409A or the Internal Revenue Code of 1986, as amended) at the date of grant. The fair market value of the 60,000 shares of the Company’s Common Stock issuable upon exercise of such stock options was approximately $163 based on the fair value of $2.71 per share determined by the Black Scholes option pricing model.

There were no options exercised under the 2007 Directors Equity Incentive Plan during the six months ended December 31, 2009 and 2008. The Company recognized stock-based compensation expense of zero and $163 in the six month period ended December 31, 2009 and 2008, respectively, under the 2007 Directors Plan.

Table of Contents

The total intrinsic value of directors' stock options during the six month period ended December 31, 2009 was $121. A summary of option activities under the 2007 Employee Plan during the six month period ended December 31, 2009 is presented as follows:

	Options	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2009	200,000	$ 5.00	4.15	-
Granted	-	-	-	-
Exercised	-	-		
Forfeited or expired	-	-		
Outstanding at December 31, 2009	200,000	$ 5.00	3.65	$ 121
Exercisable at December 31, 2009	200,000	$ 5.00	3.65	$ 121

1998 Stock Option Plan

A summary of option activities under the 1998 Plan during the six month period ended December 31, 2009 is presented as follows:

	Options	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2009	2,750	$ 4.40	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	(2,750))	$ 4.40	-	
Outstanding at December 31, 2009	-	-	-	-
Exercisable at December 31, 2009	-	-	-	-

Table of Contents

6. EARNINGS PER SHARE

The Company adopted ASC Topic 215, Statement of Shareholder Equity. Basic EPS are computed by dividing net income available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS give effect to all dilutive potential common shares outstanding during a period. In computing diluted EPS, the average price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options and warrants.

Options to purchase 483,000 shares of Common Stock at exercise prices ranging from $1.72 to $9.57 per share as of December 31, 2009 were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

Options to purchase 214,750 shares of Common Stock at exercise prices ranging from $4.40 to $9.57 per share were outstanding as of December 31, 2008 were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

The following table is a reconciliation of the weighted average shares used in the computation of basic and diluted EPS for the years presented herein:

	Six Months Ended		Three Months Ended	
	Dec. 31, 2009 Unaudited	Dec. 31, 2008 Unaudited	Dec. 31, 2009 Unaudited	Dec. 31, 2008 Unaudited
Net loss attributable to Trio-Tech International common shareholders	(791)	(1,145)	(369)	(426)
Basic loss per share attributable to Trio-Tech International common shareholders	(0.25)	(0.35)	(0.11)	(0.13)
Diluted loss per share attributable to Trio-Tech International common shareholders	(0.25)	(0.35)	(0.11)	(0.13)
Weighted average number of common shares outstanding - basic	3,227	3,227	3,227	3,227
Dilutive effect of stock options	-	-	-	-
Number of shares used to compute earnings per share - diluted	3,227	3,227	3,227	3,227

Table of Contents

7. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are customer obligations due under normal trade terms. Management performs continuing credit evaluations of the customers' financial conditions, and although management generally does not require collateral, letters of credit may be required from the customers in certain circumstances.

Senior management reviews accounts receivable on a monthly basis to determine if any receivables will potentially be uncollectible. Management includes any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to us, management believed the allowance for doubtful accounts as of December 31, 2009 and June 30, 2009 was adequate.

The following table represents the changes in the allowance for doubtful accounts:

	Dec. 31, 2009 (Unaudited)	June 30, 2009
Beginning	$ 165	$ 51
Additions charged to expenses	135	128
Recovered	(200)	(14)
Actual write-offs	-	-
Ending	$ 100	$ 165

8. WARRANTY ACCRUAL

The Company provides for the estimated costs that may be incurred under its warranty program at the time the sale is recorded. The Company provides warranty for products manufactured in the term of one year. The Company estimates the warranty costs based on the historical rates of warranty returns. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary.

	Dec. 31, 2009 (Unaudited)	June 30, 2009
Beginning	$ 113	$ 211
Additions charged to cost and expenses	30	-
Reversal	(53)	(80)
Actual usage	(3)	(18)
Ending	$ 87	$ 113

Table of Contents

9. INCOME TAX

The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of ASC Topic 740. The income tax benefit was $28 for the six months ended December 31, 2009 and tax expenses of $9 for the three months ended December 31, 2009 and the income tax expense was $36 for the six months and a tax benefit of $62 for three months ended December 31, 2008

The Company accrues penalties and interest related to unrecognized tax benefits when necessary as a component of penalties and interest expenses, respectively. The Company had not accrued any penalties or interest expenses relating to unrecognized benefits at June 30, 2009 and December 31, 2009.

The major tax jurisdictions in which the Company files income tax returns are the United States, Singapore and Malaysia. The statute of limitations, in general, is open for years 2002 to 2009 for tax authorities in those jurisdictions to audit or examine income tax returns. The Company is under annual review by the government of Singapore. However, the Company is not currently under tax examination in any other jurisdiction.

The Company has not recognized any income tax benefit according to the provisions of ASC Topic 740 during the current quarter in accordance with the provisions of ASC Topic 740.

10. INVESTMENT PROPERTY IN CHONGQING, CHINA

The following table presents the Company's investment property in China as at December 31, 2009. The exchange rate is based on the exchange rate on December 31, 2009 published by the Monetary Authority of Singapore (MAS).

