

# JF Technology Berhad

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



## Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the 1st financial quarter ended 30 September 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Sept 2014 RM'000	Preceding year corresponding quarter 30 Sept 2013 RM'000	Current year to date 30 Sept 2014 RM'000	Preceding year corresponding period 30 Sept 2013 RM'000
Revenue	4,499	2,277	4,499	2,277
Cost of sales	(931)	(599)	(931)	(599)
Gross profit	3,568	1,678	3,568	1,678
Other operating income	99	79	99	79
Other operating expenses	(2,592)	(1,652)	(2,592)	(1,652)
Finance cost	(62)	(75)	(62)	(75)
Profit/ (Loss) before taxation	1,013	30	1,013	30
Tax Expense	(6)	(5)	(6)	(5)
Profit/ (Loss) for the period	1,007	25	1,007	25
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the period	1,007	25	1,007	25
Attributable to:				
Owners of the company	1,007	25	1,007	25
Minority interests	-	-	-	-
	1,007	25	1,007	25
Basic Earnings/(Loss) Per Share (sen)	0.80	0.02	0.80	0.02

### 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 2014 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 September 2014

	(Unaudited) As at 30 Sept 2014 RM'000	(Audited) As at 30 June 2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,696	19,319
Intangible assets	186	216
	<u>19,882</u>	<u>19,535</u>
<b>Current assets</b>		
Inventories	1,221	1,252
Trade receivables	3,002	2,604
Other receivables, deposits and prepayments	441	815
Cash and cash equivalents	7,492	6,376
Current tax assets	50	71
	<u>12,206</u>	<u>11,118</u>
<b>TOTAL ASSETS</b>	<b><u>32,088</u></b>	<b><u>30,653</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	12,600	12,600
Share premium	8,743	8,743
Retained Earnings	2,276	1,269
<b>Total equity</b>	<b><u>23,619</u></b>	<b><u>22,612</u></b>
<b>Non-current liabilities</b>		
Borrowings	4,545	4,609
Deferred Income	537	540
Deferred tax liabilities	962	962
	<u>6,044</u>	<u>6,111</u>
<b>Current liabilities</b>		
Trade payables	93	95
Other payables and accruals	1,502	1,020
Current tax liabilities	27	-
Borrowings	803	815
<b>Total current liabilities</b>	<b><u>2,425</u></b>	<b><u>1,930</u></b>
<b>Total liabilities</b>	<b><u>8,469</u></b>	<b><u>8,041</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>32,088</u></b>	<b><u>30,653</u></b>
<b>Net assets per share (sen)</b>	<b><u>18.75</u></b>	<b><u>17.95</u></b>

### 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 2014 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 1st financial quarter ended 30 September 2014

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 July 2013	12,600	8,743	184	21,527
Profit after taxation for the financial period	-	-	25	25
Other comprehensive income, net of tax	-	-	-	-
Balance as at 30 September 2013	<b>12,600</b>	<b>8,743</b>	<b>209</b>	<b>21,552</b>
Balance as at 01 July 2014	12,600	8,743	1,269	22,612
Profit after taxation for the financial period	-	-	1,007	1,007
Balance as at 30 September 2014	<b>12,600</b>	<b>8,743</b>	<b>2,276</b>	<b>23,619</b>

### 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 2014 and the accompanying explanatory notes attached to this interim financial statements.

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## Unaudited Condensed Consolidated Statement of Cash Flows For the 1st financial quarter ended 30 September 2014

