

JF Technology Berhad

(Company No. 747681-H)

(Incorporated in Malaysia)



Quarterly report on results for the 4th Quarter ended 30 June 2010

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Jun 2010 RM'000	Preceding year corresponding quarter 30 Jun 2009 RM'000	Current year to date 30 Jun 2010 RM'000	Preceding year corresponding period 30 Jun 2009 RM'000
Revenue	2,974	1,418	8,671	4,525
Direct costs	(727)	(573)	(2,646)	(2,075)
Gross profit	<u>2,247</u>	<u>845</u>	<u>6,025</u>	<u>2,450</u>
Other operating income	29	110	158	460
Other operating expenses	(1,616)	(1,097)	(4,488)	(3,393)
Finance cost	(103)	(65)	(436)	(278)
Profit/(Loss) before taxation	<u>557</u>	<u>(207)</u>	<u>1,259</u>	<u>(761)</u>
Tax (expense)/income	(560)	72	(557)	68
Net profit/(loss) after taxation	<u>(3)</u>	<u>(135)</u>	<u>702</u>	<u>(693)</u>
Basic Earnings/(Loss) Per Share (sen)	<u>(0.00)</u>	<u>(0.11)</u>	<u>0.56</u>	<u>(0.55)</u>

Notes:

This unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2009.

The accompanying notes are an integral part of this quarterly report.

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CONDENSED CONSOLIDATED BALANCE SHEET

(The figures have not been audited)

	As at 30 Jun 2010 RM'000	As at 30 June 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,915	17,359
Prepaid land lease payments	4,475	4,522
Development cost	1,467	1,157
	<u>22,857</u>	<u>23,038</u>
Current assets		
Inventories	976	965
Trade receivables	2,607	1,433
Other receivables, deposits and prepayments	392	562
Current tax assets	-	30
Deposits, cash and bank balances	6,504	8,120
	<u>10,479</u>	<u>11,110</u>
Non-current assets held for sales	-	830
TOTAL ASSETS	<u>33,336</u>	<u>34,978</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	12,600	12,600
Share premium	8,742	8,742
Retained Profits	3,190	2,457
Total equity	<u>24,532</u>	<u>23,799</u>
Non-current liabilities		
Borrowings	5,429	6,488
Deferred taxation	577	83
	<u>6,006</u>	<u>6,571</u>
Current liabilities		
Trade payables	230	99
Other payables and accruals	1,480	3,217
Tax payable	4	-
Borrowings	1,084	1,261
Total current liabilities	<u>2,798</u>	<u>4,577</u>
Liabilities attributable to non-current assets held for sale	-	31
Total liabilities	<u>8,804</u>	<u>11,179</u>
TOTAL EQUITY AND LIABILITIES	<u>33,336</u>	<u>34,978</u>
Net assets per share (sen)	<u>19.47</u>	<u>18.89</u>

Notes:

Net assets per share for the current quarter is arrived at based on the Group's net assets of RM24.532 million over the number of ordinary shares of 126,000,000 shares of RM0.10 each.

This unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2009.

The accompanying notes are an integral part of this quarterly report.

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Quarterly report on results for the 4th Quarter ended 30 June 2010 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 July 2008	12,600	8,742	4,410	25,752
Net loss for the financial year	-	-	(693)	(693)
Dividend paid during the financial year	-	-	(1,260)	(1,260)
Balance as at 30 June 2009	<u>12,600</u>	<u>8,742</u>	<u>2,457</u>	<u>23,799</u>
Balance as at 01 July 2009	12,600	8,742	2,457	23,799
Crystallisation of deferred tax liabilities on disposal of non-current assets held for sale	-	-	31	31
Profit after taxation for the financial year	-	-	702	702
Balance as at 30 June 2010	<u>12,600</u>	<u>8,742</u>	<u>3,190</u>	<u>24,532</u>

Notes:

