

JF Technology Berhad

(Company No. 200601027925 (747681-H))
(Incorporated in Malaysia)



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the 3rd financial quarter ended 31 March 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 3rd Quarter 01/01/2020 to 31/03/2020 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/07/2019 to 31/03/2020 RM'000	Preceding Year Corresponding Period RM'000
Revenue	6,171	4,700	18,683	17,943
Cost of sales	(1,857)	(1,468)	(5,119)	(4,472)
Gross profit	4,314	3,232	13,564	13,471
Other operating income	467	70	652	281
Operating expenses	(3,013)	(3,174)	(9,157)	(9,699)
Profit from operations	1,768	128	5,059	4,053
Finance cost	(13)	(5)	(35)	(35)
Interest Income	47	61	176	174
Profit before taxation	1,802	184	5,200	4,192
Tax Expense	(99)	(84)	(275)	(220)
Profit for the period	1,703	100	4,925	3,972
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	1,703	100	4,925	3,972
Attributable to:				
Owners of the company	1,703	100	4,925	3,972
Minority interests	-	-	-	-
	1,703	100	4,925	3,972
Earnings Per Share (EPS)				
- Basic (Sen)	0.81	0.05	2.35	1.89

Notes:

This Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Financial Position As at 31 March 2020

	(Unaudited) As at 31/03/2020 RM'000	(Audited) As at 30/06/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,102	20,450
Intangible assets	-	-
	21,102	20,450
Current assets		
Inventories	2,907	2,426
Trade receivables	5,667	3,418
Other receivables, deposits and prepayments	529	6,628
Current tax assets	45	47
Fixed deposit with a licensed bank	227	223
Cash and cash equivalents	10,568	11,526
	19,943	24,268
TOTAL ASSETS	41,045	44,718
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	21,253	21,253
Retained Earnings	13,921	10,046
Total equity	35,174	31,299
Non-current liabilities		
Borrowings	569	603
Deferred Income	1,485	1,637
Deferred tax liabilities	898	898
	2,952	3,138
Current liabilities		
Trade payables	151	156
Other payables and accruals	2,078	8,914
Borrowings	690	1,211
Current tax liabilities	-	-
Total current liabilities	2,919	10,281
Total liabilities	5,871	13,419
TOTAL EQUITY AND LIABILITIES	41,045	44,718
	-	-
Net assets per share (RM)	0.1655	0.1473

Notes:

This Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statement for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 3rd financial quarter ended 31 March 2020

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Balance as at 01 July 2018	21,000	253	7,030	28,283
Transfer of Share Premium to Share Capital (Pursuant to Section 618(8) and (9) Companies Act 2016)	253	(253)		
Profit after taxation for the financial period	-	-	3,972	3,972
Balance as at 31 March 2019	21,253	-	11,002	32,255

Balance as at 01 July 2019	21,253	-	10,046	31,299
Profit after taxation for the financial period	-	-	4,925	4,925
Dividend paid during the financial period			(1,050)	(1,050)
Balance as at 31 March 2020	21,253	-	13,921	35,174

Notes:

This Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Cash Flows For the 3rd financial quarter ended 31 March 2020

	(Unaudited) As at 31/03/2020 RM'000	(Audited) As at 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,200	3,206
Adjustments for :		
Depreciation of property, plant and equipment	1,075	1,385
Interest expense	35	45
Inventories written off	21	63
Property, plant and equipment written off	-	2
Amortisation of deferred income	(151)	(206)
Gain on disposal of property, plant and equipment	(83)	-
Interest income from short-term funds	(176)	(244)
Unrealised gain on foreign exchange	(215)	(46)
Unrealised loss on foreign exchange	-	36
Operating profit before working capital changes	5,706	4,241
Changes in working capital:		
Decrease/(Increase) in inventories	(502)	(575)
Decrease/(Increase) in receivables	3,851	(5,081)
(Decrease) / Increase in payables	(6,864)	1,518
Cash generated from/(used in) operating activities	2,191	103
Income tax refund/(paid)	(252)	87
Net cash generated from/ (used in) operating activities	1,939	190
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	176	244
Increase in pledged deposit with a licensed bank	(4)	(7)
Purchase of property, plant and equipment	(1,774)	(776)
Proceeds from disposal of property, plant and equipment	130	-
Net cash from/ (used in) investing activities	(1,472)	(539)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(35)	(45)
Additional hire-purchase loan	528	-
Repayment of hire-purchase principal	(379)	(186)
Repayment of term loans principal	(704)	(925)
Dividends paid	(1,050)	-
Net cash (used in)/ from financing activities	(1,640)	(1,156)
Net (decrease)/ increase in cash and cash equivalents	(1,173)	(1,505)
Cash and cash equivalents at beginning of period	11,526	12,976
Effects of exchange rate changes	215	55
Cash and cash equivalents at end of period	10,568	11,526
Cash and cash equivalents consist of:		
Money market unit trust fund in Malaysia	5,587	7,366
Cash and bank balances	4,981	4,160
	10,568	11,526

