

JF TECHNOLOGY BERHAD  
(747681-H)

# 2013 ANNUAL REPORT

# CONTENTS

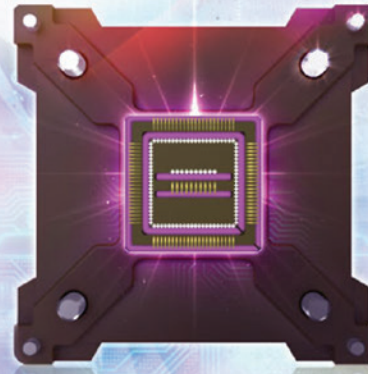
Corporate Information	4
Group Financial Highlights	5
Chairman's Statement	6
Board of Directors	8
Board of Directors' Profile	9
Statement on Corporate Governance	11
Additional Compliance Information	18
Statement on Risk Management and Internal Control	19
Audit Committee Report	20
Statement of Directors' Responsibility	24
Financial Statements	25
List of Properties	90
Analysis of Shareholdings	91
Notice of Annual General Meeting	93
Notice of Nomination of Auditors	95
Form of Proxy	enclosed

# PRODUCT FAMILY

Super High Performance Test Contacting Solutions



Solution for *leaded*  
& *leadless* packages\*



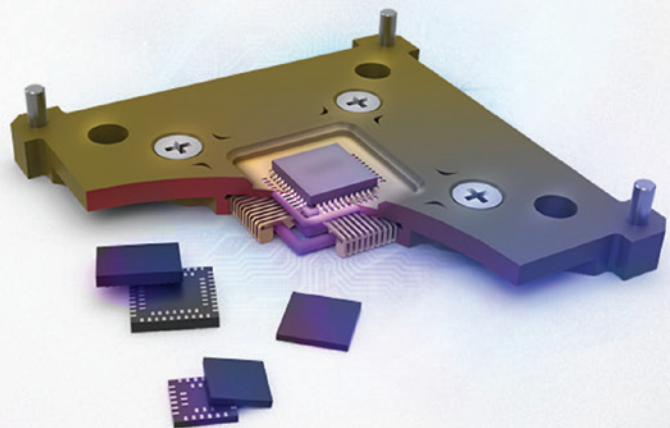
## ZIGMA

[ Patent Pending ]

\* QFN, DFN, QFP, SO, SOIC, TSOP



Test contacting *solutions*  
for *dual row* QFN devices



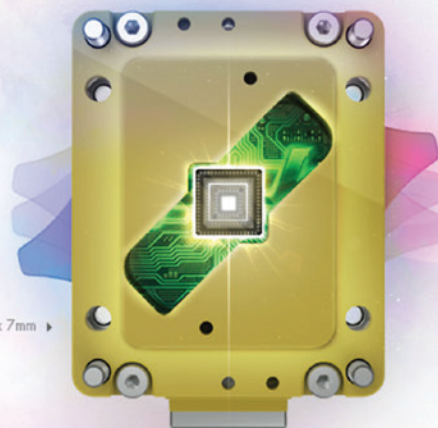
## DDDR

[ Patent Pending ]

Among *world's 1<sup>st</sup>* auto  
centering manual actuator



Can cater package size from 2mm x 2mm up to 7mm x 7mm ▶



## ACMA

[ Patent Pending ]



# PRODUCT FAMILY

Super High Performance Test Contacting Solutions

Grounding *solution* for *small* packages



Uncompressed  
Compressed



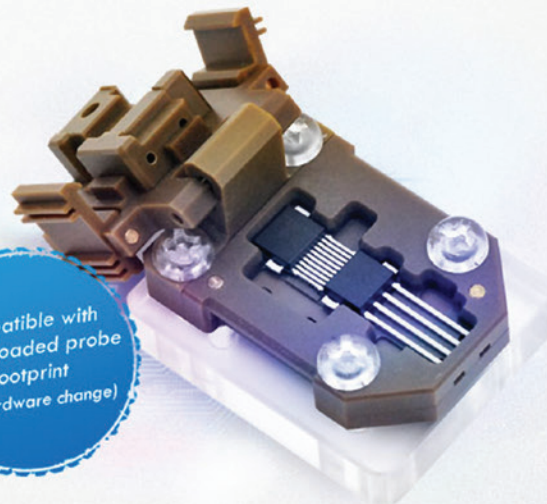
HCI

[ Patent Pending ]

Kelvin & non-kelvin solution for  
SOIC, TSOP, QFP & QFN



Compatible with  
spring loaded probe  
footprint  
(no hardware change)

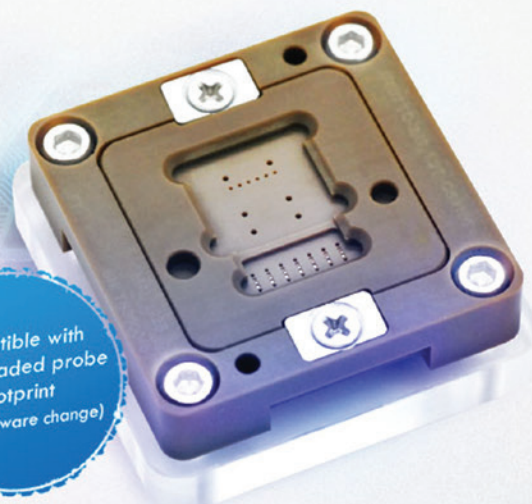


ALPHA

Solutions for WLP & CSP



Compatible with  
spring loaded probe  
footprint  
(no hardware change)



OMEGA

# CORPORATE INFORMATION

## Board of Directors

**Foong Wei Kuong**  
(Chairman cum Managing Director)

**Wang Mei Ling**  
(Executive Director)

**Goh Kok Sing**  
(Executive Director)

**Dato' Philip Chan Hon Keong**  
(Independent Non-Executive Director)

**Koay Kah Ee**  
(Senior Independent Non-Executive Director)

**Lew Jin Aun**  
(Independent Non-Executive Director)

## Audit Committee

**Koay Kah Ee**  
(Chairman)

**Dato' Philip Chan Hon Keong**

**Lew Jin Aun**

## Nomination Committee

**Dato' Philip Chan Hon Keong**  
(Chairman)

**Koay Kah Ee**

**Lew Jin Aun**

## Remuneration Committee

**Koay Kah Ee**  
(Chairman)

**Wang Mei Ling**

**Dato' Philip Chan Hon Keong**

**Lew Jin Aun**

## Company Secretaries

**Chua Siew Chuan**  
Chartered Secretary  
(MAICSA 0777689)

**Chin Mun Yee**  
Chartered Secretary  
(MAICSA 7019243)

## Registered Office

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2084 9000  
Facsimile No.: 03-2094 9940/  
03-2095 0292

## Business Address

Lot 6, Jalan Teknologi 3/6  
Taman Sains Selangor 1  
Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No.: 03-6140 8668  
Facsimile No.: 03-6140 8998  
Email: sales@jfttech.com.my  
Website: www.jfttech.com.my

## Registrar

**Securities Services (Holdings)**  
**Sdn. Bhd.**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2084 9000  
Facsimile No.: 03-2094 9940/  
03-2095 0292

## Auditors

**BDO**

12th Floor, Menara Uni. Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2616 2888  
Facsimile No.: 03-2616 3190

## Principal Bankers

Hong Leong Bank Berhad  
Malayan Banking Berhad  
Ambank (M) Berhad  
Public Bank Berhad

## Solicitors

**Skrine**

Unit No. 50-8-1, 8th Floor  
Wisma UOA Damansara  
50, Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Telephone No.: 03-2081 3999  
Facsimile No.: 03-2094 3211

**Rozlan Khuen**

23-2, Block B, Jaya 1  
Jalan Universiti  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No.: 03-7958 3305  
Facsimile No.: 03-7958 3505

## Listing

ACE Market of Bursa Malaysia  
Securities Berhad

## Stock Name

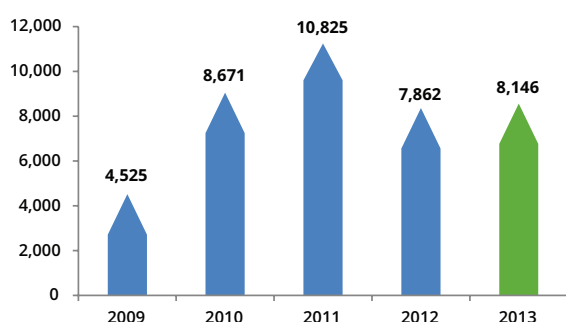
JFTECH

## Stock Code

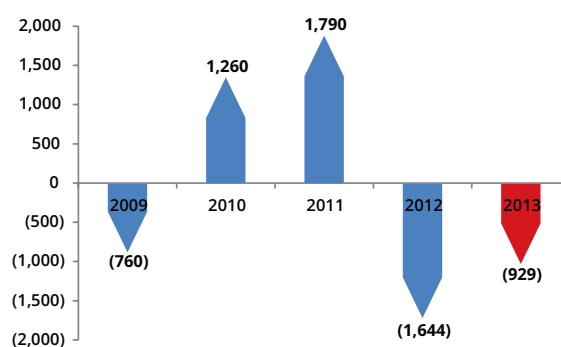
0146

# GROUP FINANCIAL HIGHLIGHTS

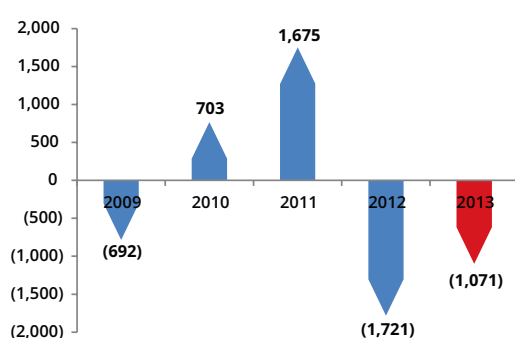
**REVENUE (RM'000)**



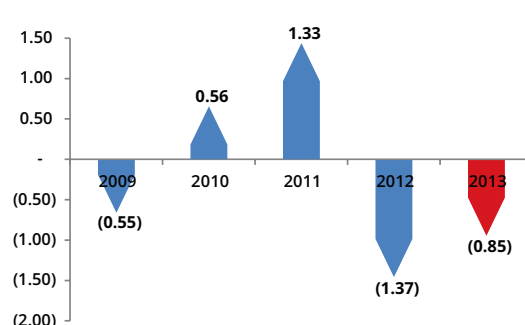
**PBT/LBT (RM'000)**



**PAT/LAT (RM'000)**



**EARNINGS/(LOSS) PER SHARE (SEN)**



	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
<b>Statements of Comprehensive Income</b>					
Revenue	4,525	8,671	10,825	7,862	8,146
Profit/(loss) before taxation ("PBT/LBT")	(760)	1,260	1,790	(1,644)	(929)
Profit/(loss) after taxation ("PAT/LAT")	(692)	703	1,675	(1,721)	(1,071)
<b>Statements of Financial Positions</b>					
Share Capital	12,600	12,600	12,600	12,600	12,600
Total assets	34,978	33,382	35,479	31,282	29,405
Total liabilities	11,178	8,848	9,900	8,684	7,878
<b>Others</b>					
Earnings/(loss) per share (sen)	(0.55)	0.56	1.33	(1.37)	(0.85)
Net assets per share (sen)	18.89	19.47	20.30	17.93	17.08

# CHAIRMAN'S STATEMENT

## Overview

Financial year 2013 has been a challenging year for JF Technology Berhad in view of the slower global semiconductor industry growth.

The Group's strategy remains focused on its vision, and mission whilst looking into ways to enhance its competitive edge. During the year, the Group continued to invest in Product Development, and Sales and Marketing activities to promote our brand and products, recruited additional engineers to support newly introduced products, and worked on many new product developments.

The Board also believes that with the strong leadership of our fellow Board members together with the commitment of our management team, the Group is on a stronger footing to meet its future challenges.

## Financial Performance

For the financial year ended 30 June 2013, the Group recorded revenue of RM8.15 million and a loss before taxation of RM0.93 million as compared to the preceding year with revenue of RM7.86 million and a loss before taxation of RM1.64 million. There was an increase of 4% in revenue and a decrease in losses of 43%. These were mainly due to an increase in sales of new product line mix and a lower demand from our OEM customers, increases in the operating costs for sales and marketing activities with the establishment of a sales agent in the United States to promote our brand and the recruitment of new staff to support our newly developed products. As qualification of our products in this industry needs thorough evaluation and validation, thus, building market for the newly developed products needs time and with the sluggish market condition, impairment of certain machineries had to be made according to the accounting standard requirements.

## Dividend

In view of the Group's weak financial performance in the financial year 2013, the Board does not recommend any dividend for the financial year 2013. The Board believes that it is of the best interest of the Group to conserve funds for further market development activities.