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2009

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	Quarter ended 30 Jun 2010 RM'000	Quarter ended 30 Jun 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,259	(761)
Adjustments for :		
Amortisation of development expenditure	91	41
Amortisation of prepaid land lease payments	46	46
Depreciation of property, plant and equipment	1,041	679
Gain on disposal of property, plant and equipment	(12)	(65)
Interest expense	436	278
Interest income	(134)	(360)
Loss on disposal of non-current assets held for sale	17	-
Property, plant and equipment written off	20	243
Stock written off	-	125
Operating profit before working capital changes	2,764	226
Changes in working capital:		
(Increase)/Decrease in inventories and receivables	(1,021)	1,859
(Decrease)/Increase in payables	(1,305)	2,004
Cash generated from operating activities	438	4,089
Income tax paid	(29)	(53)
Net cash generated from operating activities	409	4,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	134	360
Purchase of property, plant and equipment	(1,262)	(14,209)
Payment of capitalised development expenditure	(400)	(338)
Proceed from disposal of property, plant and equipment	1,173	65
Net cash used in investing activities	(355)	(14,122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(1,260)
Drawdown of bank borrowing	-	3,653
Interest paid	(436)	(278)
Repayment of hire-purchase payables	(529)	(590)
Repayment of term loans	(705)	(781)
Net cash (used in)/generated from financing activities	(1,670)	744
Net decrease in cash and cash equivalents	(1,616)	(9,342)
Cash and cash equivalents at beginning of period	8,120	17,462
Cash and cash equivalents at end of period	6,504	8,120
Cash and cash equivalents consist of:		
Money market unit trust fund	5,799	7,679
Cash and bank balances	705	441
	6,504	8,120

Notes:

This unaudited Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2009.

The accompanying notes are an integral part of this quarterly report.

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A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation of Interim Financial Report

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") No. 134: Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2009.

The accounting policies and methods of computation adopted by JF Tech and its subsidiaries in the preparation of this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2009.

A2 Auditors' report on preceding annual financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A3 Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter to date.

A5 Material changes in estimates

There were no changes in estimates of amounts reported that have a material effect in the current quarter under review.

A6 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current quarter under review.

A7 Dividend declared or paid

There were no dividends paid in the current quarter and year to date.

A8 Segmental information

The Group is primarily engaged in only one business segment which is the design, development, manufacture and sales of test probes and test sockets for use in the semiconductor industry. The Group's operations are currently conducted predominantly in Malaysia.

A9 Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A11 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter.

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A NOTES TO THE INTERIM FINANCIAL REPORT

A12 Contingent liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A13 Capital commitments

As at 30 June 2010, the Group has no material capital commitments in respect of property, plant and equipment save for the following:-

RM'000

Approved and contracted for

247

A14 Significant related party transactions

During the current quarter, the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

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B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of performance

For the current quarter ended 30 June 2010, JFT Group recorded revenue of RM2.97 million and profit before tax ("PBT") of RM0.56 million as compared to the previous year corresponding quarter of RM1.42 million and loss before tax ("LBT") of RM0.21 million respectively. The growth in revenue and PBT for the quarter were mainly attributed to the recovery of the semiconductor industry and increase of sales volume for G2 Kelvin probes.

For the cumulative year to date, the Group achieved higher revenue and PBT of RM8.67 million and RM1.26 million respectively representing growth of 92% and 265% as compared to the preceding year corresponding period of RM4.53 million in revenue and LBT of RM0.76 million respectively. This higher revenue and profit margin were mainly attributed to the reasons as explained above.

B2 Variation of results against immediate preceding quarter

	Current Quarter 30 Jun 2010 RM'000	Preceding Quarter 31 Mar 2010 RM'000
Revenue	2,974	2,393
PBT	557	586

For the current quarter ended 30 June 2010, JFT Group revenue increased by 24% and PBT decrease by 4.9% as compared to the preceding quarter of RM2.39 million and RM0.59 million respectively. The increase in revenue were mainly due to the reasons as mentioned in note B1. Whereas, for the decrease of PBT was mainly due to the increase in operating expenses for the current quarter.

B3 Prospects for the financial year ending 30 June 2011

Barring any unforeseen circumstances, the Board is of the view that the outlook of the Group's performance will remain positive and that the Group will continue to grow strongly in the next financial year.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee or internal targets in any publicly available documents or announcements.

B5 Taxation

	Current quarter 30 Jun 2010 RM'000	Cumulative quarter 30 Jun 2010 RM'000
Current tax	35	63
Deferred tax	525	494
	<u>560</u>	<u>557</u>

The effective tax rate of the Group remained low due to the 100% tax exemption granted to a subsidiary company, JF Microtechnology Sdn Bhd, under its pioneer status for high technology company for a period of 5 years commencing 1 April 2006.

B6 Unquoted investments and properties

There were no changes in the unquoted investments and properties of the Group for the current quarter under review.

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B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the current quarter under review.