Notes:

This Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Statement for the year ended 30 June 2019 and the explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2020.

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

A1 Basis of Preparation

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

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

A2 Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 30 June 2019, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2019 :

	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108 : Definition of Material	1 January 2020
Amendments to MFRS 119 : Plan Amendment, Curtailment of Settlement	1 January 2019
Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015-2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3 Auditors' report on preceding annual financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter to date and current financial year-to-date.

A6 Material changes in estimates

There were no changes in estimates of amounts reported that have a material effect in the current quarter under review and current financial year-to-date.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2020.

A7 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury share and resale of treasury shares for the current quarter under review and current financial year-to-date.

A8 Dividend declared or paid

There was no dividend declared or paid by the company during the current quarter under review.

A9 Segmental information

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

The 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.

Geographical information

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

Revenue by countries

	Current year quarter	Current year to date	Current year to date
	01/01/2020 to 31/03/2020 RM'000	01/07/2019 to 31/03/2020 RM'000	01/07/2019 to 31/03/2020 %
Malaysia	1,186	4,942	26%
China	2,467	6,501	35%
United States	559	2,151	12%
Thailand	669	1,583	8%
Philippines	294	1,009	5%
Taiwan	602	1,273	7%
Others	394	1,224	7%
Total	6,171	18,683	100%

The Group does not have any non-current assets that are located in countries other than Malaysia.

A10 Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter.

A11 Material events subsequent to the end of the quarter

There are no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2020.

A12 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

A13 Contingent liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14 Capital commitments

Property, plant and equipment	RM'000
Authorised and contracted for	825
Authorised and not contracted for	-

A15 Significant related party transactions

The Group has no related party transactions which would have a significant impact on the financial position and business of the Group during the current financial quarter under review and current financial year-to-date.

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

B1 Review of performance

	INDIVIDUAL PERIOD		Changes QoQ %	CUMULATIVE PERIOD		Changes YoY %
	Current Year 3rd Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	01/01/2020 to 31/03/2020 RM'000	01/01/2019 to 31/03/2019 RM'000		01/07/2019 to 31/03/2020 RM'000	01/07/2018 to 31/03/2019 RM'000	
Revenue	6,171	4,700	31%	18,683	17,943	4%
Operating Profit	1,768	128	1281%	5,059	4,053	25%
Profit before tax ("PBT")	1,802	184	879%	5,200	4,192	24%
Profit after tax ("PAT")	1,703	100	1603%	4,925	3,972	24%
Profit attributable to ordinary equity holders of the parent	1,703	100	1603%	4,925	3,972	24%
Forex (gain)/loss	(299)	90	432%	(249)	87	386%
Legal fees for the litigations with JTI	9	469	98%	277	1,246	78%
EBITDA	2,196	534	311%	6,311	5,258	20%

For the current quarter ended 31 March 2020, the Group recorded a turnover of RM6.17 million and PBT of RM1.80 million as compared with the preceding year corresponding quarter turnover of RM4.70 million and PBT of RM0.18 million. The 879% increase in PBT was mainly due to higher sales, gain in foreign exchange due to strengthening of US Dollar (USD) against Ringgit Malaysia (RM) and lower legal fees for the material litigation with Johnstech International Corp. ("JTI") in United States which had ended during current financial period.

