

# JF Technology Berhad

(Company No. 747681-H)  
(Incorporated in Malaysia)



## Unaudited Condensed Consolidated Statement of Comprehensive Income For the 1st financial quarter ended 30 September 2010

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Sept 2010 RM'000	Preceding year corresponding quarter 30 Sept 2009 RM'000	Current year to date 30 Sept 2010 RM'000	Preceding year corresponding period 30 Sept 2009 RM'000
Revenue	2,865	1,579	2,865	1,579
Cost of sales	(899)	(641)	(899)	(641)
Gross profit	1,966	938	1,966	938
Other operating income	43	45	43	45
Other operating expenses	(1,206)	(849)	(1,206)	(849)
Finance cost	(121)	(118)	(121)	(118)
Profit before taxation	682	16	682	16
Tax Income	-	31	-	31
Profit for the period	682	47	682	47
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	682	47	682	47
Attributable to:				
Owners of the company	682	47	682	47
Minority interests	-	-	-	-
	682	47	682	47
Basic Earnings Per Share (sen)	0.54	0.04	0.54	0.04

### Notes:

This unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2010.

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

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## Unaudited Condensed Consolidated Statement of Financial Position As at 30 September 2010

	As at 30 Sept 2010 RM'000	(Audited) As at 30 June 2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,518	21,390
Intangible assets	1,531	1,467
	<u>23,049</u>	<u>22,857</u>
<b>Current assets</b>		
Inventories	949	977
Trade receivables	2,589	2,607
Other receivables, deposits and prepayments	611	437
Current tax assets	2	-
Deposits, cash and bank balances	6,304	6,504
	<u>10,455</u>	<u>10,525</u>
<b>TOTAL ASSETS</b>	<u><u>33,504</u></u>	<u><u>33,382</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	12,600	12,600
Share premium	8,742	8,742
Retained Profits	3,873	3,191
<b>Total equity</b>	<u>25,215</u>	<u>24,533</u>
<b>Non-current liabilities</b>		
Borrowings	6,016	5,429
Deferred taxation	577	577
	<u>6,593</u>	<u>6,006</u>
<b>Current liabilities</b>		
Trade payables	269	230
Other payables and accruals	785	1,524
Tax payable	-	4
Borrowings	642	1,085
<b>Total current liabilities</b>	<u>1,696</u>	<u>2,843</u>
<b>Total liabilities</b>	<u>8,289</u>	<u>8,849</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>33,504</u></u>	<u><u>33,382</u></u>
<b>Net assets per share (sen)</b>	<u>20.01</u>	<u>19.47</u>

### Notes:

Net assets per share for the current quarter is arrived at based on the Group's net assets of RM25.215 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 2010.

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

# JF Technology Berhad

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 1st financial quarter ended 30 September 2010

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 July 2009	12,600	8,742	2,457	23,799
Profit after taxation for the financial period	-	-	47	47
Balance as at 30 September 2009	<u>12,600</u>	<u>8,742</u>	<u>2,504</u>	<u>23,846</u>
Balance as at 01 July 2010	12,600	8,742	3,191	24,533
Profit after taxation for the financial period	-	-	682	682
Balance as at 30 September 2010	<u>12,600</u>	<u>8,742</u>	<u>3,873</u>	<u>25,215</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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## Unaudited Condensed Consolidated Statement of Cash Flows For the period ended 30 September 2010