Nonetheless, the Board remains strongly committed towards sharing the Group's achievements with our shareholders through dividend.

## Achievements and Significant Events for Financial Year 2013

### 1. New Patent Filed

We had designed and developed another novel and inventive design for patent filing.

### 2. Best Poster Award in BITS

JF Microtechnology Sdn. Bhd. won the prestigious award for our technical paper contribution on ACMA product line to the Annual BITS Technical Workshop held in Phoenix, Arizona USA.

### 3. Grants Awarded to JF Microtechnology Sdn. Bhd.

JF Microtechnology Sdn. Bhd. was awarded with grants totaling RM1.87 million for the purpose of commercialising our Newly Developed Products by Malaysian Technology Development Corporation Sdn. Bhd..

### 4. 1st Innocent Cash Voucher

JF Microtechnology Sdn. Bhd. was given a cash voucher of RM0.40 million for winning the highest 1st Innocent certification with a AAA rating.

### 5. Appointment of Business Development Manager in the United States

JF Microtechnology Sdn. Bhd. has appointed a Business Development Manager to expand market coverage in the United States and to demonstrate brand and product ownership.

### 6. Appointment of Sales Agents

JF Microtechnology Sdn. Bhd. has appointed three (3) Sales Agents for the United States to improve our customer's accessibility to our brand and products.

## Outlook Going Forward

The Group has moved up the value chain from Original Equipment Manufacturer to Original Design Manufacturer with our own Intellectual Property, Brand and Distribution channel. We will continue to focus and expand on our core business in the design, development and manufacturing of test probes and test sockets for the global market.

With the newly launched products that set new performance benchmark, we expect to be recognised as an important world player in the High Performance Test Socket category and not just a regional player and a supplier of choice. We will continue to develop new designs and solutions to cater for new devices packaging with smaller pad sizes and finer pitching. These newly introduced products will be aggressively promoted and are expected to contribute positively to our financial year 2014 performance.

In view of the continued uncertain economic scenario, the Group will continue to implement stringent cost control in our internal control measures through lean programs. A strong commitment in containing cost and eliminating waste will ensure our Company to have sufficient resources for product innovation and market expansion, not for immediate future, but to build ourselves into a stronger Company.

We foreseen that financial year 2014 will be a very challenging and a breakthrough year for us. We are well positioned to capitalise on the next phase of growth through innovation and business excellence.

## Corporate Social Responsibility ( "CSR" )

During the financial year under review, the Group has carried out its CSR through various activities. These include offering technical and industrial training to interns from local technical institutions and universities. Most of these interns had graduated and returned to join our Group as full time employees.

The Group is committed to the betterment of employees. On human capital development, we have a strategy that focuses on building technical skills, individual accountability, competency and management leadership.

The Group also encourages its staff to constantly engage in self learning by setting up a library of technical, leadership and self motivation books for their own betterment.

## Appreciation

My sincere appreciation to our valued customers, suppliers, business associates, bankers authorities and most importantly our esteemed shareholders for their unwavering support and confidence to the Group.

Last, but not least, I wish to thank my fellow colleagues on the Board for their counsel, support and commitment this far.

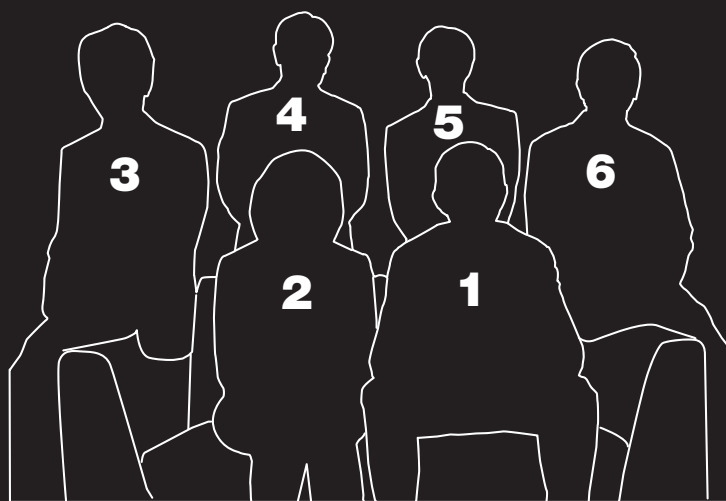
Thank you.

**Foong Wei Kuong**  
*Chairman*





# BOARD OF DIRECTORS



**Foong Wei Kuong**  
(Chairman cum Managing Director)

**1**

**Wang Mei Ling**  
(Executive Director)

**2**

**Goh Kok Sing**  
(Executive Director)

**3**

**Dato' Philip Chan Hon Keong**  
(Independent Non-Executive Director)

**4**

**Lew Jin Aun**  
(Independent Non-Executive Director)

**5**

**Koay Kah Ee**  
(Senior Independent Non-Executive Director)

**6**

# BOARD OF DIRECTORS' PROFILE

## **Foong Wei Kuong Executive Chairman cum Managing Director**

Mr. Foong Wei Kuong, aged 53, a Malaysian, was appointed as the Managing Director cum Chairman of JF Technology Berhad ("JF Tech") on 18 January 2008.

He is the co-founder of JF Tech Group. He started his career in 1980 as a Sales Representative when he joined Preston Corporation Sdn. Bhd.. Subsequently, he joined National Starch & Chemical Sdn. Bhd. as a Sales Executive in 1984. He was promoted to Area Sales Manager in 1992 overseeing the sales team for Northern Peninsular Malaysia. He was subsequently attached to PT Danako Mitra Adhesive, Indonesia ("PT Danako") as a Business Development Manager in 1994. Later in 1996, he was promoted to a Business Development Director of PT Danako where he remained for two (2) years. In 1997, he was General Manager of PT National Starch & Chemical Indonesia ("PT National") overseeing the whole business unit of National Starch & Chemical USA. He left PT National to join Merichem Sdn. Bhd. as an Executive Director in 1997. Then he left Merichem Sdn. Bhd. in 1999 and incorporated J Foong Technologies Sdn. Bhd. ("J Foong") in 1999 and JF Microtechnology Sdn. Bhd. ("JF Micro") in 2005. He is currently responsible for the overall vision and operational directions of the JF Tech Group, and hence he also identifies overall strategies for the Group.

Mr. Foong Wei Kuong is not a Director of any other public company.

## **Wang Mei Ling Executive Director**

Ms. Wang Mei Ling, aged 56, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008.

She obtained her LCCI Higher Accounting in 1984. In 1976, she started her career with Loh Piang Wong & Co as an auditor. She subsequently joined Times Educational Corporation Sdn. Bhd. as an Accounts Assistant in 1979. In 1981, she joined Syarikat Pembinaan Raya Sdn. Bhd. as an Accounts Supervisor. She left Syarikat Pembinaan Raya Sdn. Bhd. to join Pati Ho Hup Sdn. Bhd. as an Accounts Executive in 1990 until 1994. In 1999, she founded J Foong together with Mr. Foong Wei Kuong and is instrumental in the day-to-day operation of J Foong as an Administration and Finance Manager. She subsequently founded JF Micro together with Mr. Foong Wei Kuong in 2005 and is also active in the operations of JF Micro as a Finance Director. She presently also oversees the human resources and general administrative activities of the JF Tech Group.

Ms. Wang Mei Ling is not a Director of any other public company.

Ms. Wang Mei Ling is a member of the Remuneration Committee.

## **Goh Kok Sing Executive Director**

Mr. Goh Kok Sing, aged 49, a Malaysian, was appointed as an Executive Director of JF Tech on 18 January 2008.

He started his career in 1983 as a Computer Engineer in NCR (M) Sdn. Bhd.. He joined Henkel (M) Sdn. Bhd. (previously known as Multicore Solders (M) Sdn. Bhd.) as a Regional Manager overseeing the technical division for Asia Pacific in 1991. During his twelve (12) years tenure there, he was responsible for providing technical support to multinational customers and other printed circuit board assembly houses and manufacturers. He was also involved in product and manufacturing process development. Following the accumulation of vast experience in the industry, he left Henkel (M) Sdn. Bhd. in 2003 and founded his own business, Amtech Electronics, which was later converted into a private limited company, named AMT Electronics Sdn. Bhd. in 2006. The major activity of the said company is in electronic and printed circuit board designs, product development and manufacturing of electronics controllers and sensors for the medical equipment. In July 2006, he was employed as the Chief Technical Officer of J Foong, where he was instrumental in carrying out Research & Development ("R & D") of the products. He currently leads the technical team of JF Tech Group and is responsible for setting overall technology direction and R & D efforts of the Group in line with the overall strategies of the Group. He is also responsible for identifying new fields of research for future product development.

Mr. Goh Kok Sing is not a Director of any other public company.

# BOARD OF DIRECTORS' PROFILE

## **Dato' Philip Chan Hon Keong Independent Non-Executive Director**

Dato' Philip Chan Hon Keong, aged 48, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008.

He obtained his Bachelor of Economics Degree and Bachelor of Laws Degree from the University of Sydney, Australia in 1989. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1990. He commenced his practice in Messrs. Azalina, Chan & Chia in 1990 and was a partner of the firm until 2000. He joined Messrs. Skrine as a partner in the Corporate Division in January 2001. Currently, he is the co-head of the Banking and Property Unit in Messrs. Skrine. He also sits on the board of Scope Industries Berhad and Eksons Corporation Berhad.

Dato' Philip Chan Hon Keong is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

## **Koay Kah Ee Senior Independent Non-Executive Director**

Mr. Koay Kah Ee, aged 54, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 18 January 2008. He was subsequently redesignated as Senior Independent Non-Executive Director on 21 October 2010.

He graduated with a Master in Business Administration ("MBA") from University of Strathclyde, United Kingdom ("UK"). He is a Fellow of Chartered Institute of Management Accountants ("FCMA"), UK, Fellow of the Australian Society of Certified Practising Accountants ("FCPA"), Chartered Accountant ("CA") of the Malaysia Institute of Accountants, member of the CIMA (UK) Global Panel of Membership Assessors and member of the Employer panel of Industrial Court Malaysia.

He is currently the Group Finance Director of Prestar Resources Berhad [a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")]. He also sits on the Board of Ajinomoto (Malaysia) Berhad (a company listed on the Main Market of Bursa Securities) as a Senior Independent Non-Executive Director.

Mr. Koay Kah Ee is the Chairman of the Audit Committee and Remuneration Committee and a member of Nomination Committee.

## **Lew Jin Aun Independent Non-Executive Director**

Mr. Lew Jin Aun, aged 61, a Malaysian, was appointed as an Independent Non-Executive Director of JF Tech on 2 January 2009.

Over a career spanning more than thirty (30) years in the semiconductor industry, he has held positions of increasing responsibility in engineering, manufacturing, operations management as well as Managing Director at Motorola Malaysia Sdn. Bhd. and STATSChipPAC Malaysia Sdn. Bhd..

He has served on the Board of Governors of American-Malaysian Chamber of Commerce ("AMCHAM"). Currently, he serves as Vice-Chairman of Selangor Human Resources Development Centre as well as director of several private limited companies. He received his Bachelor of Mechanical Engineering (Honours) degree from University of Malaya in 1976. He graduated with Distinction in Executive MBA program conducted by the University of Bath, UK in 1990.

Mr. Lew Jin Aun is not a Director of any other public company.

Mr. Lew Jin Aun is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

## **ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS**

### **Conflict of Interest**

- None of the Directors have any conflict of interest with the Company.

### **Family Relationships with any Director and/or Major Shareholders**

- Save and except for Mr. Foong Wei Kuong and Ms. Wang Mei Ling who are husband and wife, none of the Directors have any family relationship with any other Directors or major shareholders of the Company.

### **Offences**

- None of the Directors have committed any offences within the past ten (10) years other than traffic offences, if any.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of JF Technology Berhad acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Group to protect and enhance long-term shareholders' value and all stakeholders' interest. This statement also serves as a compliance with Rule 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("ACE LR").

The Board is pleased to provide the following statement, which outlines the main corporate governance that has been in place throughout the financial year.

## BOARD OF DIRECTORS

The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company's resources in the best interests of its shareholders and to safeguard the Company's assets. Three (3) Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee have been formed to assist the Board in the deliberation of issues within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board's ultimate responsibility of decision making.

