

JF Technology Berhad

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



Unaudited Condensed Consolidated Statement of Comprehensive Income For the 3rd financial quarter ended 31 March 2013

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|--|
| | Current year quarter 31 Mar 2013 RM'000 | Preceding year corresponding quarter 31 Mar 2012 RM'000 | Current year to date 31 Mar 2013 RM'000 | Preceding year corresponding period 31 Mar 2012 RM'000 |
| Revenue | 1,776 | 1,652 | 5,818 | 5,763 |
| Cost of sales | (536) | (630) | (1,564) | (1,994) |
| Gross profit | 1,240 | 1,022 | 4,254 | 3,769 |
| Other operating income | 36 | 140 | 210 | 160 |
| Other operating expenses | (1,762) | (1,531) | (4,678) | (4,231) |
| Finance cost | (66) | (27) | (207) | (46) |
| Loss before taxation | (552) | (396) | (421) | (348) |
| Tax Expense | (24) | (22) | (30) | (54) |
| Loss for the period | (576) | (418) | (451) | (402) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive losses for the period | <u>(576)</u> | <u>(418)</u> | <u>(451)</u> | <u>(402)</u> |
| Attributable to: | | | | |
| Owners of the company | (576) | (418) | (451) | (402) |
| Minority interests | - | - | - | - |
| | <u>(576)</u> | <u>(418)</u> | <u>(451)</u> | <u>(402)</u> |
| Basic Earnings Per Share (sen) | <u>(0.46)</u> | <u>(0.33)</u> | <u>(0.36)</u> | <u>(0.32)</u> |

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 March 2013

| | (Unaudited) As at 31 Mar 2013 RM'000 | (Audited) As at 30 June 2012 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 19,750 | 20,460 |
| Intangible assets | 375 | 481 |
| | <u>20,125</u> | <u>20,941</u> |
| Current assets | | |
| Inventories | 1,079 | 893 |
| Trade receivables | 1,505 | 1,981 |
| Other receivables, deposits and prepayments | 349 | 325 |
| Cash and cash equivalents | 6,838 | 6,842 |
| Current tax assets | 52 | 52 |
| | <u>9,823</u> | <u>10,093</u> |
| Non-current asset held for sale | - | 248 |
| TOTAL ASSETS | <u>29,948</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 Earnings | 804 | 1,255 |
| Total equity | <u>22,147</u> | <u>22,598</u> |
| Non-current liabilities | | |
| Borrowings | 5,453 | 6,066 |
| Deferred tax liabilities | 803 | 803 |
| | <u>6,256</u> | <u>6,869</u> |
| Current liabilities | | |
| Trade payables | 58 | 89 |
| Other payables and accruals | 717 | 834 |
| Current tax liabilities | 12 | 54 |
| Borrowings | 758 | 838 |
| Total current liabilities | <u>1,545</u> | <u>1,815</u> |
| Total liabilities | <u>7,801</u> | <u>8,684</u> |
| TOTAL EQUITY AND LIABILITIES | <u>29,948</u> | <u>31,282</u> |
| Net assets per share (sen) | <u>17.58</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 3rd financial quarter ended 31 March 2013

| | 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 |
| Loss after taxation for the financial period | - | - | (451) | (451) |
| Balance as at 31 March 2013 | 12,600 | 8,743 | 804 | 22,147 |

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 3rd financial quarter ended 31 March 2013

| | As at 31 Mar 2013 RM'000 | As at 31 Mar 2012 RM'000 |
|---|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (421) | (348) |
| Adjustments for : | | |
| Amortisation of Product Development Cost | 105 | 191 |
| Depreciation of Property, Plant and Equipment | 898 | 947 |
| Gain on disposal of property, plant and equipment | (52) | - |
| Interest expense | 207 | 46 |
| Interest income | (104) | (19) |
| Unrealised gain on foreign exchange | - | - |
| Operating profit before working capital changes | 633 | 817 |
| Changes in working capital: | | |
| Decrease/(Increase) in inventories | (186) | 16 |
| Decrease/(Increase) in receivables | 452 | 49 |
| (Decrease) / Increase in payables | (122) | (207) |
| Cash generated from/(used in) operating activities | 777 | 675 |
| Income tax refund/(paid) | (96) | 15 |
| Net cash generated from/ (used in) operating activities | 681 | 690 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 104 | 19 |
| Purchase of property, plant and equipment | (188) | (664) |
| Product development costs incurred | - | - |
| Proceeds from disposal of fixed assets | 300 | - |
| Net cash from/ (used in) investing activities | 216 | (645) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (207) | (46) |
| Dividend paid | - | (1,260) |
| Proceeds from additional hire-purchase | - | 150 |
| Repayment of hire-purchase payables | (159) | (130) |
| Repayment of term loan | (535) | (694) |
| Net cash (used in)/ from financing activities | (901) | (1,980) |
| Net (decrease)/ increase in cash and cash equivalents | (4) | (1,935) |
| Cash and cash equivalents at beginning of period | 6,842 | 8,764 |
| Cash and cash equivalents at end of period | 6,838 | 6,829 |
| <u>Cash and cash equivalents consist of:</u> | | |
| Money market unit trust fund | 5,177 | 344 |
| Cash and bank balances | 1,661 | 6,485 |
| | 6,838 | 6,829 |

