

JF Technology Berhad

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



Unaudited Condensed Consolidated Statement of Comprehensive Income For the 2nd financial quarter ended 31 December 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2011 RM'000	Preceding year corresponding quarter 31 Dec 2010 RM'000	Current year to date 31 Dec 2011 RM'000	Preceding year corresponding period 31 Dec 2010 RM'000
Revenue	2,008	2,923	4,111	5,788
Cost of sales	(696)	(754)	(1,364)	(1,653)
Gross profit	<u>1,312</u>	<u>2,169</u>	<u>2,747</u>	<u>4,135</u>
Other operating income	13	50	20	93
Other operating expenses	(1,332)	(1,281)	(2,700)	(2,487)
Finance cost	(15)	(133)	(19)	(254)
Profit / (Loss) before taxation	<u>(22)</u>	<u>805</u>	<u>48</u>	<u>1,487</u>
Tax (Expense) / Income	(16)	(304)	(32)	(304)
Profit / (Loss) for the period	<u>(38)</u>	<u>501</u>	<u>16</u>	<u>1,183</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u><u>(38)</u></u>	<u><u>501</u></u>	<u><u>16</u></u>	<u><u>1,183</u></u>
Attributable to:				
Owners of the company	(38)	501	16	1,183
Minority interests	-	-	-	-
	<u><u>(38)</u></u>	<u><u>501</u></u>	<u><u>16</u></u>	<u><u>1,183</u></u>
Basic Earnings Per Share (sen)	<u><u>(0.03)</u></u>	<u><u>0.40</u></u>	<u><u>0.01</u></u>	<u><u>0.94</u></u>

Notes:

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2011.

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

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Unaudited Condensed Consolidated Statement of Financial Position As at 31 December 2011

	As at 31 Dec 2011 RM'000	(Audited) As at 30 June 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,971	21,697
Intangible assets	1,252	1,380
	<u>23,223</u>	<u>23,077</u>
Current assets		
Inventories	1,005	1,016
Trade receivables	1,787	2,087
Other receivables, deposits and prepayments	547	440
Deposits, cash and bank balances	7,033	8,764
Tax recoverable	95	95
	<u>10,467</u>	<u>12,402</u>
TOTAL ASSETS	<u>33,690</u>	<u>35,479</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	12,600	12,600
Share premium	8,743	8,743
Retained Profits	2,992	4,236
Total equity	<u>24,335</u>	<u>25,579</u>
Non-current liabilities		
Borrowings	6,628	7,057
Deferred taxation	835	810
	<u>7,463</u>	<u>7,867</u>
Current liabilities		
Trade payables	115	109
Other payables and accruals	946	1,148
Tax payable	30	-
Borrowings	801	776
Total current liabilities	<u>1,892</u>	<u>2,033</u>
Total liabilities	<u>9,355</u>	<u>9,900</u>
TOTAL EQUITY AND LIABILITIES	<u>33,690</u>	<u>35,479</u>
Net assets per share (sen)	<u>19.31</u>	<u>20.30</u>

Notes:

Net assets per share for the current year is arrived at based on the Group's net assets of RM24.335 million over the number of ordinary shares of 126,000,000 shares of RM0.10 each.

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2011.

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 2nd financial quarter ended 31 December 2011

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 July 2010	12,600	8,743	3,191	24,534
Profit after taxation for the financial period	-	-	1,675	1,675
Dividend paid during the financial year	-	-	(630)	(630)
Balance as at 30 June 2011	<u>12,600</u>	<u>8,743</u>	<u>4,236</u>	<u>25,579</u>
Balance as at 01 July 2011	12,600	8,743	4,236	25,579
Profit after taxation for the financial period	-	-	16	16
Dividend paid during the financial period	-	-	(1,260)	(1,260)
Balance as at 31 December 2011	<u>12,600</u>	<u>8,743</u>	<u>2,992</u>	<u>24,335</u>
Notes:	-	-	-	-

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2011

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Unaudited Condensed Consolidated Statement of Cash Flows For the period ended 31 December 2011

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	48	1,487
Adjustments for :		
Amortisation of development expenditure	127	80
Depreciation of property, plant and equipment	646	424
Gain on disposal of property, plant and equipment	-	(4)
Interest expense	19	191
Interest income	(16)	(70)
Operating profit before working capital changes	824	2,108
Changes in working capital:		
Decrease/(Increase) in inventories	11	34
Decrease/(Increase) in receivables	192	13
(Decrease) / Increase in payables	(196)	(1,083)
Cash generated from/(used in) operating activities	831	1,072
Income tax refund/(paid)	24	18
Net cash generated from/(used in) operating activities	855	1,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16	70
Purchase of property, plant and equipment	(919)	(909)
Payment of capitalised development expenditure	-	(194)
Proceed from disposal of fixed assets	-	10
Net cash (used in)/generated from investing activities	(903)	(1,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(19)	(191)
Dividend paid	(1,260)	(630)
Proceed from refinancing of term loan	-	8,000
Proceed from additional hire-purchase	150	
Repayment of hire-purchase payables	(84)	(162)
Repayment of term loans	(470)	(6,050)
Net cash generated from/(used in) financing activities	(1,683)	967
Net increase/(decrease) in cash and cash equivalents	(1,731)	1,034
Cash and cash equivalents at beginning of period	8,764	6,504
Cash and cash equivalents at end of period	7,033	7,538
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	344	4,062
Cash and bank balances	6,689	3,476
	7,033	7,538

Notes:

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2011.

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 2011. 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 2011.

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 2011 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
FRS 124	Related party Disclosures and the consequential Amendments to 1 January 2012 FRS 124
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
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
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.