### 1. Composition and Board Balance

The Board currently comprises three (3) Independent Non-Executive Directors and three (3) Executive Directors. The role and responsibilities of the Executive Chairman and Managing Director are assumed by Mr. Foong Wei Kuong. In his capacity of Executive Chairman, Mr. Foong Wei Kuong essentially is the Chief Executive Officer and Chairman of the Board. The Board is mindful that convergence of the two (2) roles is not in compliance with the best practice of MCCG 2012, but taking into consideration the fact that Mr. Foong Wei Kuong is also the controlling shareholder, there is an advantage of shareholder leadership and alignment of interest. The Board has identified Mr. Koay Kah Ee as a Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Independent Non-Executive Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board Committees and their attendance of meetings as detailed below. The Independent Non-Executive Directors provide objective views for the Board's deliberation and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought up to the Board are fully discussed and examined, taking into account the stakeholders' interest in the Group. The profiles of the members of the Board, as set out in this Annual Report, demonstrate the complement of skills and experience that the Directors value add on issues of strategy, performance, control, resource allocation and integrity.

The assessment of the independence of each of its Independent Director is undertaken annually according to set criteria as prescribed by the ACE LR. The Board has assessed and concluded that all the Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Board noted that one of the recommendations of MCCG 2012 states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Board endeavours to fulfil the said recommendation in the coming years.

The Board acknowledges the importance of Board diversity, including gender diversity, the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives. Presently, Ms. Wang Mei Ling is the only female Director on the Board.



# STATEMENT ON CORPORATE GOVERNANCE

## 2. Duties and Responsibilities

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objective, formulating the policies and executing the key strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Company's overall strategic plans, performing periodic reviews of business and financial performance, adopting practical risk management, engaging in succession planning as well as adopting practical risk management and internal controls to implement a strong framework of internal controls of the Company.

## 3. Board Charter

The Board has formalised and adopted a Board Charter, which sets out the role, functions, composition, operation and processes of the Board. The Board Charter provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a source of reference for Board members and senior management, and the same is accessible to the public on the Company's corporate website.

## 4. Board Meetings

During the financial year, five (5) Board meetings were held with the presence of the Company Secretaries. Details of attendance by the Board members during this financial year are as set out below:

Directors	Attendance
Foong Wei Kuong	5/5
Wang Mei Ling	5/5
Goh Kok Sing	5/5
Koay Kah Ee	5/5
Dato' Philip Chan Hon Keong	5/5
Lew Jin Aun	5/5

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the ACE LR. The Board and Board Committee meetings for each of the financial year are scheduled before the end of the preceding financial year, to allow the Directors to organise and plan their activities ahead to ensure that they are able to attend all meetings that have been scheduled for the following year.

All Directors have participated fully in the discussions during Board meetings. There is no Board dominance by any individual and the Directors are free to express their view and opinions during the Board meetings. In arriving at Board decisions, the view of the majority prevails at all times. In the same manner, the Directors are also aware and observes the requirement that they do not participate in the deliberations on matters of which they have a material personal interest, and abstain from voting in such matters.

Proceedings of, and resolutions passed at each Board meeting are documented in the minutes and signed by the Chairman at the subsequent Board meeting. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

The Board also peruse the decisions deliberated by Board Committees through minutes of the Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meetings of any salient matters noted by the Committees and which require the Board's notice or direction.

## 5. Supply of Information

The Board is provided with appropriate information and comprehensive Board papers on a timely basis prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Audit Committee meetings and to brief and provide explanation to the Directors and Audit Committee members on the operations in the Group. In addition, the Board is also informed by the Company Secretaries and the Internal Auditors on new or changes in corporate regulatory requirements.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business to ensure that the business is being properly managed. Presently, the performance of the Group is reviewed by the Board in consideration of the quarterly financial results.

The proceedings and resolutions passed at each Board meeting are minuted and kept in the statutory minutes book at the registered office of the Company.

The Board has unrestricted access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Directors are also empowered to seek independent professional advice from external consultants as they may require, at the expense of the Company, to enable them to make well-informed decisions.

## 6. Appointment of Directors

In order to comply with good practice for the appointment of new Directors through a formal and transparent procedure, the Nomination Committee, which comprises exclusively of Non-Executive Directors, is responsible for making recommendations relating to any new appointments to the Board. In making these recommendations, the Nomination Committee will take into account the individual's skill, knowledge, expertise, experience, professionalism, integrity and level of other commitments. Any new nomination received is put to the full Board for assessment and approval.

The Board is entitled to the services of the Company Secretaries who ensures that all appointments are properly made, that all necessary information is obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from the ACE LR or other regulatory requirements.

The Directors observe the recommendation of MCGG 2012, that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

## 7. Re-election of Directors

Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provide that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from the office but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

This requirement would be adhered to by the Board in every AGM.

## 8. Directors' Training

Continuous learning and training are part of the Directors' development programme. The Directors recognise the needs to attend trainings to enable the Directors to discharge their duties effectively. All Directors had attended the Mandatory Accreditation Programme. During the financial year under review, some of the trainings and briefings attended by the Directors include:

Director	Training Attended
Foong Wei Kuong	<ul style="list-style-type: none"> <li>- Making the Most of Chief Financial Officer ("CFO") Role</li> <li>- Leveraging on Talent in Tandem with Technology</li> </ul>
Wang Mei Ling	<ul style="list-style-type: none"> <li>- Making the Most of CFO Role</li> <li>- International Financial Reporting Standards Masterclass 2012</li> </ul>

# STATEMENT ON CORPORATE GOVERNANCE

Director	Training Attended
Koay Kah Ee	<ul style="list-style-type: none"> <li>- Budget 2013 and Recent Tax Developments</li> <li>- Transfer Pricing Developments in Malaysia</li> <li>- Malaysian Financial Reporting Standards 2013 Fair Value Accounting</li> <li>- Achieving and Enhancing Boardroom effectiveness and performance</li> </ul>
Dato' Philip Chan Hon Keong	<ul style="list-style-type: none"> <li>- Introduction to Asia Pacific Loan Market Association</li> <li>- Employee Provident Fund - Global Private Equity Summit 2013</li> <li>- Extra Territoriality in International Derivatives Regulation &amp; Australia's Changing Regulatory Landscape for OTC Derivatives</li> <li>- Global Transaction Reporting Conference</li> </ul>
Goh Kok Sing	<ul style="list-style-type: none"> <li>- ISO13485 Quality System Training</li> </ul>
Lew Jin Aun	<ul style="list-style-type: none"> <li>- Vistage International Conference</li> <li>- Asia Symposium for Quality Electronic Design</li> </ul>

## 9. Directors' Remuneration

The Remuneration Committee considers the principles recommended by MCCG 2012 in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectations and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The Executive Directors concerned play no part in the decisions on their own remuneration. Likewise, the remuneration of the Independent Non-Executive Directors is a matter for the Board as a whole, with individual Director abstaining from discussion of their own remuneration.

During the financial year, the Remuneration Committee met once.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands*	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM100,001-RM150,000	1	-
RM400,001-RM450,000	1	-
RM650,001-RM700,000	1	-

\*Successive bands of RM50,000 are not shown entirely as they are not represented.

The details of remuneration of Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during the financial year ended 30 June 2013 are as follows:

	Fees*	Salaries and other emoluments	Bonuses	Benefit-in-kind	EPF and SOCSO	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Directors	-	969,510	82,699	47,900	193,433	1,293,542
Non-Executive Directors	74,000	18,000	-	-	-	92,000

\*Subject to the approval by shareholders at the AGM.

The Board views that the transparency in respect of Directors' remuneration has been reasonably dealt with by the 'band disclosure' as presented above.

## 10. Board Effectiveness Assessment

The Nomination Committee assesses and evaluates the effectiveness of the Board as a whole and the Committees of the Board on annual basis and its assessment and evaluations are properly documented whilst the assessment and evaluation of the contribution of each individual Director, including Independent Non-Executive Directors would be conducted once every two (2) years.

### BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by the Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility however, lies with the Board.

The Board Committees in JF Technology Berhad are as follows:-

#### Audit Committee

The Audit Committee of the Company consists of three (3) Independent Non-Executive Directors to be in line with the MCGG 2012 and the ACE LR. For detailed information on the Audit Committee with regards to its composition and Terms of Reference together with its report, please refer to the Audit Committee Report in this Annual Report.

#### Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors of the Company. The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new Directors to the Board and to assess the performance of the Directors and members of the Board Committees of the Company on an on-going basis. The current members of the Committee are as follows:

Chairman	: Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
Member	: Koay Kah Ee (Senior Independent Non-Executive Director)
Member	: Lew Jin Aun (Independent Non-Executive Director)

The Board noted that one of the recommendations of MCGG 2012 states that the Chairman of the Nomination Committee shall be Senior Independent Non-Executive Director. The Board endeavours to fulfil the said recommendation in the coming years.

The Nomination Committee is responsible for recommendations on appointment and re-appointment of Directors, having regards to the following:-

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

During the financial year under review, one (1) meeting was held and attended by all members. The summaries of activities of the Nomination Committee during the financial year under review were as follows:

- Evaluation exercise on the effectiveness, composition and balance of the Board;
- Evaluation exercise on the effectiveness and contribution of each individual Director of the Company; and
- Reviewed all Directors who were due for re-election at the Company's Annual General Meeting and to determine whether or not to recommend their re-election.



# STATEMENT ON CORPORATE GOVERNANCE

## Remuneration Committee

The Board had established the Remuneration Committee to review and recommend the appropriate level of remuneration for the Executive Directors. The current members of the Remuneration Committee are as follows:

Chairman	: Koay Kah Ee (Senior Independent Non-Executive Director)
Member	: Dato' Philip Chan Hon Keong (Independent Non-Executive Director)
Member	: Wang Mei Ling (Executive Director)
Member	: Lew Jin Aun (Independent Non-Executive Director)

During the financial year under review, one (1) meeting was held and attended by all members. The Remuneration Committee undertook the following during the financial year under review:

- Reviewed the remuneration package of the Managing Director; and
- Reviewed the remuneration packages for the Executive Directors.

## STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Where practicable, the Board is prepared to enter into a dialogue with institutional shareholders. Currently, information is disseminated through various disclosures and announcements made to Bursa Securities. This information is also electronically published at Bursa Securities' website at <http://www.bursamalaysia.com>. The Company also maintain its website at [www.jftech.com.my](http://www.jftech.com.my) containing essential corporate information about the Group and its products as well as announcements made to Bursa Securities for the access of the general public.

The Board views the AGM as the primary forum to communicate with shareholders while the Extraordinary General Meetings ("EGM") are held as and when required. Shareholders will receive annual reports and notices of AGM, which are sent out at least twenty-one (21) calendar days before the date of the AGM. In addition, the Notice of AGM/EGM will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertake to answer all questions raised by the shareholders.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects.

The Board emphasises the importance of presenting a balanced and understandable assessment of the Group's financial position and prospects to the stakeholders and general public. In presenting the annual financial statements and quarterly announcements of its results, the Board assures that the Company uses appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board also affirms its responsibility towards maintaining a sound system of internal control for the Group. The effectiveness of the system of internal control is reviewed by management and independently assessed by the Internal Auditors under the purview of the Audit Committee. The internal audit function is currently outsourced to an independent internal audit services company. Information on the Group's state of internal control is reported further in the Statement on Risk Management and Internal Control which is presented in another section of this Annual Report.

### Relationship with Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The external auditors in turn are able to highlight matters which require the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

The Audit Committee will convene meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. During the year, the Audit Committee held two (2) meetings with the External Auditors without the presence of Executive Board members and management.

## **Assessment of Suitability and Independence of External Auditors**

Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment during the AGM. During the AGM, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct audit and the preparation and contents of their audit report.

## **Risk Management and Internal Control**

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out in the Annual Report providing an overview of the state of the risk management and internal controls within the Group.

## **COMPLIANCE STATEMENT**

Except for the explanations provided above on any departures from the Best Practices, the Board believes that all material aspects of the Best Practices set out in the MCCG 2012 have been complied with during the financial year.

# ADDITIONAL COMPLIANCE INFORMATION

## OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

### Utilisation Proceeds

The Company did not raise funds through any corporate proposals during the financial year.

### Share Buy-Back

The Company did not seek for shareholders' approval to buy-back its own shares during the financial year.

### Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year.

### Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme during the financial year.

### Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

### Non-Audit Fees

During the financial year, the total non-audit fees paid by the Group to the External Auditors amounted to RM4,000.

### Variation in Results

The Company did not issue any profit estimate, forecast, and projection for the financial year. There were no variances of 10% or more between the audited results and unaudited results of the Group previously announced for the financial year ended 30 June 2013.

### Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

### Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

### Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The information on RRPT for the financial year under review is presented in the Audited Financial Statements in this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Bursa Securities Listing Requirements which requires directors of public listed companies to include a statement on their risk management and internal controls in their annual reports. The Board's Statement on Risk Management and Internal Control has been prepared in accordance with the provisions of the Malaysian Code on Corporate Governance 2012.

## Responsibility

The Board recognises that it is responsible for the Group's system of risk management and internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk management and control. The Board is committed to effective risk management practices, as it understands that such practices are essential in the maintenance of a sound system of internal control.