	Investment Date	Investment Amount (RMB)	Investment Amount (U.S. Dollars)
Investment in property with JiaSheng	08/28/07	10,000	1,464
Investment in property with JiaSheng	12/17/07	5,000	732
Return of investment in property with JiaSheng	06/26/08	(5,000)	(732)
Return of investment in property with JiaSheng	10/23/08	(1,988)	(291)
Return of investment in property with JiaSheng	11/16/09	(1,988)	(291)
Net Investment in JiaSheng		6,024	882
Purchase on investment property Maoye	01/04/08	5,554	813
Purchase on investment property JiaSheng	10/23/08	7,042	1,031
Additional cost of investment		209	31
Net Investment in Property		12,805	1,875
Accumulated Depreciation		(894)	(130)
Total Investment in China by Chongqing		RMB 19,723	$ 2,627

In June 2007, Trio-Tech International Pte., Ltd. established a subsidiary in Chongqing, China. Trio-Tech (Chongqing) Co., Ltd. has a registered capital of RMB 20,000 (Chinese yuan), or equivalent to approximately U.S. $2,600, and is wholly owned by Trio-Tech International Pte., Ltd.

Table of Contents

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. Pursuant to the signed agreement, Trio-Tech (Chongqing) Co., Ltd. invested RMB 10,000, equivalent to approximately U.S. $1,464 based on the exchange rate on December 31, 2009 published by the Monetary Authority of Singapore.

On December 17, 2007, Trio-Tech (Chongqing) Co., Ltd. invested an additional RMB 5,000, approximately U.S. $732, to increase the square meters of the buildings specified in the original Memorandum Agreement dated August 27, 2007 by 9,885 square meters, which was approved by the Chinese District Zoning Regulation Bureau. After that additional capital infusion, the equity ratio owned by the Company in that joint venture was 20%.

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 office building located in Chongqing, China. The total cash purchase price was RMB 5,554 (Chinese yuan), equivalent to approximately U.S. $813 based on the exchange rate as of December 31, 2009 published by the Monetary Authority of Singapore. Under the terms of the agreement, the Company paid the purchase price in full on January 4, 2008. The Company rented this property to a third party on July 13, 2008. The term of the rental agreement was five years with an annual rental income of RMB 468, or approximately U.S. $72 for each of the first the first three years, with an increase of 8% for the fourth and fifth year to RMB 505 or approximately $78 per year. In the three and six months ended December 31, 2009, this property generated a rental income of U.S. $17 and $34 respectively, compared with $14 and $31 for the three and six months ended December 31, 2008, respectively.

In the fourth quarter of 2008, the investment of RMB 5,000, approximately U.S. $732 based on the exchange rate as of December 31, 2009 published by the Monetary Authority of Singapore, was returned to the Company, which reduced the investment in this project to $1,464. After that return of investment, the equity ratio owned by the Company in that joint venture was 15%. The Company also recorded a profit of RMB 750, approximately $103, in investment income in the fourth quarter of 2008.

In October 2008, Trio-Tech (Chongqing) Co., Ltd.received a second return on investment principal of RMB 1,988, or $291, and investment income of RMB 1,312, or $192, from JiaSheng. The investment income was part of the return on investment based on the investment amount of RMB 10,000, or $1,464. After the second return of investment, the equity ratio owned by the Company in that joint venture was 13%.

On October 23, 2008, Trio-Tech (Chongqing) Co., Ltd. entered into a Memorandum Agreement with JiaSheng to purchase four units of commercial property and two units of residential property, totaling 1,391.70 square meters, at JiaSheng Jingyun Huafu Project located at No. 17 Puyun Avenue in Chongqing, China. The total purchase price was RMB 7,042, approximately $1,031 based on the exchange rate as of December 31 2009 published by the Monetary Authority of Singapore. The Company made cash payment of RMB 3,612, or $529, and offset the remaining purchase price for this commercial and residential property with the investment returns and investment income from the No. B48 property in the BeiPei district of Chongqing City. The Company has not received the title for this property as of the filing date of this Form 10-Q, as the seller is in the process of making the payments of all taxes due so that the documents can be received and the transfer can take place.

On October 23, 2008 Trio-Tech (Chongqing) Co., Ltd. entered into a lease agreement with JiaSheng for the six units purchased from JiaSheng pursuant to the Memorandum Agreement. The lease provides for a two year term with an annual rental income of RMB 1,392, or approximately $204. The lease started on November 1, 2008 and generated a rental income of $51 and $51 in the three and six months ended December 31, 2009. The depreciation expenses of the investment property in Chongqing, China were $23 and $46 and the depreciation expenses of our office and office furniture in Chongqing, China were $2 and $4 in the three and six months ended December 31, 2009, based on the exchange rate as of December 31, 2009 published by the Monetary Authority of Singapore.

Table of Contents

In August 2009, Trio-Tech (Chongqing) Co., Ltd. received a notice from JiaSheng that the completion of the project has been delayed due to certain reasons. In addition, the price of the property was adversely affected by the slow down of demand in real estate property in China. JiaSheng has decided to slow down the project and delay the sale of the property until the price recovered. Even though there has been a slow down in the anticipated sale of the property, the Company continues to believe that their cost basis in the property is less than the market value. However, the estimated market value is a significant estimate and it could materially change in the short term. The Company will continue to evaluate these estimates on a quarterly basis.