

JF Technology Berhad

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



Unaudited Condensed Consolidated Statement of Comprehensive Income For the 4th financial quarter ended 30 June 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 June 2012 RM'000	Preceding year corresponding quarter 30 June 2011 RM'000	Current year to date 30 June 2012 RM'000	Preceding year corresponding period 30 June 2011 RM'000
Revenue	2,099	2,499	7,862	10,825
Cost of sales	(656)	(798)	(2,650)	(3,008)
Gross profit	1,443	1,701	5,212	7,817
Other operating income	50	11	210	135
Other operating expenses	(2,745)	(1,750)	(6,976)	(5,709)
Finance cost	(44)	(80)	(90)	(453)
Profit / (Loss) before taxation	(1,296)	(118)	(1,644)	1,790
Tax (Expense) / Income	(23)	395	(77)	(115)
Profit / (Loss) for the period	(1,319)	277	(1,721)	1,675
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>(1,319)</u>	<u>277</u>	<u>(1,721)</u>	<u>1,675</u>
Attributable to:				
Owners of the company	(1,319)	277	(1,721)	1,675
Minority interests	-	-	-	-
	<u>(1,319)</u>	<u>277</u>	<u>(1,721)</u>	<u>1,675</u>
Basic Earnings Per Share (sen)	<u>(1.05)</u>	<u>0.22</u>	<u>(1.37)</u>	<u>1.33</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 30 June 2012

	As at 30 June 2012 RM'000	(Audited) As at 30 June 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,460	21,697
Intangible assets	481	1,380
	<u>20,941</u>	<u>23,077</u>
Current assets		
Inventories	893	1,016
Trade receivables	1,980	2,087
Other receivables, deposits and prepayments	326	440
Deposits, cash and bank balances	6,842	8,764
Tax recoverable	52	95
	<u>10,093</u>	<u>12,402</u>
Assets of disposal group classified as held for sale	248	-
TOTAL ASSETS	<u>31,282</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 / (Losses)	1,255	4,236
Total equity	<u>22,598</u>	<u>25,579</u>
Non-current liabilities		
Borrowings	6,066	7,057
Deferred taxation	803	810
	<u>6,869</u>	<u>7,867</u>
Current liabilities		
Trade payables	90	109
Other payables and accruals	833	1,148
Tax payable	54	-
Borrowings	838	776
Total current liabilities	<u>1,815</u>	<u>2,033</u>
Total liabilities	<u>8,684</u>	<u>9,900</u>
TOTAL EQUITY AND LIABILITIES	<u>31,282</u>	<u>35,479</u>
Net assets per share (sen)	<u>17.93</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 RM22.598 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 4th financial quarter ended 30 June 2012

	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)
Effect of adopting FRS 139	-	-	-	-
Balance as at 30 June 2011	12,600	8,743	4,236	25,579
Balance as at 01 July 2011	12,600	8,743	4,236	25,579
Loss after taxation for the financial period	-	-	(1,721)	(1,721)
Dividend paid during the financial period	-	-	(1,260)	(1,260)
Balance as at 30 June 2012	12,600	8,743	1,255	22,598

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

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

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Unaudited Condensed Consolidated Statement of Cash Flows For the period ended 30 June 2012