However, in any system of internal controls, there are inherent limitations that may impede the achievement of the Group's business objectives. Therefore the system of internal control can only provide reasonable assurance and not absolute assurance against any material misstatement, losses and fraud.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

## Risk Management Framework

Throughout the financial year ended 30 June 2013, the Board had identified, evaluated and managed the significant risks faced by the Group by monitoring the Group's operations performance and profitability during the Board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group.

This review mechanism is overseen by the Audit Committee. The presence of the internal audit function supports this review mechanism and assists the Audit Committee in conducting their review more effectively. Additionally, the Audit Committee also reviews the financial information and reports produced by the management. This financial information and reports cover quarterly financial results, annual report and audited financial statements. In this respect, the Audit Committee, upon consultation with the management, deliberates the integrity of the information and data before recommending to the Board for presenting to the shareholders and public investors.

## Key Elements of Internal Control

Apart from the above, the fundamental elements of internal controls that have been ingrained perpetually in the Group's system of internal control are:

- i. Organisation structure defining the hierarchy structure of reporting lines and accountability;
- ii. Limit of authority and approval facilitating delegation of authority and management succession;
- iii. Compare actual result against budget to monitor and track company's performance; and
- iv. ISO 9001:2008 Quality Management System forming the basis of operational procedures of the production processes and a reference point to the management in furthering their improvement on their operating procedures.

In making this statement, the Board had considered the Bursa's Guidance on Statement on Risk Management and Internal Control for all subsidiaries. The Board views that the existing level of system of internal control is reasonable to achieve the Group's business objectives. Nonetheless, the Board recognises that the system of internal control should be continuously improved in line with the evolving business development. It should also be noted that risk management systems and system of internal control are only designed to manage rather than eliminate risks of failure to achieve the business objectives. Therefore, these systems can only provide reasonable and not absolute assurance against material misstatements, frauds and losses.

## Internal Audit Function

The Group has outsourced its internal audit function to an independent internal audit service provider to carry out reviews and assess the adequacy and integrity of the system of internal control of the Group. The independent internal auditors reports directly to the Audit Committee, who receives reports of issues and recommendations arising from each review.

This statement was made in accordance with the resolution of the Board dated 23 October 2013.



# AUDIT COMMITTEE REPORT

The Board of Directors of JF Technology Berhad is pleased to present the Audit Committee Report and its activities for the financial year ended 30 June 2013.

## COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 30 June 2013, the Audit Committee held a total of five (5) meetings. The present members of the Audit Committee of the Company together with their attendance are set out below:-

Name	Designation	Attendance
Koay Kah Ee	Chairman/ Senior Independent Non-Executive Director	5/5
Dato' Philip Chan Hon Keong	Member/ Independent Non-Executive Director	5/5
Lew Jin Aun	Member/ Independent Non-Executive Director	5/5

All members of the Audit Committee have a working familiarity with finance and accounting practices. Mr. Koay Kah Ee is a member of the Malaysian Institute of Accountants ("MIA").

## FORMATION

The Audit Committee was formed by the Board of Directors on 18 January 2008.

## SUMMARY OF KEY TERMS OF REFERENCE OF AUDIT COMMITTEE

### COMPOSITION OF MEMBERS

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) Non-Executive Directors. The majority of the Audit Committee members shall be Independent Directors.

In this respect, the Board adopts the definition of "Independent Director" as defined under the Listing Requirements of ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the MIA; or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
  - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate Director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### RETIREMENT AND RESIGNATION

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

# AUDIT COMMITTEE REPORT

## **CHAIRMAN**

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

## **MEETINGS**

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

## **OBJECTIVES**

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

## **AUTHORITY**

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
- (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

# AUDIT COMMITTEE REPORT

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

## **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To review with the external auditor his evaluation of the system of internal controls and his audit report;
- (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on –
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditor's management letter and management's response;
- (g) To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) To report its findings on the financial and management performance, and other material matters to the Board;
- (j) To consider the major findings of internal investigations and management's response;
- (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (l) To determine the remit of the internal audit function;

- (m) To consider other topics as defined by the Board; and
- (n) To consider and examine such other matters as the Audit Committee considers appropriate.

## **SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES**

The Audit Committee has met five (5) times during the year in the discharge of its duties and responsibilities which include having:-

- Reviewed the Group's quarterly financial statements prior to approval by the Board and announcement to Bursa Securities;
- Reviewed the Risk Management Progress Report;
- Reviewed the annual external audit plan for the Group;
- Discussed with the external auditors on audit issues for the year end audited financial statements;
- Reviewed the year end audited financial statements before approval by the Board;
- Reviewed the Statement on Internal Control and Audit Committee Report;
- Discussed with the internal auditors and management on the internal audit report and the follow-up actions taken by management on audit issues raised by the internal auditors;
- Discussed with the internal auditors on the annual internal audit plan for the Group;
- Meetings with external auditors without the presence of Executive Directors and management;
- Reviewed the external auditors' re-appointment; and
- Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year.

## **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm. The Committee is aware of the fact that an internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

During the financial year under review, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee. The cost incurred for the internal audit function in respect of the financial year ended 30 June 2013 amounted to RM30,000.



# STATEMENT OF DIRECTORS' RESPONSIBILITY

Pursuant to the Companies Act, 1965, Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("ACE LR") and the applicable approved accounting policies, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at the financial year end and of the results and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:-

- the Group and the Company have used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965, the ACE LR and the applicable Malaysian Accounting Standard Board approved accounting standards in Malaysia.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# FINANCIAL STATEMENTS

Directors' Report	26
Statement by Directors	30
Statutory Declaration	30
Independent Auditors' Report	31
Consolidated Statement of Financial Position	33
Statement of Financial Position	34
Statements of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Changes in Equity	36
Statements of Changes in Equity	37
Statements of Cash Flows	38
Notes to the Financial Statements	40
Supplementary Information on Realised and Unrealised Profits or Losses	89

# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the activity of investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

The financial results of the Group and of the Company for the financial year ended 30 June 2013 are as follows:

	Group RM'000	Company RM'000
Loss for the financial year	1,071	117
Attributable to:		
Owners of the parent	1,071	117
Non-controlling interests	-	-
	1,071	117

## DIVIDEND

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

The Directors who held office since the date of the last report are:

Foong Wei Kuong  
Wang Mei Ling  
Goh Kok Sing  
Koay Kah Ee  
Dato' Philip Chan Hon Keong  
Lew Jin Aun

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 30 June 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

-- Number of ordinary shares of RM0.10 each --				
Shares in the Company	Balance as at 1.7.2012	Bought	Sold	Balance as at 30.6.2013
<u>Direct interests:</u>				
Foong Wei Kuong	63,917,594	-	-	63,917,594
Wang Mei Ling	13,455,387	-	-	13,455,387
Goh Kok Sing	75,000	-	-	75,000
Lew Jin Aun	325,000	-	-	325,000
Koay Kah Ee	300,000	-	-	300,000
Dato' Philip Chan Hon Keong	366,000	-	-	366,000
<u>Indirect interests:</u>				
Foong Wei Kuong	13,455,387	-	-	13,455,387
Wang Mei Ling	63,917,594	-	-	63,917,594

Foong Wei Kuong is the spouse of Wang Mei Ling. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

By virtue of their interests in the ordinary shares of the Company, Foong Wei Kuong and Wang Mei Ling are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the objects of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for:
  - (i) impairment loss on plant and machinery and tools and equipment of RM353,000 and RM78,000 respectively of the Group as disclosed in Note 24 to the financial statements; and
  - (ii) impairment loss on trade receivables of RM118,000 of the Group as disclosed in Note 24 to the financial statements.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

# DIRECTORS' REPORT

(cont'd)

## AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Foong Wei Kuong**  
Director

Petaling Jaya, Selangor  
23 October 2013

**Wang Mei Ling**  
Director



# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 33 to 88 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 89 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Foong Wei Kuong**  
Director

Petaling Jaya, Selangor  
23 October 2013

**Wang Mei Ling**  
Director

## STATUTORY DECLARATION

I, Wang Mei Ling, being the Director primarily responsible for the financial management of JF Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly  
declared by the abovenamed  
at Kuala Lumpur this  
23 October 2013

**Wang Mei Ling**

Before me:

S.IDERAJU (No. W451)  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JF TECHNOLOGY BERHAD

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of JF Technology Berhad, which comprise statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 88.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JF TECHNOLOGY BERHAD

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securitites Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### OTHER MATTERS

As stated in Note 3 to the financial statements, JF Technology Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO**  
AF: 0206  
Chartered Accountants

Kuala Lumpur  
23 October 2013

**Chan Wai Leng**  
2893/08/15 (J)  
Chartered Accountant

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	30.6.2013 RM'000	Group 30.6.2012 RM'000	1.7.2011 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	19,473	20,460	21,697
Intangible assets	8	337	481	1,380
		19,810	20,941	23,077
<b>Current assets</b>				
Inventories	10	1,012	893	1,016
Trade and other receivables	11	2,333	2,306	2,527
Current tax assets		52	52	95
Cash and cash equivalents	12	6,198	6,842	8,764
		9,595	10,093	12,402
<b>Non-current asset held for sale</b>	13	-	248	-
<b>TOTAL ASSETS</b>		<u>29,405</u>	<u>31,282</u>	<u>35,479</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	14	12,600	12,600	12,600
Reserves	15	8,927	9,998	12,979
<b>TOTAL EQUITY</b>		21,527	22,598	25,579
<b>Non-current liabilities</b>				
Borrowings	16	5,451	6,066	7,057
Deferred tax liabilities	19	823	803	810
		6,274	6,869	7,867
<b>Current liabilities</b>				
Trade and other payables	20	767	923	1,257
Borrowings	16	795	838	776
Current tax liabilities		42	54	-
		<u>1,604</u>	<u>1,815</u>	<u>2,033</u>
<b>TOTAL LIABILITIES</b>		<u>7,878</u>	<u>8,684</u>	<u>9,900</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>29,405</u>	<u>31,282</u>	<u>35,479</u>

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	30.6.2013 RM'000	Company 30.6.2012 RM'000	1.7.2011 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	1	2	256
Investments in subsidiaries	9	17,801	17,801	17,801
		17,802	17,803	18,057
<b>Current assets</b>				
Trade and other receivables	11	2	2	3,824
Current tax assets		52	52	53
Cash and cash equivalents	12	3,297	3,205	852
		3,351	3,259	4,729
<b>Non-current asset held for sale</b>	13	-	248	-
<b>TOTAL ASSETS</b>		<u>21,153</u>	<u>21,310</u>	<u>22,786</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	14	12,600	12,600	12,600
Reserves	15	8,453	8,570	10,077
<b>TOTAL EQUITY</b>		21,053	21,170	22,677
<b>Current liabilities</b>				
Trade and other payables	20	100	140	109
<b>TOTAL LIABILITIES</b>		<u>100</u>	<u>140</u>	<u>109</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>21,153</u>	<u>21,310</u>	<u>22,786</u>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	21	8,146	7,862	-	-
Cost of sales	22	(2,224)	(2,650)	-	-
Gross profit		5,922	5,212	-	-
Other income		285	210	142	29
Administration expenses		(6,868)	(6,976)	(258)	(268)
Loss from operations		(661)	(1,554)	(116)	(239)
Finance costs	23	(268)	(90)	-	-
Loss before tax	24	(929)	(1,644)	(116)	(239)
Tax expense	25	(142)	(77)	(1)	(8)
Loss for the financial year		(1,071)	(1,721)	(117)	(247)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		(1,071)	(1,721)	(117)	(247)
Loss attributable to:					
Owners of the parent		(1,071)	(1,721)	(117)	(247)
Non-controlling interests		-	-	-	-
		(1,071)	(1,721)	(117)	(247)
Total comprehensive loss attributable to:					
Owners of the parent		(1,071)	(1,721)	(117)	(247)
Non-controlling interests		-	-	-	-
		(1,071)	(1,721)	(117)	(247)
Loss per ordinary share attributable to equity holders of the Company (sen)					
- Basic	26	(0.85)	(1.37)		
- Diluted	26	(0.85)	(1.37)		

The accompanying notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Group	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011		12,600	8,743	4,236	25,579
Effect of adoption of MFRS 1	36	-	-	-	-
Restated balance as at 1 July 2011		12,600	8,743	4,236	25,579
Loss for the financial year		-	-	(1,721)	(1,721)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(1,721)	(1,721)
<b>Transaction with owners</b>					
Dividend paid	27	-	-	(1,260)	(1,260)
Total transaction with owners		-	-	(1,260)	(1,260)
Balance as at 30 June 2012		12,600	8,743	1,255	22,598
Loss for the financial year		-	-	(1,071)	(1,071)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(1,071)	(1,071)
Balance as at 30 June 2013		12,600	8,743	184	21,527