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 March 2013, 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 March 2013, the Group recorded a turnover of RM1.78 million and loss before tax ("LBT") of RM0.55 million as compared with the preceding year corresponding quarter turnover of RM1.65 million and LBT of RM0.40 million. The increase in revenue was principally attributed from increase in sales volume and the increase in LBT was mainly due to increase in sales and marketing expenses.

For the current year to date as at 31 March 2013, the Group achieved a turnover of RM5.82 million and loss before tax ("LBT") of RM0.42 million as compared to RM5.76 million turnover and LBT of RM0.35 million in the preceding year, representing a slight increase of 1% in turnover and an increase of 20% in LBT respectively. The decline in year to date bottom line performance was mainly due to increase in sales and marketing expenses.

B2 Variation of results against immediate preceding quarter

| | Current Quarter 31 Mar 2013 RM'000 | Preceding Quarter 31 Dec 2012 RM'000 |
|---------|---|---|
| Revenue | <u>1,776</u> | <u>1,856</u> |
| LBT | <u>(552)</u> | <u>(145)</u> |

When compared to the preceding quarter, the Group's revenue decreased by 4% from RM1.86 million to RM1.78 million and LBT increased by 267% from RM0.15 million to RM0.55 million respectively. The decrease in revenue and increase in LBT were mainly due to lower sales volume and the reasons as mentioned in Note B1.

B3 Prospects for the financial year ending 30 June 2013.

The Board expects the industry to remain challenging and the performance of the Group to maintain for the remaining period.

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.

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 Mar 2013 RM'000 | Cumulative quarter 31 Mar 2013 RM'000 |
|--|---|--|
| Interest income | (35) | (104) |
| 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 | 36 | 105 |
| Depreciation of Property, Plant and Equipment | 293 | 898 |
| Interest expense | 67 | 207 |
| Net (gain) / loss on realised foreign exchange | 3 | 6 |
| 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 Mar 2013 RM'000 | Cumulative quarter 31 Mar 2013 RM'000 |
|---------------------------|---|--|
| Current tax | (24) | (30) |
| Deferred tax | - | - |
| In respect of prior years | - | - |
| | <u>(24)</u> | <u>(30)</u> |

Current tax is provided for profitable subsidiary as there was no claiming of the tax group relief over the loss making companies within the Group

B7

The Group's borrowings as at 31 March 2013 all of which are secured are as follows.

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--------------------------|-------------------|---------------------|-----------------|
| Short term borrowings: - | 758 | - | 758 |
| Long term borrowings: - | 5,453 | - | 5,453 |
| | <u>6,211</u> | <u>-</u> | <u>6,211</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 Mar 2013 | Current Year To Date 31 Mar 2013 |
|---|--|---|
| Profit after taxation (RM'000) | (576) | (451) |
| Weighted average number of shares in issue ('000) | 126,000 | 126,000 |
| Basic earnings per share (sen) | <u>(0.46)</u> | <u>(0.36)</u> |

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 March 2013.

B11 Realised and Unrealised Profit/Losses

| | Current Quarter 31 Mar 2013 RM'000 | Preceding Quarter 31 Dec 2012 RM'000 |
|---|---|---|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries : | | |
| - Realised | 1,607 | 2,183 |
| - Unrealised | (803) | (803) |
| Total group retained profits / (accumulated losses) as per consolidated accounts | <u>804</u> | <u>1,380</u> |

B12 Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 23 May 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 23 May 2013.

On Behalf of the Board

Foong Wei Kuong

Managing Director

Date: 27 May 2013