	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(1,644)	1,790
Adjustments for :		
Amortisation of Product Development Cost	255	208
Depreciation of Property, Plant and Equipment	1,250	1,199
Gain on disposal of property, plant and equipment	(13)	(4)
Impairment loss on trade receivables	14	-
Inventories written down	145	61
Impairment loss of Product Development Cost	644	228
Impairment loss of Property, Plant and Equipment	562	80
Interest expense	90	453
Interest income	(35)	(111)
Patent expenses written off	45	13
Unrealised gain on foreign exchange	(17)	-
Operating profit before working capital changes	1,296	3,917
Changes in working capital:		
Decrease/(Increase) in inventories	(22)	(100)
Decrease/(Increase) in receivables	163	503
(Decrease) / Increase in payables	(335)	(497)
Cash generated from/(used in) operating activities	1,102	3,823
Income tax refund/(paid)	12	20
Net cash generated from operating activities	1,114	3,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	35	111
Purchase of property, plant and equipment	(1,235)	(1,553)
Product development costs incurred	-	(349)
Proceeds from disposal of fixed assets	425	10
Net cash used in investing activities	(775)	(1,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(90)	(453)
Dividend paid	(1,260)	(630)
Proceeds from refinancing of term loan	-	8,000
Unrealised gain on foreign exchange	17	-
Proceeds from additional hire-purchase	150	-
Repayment of hire-purchase payables	(177)	(246)
Repayment of term loan	(901)	(6,473)
Net cash (used in)/ from financing activities	(2,261)	198
Net (decrease)/ increase in cash and cash equivalents	(1,922)	2,260
Cash and cash equivalents at beginning of period	8,764	6,504
Cash and cash equivalents at end of period	6,842	8,764
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	4,523	4,570
Cash and bank balances	2,319	4,194
	6,842	8,764

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.

A2 Summary of Significant Accounting Policies

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 124	Related Party Disclosures and the consequential amendments to FRS 124
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 1, FRS3, FRS 7, FRS101, FRS121, FRS 128, FRS131, FRS132, FRS 134, FRS139,	Improvements to FRSs (2010)
Amendment to IC Interpretation 13	
Amendment to IC Interpretation 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements
FRS 119	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

A2.1 Malaysian Financial Reporting Standards ("MFRS")

Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year ended 2013.

A3 Auditors' report on preceding annual financial statements

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

A4 Seasonal or cyclical factors

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

A5 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.

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A NOTES TO THE INTERIM FINANCIAL REPORT

A6 Material changes in estimates

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

A7 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.

A8 Dividend declared or paid

There were no dividends declared or paid by the company during the current quarter under review.

A9 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.

A10 Valuation of property, plant and equipment

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

A11 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.

A12 Changes in the composition of the Group

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

A13 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.

A14 Capital commitments

Capital expenditure approved and contracted for :

- purchase of property, plant and equipment	83
- sales of property, plant and equipment	(270)

RM'000

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A NOTES TO THE INTERIM FINANCIAL REPORT

A15 Significant related party transactions

The Group has entered into the following transactions with related parties during the current financial quarter under review and current financial year-to-date :

	Transacting parties	Nature of transaction	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter 30 Jun 2012 RM'000	Preceding year corresponding quarter 30 Jun 2011 RM'000	Current year to date 30 Jun 2012 RM'000	Preceding corresponding period 30 Jun 2011 RM'000
	* SKRINE	Professional Fees	110	6	116	53
		Disbursement	15	98	15	114
		Total	125	104	131	167

* Fees and disbursements paid to Skrine of which a Director is a member. However, it is to be noted that the interested Director is not the partner of Skrine personally providing the legal services to the Group.

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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 30 June 2012, the Group recorded a turnover of RM2.10 million and loss before tax ("LBT") of RM1.30 million as compared with the preceding year corresponding quarter turnover of RM2.50 million and LBT of RM0.12 million. The decrease in revenue was due to lower sales and the increase in LBT was mainly attributable from the following non cash impairment loss due to prudence concept :

	Current quarter 30 June 2012 RM'000	Cumulative quarter 30 June 2012 RM'000
Impairment loss on trade receivables	14	14
Impairment loss of Product Development Cost	644	644
Impairment loss of Property, Plant and Equipment	562	562
Inventories written down	145	145
Patent expenses written off	45	45
Total	1,410	1,410

For the current year to date as at 30 June 2012, the Group achieved a turnover of RM7.86 million and LBT of RM1.65 million as compared to RM10.82 million turnover and PBT of RM1.79 million in the preceding year, representing a decrease of 27% in turnover and a increase of 192% in LBT respectively. The decrease in sales and increase in LBT were mainly due to fewer orders from major customers as a result of the global semiconductor industry slowdown and the reason stated in B1 above.