	(Unaudited) As at 30 Sept 2014 RM'000	(Audited) As at 30 June 2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	1,013	1,202
Adjustments for :		
Amortisation of product development cost	30	121
Depreciation of property, plant and equipment	266	1,012
Gain on disposal of property, plant and equipment	-	(23)
Amortisation of government grant	(15)	(67)
Inventories written down	-	102
Interest expense	62	263
Interest income from short term funds	(38)	(139)
Reverse of deposit written off	-	(34)
Reversal of impairment loss on trade receivables	-	(118)
Unrealised loss on foreign exchange	5	12
Unrealised gain on foreign exchange	(41)	(9)
Operating profit before working capital changes	1,282	2,322
Changes in working capital:		
Decrease/(Increase) in inventories	31	(342)
Decrease/(Increase) in receivables	(393)	(564)
(Decrease) / Increase in payables	479	348
Cash generated from/(used in) operating activities	1,399	1,764
Income tax refund/(paid)	42	(39)
Net cash generated from/ (used in) operating activities	1,441	1,725
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	38	139
Purchase of property, plant and equipment	(643)	(859)
Proceeds from disposal of property, plant and equipment	-	24
Government grant received	382	225
Net cash from/ (used in) investing activities	(223)	(471)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(62)	(263)
Repayment of hire-purchase payables	(19)	(105)
Repayment of term loans	(174)	(717)
Additional hire-purchase loan	117	-
Net cash (used in)/ from financing activities	(138)	(1,085)
Net (decrease)/ increase in cash and cash equivalents	1,080	169
Cash and cash equivalents at beginning of period	6,376	6,198
Effects of exchange rate changes	36	9
Cash and cash equivalents at end of period	7,492	6,376
<u>Cash and cash equivalents consist of:</u>		
Money market unit trust fund	5,073	5,073
Cash and bank balances	2,419	1,303
	7,492	6,376

### 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 2014 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 SEPTEMBER 2014

### 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 2014. 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 2014.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 30 June 2014.

#### A2 Adoption of New and Revised Accounting Policies

The Group has not applied in advance the following accounting standards and interpretations ( including the consequential amendments, if any) that have been issued by Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period :-

<b>MFRS and IC Interpretations ( Including The Consequential Amendments)</b>		<b>Effective Date</b>
MFRS 9 (2009)	Financial Instruments	1 January 2018
MFRS 9 (2010)	Financial Instruments	1 January 2018
MFRS 9	Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	1 January 2018
Amendments to MFRS 9 & MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 11	Accounting for Acquisitions of Interests in joint Operations	1 January 2016
Amendments to MFRS 116 & MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 & MFRS 141	Agriculture - Bearer Plants	1 January 2016

The above accounting standards and interpretations (including the consequential amendments, if any) are not relevant to the Group's operations except as follows :-

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relates to the classification and measurement of financial instruments.

MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirements.

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

Accordingly, the Group will deconsolidate its subsidiaries upon the initial application of these amendments and to fair value the investments in accordance with MFRS 139. There will be no material financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no material financial impact on the financial statements of the Group upon its initial application.

### **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 cancellations, 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**

Segment analysis has not been prepared as the Group's business is focused only in manufacturing and trading of electronic products, components and test probes, including production, packaging, marketing and distribution of its products principally in Malaysia, and this forms the focus of the Group's internal reporting system.

The Group does not have any non-current assets that are located in countries other than Malaysia. The chief operating decision maker reviews the business performance of the Group as a whole and management monitor the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

### Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of the customers.

Revenue from external customers	Current year quarter 30 Sept 2014 RM'000	Current year to date 30 Sept 2014 RM'000
	Malaysia	1,902
Outside Malaysia	2,597	2,597
	<b>4,499</b>	<b>4,499</b>

### 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.

### 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 :	RM'000
- purchase of property, plant and equipment	547

### 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 September 2014, the Group recorded a turnover of RM4.50 million and profit before tax ("PBT") of RM1.01 million as compared with the preceding year corresponding quarter turnover of RM2.28 million and PBT of RM0.03 million. The increase in revenue was due to increase in export sales.

### **B2 Variation of results against immediate preceding quarter**

	<b>Current Quarter 30 Sept 2014 RM'000</b>	<b>Preceding Quarter 30 June 2014 RM'000</b>
Revenue	<u>4,499</u>	<u>3,774</u>
PBT	<u>1,013</u>	<u>382</u>

When compared to the preceding quarter, the Group's revenue increased by 19% from RM3.77 million to RM4.50 million and increase of PBT from RM0.38 million to RM1.01 million. The increase in PBT was mainly due to increase in export sales.

### **B3 Prospects for the financial year ending 30 June 2015.**

Barring any unforeseen circumstances, the Board anticipates that with the various product development and intensive sales and marketing efforts, the Group's performance will compare favourably with the previous financial year.