For the current year to date ended 31 March 2020, the Group achieved a turnover of RM18.68 million and PBT of RM5.20 million as compared to RM17.94 million turnover and PBT of RM4.19 million in the preceding year, representing an increase of 4% in turnover and 24% in PBT respectively. The increase in the year-to-date PBT was mainly due to higher sales, gain in foreign exchange due to strengthening of US Dollar (USD) against Ringgit Malaysia (RM) and lower legal fees incurred during financial period to-date as compare with preceding year corresponding period.

B2 Financial review for current quarter compared with immediate preceding quarter

	Current Year 3rd Quarter	Immediate Preceding Quarter	Changes QoQ %
	01/01/2020 to 31/03/2020 RM'000	01/10/2019 to 31/12/2019 RM'000	
Revenue	6,171	6,073	2%
Operating Profit	1,768	1,436	23%
Profit before tax ("PBT")	1,802	1,490	21%
Profit after tax ("PAT")	1,703	1,413	21%
Profit attributable to ordinary equity holders of the parent	1,703	1,413	21%
Forex (gain)/loss	(299)	66	553%
Legal fees for the material litigations with JTI	9	(108)	108%
EBITA	2,196	1,848	19%

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

When compared to the preceding quarter, the Group's revenue increased by 2% from RM6.07 million to RM6.17 million and PBT increased by 21% from RM1.49 million to M1.80 million. The increase in PBT was mainly due to higher sales and gain in foreign exchange due to strengthening of US Dollar (USD) against Ringgit Malaysia (RM).

B3 Prospects for the financial year ending 30 June 2020.

The Board is cautiously optimistic on the business prospects with the current business opportunities in semiconductor industries for our test contacting solutions which is highly customised manufacture, patent protected and sales of recurring ancillary parts. The Group will continue to place utmost emphasis and commitment on expansion of our product line, advances in technology, continuing business diversification, growth and opportunities in overseas market. Barring any unforeseen circumstances, the Board anticipates the Group will achieve a satisfactory performance for the rest of financial year 2020.

B4 Profit forecast, profit guarantee and internal targets

The Group does not provide any profit forecast, profit guarantee or internal targets in any publicly available document or announcement.

B5 Notes to the statement of comprehensive income

PBT is arrived at after charging/(crediting) :

	Current Year 3rd Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	01/01/2020 to 31/03/2020 RM'000	01/01/2019 to 31/03/2019 RM'000	01/07/2019 to 31/03/2020 RM'000	01/07/2018 to 31/03/2019 RM'000
Other Income - Amortisation of government grant	(50)	(52)	(151)	(155)
Depreciation of property, plant and equipment	380	348	1,075	1,033
Interest expense	13	5	35	35
Interest income from short term funds	(47)	(62)	(176)	(175)
Net loss/(gain) on realised and unrealised foreign exchange	(299)	90	(249)	87
Legal fees for the material litigations with JTI	9	469	277	1,246
Sales Commission	263	339	664	994

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

B6 Taxation

	Current Year 3rd Quarter	Current Year To-date
	01/01/2020 to 31/03/2020 RM'000	01/07/2019 to 31/03/2020 RM'000
Current tax	(99)	(275)
Deferred tax	0	0
In respect of prior years	-	-
Total	(99)	(275)

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

B7 The Group's borrowings which are all secured as at 31 March 2020 is as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowing	690	-	690
Long term borrowing	569	-	569
Total	1,259	-	1,259

The Group does not have any foreign currency borrowings.

B8 Dividends

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

B9 Material litigations

As the date of this announcement, the Group is not engaged in any material litigation and the Board of Directors do not have any knowledge of any proceedings pending or threatened against the Group.

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

B10. Earnings per share (EPS)

	Current year 3rd Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	01/01/2020 to 31/03/2020	01/01/2019 to 31/03/2019	01/07/2019 to 31/03/2020	01/07/2018 to 31/03/2019
Profit after taxation (RM'000)	1,703	100	4,925	3,972
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	210,000	210,000	210,000	210,000
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.10 each in issue (sen)	0.81	0.05	2.35	1.89

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 March 2020.

B11. Corporate Proposals

There was no corporate proposal announced during the current quarter or current financial period-to-date.

B12. Authorisation for issue

The interim financial report has been authorised for issue by the Board of Directors ("Board") in accordance with a resolution of the Board on 15 May 2020.

On Behalf of the Board

Dato' Foong Wei Kuong
Managing Director

15 May 2020.