

JF Technology Berhad

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



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the 4th financial quarter ended 30 June 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Jun 2013 RM'000	Preceding year corresponding quarter 30 June 2012 RM'000	Current year to date 30 Jun 2013 RM'000	Preceding year corresponding period 30 June 2012 RM'000
Revenue	2,328	2,099	8,146	7,862
Cost of sales	(660)	(656)	(2,224)	(2,650)
Gross profit	1,668	1,443	5,922	5,212
Other operating income	74	50	284	210
Other operating expenses	(2,226)	(2,745)	(6,904)	(6,976)
Finance cost	(70)	(44)	(277)	(90)
Loss before taxation	(554)	(1,296)	(975)	(1,644)
Tax Expense	11	(23)	(19)	(77)
Loss for the period	(543)	(1,319)	(994)	(1,721)
Other comprehensive income	-	-	-	-
Total comprehensive losses for the period	<u>(543)</u>	<u>(1,319)</u>	<u>(994)</u>	<u>(1,721)</u>
Attributable to:				
Owners of the company	(543)	(1,319)	(994)	(1,721)
Minority interests	-	-	-	-
	<u>(543)</u>	<u>(1,319)</u>	<u>(994)</u>	<u>(1,721)</u>
Basic Earnings Per Share (sen)	<u>(0.43)</u>	<u>(1.05)</u>	<u>(0.79)</u>	<u>(1.37)</u>

Notes:

This Condensed Consolidated Statement of Profit or Loss and Other 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 30 June 2013

	(Unaudited) As at 30 Jun 2013 RM'000	(Audited) As at 30 June 2012 RM'000	(Audited) As at 1 July 2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	19,473	20,460	21,697
Intangible assets	337	481	1,380
	<u>19,810</u>	<u>20,941</u>	<u>23,077</u>
Current assets			
Inventories	1,012	893	1,016
Trade receivables	2,199	1,981	2,087
Other receivables, deposits and prepayments	134	325	440
Cash and cash equivalents	6,198	6,842	8,764
Current tax assets	52	52	95
	<u>9,595</u>	<u>10,093</u>	<u>12,402</u>
Non-current asset held for sale	-	248	-
TOTAL ASSETS	<u>29,405</u>	<u>31,282</u>	<u>35,479</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	12,600	12,600	12,600
Share premium	8,743	8,743	8,743
Retained Earnings	261	1,255	4,236
Total equity	<u>21,604</u>	<u>22,598</u>	<u>25,579</u>
Non-current liabilities			
Borrowings	5,429	6,066	7,057
Deferred tax liabilities	703	803	810
	<u>6,132</u>	<u>6,869</u>	<u>7,867</u>
Current liabilities			
Trade payables	70	89	109
Other payables and accruals	743	834	1,148
Current tax liabilities	39	54	-
Borrowings	817	838	776
Total current liabilities	<u>1,669</u>	<u>1,815</u>	<u>2,033</u>
Total liabilities	<u>7,801</u>	<u>8,684</u>	<u>9,900</u>
TOTAL EQUITY AND LIABILITIES	<u>29,405</u>	<u>31,282</u>	<u>35,479</u>
	-	-	-
Net assets per share (sen)	<u>17.15</u>	<u>17.93</u>	<u>20.30</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 4th financial quarter ended 30 June 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	-	-	(994)	(994)
Balance as at 30 June 2013	12,600	8,743	261	21,604

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 4th financial quarter ended 30 June 2013

	(Unaudited) As at 30 Jun 2013 RM'000	(Audited) As at 30 June 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(975)	(1,644)
Adjustments for :		
Amortisation of product development cost	144	255
Depreciation of property, plant and equipment	1,182	1,250
Gain on disposal of property, plant and equipment	(52)	(13)
Impairment loss on :		
- plant and machinery	353	467
- tools and equipment	78	95
- product development cost	-	644
- trade receivables	118	14
Deposit forfeited	62	-
Inventories written down	26	144
Interest expense	278	90
Interest income	(139)	(35)
Patent expenses written off	99	45
Unrealised gain on foreign exchange	(14)	(17)
Operating profit before working capital changes	1,160	1,295
Changes in working capital:		
Decrease/(Increase) in inventories	(145)	(21)
Decrease/(Increase) in receivables	(283)	162
(Decrease) / Increase in payables	(110)	(334)
Cash generated from/(used in) operating activities	622	1,102
Income tax refund/(paid)	(134)	13
Net cash generated from/ (used in) operating activities	488	1,115
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	139	35
Purchase of property, plant and equipment	(627)	(1,067)
Product development costs incurred	-	-
Proceeds from disposal of fixed assets	300	425
Net cash from/ (used in) investing activities	(188)	(607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(278)	(90)
Dividend paid	-	(1,260)
Proceeds from additional hire-purchase	259	-
Repayment of hire-purchase payables	(200)	(195)
Repayment of term loan	(716)	(902)
Net cash (used in)/ from financing activities	(935)	(2,447)
Net (decrease)/ increase in cash and cash equivalents	(635)	(1,939)
Cash and cash equivalents at beginning of period	6,842	8,764
Effects of exchange rate changes	(9)	17
Cash and cash equivalents at end of period	6,198	6,842
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	5,213	4,523
Cash and bank balances	985	2,319
	6,198	6,842
	-	-