### **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 is arrived at after charging/(crediting) :

	<b>Current quarter 30 Sept 2014 RM'000</b>	<b>Cumulative quarter 30 Sept 2014 RM'000</b>
Other Income - Amortisation of government grant	(15)	(15)
Amortisation of product development cost	30	30
Depreciation of property, plant and equipment	266	266
Interest expense	62	62
Interest income from short term funds	(38)	(38)
Net gain on unrealised foreign exchange	(36)	(36)
Net loss on realised foreign exchange	49	49



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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 30 Sept 2014 RM'000	Cumulative quarter 30 Sept 2014 RM'000
Current tax	(6)	(6)
Deferred tax	-	-
In respect of prior years	-	-
	<u>(6)</u>	<u>(6)</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 September 2014 all of which are secured are as follows.

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowing	803	-	803
Long term borrowing	4,545	-	4,545
	<u>5,348</u>	<u>-</u>	<u>5,348</u>

The Group does not have any foreign currency borrowings.

### B8 Dividends

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

### B9 Material litigations

Save as disclosed below, the Group does not have any material litigation as at the date of this quarterly report:

#### Information on the Complaint for Patent Infringement

The Company - Complaint for Patent Infringement, Jury Trial Demanded

Plaintiff : Johnstech International Corp. ("JTI")

Defendants : JF Technology Berhad, JF Microtechnology Sdn Bhd and J Foong Technologies Sdn Bhd  
(hereinafter collectively referred to as " The Company" or " the "Defendants")

On 20 June 2014, an action for patent infringement ("Compliant") was filed against JF Technology Berhad, JF Microtechnology Sdn Bhd and J Foong Technologies Sdn Bhd. (collectively referred as "the Group") by Johnstech International Corp. ("JTI") in the United States District Court for the Northern District of California, Case No. : 3:14-cv-02864. In this action, JTI asserts claims of infringement of United States Patent No. 7,059,866 ("the 866 Patent"), entitled " Integrated Circuit Test Contact to Test Apparatus," in connection with test contact products sold under the brand name ZIGMA (collectively referred as "Complaint")

On 5 August 2014, the Group had officially accepted the suit following the appointment of a local Intellectual Property ("IP") consultant and lawyers in United States, namely Advanz Fidelis Sdn. Bhd. and Nixon Peabody LLP respectively.

The amount of claim was not indicated in Complaint. In view thereof, the Group could not ascertain the maximum exposure to liabilities in relation to the Complaint.

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

As United States patent laws do not apply outside the United States, the manufacture, use, sale, and offering for sale of the ZIGMA products outside the United States are not affected by this case. In addition, JTI has not to date taken the necessary steps to pursue any judicial or customs restrictions on the Group activities in the United States, there is no current credible threat that this case will disrupt the Group's activities inside the United States. The litigation process, including appeals, is expected to last approximately two to three years or more before the final outcome is known

The Group has through its US lawyers filed the motion to dismiss and related papers in the court. The hearing on the motion was on 12 November 2014 and it's now pending from the judge for a written ruling.

The Board will take the appropriate action to defend the case and to protect the interests of the Group.

### **B10. Earnings per share**

	<b>Current year quarter 30 Sept 2014</b>	<b>Current year to date 30 Sept 2014</b>
Profit after taxation (RM'000)	1,007	1,007
Weighted average number of shares in issue ('000)	126,000	126,000
Basic Earnings per share (sen)	<u>0.80</u>	<u>0.80</u>

Diluted (loss)/earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 September 2014

### **B11. Realised and Unrealised Profit/Losses**

	<b>Current Quarter 30 Sept 2014 RM'000</b>	<b>Preceding Quarter 30 June 2014 RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	3,238	2,208
- Unrealised	(962)	(962)
Total group retained profits / (accumulated losses) as per consolidated accounts	<u>2,276</u>	<u>1,246</u>

### **B12. Status of Corporate Proposals Announced**

There are no corporate proposals announced but not completed as at 21 November 2014.

### **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 November 2014.

On Behalf of the Board

**Dato' Foong Wei Kuong**

Group Managing Director

Date: 24 November 2014