	Quarter ended 30 Sept 2010 RM'000	Quarter ended 30 Sept 2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	682	16
Adjustments for :		
Amortisation of development expenditure	29	10
Depreciation of property, plant and equipment	284	238
Gain on disposal of property, plant and equipment	(4)	-
Interest expense	121	118
Interest income	(37)	(38)
Property, plant and equipment written off	-	19
Operating profit before working capital changes	1,075	363
Changes in working capital:		
Increase in inventories and receivables	(130)	(187)
Decrease in payables	(700)	(851)
Cash used in operating activities	245	(675)
Income tax paid	(6)	(14)
Net cash generated from/(used in) operating activities	239	(689)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	37	38
Purchase of property, plant and equipment	(417)	(439)
Payment of capitalised development expenditure	(93)	(108)
Proceed from disposal of fixed assets	10	830
Net cash (used in)/generated from investing activities	(463)	321
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(121)	(118)
Proceed from refinancing of term loan	6,167	-
Repayment of hire-purchase payables	(70)	(161)
Repayment of term loans	(5,952)	(123)
Net cash generated from/(used in) financing activities	24	(402)
Net decrease in cash and cash equivalents	(200)	(770)
Cash and cash equivalents at beginning of period	6,504	8,120
Cash and cash equivalents at end of period	6,304	7,350
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	5,386	4,506
Cash and bank balances	918	2,844
	6,304	7,350

### Notes:

This unaudited Condensed Consolidated Cashflow Statement should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2010.

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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 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2010.

The accounting policies and methods of computation adopted by the group in the preparation of this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2010, except for the adoption of the following new/revised standards, amendments and interpretations:

FRS 7	Financial Instruments: Disclosure
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate.
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 117	Leases
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
	FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives.
IC Interpretation 10	Interim Financial reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRSs	Improvements to FRSs (2009)

The adoption of the new and revised FRSs and IC Interpretations and amendments to FRSs does not have any significant financial impact on the Group. The principal effects of the changes in accounting resulting from the adoption of FRS 101, FRS 139 and Amendments to FRS 117 are summarised below:

#### a) FRS 101 - Presentation of Financial Statements (revised)

The revised FRS 101 prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The group has elected to present the statement of comprehensive income in single statement.

#### b) Amendments to FRS 117 Leases

The amendments to FRS 117 require entities with existing leases of land to reassess the classification of land as a finance or operating lease. The Group has reclassified the existing leasehold land to property, plant and equipment following this reassessment, with no effect on reported profit or equity. However, as a result of the adoption of the Amendments to FRS 117, comparative balances have been restated as follows:

	Previously stated as	Effects of restatement	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	16,915	4,475	21,390
Prepaid land lease payments	4,475	(4,475)	-

**A NOTES TO THE INTERIM FINANCIAL REPORT****c) FRS 139 - Financial Instruments: Recognition and Measurement**

With the adoption of FRS 139, a financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments. The Group classified its financial assets in the following categories: at the fair value through profit or loss, loan and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. The Group applied the new policies in relation to the financial instruments in accordance with the transitional provision in FRS 139 by recognising and re-measuring all financial assets and liabilities as at 1 July 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings and available for sale reserves as appropriate. Comparatives are not restated.

**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 declared or paid by the Company during the current quarter.

**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.

**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 September 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

333**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 MESDAQ MARKET

### B1 Review of performance

For the current quarter ended 30 September 2010, the Group recorded a higher turnover of RM2.87 million and profit before tax ("PBT") of RM0.68 million as compared to preceding year corresponding quarter of RM1.58 million and RM0.02 million respectively. The increase in revenue and PBT were mainly caused by the higher demand and sales of G2 Kelvin test probes in line with the recovery of the Semiconductor industry.

### B2 Variation of results against immediate preceding quarter

	Current Quarter 30 Sept 2010 RM'000	Preceding Quarter 30 June 2010 RM'000
Revenue	<u>2,865</u>	<u>2,974</u>
PBT	<u>682</u>	<u>557</u>

For the current quarter ended 30 September 2010, the Group recorded a slightly lower revenue of RM2.87 million but higher PBT of RM0.68 million as compared to the preceding quarter's revenue of RM2.97 million and PBT of 0.56 million. The decrease in revenue was mainly caused by production days loss due to the festive season in the current quarter and the increase in PBT was mainly due to higher demand for high margin products in the current quarter.

### B3 Prospects for the financial year ending 30 June 2011

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance will remain positive for the remainder of the 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 document or announcement.