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

(cont'd)

Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
Balance as at 1 July 2011		12,600	8,743	1,334	22,677
Effect of adoption of MFRS 1	36	-	-	-	-
Restated balance as at 1 July 2011		12,600	8,743	1,334	22,677
Loss for the financial year		-	-	(247)	(247)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(247)	(247)
<b>Transaction with owners</b>					
Dividend paid	27	-	-	(1,260)	(1,260)
Total transaction with owners		-	-	(1,260)	(1,260)
Balance as at 30 June 2012		12,600	8,743	(173)	21,170
Loss for the financial year		-	-	(117)	(117)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(117)	(117)
Balance as at 30 June 2013		12,600	8,743	(290)	21,053

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before tax		(929)	(1,644)	(116)	(239)
Adjustments for:					
Amortisation of product development costs	8	144	255	-	-
Depreciation of property, plant and equipment	7	1,183	1,250	1	6
Deposit written off		62	-	-	-
Gain on disposal of:					
- non-current asset held for sale	24	(52)	-	(52)	-
- property, plant and equipment		-	(13)	-	-
Impairment loss on:					
- property, plant and equipment					
- plant and machinery	7(c)	353	467	-	-
- tools and equipment	7(c)	78	95	-	-
- product development costs	8	-	644	-	-
- trade receivables	11	118	14	-	-
Inventories written down	10	26	144	-	-
Interest expense	23	268	90	-	-
Interest income from short term funds		(139)	(35)	(90)	(29)
Patent written off		72	45	-	-
Reversal of impairment loss on trade receivables	11	(14)	-	-	-
Unrealised gain on foreign exchange		(24)	(17)	-	-
Unrealised loss on foreign exchange		10	-	-	-
Operating profit/(loss) before working capital changes		1,156	1,295	(257)	(262)
Increase in inventories		(145)	(21)	-	-
(Increase)/Decrease in trade and other receivables		(241)	162	-	813
(Decrease)/Increase in trade and other payables		(157)	(334)	(40)	31
Cash generated from/(used in) operating activities		613	1,102	(297)	582
Tax (paid)/refunded		(134)	13	(1)	(7)
Net cash from/(used in) operating activities		479	1,115	(298)	575

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

(cont'd)

	Note	Group 2013 RM'000	2012 RM'000	Company 2013 RM'000	2012 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		139	35	90	29
Purchase of property, plant and equipment	7(b)	(368)	(1,067)	-	-
Proceeds from disposal of:					
- non-current asset held for sale		300	-	300	-
- property, plant and equipment		-	425	-	-
Repayments from subsidiaries		-	-	-	3,009
Net cash from/(used in) investing activities		71	(607)	390	3,038
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid	27	-	(1,260)	-	(1,260)
Interest paid	23	(268)	(90)	-	-
Repayment of hire purchase creditors		(201)	(195)	-	-
Repayment of term loans		(716)	(902)	-	-
Net cash used in financing activities		(1,185)	(2,447)	-	(1,260)
Net (decrease)/increase in cash and cash equivalents		(635)	(1,939)	92	2,353
Cash and cash equivalents at beginning of financial year		6,842	8,764	3,205	852
Effects of exchange rate changes		(9)	17	-	-
Cash and cash equivalents at end of financial year	12	6,198	6,842	3,297	3,205

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 6, Jalan Teknologi 3/6, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya.

The consolidated financial statements for the financial year ended 30 June 2013 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 October 2013.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the activity of investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 33 to 88 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group's and the Company's first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 July 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2012 in these financial statements have been restated to give effect to these changes, if any, and Note 36 to the financial statements discloses the impact of the transition to MFRSs on the Group's and the Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 37 to the financial statements set out on page 89 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from intragroup transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement*.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Business combinations

#### Business combinations from 1 July 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

#### Business combinations before 1 July 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011.

### 4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 Property, plant and equipment and depreciation (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The principal depreciation periods and annual depreciation rates are as follows:

Long-term leasehold land	99 years
Buildings	50 years
Plant and machinery	8 - 10%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment	10%
Computer and software	25%
Tools and equipment	10%
Renovation	10%

Work-in-progress represents software under installation and is stated at cost. Work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of each item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

### 4.5 Leases and hire purchase

#### (a) Finance lease and hire purchase

Assets acquired under finance lease and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 Leases and hire purchase (cont'd)

#### (a) Finance lease and hire purchase (cont'd)

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

#### (b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

#### (c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

The buildings element is classified as a finance or operating lease in accordance with Note 4.5(a) or Note 4.5(b) to the financial statements. If the lease payments cannot be allocated reliably between leasehold land and building, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

### 4.6 Investments

#### *Subsidiaries*

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost are accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 Investments (cont'd)

#### *Equity loan*

Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital. It is, in substance, an addition to the Company's investment in the subsidiary and accordingly, is accounted for under MFRS 127 *Consolidated and Separate Financial Statements* as part of the investment in the subsidiary and measured at cost.

### 4.7 Intangible assets

#### *Other intangible assets*

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criterias are met.

The Group recognises at the acquisition date, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially recognised at cost. The cost of intangible assets recognised in a business combination is its fair value as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the Group and the Company will estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

#### *Product development costs*

Product development costs comprise of salaries of personnel involved in specific development projects which are intended for commercial exploitation where they are expected to generate future economic benefits and can reasonably be recovered from related future revenue. Such expenditure is capitalised and amortised equally over a period of five (5) years in which the product is expected to be sold commencing from the period in which related sales are first made. In the event that the expected future economic benefits are no longer probable of being recovered, the product development costs will be written down to its recoverable amount.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Intangible assets (cont'd)

#### *Product development costs (cont'd)*

Product development costs not satisfying the criterias mentioned above are recognised in profit or loss as incurred.

### 4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis.

The cost of raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of manufacturing overheads based on the normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories and non-current assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible assets might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including intangible assets, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

#### (a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

##### (ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### (iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

##### (iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments and short term funds with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

#### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

##### (i) Financial liabilities at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

##### (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

#### (c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Financial instruments (cont'd)

#### (c) Equity (cont'd)

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the ACE Market Listing Requirements.

### 4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

#### *Loans and receivables*

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivables, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amounts of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4.13 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes such as real property gains taxes payable on the disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

#### *Current tax*

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

#### *Deferred tax*

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (a) the same taxable entity; or
- (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.13 Income taxes (cont'd)

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

#### 4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

#### 4.15 Employee benefits

##### *Short term employee benefits*

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

##### *Defined contribution plans*

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.16 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

### 4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

### 4.18 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the asset from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.18 Non-current assets held for sale (cont'd)

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

- (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and
- (b) its recoverable amount at the date of the subsequent decision not to sell.

#### 4.19 Foreign currencies

##### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

#### 4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

- (a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services, and acceptance by customers.

- (b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

- (c) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.21 Operating segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) per cent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

### 5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2012
MFRS 2 <i>Share-based Payment</i>	1 January 2012
MFRS 3 <i>Business Combinations</i>	1 January 2012
MFRS 4 <i>Insurance Contracts</i>	1 January 2012
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2012
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2012
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2012
MFRS 8 <i>Operating Segments</i>	1 January 2012
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2012
MFRS 102 <i>Inventories</i>	1 January 2012
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2012
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2012
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2012
MFRS 111 <i>Construction Contracts</i>	1 January 2012
MFRS 112 <i>Income Taxes</i>	1 January 2012
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2012
MFRS 117 <i>Leases</i>	1 January 2012
MFRS 118 <i>Revenue</i>	1 January 2012
MFRS 119 <i>Employee Benefits</i>	1 January 2012
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2012
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2012
MFRS 123 <i>Borrowing Costs</i>	1 January 2012
MFRS 124 <i>Related Party Disclosures</i>	1 January 2012
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2012
MFRS 127 <i>Consolidated and Separate Financial Statements</i>	1 January 2012
MFRS 128 <i>Investments in Associates</i>	1 January 2012
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2012
MFRS 131 <i>Interests in Joint Ventures</i>	1 January 2012
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2012
MFRS 133 <i>Earnings Per Share</i>	1 January 2012
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2012
MFRS 136 <i>Impairment of Assets</i>	1 January 2012
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2012
MFRS 138 <i>Intangible Assets</i>	1 January 2012
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2012
MFRS 140 <i>Investment Property</i>	1 January 2012
MFRS 141 <i>Agriculture</i>	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2012
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2012
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2012
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2012
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2012

## 5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONT'D)

### 5.1 New MFRSs adopted during the current financial year (cont'd)

Title	Effective Date
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2012
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2012
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2012
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2012
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2012
IC Interpretation 14 <i>MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2012
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2012
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2012
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2012
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2012
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2012
IC Interpretation 110 <i>Government Assistance – No Specific Relation to Operating Activities</i>	1 January 2012
IC Interpretation 112 <i>Consolidation – Special Purpose Entities</i>	1 January 2012
IC Interpretation 113 <i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i>	1 January 2012
IC Interpretation 115 <i>Operating Leases – Incentives</i>	1 January 2012
IC Interpretation 125 <i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2012
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2012
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2012
IC Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>	1 January 2012
IC Interpretation 132 <i>Intangible Assets – Web Site Costs</i>	1 January 2012
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012

- (a) Amendments to MFRS 1 *Government Loans* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *Government Loan* in conjunction with the application of MFRS 1. Following the adoption of these Amendments, the Group has applied the requirements in MFRS 120 prospectively to Government loans existing as at the date of transition to MFRSs.

- (b) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 July 2011.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (CONT'D)

### 5.1 New MFRSs adopted during the current financial year (cont'd)

- (c) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 – 2012 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015
MFRS 9 <i>Financial Instruments</i>	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, as the effects would only be observable in the future financial years.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates during the reporting period and at the end of the reporting period.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### 6.2 Critical judgements made in applying accounting policies

The following judgements are made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Contingent liabilities

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

(b) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117.

(c) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

### 6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation and useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(b) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. Value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has also been used to determine the discount rate for the cash flows and the future growth of the business. The assumptions used are disclosed in Note 7 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### 6.3 Key sources of estimation uncertainty (cont'd)

#### (c) Impairment of product development costs

The Group reviews the carrying amounts of product development costs as at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of product development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Significant judgement is required in the estimation of the present value of future cash flows generated by the intangible assets, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of product development costs. The assumptions used are disclosed in Note 8 to the financial statements.

#### (d) Impairment of investments in subsidiaries

The Directors review the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the value-in-use of the respective subsidiaries.

The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

#### (e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

#### (f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit would be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### 6.3 Key sources of estimation uncertainty (cont'd)

(g) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 32 to the financial statements.

(h) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recoverable. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(i) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 7. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Balance as at 1.7.2012 RM'000	Additions RM'000	Reclassification RM'000	Balance as at 30.6.2013 RM'000
<b>Cost</b>				
Long-term leasehold land	4,601	-	-	4,601
Buildings	11,888	-	-	11,888
Plant and machinery	4,437	85	-	4,522
Motor vehicles	1,715	357	-	2,072
Furniture and fittings	462	12	-	474
Office equipment	394	5	-	399
Computer and software	642	35	193	870
Tools and equipment	1,359	82	-	1,441
Renovation	122	-	-	122
Work-in-progress	142	51	(193)	-
	<u>25,762</u>	<u>627</u>	<u>-</u>	<u>26,389</u>

Group 2013	Balance as at 1.7.2012 RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2013 RM'000
<b>Accumulated depreciation</b>			
Long-term leasehold land	219	47	266
Buildings	721	238	959
Plant and machinery	1,152	299	1,451
Motor vehicles	1,346	233	1,579
Furniture and fittings	169	47	216
Office equipment	111	39	150
Computer and software	404	148	552
Tools and equipment	584	120	704
Renovation	34	12	46
	<u>4,740</u>	<u>1,183</u>	<u>5,923</u>

	Balance as at 1.7.2012 RM'000	Impairment loss for the financial year RM'000	Balance as at 30.6.2013 RM'000
<b>Accumulated impairment</b>			
Plant and machinery	467	353	820
Tools and equipment	95	78	173
	<u>562</u>	<u>431</u>	<u>993</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2012	Balance as at 1.7.2011 RM'000	Additions RM'000	Disposals RM'000	Reclassified as non- current asset held for sale (Note 13) RM'000	Balance as at 30.6.2012 RM'000
<b>Cost</b>					
Long-term leasehold land	4,601	-	-	-	4,601
Buildings	12,148	-	-	(260)	11,888
Plant and machinery	4,615	402	(580)	-	4,437
Motor vehicles	1,547	168	-	-	1,715
Furniture and fittings	450	12	-	-	462
Office equipment	282	112	-	-	394
Computer and software	487	155	-	-	642
Tools and equipment	1,122	237	-	-	1,359
Renovation	115	7	-	-	122
Work-in-progress	-	142	-	-	142
	<u>25,367</u>	<u>1,235</u>	<u>(580)</u>	<u>(260)</u>	<u>25,762</u>