B8 Group's borrowings and debt securities

The Group's borrowings as at 30 June 2010 all of which are secured are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	1,084	-	1,084
Long term borrowings: -	5,429	-	5,429
	<u>6,513</u>	<u>-</u>	<u>6,513</u>

The Group does not have any foreign currency borrowings.

B9 Off balance sheet financial instruments

As at reporting date, the Group does not have any off balance sheet financial instruments.

B10 Material litigation

Save as disclosed below, the Group does not have any material litigation as at the date of this quarterly report: On 22 October 2009, JF Microtechnology Sdn Bhd ("JF MSB") commenced legal action against BME Industries (M) Sdn Bhd and Henko (S) Pte Ltd (collectively "the Defendants") at the Shah Alam High Court ("SAHC") under suit No. 22-1592-2009 for the refund of a deposit paid by JF MSB to the Defendants amounting to approximately Japanese Yen 2,000,000.00 (approximately amounting to RM74,200) ("Deposit"), an order from the court to compel the Defendants to collect the machine called Tsugami CWC Precision Automatic Lathe Machine, Model: P01 ("Machine") from the premises of JF MSB, together with damages for all loss and damage suffered by JF MSB to be assessed by the court, interest and costs. JF MSB's claim relates to the purchase of the Machine by JF MSB where the purchase was conditional upon the Machine being able to produce 5000 pieces each for Plunger A and Plunger B ("Buy-Out Condition"). JF MSB is suing the Defendants for breach of contract and that the Machine had failed to satisfy the Buy-Out Condition at all times. On 22nd October 2009, Henko (S) Pte Ltd counter-claimed against JF MSB for a sum of Japanese Yen 8,000,000 (approximately amounting to RM296,800) being the balance of the purchase price of the Machine together with interest and costs.

The court has fixed 29th October 2010 for case management whereby JF MSB and the Defendants will be directed to file the Bundle of the Pleadings, Bundle of Documents, Statement of Agreed Facts, Statement of Issues to be Tried and Witness Statements as well as fix dates for trial.

B11 Dividends

In view of the Group's financial performance for the financial ended 30 June 2010, the Board recommends a final tax exempt dividend of 5% per ordinary share of RM0.10 each

The final dividend recommended by the Board is subject to shareholder's approval at the forthcoming Annual General Meeting.

B12 Earnings per share

	Current Quarter 30 Jun 2010	Current Year To Date 30 Jun 2010
Profit after taxation (RM'000)	(3)	702
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	(0.00)	0.56

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B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2010

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B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B13 Utilisation of IPO Proceeds

As at 26 August 2010, the listing proceeds of RM13.92 million raised from the public issue were utilised as follows:

Purpose	Proposed utilisation RM'000	Utilisation to date RM'000	Balance to be utilised RM'000	%	Timeframe for utilisation
Part finance the acquisition of land and/or construction of factory	3,528	3,528	-	-	-
Purchase of research & development equipment	124	124	-	-	-
Purchase of manufacturing equipment	1,691	1,691	-	-	-
Working capital*	7,124	6,883	241	3	-
Listing expenses*	1,450	1,691	(241)	(17)	-
	<u>13,917</u>	<u>13,917</u>	<u>-</u>		

Note:

* The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.

It was announced on 15 April 2010 that the Board of Directors had resolved and approved an extension of time of one (1) year until 15 April 2011 for the utilisation of the remaining proceeds of RM2.89 million. Further announcement was made on 16 July 2010 for the Board of Directors of JF Tech ("Board") to revise the proposed utilisation of the remaining proceeds to working capital purposes.

B14 Status of corporate proposals

Save as disclosed below, there were no corporate proposals announced but not yet completed as at the date of this announcement.

On 4 September 2009, JFT announced that they submitted to the Securities Commission and Ministry of International Trade and Industry ("MITI") that they propose to meet the Bumiputera equity condition through an offer for sale of 12.50% equity interest by one of the substantial shareholders of JFT to Bumiputera investors to be identified and approved by MITI ("Offer For Sale"). On 26 October 2009, it was announced that MITI acknowledged and has no objection to the Offer for Sale. On 21 January 2010, it was announced that the Securities Commission approved the Offer for Sales with conditions. On 2 June 2010, MITI has confirmed that none of the Offer for Sales shares have been allocated by MITI.

B15 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 August 2010.

On Behalf of the Board

Foong Wei Kuong
Managing Director

Date: 30 August 2010