### B5 Taxation

	Current quarter 30 Sept 2010 RM'000	Cumulative quarter 30 Sept 2010 RM'000
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</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.

### B7 Quoted securities

There were no acquisitions or disposals of quoted securities during 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 MESDAQ MARKET

### B8 Group's borrowings and debt securities

The Group's borrowings as at 30 September 2010 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	642	-	642
Long term borrowings: -	6,016	-	6,016
	<u>6,658</u>	<u>-</u>	<u>6,658</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 litigations

Save as disclosed below, the Group does not have any material litigation as at the date of this quarterly report:

- i) On 22 October 2009, JF Microtechnology Sdn Bhd ("JFM") commenced legal action against BME Industries (M) Sdn Bhd and Henko (S) Pte. Ltd. ("Henko") (collectively "the Defendants") at the Shah Alam High Court ("SAHC") under suit No. 22-1592-2009 for the refund of a deposit paid by JFM to the Defendants amounting to approximately Japanese Yen 2,000,000.00 which is equivalent to RM62,280 ("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 JFM, together with damages for all loss and damage suffered by JFM to be assessed by the court, plus interest and costs. JFM's claim relates to the purchase of the Machine by JFM where the purchase was conditional upon the Machine being able to produce 5,000 pieces each for Plunger A and Plunger B ("Buy-Out Condition"). JFM is suing the Defendants for breach of contract and that the Machine had failed to satisfy the Buy-Out Condition at all times.

On 6 January 2010, Henko counter-claimed against JFM for a sum of Japanese Yen 8,000,000 which is equivalent to RM294,296 being the balance of the purchase price of the Machine together with interest and costs.

The court has fixed 10 January 2011 for case management whereby JFM and the Defendants are directed to file the Bundle of the Pleadings, Common Bundle of Documents, Statement of Agreed Facts, Statement of Issues to be Tried and Summary Case.

- ii) On 6 September 2010, the Company has been served with a Writ and Statement of Claim (Kuala Lumpur High Court Suit No. D-22IP-52-2010) whereby Kabushiki Kaisha Nihon Micronics and ZMC Technologies (M) Sdn. Bhd. ("the Plaintiffs") have commenced an action against the Company, the Company's wholly-owned subsidiaries, namely J Foong Technologies Sdn. Bhd. and JF Microtechnology Sdn. Bhd., and the Director of the Company, Foong Wei Kuong ("the Defendants"). The Plaintiffs allege infringement of Patent No. MY-114589-A and seek relief for the same, including an injunction, damages or an account of profit. No specific amount in damages has been sought by the Plaintiffs.

The Defendants have entered appearance in the action, and the Company has filed its Statement of Defence on 13 October 2010 and the Plaintiffs have filed their Reply to the Statement of Defence on 27 October 2010.

### B11 Dividends

There was no dividend declared or recommended for the current quarter.

### B12 Earnings per share

	Current Quarter 30 Sept 2010	Current Year To Date 30 Sept 2010
Profit after taxation (RM'000)	682	682
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	<u>0.54</u>	<u>0.54</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 September 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 MESDAQ MARKET

### B13 Utilisation of IPO Proceeds

As at 25 November 2010, the listing proceeds of the 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>	-		

**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.

The Board had on 16 July 2010 revised the proposed utilisation of the remaining proceeds of RM2.89 million originally allocated to the purchase of R & D equipment and manufacturing equipment to to working capital purposes. The proceeds are now fully utilised.

### B14 Status of corporate proposals

Save as disclosed below, there were no corporate proposals announced but not yet completed:

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 indentified and approved by MITI ("Offer For Sale"). On 26 October 2009, it was announced that MITI had acknowledged and has no objection to the Offer for Sale. On 20 October 2010, it was announced that JFT is deemed to have complied with the Bumiputera equity condition in accordance with the conditions imposed by the SC in their letter dated 19 January 2010.

### 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 25 November 2010.

On Behalf of the Board

**Foong Wei Kuong**  
Managing Director

Date: 26 November 2010