Group 2012	Balance as at 1.7.2011 RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Reclassified as non- current asset held for sale (Note 13) RM'000	Balance as at 30.6.2012 RM'000
<b>Accumulated depreciation</b>					
Long-term leasehold land	172	47	-	-	219
Buildings	494	239	-	(12)	721
Plant and machinery	879	361	(88)	-	1,152
Motor vehicles	1,068	278	-	-	1,346
Furniture and fittings	124	45	-	-	169
Office equipment	78	33	-	-	111
Computer and software	293	111	-	-	404
Tools and equipment	460	124	-	-	584
Renovation	22	12	-	-	34
	<u>3,590</u>	<u>1,250</u>	<u>(88)</u>	<u>(12)</u>	<u>4,740</u>

	Balance as at 1.7.2011 RM'000	Impairment loss for the financial year RM'000	Disposals RM'000	Balance as at 30.6.2012 RM'000
<b>Accumulated impairment</b>				
Plant and machinery	80	467	(80)	467
Tools and equipment	-	95	-	95
	<u>80</u>	<u>562</u>	<u>(80)</u>	<u>562</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2013	Balance as at 1.7.2012 RM'000	Additions RM'000	Balance as at 30.6.2013 RM'000	
Cost				
Furniture and fittings	2	-	2	
Computer and software	20	-	20	
	22	-	22	
	Balance as at 1.7.2012 RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2013 RM'000	
Accumulated depreciation				
Furniture and fittings	1	-	1	
Computer and software	19	1	20	
	20	1	21	
	Balance as at 1.7.2011 RM'000	Reclassified as non-current asset held for sale (Note 13) RM'000	Balance as at 30.6.2012 RM'000	
Company 2012				
Cost				
Buildings	260	(260)	-	
Furniture and fittings	2	-	2	
Computer and software	20	-	20	
	282	(260)	22	
	Balance as at 1.7.2011 RM'000	Depreciation charge for the financial year RM'000	Reclassified as non-current asset held for sale (Note 13) RM'000	Balance as at 30.6.2012 RM'000
Accumulated depreciation				
Buildings	11	1	(12)	-
Furniture and fittings	1	-	-	1
Computer and software	14	5	-	19
	26	6	(12)	20

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Carrying amount</b>				
Long-term leasehold land	4,335	4,382	-	-
Buildings	10,929	11,167	-	-
Plant and machinery	2,251	2,818	-	-
Motor vehicles	493	369	-	-
Furniture and fittings	258	293	1	1
Office equipment	249	283	-	-
Computer and software	318	238	-	1
Tools and equipment	564	680	-	-
Renovation	76	88	-	-
Work-in-progress	-	142	-	-
	<u>19,473</u>	<u>20,460</u>	<u>1</u>	<u>2</u>

- (a) The net carrying amount of property, plant and equipment of the Group held under hire-purchase arrangements are as follows:

	Group	
	2013	2012
	RM'000	RM'000
<b>Carrying amount</b>		
Motor vehicles	<u>478</u>	<u>369</u>

- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment as follows:

	Group	
	2013	2012
	RM'000	RM'000
Purchase of property, plant and equipment	627	1,235
Financed by hire purchase arrangements	<u>(259)</u>	<u>(168)</u>
Cash payments on purchase of property, plant and equipment	<u>368</u>	<u>1,067</u>

- (c) The Group has carried out a review of the recoverable amount of its property, plant and equipment during the financial year. The recoverable amount was based on the value-in-use of the Cash Generating Unit ("CGU") to which the property, plant and equipment are allocated.

The value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on financial budgets prepared by management covering a five-year period.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Key assumptions used in the value-in-use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU are 5% in financial year 2014 and 4% in financial years 2015 to 2018.
- (ii) Profit margins are projected based on the historical profit margin achieved for the products.
- (iii) A pre-tax discount rate of 6% per annum has been applied in determining the recoverable amount of the CGU.

During the financial year, the Group recognised impairment losses on plant and machinery and tools and equipment of RM353,000 (2012: RM467,000) and RM78,000 (2012: RM95,000) respectively to reduce the carrying amounts of the assets to their recoverable amounts.

(d) As at 30 June 2013, the long-term leasehold land and a building of a subsidiary with a carrying amount of RM15,264,000 (2012: RM15,549,000) have been charged to a financial institution for a term loan facility granted to the Group as disclosed in Note 17 to the financial statements.

### 8. INTANGIBLE ASSETS – PRODUCT DEVELOPMENT COSTS

	Group	
	2013 RM'000	2012 RM'000
<b>Cost</b>		
At 1 July/30 June	1,967	1,967
<b>Less:</b>		
<b>Accumulated amortisation</b>		
At 1 July 2012/2011	(614)	(359)
Amortisation charge for the financial year	(144)	(255)
At 30 June 2013/2012	(758)	(614)
<b>Less:</b>		
<b>Accumulated impairment loss</b>		
At 1 July 2012/2011	(872)	(228)
Charge for the financial year	-	(644)
At 30 June 2013/2012	(872)	(872)
<b>Carrying amount</b>	<b>337</b>	<b>481</b>

- (a) Product development costs comprise salaries of personnel involved in the development and design of products prior to the commencement of commercial production.
- (b) For the purpose of impairment testing, the recoverable amount of the CGU is determined based on its value-in-use. The value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on financial budgets prepared by management covering a five-year period.

The key assumptions used in the value-in-use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU are 5% in financial year 2014 and 4% in financial years 2015 to 2018.
- (ii) Profit margins are projected based on the historical profit margin achieved for the products.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 8. INTANGIBLE ASSETS – PRODUCT DEVELOPMENT COSTS (CONT'D)

(b) The key assumptions used in the value-in-use calculations are as follows (cont'd):

- (iii) A pre-tax discount rate of 6% per annum has been applied in determining the recoverable amount of the CGU.

In the previous financial year, an impairment loss of RM644,000 was recognised to reduce the carrying amounts of the product development costs to their recoverable amounts.

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to further exceed its recoverable amount.

## 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	RM'000	RM'000
Unquoted shares - at cost	10,901	10,901
Equity loan to a subsidiary	6,900	6,900
	<u>17,801</u>	<u>17,801</u>

Equity loan to a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company		Principal activities
		2013	2012	
J Foong Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and trading of electronic products components
JF Microtechnology Sdn. Bhd.	Malaysia	100%	100%	Design manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semiconductor and electronic assembly markets, development, custom

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 10. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
<b>At cost</b>		
Raw materials	465	521
Work-in-progress	113	28
Finished goods	433	343
	<u>1,011</u>	<u>892</u>
<b>At net realisable value</b>		
Raw materials	<u>1</u>	<u>1</u>
	<u>1,012</u>	<u>893</u>

During the financial year, inventories recognised as cost of sales amounted to RM408,000 (2012: RM530,000). Inventories written down during the financial year amounted to RM26,000 (2012: RM144,000) and are included in cost of sales.

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Trade receivables</b>				
Third parties	2,317	1,995	-	-
Less: Impairment losses	(118)	(14)	-	-
	<u>2,199</u>	<u>1,981</u>	<u>-</u>	<u>-</u>
<b>Other receivables, deposits and prepayments</b>				
Other receivables	9	-	-	-
Deposits	89	181	1	1
Prepayments	36	144	1	1
	<u>134</u>	<u>325</u>	<u>2</u>	<u>2</u>
	<u>2,333</u>	<u>2,306</u>	<u>2</u>	<u>2</u>

- (a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group range from 30 to 90 days (2012: 30 to 90 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 11. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	1,508	2,180	2	2
US Dollar	825	124	-	-
Singapore Dollar	-	2	-	-
	<u>2,333</u>	<u>2,306</u>	<u>2</u>	<u>2</u>

(c) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	1,879	1,876
Past due, not impaired		
91 to 120 days	220	105
More than 120 days	100	-
	320	105
Past due and impaired	118	14
	<u>2,317</u>	<u>1,995</u>

### *Receivables that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

### *Receivables that are past due but not impaired*

At the end of the reporting period, the Group has trade receivables amounting to RM320,000 (2012: RM105,000) that are past due but not impaired, which are unsecured in nature. They are creditworthy receivables and the Directors are of the opinion that the balances due can be fully recovered in the near future.

### *Receivables that are past due and impaired*

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
Group	2013 RM'000	2012 RM'000
Trade receivables	118	14
Less: Impairment losses	<u>(118)</u>	<u>(14)</u>
	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 11. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) The reconciliation of movements in the impairment loss of trade receivables is as follows:

	Group	
	2013 RM'000	2012 RM'000
At 1 July 2012/2011	14	-
Charge for the financial year	118	14
Reversal of impairment loss	(14)	-
At 30 June 2013/2012	118	14

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.

### 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following as at the end of the reporting period:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term funds				
- Money market unit trust funds in Malaysia	5,213	4,523	3,248	3,178
Cash in hand	6	4	-	-
Bank balances	979	2,315	49	27
	6,198	6,842	3,297	3,205

Money market unit trust funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	6,151	6,527	3,297	3,205
US Dollar	47	315	-	-
	6,198	6,842	3,297	3,205

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 13. NON-CURRENT ASSET HELD FOR SALE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Property, plant and equipment</b>				
Transfer from property, plant and equipment (Note 7)				
- Cost	-	260	-	260
- Accumulated depreciation	-	(12)	-	(12)
Carrying amount as at 30 June	-	248	-	248

On 21 November 2011, the Company entered into a Sale and Purchase Agreement with a third party to dispose of a building of the Group and the Company with a carrying amount of RM248,000 for a total consideration of RM300,000. The disposal was completed on 9 August 2012 and the gain arising from the disposal amounted to RM52,000.

## 14. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares	RM'000	Number of shares	RM'000
Ordinary shares of RM0.10 each:				
Authorised	250,000,000	25,000	250,000,000	25,000
Issued and fully paid	126,000,000	12,600	126,000,000	12,600

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the Company's residual assets.

## 15. RESERVES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	8,743	8,743	8,743	8,743
Distributable:				
Retained earnings/ (Accumulated losses)	184	1,255	(290)	(173)
	8,927	9,998	8,453	8,570

The movements in reserves are shown in the Statements of Changes in Equity.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 16. BORROWINGS - SECURED

	Note	2013 RM'000	Group 2012 RM'000
<b>Current liabilities</b>			
Term loan	17	689	666
Hire purchase creditors	18	106	172
		795	838
<b>Non-current liabilities</b>			
Term loan	17	5,172	5,911
Hire purchase creditors	18	279	155
		5,451	6,066
		6,246	6,904
<b>Total borrowings</b>			
Term loan	17	5,861	6,577
Hire purchase creditors	18	385	327
		6,246	6,904

## 17. TERM LOAN

	2013 RM'000	Group 2012 RM'000
Term loan	5,861	6,577
Repayable as follows:		
<b>Current liabilities</b>		
- not later than one (1) year	689	666
<b>Non-current liabilities</b>		
- later than one (1) year but not later than five (5) years	3,135	3,028
- later than five (5) years	2,037	2,883
	5,172	5,911
	5,861	6,577

The term loan of the Group bears interest at BLR-1.50% (2012: BLR-1.50%) based on the outstanding amount of the term loan after setting off against the available balance in the current account of the Group maintained with the same financial institution where the term loan was drawdown.

## 17. TERM LOAN (CONT'D)

Term loan of the Group is secured by:

- (i) a first party charge over the long-term leasehold land and building of a subsidiary as disclosed in Note 7 to the financial statements;
- (ii) basic debenture for the long-term leasehold land and building of a subsidiary as disclosed in Note 7 to the financial statements; and
- (iii) corporate guarantee by the Company.

The term loan is repayable by 120 monthly installments of RM82,000 with effect from one (1) month after the date of full release of the loan.

Information on financial risks of borrowings is disclosed in Note 32 to the financial statements.