B2 Variation of results against immediate preceding quarter

	Current Quarter 30 June 2012 RM'000	Preceding Quarter 31 Mac 2012 RM'000
Revenue	<u>2,099</u>	<u>1,652</u>
LBT	<u>(1,296)</u>	<u>(396)</u>

When compared to the preceding quarter, the Group's revenue increase by 27% from RM1.65 million to RM2.10 million and LBT increased by 225% from LBT of RM0.40 million to RM1.30 million respectively. The increase in revenue and LBT were mainly due to increase sales order from customers in the current quarter and the reason stated in B1 above.

B3 Prospects for the financial year ending 30 June 2013.

The Board is mindful of the continuing challenges and uncertainty faced by the global economy. Nevertheless, the Board will take all the necessary actions such as continuous product development and intensive sales and marketing efforts to boost revenue and is expected to improve further.

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 30 June 2012 RM'000	Cumulative quarter 30 June 2012 RM'000
Interest income	(16)	(35)
Other income - Government Grant	-	(134)
(Gain)/ loss on disposal of property, plant & equipment	(13)	(13)
Interest expense	44	90
Depreciation of Property, Plant and Equipment	305	1,250
Amortisation of development expenditure	64	255
Impairment loss on trade receivables	14	14
Impairment loss of Product Development Cost	644	644
Impairment loss of Property, Plant and Equipment	562	562
Inventories written down	145	145
Patent expenses written off	45	45
Net (gain) / loss on realised foreign exchange	(3)	(3)
Net (gain) / loss on unrealised foreign exchange	(17)	(17)

B6 Taxation

	Current quarter 30 June 2012 RM'000	Cumulative quarter 30 June 2012 RM'000
Current tax	(74)	(84)
Deferred tax	(11)	(49)
In respect of prior years	62	56
	<u>(23)</u>	<u>(77)</u>

B7 Group's borrowings and debt securities

The Group's borrowings as at 30 June 2012 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	838	-	838
Long term borrowings: -	6,066	-	6,066
	<u>6,904</u>	<u>-</u>	<u>6,904</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-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 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 had further fixed 11 June 2012 for case management for parties to exchange witness statement and 11 July 2012 and 12 July 2012 for trial but the date has been adjourned again.

The court has now fixed 20 September 2012 for case management and 29 November 2012 and 30 November 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").

On 14 May 2012, all parties to the suit recorded a consent order in Court. The Court Registrar had approved a sealed consent judgement dated 16 May 2012 and a sealed consent order dated 14 May 2012.

In accordance with the terms of the consent order, the Defendants (JF Technology Berhad & 3 Others) acknowledge the rights in the First Plaintiffs' (Kabushiki Kaisha Nihon Micronics) Patent No. MY-114589-A and the Plaintiffs acknowledge that the Defendants shall continue to exploit their W-Series test contactors in Malaysia and other countries.

Further, the Plaintiffs have withdrawn their claim with no liberty to file afresh and the Defendants likewise have withdrawn their counterclaim with no liberty to file afresh. Each party is to bear its own costs.

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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 30 June 2012	Current Year To Date 30 June 2012
Profit after taxation (RM'000)	(1,319)	(1,721)
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	<u>(1.05)</u>	<u>(1.37)</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2012.

B11 Realised and Unrealised Profit/Losses

	Current Quarter 30 June 2012 RM'000	Preceding Quarter 31 Mac 2012 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	2,058	3,422
- Unrealised	(803)	(848)
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>1,255</u>	<u>2,574</u>

B12 Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 30 August 2012

B13 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 30 August 2012.

On Behalf of the Board

Foong Wei Kuong

Managing Director

Date: 30 August 2012