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 30 June 2013

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 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 June 2013

Amendments to MFRSs	Annual Improvements 2009 – 2012 Cycle	1 January 2013
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
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9	Financial Instruments	1 January 2015

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 30 June 2013

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 30 June 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 30 June 2013, the Group recorded a turnover of RM2.33 million and loss before tax ("LBT") of RM0.55 million as compared with the preceding year corresponding quarter turnover of RM2.10 million and LBT of RM1.30 million. The increase in revenue and decrease in losses was principally attributed from increase in sales volume and non cash impairment losses in the preceding year corresponding quarter.

For the current year to date as at 30 June 2013, the Group achieved a turnover of RM8.15 million and LBT of RM0.98 million as compared to RM7.86 million turnover and LBT of RM1.64 million in the preceding year, representing an increase of 4% in turnover and an decrease of 40% in LBT respectively. The decrease in LBT is due to a slight increase in sales volume and non cash impairment losses in the preceding year.

B2 Variation of results against immediate preceding quarter

	Current Quarter 30 Jun 2013 RM'000	Preceding Quarter 31 Mar 2013 RM'000
Revenue	<u>2,328</u>	<u>1,776</u>
LBT	<u>(554)</u>	<u>(552)</u>

When compared to the preceding quarter, the Group's revenue increased by 31% from RM1.78 million to RM2.33 million and slight increase of LBT from LBT of RM0.552 million to RM0.554 million respectively. The increase in revenue was mainly from increase in sales volume.

B3 Prospects for the next financial year ending 30 June 2014.

The Board is of the view that the Group's performance will improve for the next financial year in line with the expected improvement in the semiconductor industry.

Moving forward, the Board will take all the necessary actions such as continuous product development and intensive sales and marketing efforts to boost revenue.

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

LBT is arrived at after charging/(crediting) :

	Current quarter 30 Jun 2013 RM'000	Cumulative quarter 30 Jun 2013 RM'000
Interest income	(35)	(139)
Other income - Government Grant	-	(44)
(Gain)/ loss on disposal of property, plant & equipment	-	(52)
Burglary insurance claim	(4)	(4)
Receivables recovered	(14)	(14)
Amortisation of product development cost	39	144
Depreciation of property, plant and equipment	285	1,182

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

Impairment loss on :		
- plant and machinery	353	353
- tools and equipment	78	78
- trade receivables	118	118
Patent expenses written off	99	99
Deposit forfeited	62	62
Inventories written down	26	26
Interest expense	70	278
Net (gain) / loss on realised foreign exchange	10	16
Net (gain) / loss on unrealised foreign exchange	(14)	(14)

B6 Taxation

	Current quarter 30 Jun 2013 RM'000	Cumulative quarter 30 Jun 2013 RM'000
Current tax	(88)	(118)
Deferred tax	72	72
In respect of prior years	27	27
	<u>11</u>	<u>(19)</u>

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

B7

The Group's borrowings as at 30 June 2013 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings: -	817	-	817
Long term borrowings: -	5,429	-	5,429
	<u>6,246</u>	<u>-</u>	<u>6,246</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.

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

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 had been postponed to 19 July 2013 but the date has been adjourned.

The court had further fixed the mediation between parties on 15 November 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 30 Jun 2013	Current Year To Date 30 Jun 2013
Profit after taxation (RM'000)	(543)	(994)
Weighted average number of shares in issue ('000)	126,000	126,000
Basic earnings per share (sen)	<u>(0.43)</u>	<u>(0.79)</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2013.

B11 Realised and Unrealised Profit/Losses

	Current Quarter 30 Jun 2013 RM'000	Preceding Quarter 31 Mar 2013 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	964	1,607
- Unrealised	(703)	(803)
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>261</u>	<u>804</u>

B12 Status of Corporate Proposals Announced

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

On Behalf of the Board

Foong Wei Kuong

Managing Director

Date: 29 August 2013