## 18. HIRE PURCHASE CREDITORS

	Group	
	2013 RM'000	2012 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	121	183
- later than one (1) year but not later than five (5) years	301	165
Total minimum hire purchase payments	422	348
Less: Future interest charges	(37)	(21)
Present value of hire purchase payments	385	327

	Group	
	2013 RM'000	2012 RM'000
Repayable as follows:		
<b>Current liabilities</b>		
- not later than one (1) year	106	172
<b>Non-current liabilities</b>		
- later than one (1) year but not later than five (5) years	279	155
	385	327

Hire purchase liabilities of the Group bear effective interest at 4.37% to 6.38% (2012: 4.06% to 7.16%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 19. DEFERRED TAX LIABILITIES

- (a) The deferred tax liabilities are made up of the following:

	<b>Group</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Balance as at 1 July 2012/2011	803	810
Recognised in profit or loss (Note 25)	20	(7)
Balance as at 30 June 2013/2012	823	803
Presented after appropriate offsetting:		
Deferred tax assets, net	-	-
Deferred tax liabilities, net	823	803

- (b) The components and movements of deferred tax liabilities during the financial year are as follows:

### Deferred tax liabilities of the Group

	<b>Property, plant and equipment</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
At 1 July 2012/2011	803	810
Recognised in profit or loss	20	(7)
At 30 June 2013/2012	823	803

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<b>Group</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Unutilised capital allowances	511	289

Deferred tax assets of the subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Trade payables</b>				
Third parties	70	89	-	-
<b>Other payables and accruals</b>				
Other payables	117	210	6	41
Accruals	580	624	94	99
	697	834	100	140
	767	923	100	140

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 60 days (2012: 30 to 60 days) from date of invoice.
- (b) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	757	918	100	140
Singapore Dollar	9	5	-	-
US Dollar	1	-	-	-
	767	923	100	140

- (c) Information on financial risks of trade and other payables is disclosed in Note 32 to the financial statements.

## 21. REVENUE

	Group	
	2013 RM'000	2012 RM'000
Sale of electronic products, components and test probes	8,146	7,862

## 22. COST OF SALES

	Group	
	2013 RM'000	2012 RM'000
Inventories sold	2,224	2,650

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 23. FINANCE COSTS

	Group	
	2013 RM'000	2012 RM'000
Interest expenses on:		
- hire purchase	12	19
- term loan	256	71
	<u>268</u>	<u>90</u>

## 24. LOSS BEFORE TAX

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loss before tax is arrived at after charging:					
Amortisation of product development costs	8	144	255	-	-
Auditors' remuneration:					
- statutory		53	48	14	13
- non-statutory		4	4	4	4
Depreciation of property, plant and equipment	7	1,183	1,250	1	6
Deposit written off		62	-	-	-
Directors' remuneration:					
- fees		74	74	74	74
- emoluments other than fees		1,186	1,244	18	15
Impairment loss on:					
- property, plant and equipment					
- plant and machinery	7(c)	353	467	-	-
- tools and equipment	7(c)	78	95	-	-
- product development costs	8	-	644	-	-
- trade receivables	11	118	14	-	-
Interest expenses on:					
- hire purchase	23	12	19	-	-
- term loan	23	256	71	-	-
Inventories written down	10	26	144	-	-
Patent written off		72	45	-	-
Realised loss on foreign currency transactions		23	9	-	-
Rental of premises		29	41	-	-
Unrealised loss on foreign exchange		10	-	-	-
and crediting:					
Gain on disposal of					
- non-current asset held for sale	13	52	-	52	-
- property, plant and equipment		-	13	-	-
Interest income from short term funds		139	35	90	29
Realised gain on foreign currency transactions		7	11	-	-
Reversal of impairment loss on trade receivables	11	14	-	-	-
Unrealised gain on foreign exchange		24	17	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 25. TAX EXPENSE

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current income tax expense based on loss for the financial year		102	76	1	-
Under-provision in prior years		20	8	-	8
		122	84	1	8
Deferred tax:	19				
- relating to origination and reversal of temporary differences		(25)	(52)	-	-
- under-provision in prior years		45	45	-	-
		20	(7)	-	-
		142	77	1	8

A subsidiary is granted Pioneer Status under the Promotion of Investment Act, 1986, for a period of five (5) years which commenced from April 2006 to 31 March 2011, as an incentive for the production of interconnect and integrated circuit test socket. The Pioneer Status expired on 31 March 2011 and the subsidiary has been granted an extension of Pioneer Status commencing from 1 April 2011 to 31 March 2016.

The salient terms of the Pioneer Status are as follows:

- (i) the subsidiary is granted 100% tax exemption on business income;
- (ii) unabsorbed pioneer capital allowances can be carried forward to the post pioneer period; and
- (iii) unabsorbed pioneer losses can be carried forward to the post pioneer period.

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

The numerical reconciliations between tax expense and the product of accounting loss multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax at statutory tax rate of 25% (2012: 25%)	(232)	(411)	(29)	(60)
Tax effect in respect of:				
Non-allowable expenses	324	472	66	60
Non-taxable income	(70)	(35)	(36)	-
Utilisation of deferred tax assets previously not recognised	-	(67)	-	-
Deferred tax assets not recognised	55	65	-	-
	77	24	1	-
Under-provision in prior years				
- Income tax	20	8	-	8
- Deferred tax	45	45	-	-
	142	77	1	8

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 25. TAX EXPENSE (cont'd)

Tax saving of the Group is as follows:

	Group	
	2013 RM'000	2012 RM'000
Arising from utilisation of previously:		
- unrecognised tax losses	-	49

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed capital allowances amounting to approximately RM511,000 (2012: RM289,000) to be carried forward for offset against future pioneer business income.

### 26. LOSS PER ORDINARY SHARE

#### (a) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2013	2012
Loss for the financial year attributable to equity holders of the parent (RM'000)	(1,071)	(1,721)
Weighted average number of ordinary shares in issue ('000)	126,000	126,000
Basic loss per ordinary share (sen)	(0.85)	(1.37)

#### (b) Diluted loss per ordinary share

The diluted loss per ordinary share for the current and previous financial year is equal to the basic loss per ordinary share for the respective financial years as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

### 27. DIVIDEND

	Group and Company			
	2013	2012		
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Final tax exempt dividend	-	-	1.0	1,260

A first and final tax exempt dividend of 1.0 sen per ordinary share based on the issued and paid up share capital of RM12,600,000, comprising 126,000,000 ordinary shares of RM0.10 each in respect of the financial year ended 30 June 2011 was approved by shareholders at the Annual General Meeting held on 9 December 2011. The dividend amounted to RM1,260,000 and was paid on 21 December 2011 and had been accounted for as an appropriation of retained earnings in the financial year ended 30 June 2012.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2013.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 28. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries and allowances	2,913	2,975	-	-
Defined contribution plan	462	438	-	-
Other employee benefits	543	384	18	15
	<u>3,918</u>	<u>3,797</u>	<u>18</u>	<u>15</u>

Included in employee benefits of the Group and of the Company are Directors' other emoluments amounting to RM1,186,000 (2012: RM1,244,000) and RM18,000 (2012: RM15,000) respectively.

## 29. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- i) direct subsidiaries as disclosed in Note 9 to the financial statements; and
  - ii) key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2013 RM'000	2012 RM'000
Fees and disbursements paid to a firm of which a Director is a member	<u>1</u>	<u>132</u>

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with respective related parties.

### (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 29. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Compensation of key management personnel (cont'd)

The remuneration of Directors and other key management personnel during the financial year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' fees	74	74	74	74
Short term employee benefits	1,004	1,059	18	15
Contributions to defined contribution plans	182	185	-	-
	<u>1,260</u>	<u>1,318</u>	<u>92</u>	<u>89</u>

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM48,000 (2012: RM40,000).

## 30. SEGMENTAL INFORMATION

### (a) Segmental information

The revenue from external customers in Malaysia is RM6,534,000 (2012: RM7,310,000), and the total revenue from external customers from other countries is RM1,612,000 (2012: RM552,000).

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 systems.

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 monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

### (b) Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of customers from which the sales transactions originated.

	<b>2013</b>	<b>2012</b>
<b>Revenue from external customers</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	6,534	7,310
United States	1,073	258
Others	<u>539</u>	<u>294</u>
Total	<u>8,146</u>	<u>7,862</u>



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 30. SEGMENTAL INFORMATION (CONT'D)

### (c) Information about major customers

Revenue from transactions with major customers who individually accounted for 10% or more of the Group's revenue are as follows:

	Revenue	
	2013 RM'000	2012 RM'000
Customer A	2,972	4,044
Customer B	1,160	806
Customer C	848	693
	<u>4,980</u>	<u>5,543</u>

## 31. FINANCIAL INSTRUMENTS

### (a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group includes within net debt, loans and borrowings, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings (Note 16)	6,246	6,904	-	-
Less: Cash and cash equivalents (Note 12)	<u>(6,198)</u>	<u>(6,842)</u>	<u>(3,297)</u>	<u>(3,205)</u>
Net debt/(asset)	<u>48</u>	<u>62</u>	<u>(3,297)</u>	<u>(3,205)</u>
Equity attributable to owners of the parent	21,527	22,598	21,053	21,170
Gearing (%)	0.22	0.27	*	*

\* It is not applicable as the Company is in a net asset position.

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital. The Group has complied with this requirement during the financial year ended 30 June 2013.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

## 31. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial instruments

#### (i) Categories of financial instruments

<b>Group</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
<b>Financial assets</b>		
Loans and receivables - trade and other receivables, net of prepayments	2,297	2,162
Cash and cash equivalents	6,198	6,842
	<u>8,495</u>	<u>9,004</u>
<b>Financial liabilities</b>		
Other financial liabilities - borrowings	6,246	6,904
Other financial liabilities - trade and other payables	767	923
	<u>7,013</u>	<u>7,827</u>

<b>Company</b>	<b>2013 RM'000</b>	<b>2012 RM'000</b>
<b>Financial assets</b>		
Loans and receivables - trade and other receivables, net of prepayments	1	1
Cash and cash equivalents	3,297	3,205
	<u>3,298</u>	<u>3,206</u>
<b>Financial liabilities</b>		
Other financial liabilities - trade and other payables	100	140

### (c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair values and whose carrying amounts do not approximate their fair values are as follows:

	<b>Note</b>	<b>Group</b>			
		<b>2013</b>		<b>2012</b>	
		<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
<b>At 30 June</b>					
<b>Financial liabilities</b>					
<b>Recognised</b>					
Hire purchase creditors	18	<u>(385)</u>	<u>(344)</u>	<u>(327)</u>	<u>(300)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

(cont'd)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

Note	Company			
	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>At 30 June</b>				
Financial liabilities				
Unrecognised Financial corporate guarantee	-	#	-	#

# The Company provides corporate guarantee to a lender for financing facilities extended to a subsidiary which is disclosed in Note 34 to the financial statements. The fair value of the financial corporate guarantee is negligible as the probability of the subsidiary defaulting on the financing facilities is remote.

(d) Determination of fair values

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Obligation under finance lease

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowing or leasing arrangements at the end of the reporting period.

(iii) Financial guarantee

The Company provides guarantee to a lender for financing facilities extended to a subsidiary. The fair value of such financial guarantee is negligible as the probability of the subsidiary defaulting on the financing facilities is remote.

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cashflow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties on trade receivables are reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for certain new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

#### *Exposure to credit risk*

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancement for trade and other receivables is disclosed in Note 11 to the financial statements.

#### *Credit risk concentration profile*

The Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis.

As at 30 June 2013, other than the amounts owing by three (3) major customers of the Group constituting 73% (2012: 77%) of total receivables of the Group, there is no significant concentration of credit risk.

#### *Financial assets that are neither past due nor impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.

#### (b) Liquidity and cash flow risk

The Group actively manages its operating cash flows and the availability of funding to ensure all financing, repayment and funding needs are met. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity and cash flow risk (cont'd)

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

<b>As at 30 June 2013</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
Financial liabilities:				
Trade and other payables	767	-	-	767
Borrowings	1,107	4,244	2,300	7,651
Total undiscounted financial liabilities	1,874	4,244	2,300	8,418
<b>Company</b>				
Financial liabilities:				
Trade and other payables	100	-	-	100
Total undiscounted financial liabilities	100	-	-	100
<b>As at 30 June 2012</b>				
<b>Group</b>				
Financial liabilities:				
Trade and other payables	923	-	-	923
Borrowings	1,163	4,093	3,286	8,542
Total undiscounted financial liabilities	2,086	4,093	3,286	9,465
<b>Company</b>				
Financial liabilities:				
Trade and other payables	140	-	-	140
Total undiscounted financial liabilities	140	-	-	140

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and the Company in interest rates risk arises primarily from their deposits with banks and interest bearing debt obligations. The Group and the Company do not use derivative financial instruments to hedge its risk but regularly reviews its debt portfolio to enable it to source low interest funding. The Group's and the Company's deposits are placed at fixed rates and management endeavours to obtain the best rate available in the market.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk (cont'd)

##### *Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity of the Group's and the Company's loss net of tax to a reasonably possible change in 50 basis points against interest rates, with all other variables held constant.

