

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 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2012 RM'000	Preceding year corresponding quarter 31 Dec 2011 RM'000	Current year to date 31 Dec 2012 RM'000	Preceding year corresponding period 31 Dec 2011 RM'000
Revenue	1,856	2,008	4,042	4,111
Cost of sales	(521)	(696)	(1,028)	(1,364)
Gross profit	1,335	1,312	3,014	2,747
Other operating income	40	13	174	20
Other operating expenses	(1,449)	(1,332)	(2,916)	(2,700)
Finance cost	(71)	(15)	(141)	(19)
Profit / (Loss) before taxation	(145)	(22)	131	48
Tax (Expense) / Income	(3)	(16)	(6)	(32)
Profit / (Loss) for the period	(148)	(38)	125	16
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(148)	(38)	125	16
Attributable to:				
Owners of the company	(148)	(38)	125	16
Minority interests	-	-	-	-
	(148)	(38)	125	16
Basic Earnings Per Share (sen)	(0.12)	(0.03)	0.10	0.01

Notes:

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Financial Position As at 31 December 2012

	(Unaudited) As at 31 Dec 2012 RM'000	(Audited) As at 30 June 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,991	20,460
Intangible assets	410	481
	<u>20,401</u>	<u>20,941</u>
Current assets		
Inventories	1,020	893
Trade receivables	1,630	1,981
Other receivables, deposits and prepayments	393	325
Cash and cash equivalents	7,502	6,842
Current tax assets	52	52
	<u>10,597</u>	<u>10,093</u>
Non-current asset held for sale	-	248
TOTAL ASSETS	<u>30,998</u>	<u>31,282</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)	1,380	1,255
Total equity	<u>22,723</u>	<u>22,598</u>
Non-current liabilities		
Borrowings	5,664	6,066
Deferred tax liabilities	803	803
	<u>6,467</u>	<u>6,869</u>
Current liabilities		
Trade payables	46	89
Other payables and accruals	913	834
Current tax liabilities	54	54
Borrowings	795	838
Total current liabilities	<u>1,808</u>	<u>1,815</u>
Total liabilities	<u>8,275</u>	<u>8,684</u>
TOTAL EQUITY AND LIABILITIES	<u>30,998</u>	<u>31,282</u>
Net assets per share (sen)	<u>18.03</u>	<u>17.93</u>

Notes:

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statement for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements .

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 2nd financial quarter ended 31 December 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 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
Balance as at 01 July 2012	12,600	8,743	1,255	22,598
Profit after taxation for the financial period	-	-	125	125
Balance as at 31 December 2012	12,600	8,743	1,380	22,723

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 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Cash Flows For the 2nd financial quarter ended 31 December 2012

	As at 31 Dec 2012 RM'000	As at 31 Dec 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	131	48
Adjustments for :		
Amortisation of Product Development Cost	70	127
Depreciation of Property, Plant and Equipment	605	646
Gain on disposal of property, plant and equipment	(52)	-
Interest expense	140	19
Interest income	(68)	(16)
Unrealised gain on foreign exchange	-	-
Operating profit before working capital changes	826	824
Changes in working capital:		
Decrease/(Increase) in inventories	(126)	11
Decrease/(Increase) in receivables	283	192
(Decrease) / Increase in payables	35	(196)
Cash generated from/(used in) operating activities	1,018	831
Income tax refund/(paid)	(6)	24
Net cash generated from/ (used in) operating activities	1,012	855
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	68	16
Purchase of property, plant and equipment	(135)	(919)
Product development costs incurred	-	-
Proceeds from disposal of fixed assets	300	-
Net cash from/ (used in) investing activities	233	(903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(140)	(19)
Dividend paid		(1,260)
Proceeds from additional hire-purchase	-	150
Repayment of hire-purchase payables	(95)	(84)
Repayment of term loan	(350)	(470)
Net cash (used in)/ from financing activities	(585)	(1,683)
Net (decrease)/ increase in cash and cash equivalents	660	(1,731)
Cash and cash equivalents at beginning of period	6,842	8,764
Cash and cash equivalents at end of period	7,502	7,033
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	5,182	344
Cash and bank balances	2,320	6,689
	7,502	7,033

Notes:

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Statement for the year ended 30 June 2012 and the explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134") : INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134 : Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2012. 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 2012.