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A NOTES TO THE INTERIM FINANCIAL REPORT

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

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. There is no related adjustment required. 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

During the current quarter ended 31 December 2011, dividend amounting to RM1.26 million, being the final tax exempt dividend of 1 sen per ordinary share for the financial year ended 30 June 2011 was paid on 21 December 2011.

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A NOTES TO THE INTERIM FINANCIAL REPORT

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 31 December 2011, the Group has no material capital commitments in respect of property, plant and equipment.

A14 Significant related party transactions

The Group has no related party transactions which would have a significant impact on the financial position and business of the Group during the current financial quarter under review and current financial year-to-date.

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

B1 Review of performance

For the current quarter ended 31 December 2011, the Group recorded a turnover of RM2.0 million and loss before tax ("LBT") of RM0.022 million as compared with the preceding year corresponding quarter turnover of RM2.9 million and profit before tax ("PBT") of RM0.805 million. The decreases in revenue and PBT were mainly due to lower sales as customers placing less orders, lower sales margin from lower selling prices of certain product and also increase in sales and marketing expenses.

For the current year to date as at 31 December 2011, the Group achieved a turnover of RM4.1 million and PBT of RM0.048 million as compared to RM5.8 million and RM1.5 million respectively in the preceding year, representing a decrease of 29% in turnover and a decrease of 97% in PBT respectively. The decrease in both sales and PBT were mainly due to low order from major customers as a result of the global semiconductor industry slowdown and also increase in sales and marketing expenses.

B2 Variation of results against immediate preceding quarter

	Current Quarter 31 Dec 2011 RM'000	Preceding Quarter 30 Sept 2011 RM'000
Revenue	<u>2,008</u>	<u>2,103</u>
PBT	<u>(22)</u>	<u>70</u>

When compared to the preceding quarter, the Group's revenue declined by 4.5% from RM2.1 million to RM2.0 million and PBT decreased by 131% from a profit of RM0.07 million to a loss of RM0.022 million respectively. The decrease in revenue and PBT were mainly due to increase in operating cost related to new machinery and equipment and the above reasons stated in B1.

B3 Prospects for the financial year ending 30 June 2012.

In line with the current global semiconductor slowdown, the Board expects the performance of the Group to slowdown. However, barring any unforeseen circumstances, the Board will take all the necessary actions such as continuous product development and intensive sales and marketing efforts to bring in new customers.

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.

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

B5 Notes to the statement of comprehensive income

PBT / LBT is arrived at after charging/(crediting) :

	Current quarter 31 Dec 2011 RM'000	Preceding corresponding quarter 31 Dec 2010 RM'000	Cumulative quarter 31 Dec 2011 RM'000	Preceding corresponding period 31 Dec 2010 RM'000
Interest income	(10)	(33)	(16)	(70)
Other income including investment income	-	-	-	-
Interest expense	15	70	19	191
Depreciation and amortization	500	191	773	504
Allowance for impairment loss on trade receivables	-	-	-	-
Inventories written down	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Net (gain) / loss on foreign exchange	7	12	4	34
Fair value (gain)/loss on derivative instruments	-	-	-	-
(Gain)/ loss on disposal of quoted or unquoted investments or property	-	-	-	-

B6 Taxation

	Current quarter 31 Dec 2011 RM'000	Cumulative quarter 31 Dec 2011 RM'000
Current tax	9	(7)
Deferred tax	(25)	(25)
	<u>(16)</u>	<u>(32)</u>

B7 Group's borrowings and debt securities

The Group's borrowings as at 31 December 2011 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	801	-	801
Long term borrowings: -	6,628	-	6,628
	<u>7,429</u>	<u>-</u>	<u>7,429</u>

The Group does not have any foreign currency borrowings.

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

B8 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 CNC 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-Off 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 had originally fixed 21 November 2011 for case management and 1 December 2011 and 2 December 2011 for trial but the date has been adjourned.

The court has further fixed 11 June 2012 for case management for parties to exchange witness statement and 11 July 2012 and 12 July 2012 for trial.

- ii) On 6 September 2010, the Company was 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") 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 alleged infringement of Patent No. MY-114589-A and sought relief for the same, including an injunction, damages or an account of profit. No specific amount in damages had been sought by the Plaintiffs.

The Defendants have entered appearance in the action, and the Company filed its Statement of Defence on 13 October 2010 and the Plaintiffs filed their Reply to the Statement of Defence on 27 October 2010. The Defendants have also put in an application to Court for leave to include a counterclaim to invalidate the Plaintiff's Patent No. MY-114589-A.

The Company filed an Amended Defence and Counterclaim on 26 May 2011 and the Plaintiffs filed their Reply to the Amended Defence to Counterclaim on 21 June 2011.

The trial had originally been fixed from 1 August 2011 to 4 August 2011 but date has been adjourned.

The court now has further fixed the trial from 4 June 2012 to 12 June 2012.

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

B9 Dividends

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

B10 Earnings per share

	Current Quarter 31 Dec 2011	Current Year To Date 31 Dec 2011
Profit after taxation (RM'000)	(38)	16
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	<u>(0.03)</u>	<u>0.01</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 December 2011.

B11 Realised and Unrealised Profit/Losses

	Current Quarter 31 Dec 2011 RM'000	Preceding Quarter 30 Sept 2011 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	3,827	5,112
- Unrealised	(835)	(822)
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>2,992</u>	<u>4,290</u>

B12 Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 20 February 2012

B16 Authorisation for issue

The interim financial report has been authorised for issue by the Board of Directors ("Board") in accordance with a resolution of the Board on 20 February 2012.

On Behalf of the Board

Foong Wei Kuong

Managing Director

Date: 21 February 2012