		<b>Group</b>	
		<b>2013 RM'000 Loss net of tax</b>	<b>2012 RM'000 Loss net of tax</b>
Short term funds	- 50 basis point higher	-20	-17
	- 50 basis point lower	+20	+17
Borrowings	- 50 basis point higher	+23	+26
	- 50 basis point lower	-23	-26

		<b>Company</b>	
		<b>2013 RM'000 Loss net of tax</b>	<b>2012 RM'000 Loss net of tax</b>
Short term funds	- 50 basis point higher	-12	-12
	- 50 basis point lower	+12	+12

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

<b>Group</b>	<b>Note</b>	<b>WAEIR %</b>	<b>Within 1 year RM</b>	<b>1 to 2 years RM</b>	<b>2 to 3 years RM</b>	<b>3 to 4 years RM</b>	<b>4 to 5 years RM</b>	<b>More than 5 years RM</b>	<b>Total RM</b>
<b>At 30 June 2013</b>									
<b>Fixed rate instruments</b>									
Short term funds	12	2.76	5,213	-	-	-	-	-	5,213
Hire purchase creditors	18	5.04	106	81	84	62	52	-	385
<b>Floating rate instrument</b>									
Term loan	17	5.10	689	725	763	802	845	2,037	5,861
<b>At 30 June 2012</b>									
<b>Fixed rate instruments</b>									
Short term funds	12	2.59	4,523	-	-	-	-	-	4,523
Hire purchase creditors	18	5.30	172	77	38	33	7	-	327
<b>Floating rate instrument</b>									
Term loan	17	5.10	666	700	737	775	816	2,883	6,577

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

(cont'd)

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Company's financial instruments that are exposed to interest rate risk:

Company	Note	WAEIR %	Within 1 year RM	1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	More than 5 years RM	Total RM
<b>At 30 June 2013</b>									
<b>Fixed rate instrument</b>									
Short term funds	12	2.76	3,248	-	-	-	-	-	3,248
<b>At 30 June 2012</b>									
<b>Fixed rate instrument</b>									
Short term funds	12	2.77	3,178	-	-	-	-	-	3,178

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities. The Company did not have any foreign currency exposure on its transactions.

It is not the Group's or the Company's policy to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (in US Dollar) amounted to RM47,000 (2012: RM315,000) for the Group.

#### *Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2013 RM'000	2012 RM'000
	Loss net of tax	Loss net of tax
USD/RM		
- Strengthen by 2%	13	7
- Weaken by 2%	(13)	(7)

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2013

### 33. CAPITAL COMMITMENT

	Group	
	2013 RM'000	2012 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- Approved and contracted for	516	83

### 34. CONTINGENT LIABILITIES - UNSECURED

The Company had guaranteed the bank credit facilities of a subsidiary for RM8,000,000 (2012: RM8,000,000) of which the outstanding balance is RM5,861,000 (2012: RM6,577,000). The Directors are of the view that the chances of the financial institution calling upon the corporate guarantee are remote.

### 35. MATERIAL LITIGATION

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 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 mediation between the parties which was fixed on 16 November 2012 had been postponed to 19 July 2013 but the date had again been adjourned.

The Court had further fixed the mediation between the parties on 15 November 2013.

The Board of Directors, based on legal advice and depending on evidence to be adduced during full trial, believe that JFM has a fair chance of success on its claim.

No accrual has been made for the balance of the purchase price of the Machine in the financial statements of the Group as of the date of this report.

### 36. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB, and has adopted the MFRS Framework during the financial year ended 30 June 2013. Accordingly, these are the first financial statements of the Group and the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2013, as well as comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRSs statements of financial position at 1 July 2011 (the date of transition of the Group and the Company to MFRSs).

There is no material impact arising from the transition from FRSs to MFRSs on the Group's and the Company's financial position, financial performance and cash flows. Thus, the Group and the Company have not adjusted any amount previously reported in the financial statements that were prepared in accordance with the previous FRS Framework.



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

(cont'd)

## 37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of retained earnings/(accumulated losses) of the Group and of the Company into realised and unrealised profits or losses pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings/ (accumulated losses) of JF Technology Berhad and its subsidiaries :				
- Realised	9,194	10,242	(290)	(173)
- Unrealised	(809)	(786)	-	-
Less : Consolidation adjustments	8,385 (8,201)	9,456 (8,201)	(290) -	(173) -
Total retained earnings/ (accumulated losses) as per consolidated accounts	184	1,255	(290)	(173)

# LIST OF PROPERTIES

No	Name of registered owner: Lot. No. / Postal address	Description/ Existing use	Year of Expiry	Tenure	Net book value RM'000	Area (sq. ft.)	Age of building (Year)	Date of revaluation
1	JF Microtechnology Sdn Bhd H.S. (D) 241029, PT No. PT9918, Mukim of Pekan Baru Sungai Buloh, District of Petaling, State of Selangor.	2-storey office cum factory/ Corporate Headquarters & Factory	99 years Leasehold (93 years)*	2106	15,264	92,783	5	18 September 2007 §
	<u>Bearing postal address:</u> Lot No. 6, Jalan Teknologi 3/6, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.							

## Note

\* Balance of leasehold tenure

§ Date of acquisition

# ANALYSIS OF SHAREHOLDINGS

## AS AT 14 OCTOBER 2013

Authorised Share Capital	: RM25,000,000/-
Issued and Paid-Up Capital	: RM12,600,000/- comprising 126,000,000 Ordinary Shares of RM0.10 each
Class of Shares	: Ordinary Shares of RM0.10 each
On show of hands	: One (1) vote per shareholder/proxy present
On a poll	: One (1) vote per ordinary share held

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1-99	2	0.31	100	0.00
100-1,000	206	31.45	152,302	0.12
1,001-10,000	186	28.39	989,400	0.78
10,001-100,000	194	29.62	7,496,637	5.95
100,001-6,299,999 (*)	65	9.92	39,988,580	31.74
6,300,000 and above (**)	2	0.31	77,372,981	61.41
Total	655	100.00	126,000,000	100.00

Remark:

\*Less than 5% of issued shares

\*\* 5% and above of issued shares

### SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Foong Wei Kuong	63,917,594	50.73	-	-
2.	Wang Mei Ling	13,455,387	10.68	-	-

### DIRECTORS' SHAREHOLDINGS

No.	Name	Direct	No. of Shares		(%)
			(%)	Indirect	
1.	Foong Wei Kuong	63,917,594	50.73	-	-
2.	Wang Mei Ling	13,455,387	10.68	-	-
3.	Goh Kok Sing	75,000	0.06	-	-
4.	Dato' Philip Chan Hon Keong	366,000	0.29	-	-
5.	Koay Kah Ee	300,000	0.24	-	-
6.	Lew Jin Aun	325,000	0.26	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 14 OCTOBER 2013

## TOP THIRTY SECURITIES ACCOUNT HOLDERS

No.	Name	Shareholdings	%
1.	Foong Wei Kuong	63,917,594	50.73
2.	Wang Mei Ling	13,455,387	10.68
3.	Kok Kean Loon	5,528,660	4.39
4.	Low Wan Choon	5,208,660	4.13
5.	Sim Ah Yoong	3,390,000	2.69
6.	Wan Wei Yee	3,203,008	2.54
7.	Ong Kian Huat	1,913,000	1.52
8.	Wong Siew Nguk	1,253,700	1.00
9.	Teng Pok Sang @ Teng Fook Sang	1,191,700	0.95
10.	Chin Chee Kong	1,172,400	0.93
11.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Fook Choi	1,100,000	0.87
12.	Wong Poh Chun	1,000,000	0.79
13.	Joseph Lee Che Hock	780,750	0.62
14.	SRM Integration (Malaysia) Sdn. Bhd.	750,300	0.60
15.	Yee Oii Pah @ Yee Ooi Wah	627,628	0.50
16.	Goh Wai Leng	550,000	0.44
17.	Chan Kok Wah	500,000	0.40
18.	Pang Cho Siew	490,200	0.39
19.	How Lee Fong	480,000	0.38
20.	Ng Sau Toong	475,000	0.38
21.	Lee Eng Kiat	467,400	0.37
22.	Dato' Philip Chan Hon Keong	366,000	0.29
23.	Teh Chuan Hin	340,000	0.27
24.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kon Po	327,000	0.26
25.	Lew Jin Aun	325,000	0.26
26.	Poon Weng Keong	314,000	0.25
27.	Loh Siew Yeok	305,000	0.24
28.	Benson Chandra	300,000	0.24
29.	Koay Kah Ee	300,000	0.24
30.	Tedy Lindra Lim	300,000	0.24

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of the Company shall be held at Greens III, Tropicana Golf & Country Resorts, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 16 December 2013 at 9:00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2013 together with the Reports of the Directors and the Auditors thereon. **(Please refer Note 1)**
2. To approve the payment of Directors' Fees for the financial year ended 30 June 2013. **Resolution 1**
3. To re-elect the following Directors who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - a) Ms. Wang Mei Ling **Resolution 2**
  - b) Mr. Goh Kok Sing **Resolution 3**
4. To appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 4**

Notice of Nomination pursuant to Section 172(11) of the Companies Act 1965, a copy of which is annexed hereto and marked 'Annexure A' in the Annual Report have been received by the Company for the nomination of Messrs. Crowe Horwath for appointment as Auditors and of the intention to propose the following ordinary resolution:-

"THAT subject to their consent to act, Messrs. Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. BDO, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

5. As Special Business :

To consider and, if thought fit, with or without any modification, to pass the following resolution as ordinary resolution:-

### **ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

**Resolution 5**

"THAT pursuant to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other ordinary business for which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)  
CHIN MUN YEE (MAICSA 7019243)  
Company Secretaries

Kuala Lumpur  
22 November 2013

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes to Special Business:

### *Authority pursuant to Section 132D of the Companies Act, 1965*

The proposed adoption of the Ordinary Resolution is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Sixth Annual General Meeting held on 7 December 2012 and which will lapse at the conclusion of the Seventh Annual General Meeting.

### Notes:

1. The Agenda item no. 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 ("the Act") and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 December 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Sections 149(1) (a), (b), (c) and (d) of the Act, shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. Where the member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or if the member is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy or the power of attorney under which it is executed or a certified copy thereof shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting.

# NOTICE OF NOMINATION OF AUDITORS

**Kok Kean Loon**

No. 36, USJ 2/4F,  
47600 Subang Jaya

23 October 2013

The Board of Directors  
**JF TECHNOLOGY BERHAD**  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur

Dear Sirs,

## **NOTICE OF NOMINATION OF AUDITORS**

I, the undersigned, being a registered holder of 5,528,660 ordinary shares of RM0.10 each fully paid-up in the capital of the Company, hereby nominate pursuant to Section 172 (11) of the Companies Act, 1965 Messrs. Crowe Horwath, for appointment as new Auditors of the Company in place of the retiring Auditors, Messrs. BDO at the forthcoming Annual General Meeting.

Therefore, I propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company:-

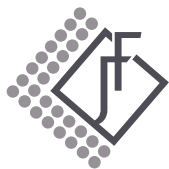
“That subject to their consent to act, Messrs. Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. BDO, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors.”

Yours faithfully,

**Kok Kean Loon**

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JF TECHNOLOGY BERHAD  
(747681-H)

# FORM OF PROXY

No. of shares held	CDS Account No.

\*I/We \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

being a \*member/members of JF TECHNOLOGY BERHAD, hereby appoint \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

or failing \*him/her, \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

or failing \*him/her, \*the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf, at the Seventh Annual General Meeting of the Company, to be held at Greens III, Tropicana Golf & Country Resorts, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 16 December 2013 at 9:00 a.m., or at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2013 together with the Reports of the Directors and the Auditors thereon.			
No.	Resolutions		For	Against
2.	To approve the payment of Directors' Fees for the financial year ended 30 June 2013.	(Resolution 1)		
3(a).	To re-elect Ms. Wang Mei Ling, who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, has offered herself for re-election.	(Resolution 2)		
3(b).	To re-elect Mr. Goh Kok Sing, who shall retire pursuant to Article 129 of the Company's Articles of Association and being eligible, has offered himself for re-election.	(Resolution 3)		
4.	To appoint Auditors and to authorise the Directors to fix their remuneration.	(Resolution 4)		
	As Special Business:			
5.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	(Resolution 5)		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

\_\_\_\_\_  
Signature/Seal

\* Strike out whichever is not applicable

## Notes:

- The Agenda item no. 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 ("the Act") and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 December 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Sections 149(1) (a), (b), (c) and (d) of the Act, shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- Where the member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or if the member is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or the power of attorney under which it is executed or a certified copy thereof shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned meeting.

Fold this flap for sealing

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AFFIX  
STAMP

The Company Secretaries

**JF TECHNOLOGY BERHAD** (747681-H)

Level 7, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

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# **JF TECHNOLOGY BERHAD**

(747681-H)

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