Since the previous audited financial statements as at 30 June 2012 were issued, the Group has adopted the MFRS framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standard Board. Whilst all the FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

Transition to the MFRS framework

The Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 July 2012. The policy elections made on transition date are listed in the audited financial statements of the Group for the financial year ended 30 June 2012. The MFRS did not result in any financial impact to the Group as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

A2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

		Effective for period beginning on or after
MFRS 9	Financial Instruments	1 January 2015
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (revised)	1 January 2013
Amendments to MFRS 1	First-time Adoption of Financial Reporting Standards - Governments Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
MFRS 3	Business Combinations (as issued by the International Accounting Standards Board ("IASB") in March 2004)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 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.

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 under review.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

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

As at 31 December 2012, the Group has no material capital commitments in respect of property, plant and equipment.

A15 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 2012, the Group recorded a turnover of RM1.86 million and loss before tax ("LBT") of RM0.15 million as compared with the preceding year corresponding quarter turnover of RM2.0 million and LBT of RM0.02 million. The decrease in revenue and increase in LBT were mainly due to lower sales volume and increase in sales and marketing expenses

For the current year to date as at 31 December 2012, the Group achieved a turnover of RM4.04 million and profit before tax ("PBT") of RM0.13 million as compared to RM4.11 million turnover and PBT of RM0.05 million in the preceding year, representing an decrease of 1.7% in turnover and an increase of 160% in PBT respectively. The increase in the year-to-date PBT was mainly from the strong performance carried forward from the previous quarter.

B2 Variation of results against immediate preceding quarter

	Current Quarter 31 Dec 2012 RM'000	Preceding Quarter 30 Sept 2012 RM'000
Revenue	<u>1,856</u>	<u>2,186</u>
(LBT) / PBT	<u>(145)</u>	<u>276</u>

When compared to the preceding quarter, the Group's revenue decreased by 15% from RM2.19 million to RM1.86 million and LBT increased by 154% from PBT of RM0.28 million to LBT of RM0.15 million respectively. The decrease in revenue and increase in LBT were mainly due to lower sales volume and the above reasons stated in B1.

B3 Prospects for the financial year ending 30 June 2013.

Sentiment in the semiconductor industry will continue to be soft in recent months due to uncertainty and bearishness in the global semiconductor industry. The Board anticipates the industry to remain challenging for the remaining period till the end of the financial year.

However, the Board will take all the necessary actions such as continuous product development and intensive sales and marketing efforts to boost revenue so as to strive for a better results of the Group.

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 Notes to the statement of comprehensive income

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

	Current quarter 31 Dec 2012 RM'000	Cumulative quarter 31 Dec 2012 RM'000
Interest income	(35)	(68)
Other income - Government Grant	-	(44)
(Gain)/ loss on disposal of property, plant & equipment	-	(52)
(Gain)/ loss on disposal of quoted or unquoted investments or property	-	-
Amortisation of development expenditure	35	70
Depreciation of Property, Plant and Equipment	303	605
Interest expense	70	140
Net (gain) / loss on realised foreign exchange	6	3
Net (gain) / loss on unrealised foreign exchange	-	-
Fair value (gain)/loss on derivative instruments	-	-

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

B6 Taxation

	Current quarter 31 Dec 2012 RM'000	Cumulative quarter 31 Dec 2012 RM'000
Current tax	(3)	(6)
Deferred tax	-	-
In respect of prior years	-	-
	<u>(3)</u>	<u>(6)</u>

B7 Group's borrowings and debt securities

The Group's borrowings as at 31 December 2012 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	795	-	795
Long term borrowings: -	5,664	-	5,664
	<u>6,459</u>	<u>-</u>	<u>6,459</u>

The Group does not have any foreign currency borrowings.

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 mediation between parties which was fixed on 16 November 2012 has been postponed to 19 July 2013.

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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 2012	Current Year To Date 31 Dec 2012
Profit after taxation (RM'000)	(148)	125
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	<u>(0.12)</u>	<u>0.10</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 December 2012.

B11 Realised and Unrealised Profit/Losses

	Current Quarter 31 Dec 2012 RM'000	Preceding Quarter 30 Sept 2012 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	2,183	2,331
- Unrealised	(803)	(803)
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>1,380</u>	<u>1,528</u>

B12 Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 21 February 2013

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 21 February 2013.

On Behalf of the Board

Foong Wei Kuong

Managing Director

Date: 22 February 2013