

JF Technology Berhad

(Registration No. 200601027925 (747681-H))

(Incorporated in Malaysia)



We Bring Possibilities

INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 31 DECEMBER 2020

JF Technology Berhad

(Registration No. 200601027925 (747681-H))

(Incorporated in Malaysia)



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For 2nd financial quarter ended 31 December 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 2nd Quarter 01/10/2020 to 31/12/2020 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/07/2020 to 31/12/2020 RM'000	Preceding Year Corresponding Period RM'000
Revenue	9,364	6,073	18,505	12,512
Cost of sales	(2,149)	(1,759)	(4,167)	(3,262)
Gross profit	7,215	4,314	14,338	9,250
Other operating income	156	85	296	185
Operating expenses	(3,643)	(2,963)	(6,953)	(6,144)
Profit from operations	3,728	1,436	7,681	3,291
Finance cost	(26)	(11)	(52)	(22)
Interest Income	361	65	481	129
Profit before taxation	4,063	1,490	8,110	3,398
Tax Expense	(50)	(77)	(90)	(176)
Profit for the period	4,013	1,413	8,020	3,222
Other comprehensive income				
Profit for the period	4,013	1,413	8,020	3,222
Foreign currency translation	(56)	-	(56)	-
Total comprehensive profit for the period	3,957	1,413	7,964	3,222
Attributable to:				
Owners of the company	4,013	1,413	8,020	3,222
Minority interests	-	-	-	-
	4,013	1,413	8,020	3,222
Earnings Per Share (EPS)				
- Basic (Sen)	1.77	0.67	3.54	1.53

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 2020 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 December 2020

	(Unaudited) As at 31/12/2020 RM'000	(Audited) As at 30/06/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,031	15,161
Rights to use assets	5,894	6,126
	20,925	21,287
Current assets		
Inventories	3,391	3,152
Trade receivables	7,187	6,047
Other receivables, deposits and prepayments	2,676	420
Current tax assets	201	201
Fixed deposit with a licensed bank	230	229
Cash and cash equivalents	86,016	13,768
	99,701	23,817
TOTAL ASSETS	120,626	45,104
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	90,675	21,253
Currency Translation Reserve	(56)	-
Retained Earnings	21,648	17,014
Total equity	112,267	38,267
Non-current liabilities		
Term Loan	1,763	-
Lease liabilities	1,006	1,112
Deferred Income	1,333	1,434
Deferred tax liabilities	915	915
	5,017	3,461
Current liabilities		
Trade payables	149	233
Other payables and accruals	2,168	2,311
Term loan	198	202
Lease liabilities	827	630
Current tax liabilities	-	-
Total current liabilities	3,342	3,376
Total liabilities	8,359	6,837
TOTAL EQUITY AND LIABILITIES	120,626	45,104
	-	-
Net assets per share (RM)	0.4957	0.1822

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For 2nd financial quarter ended 31 December 2020

	Share Capital	Currency Translation Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000
6 months ended 31 December 2019 (unaudited)				
Balance as at 01 July 2019	21,253	-	10,046	31,299
Profit after taxation for the financial period	-	-	3,222	3,222
Dividend paid during the financial period			(1,050)	(1,050)
Balance as at 31 December 2019	21,253	-	12,218	33,471
6 months ended 31 December 2020 (unaudited)				
Balance as at 01 July 2020	21,253	-	17,014	38,267
Profit after taxation for the financial period	-	-	8,020	8,020
Foreign Exchange Translation Reserve		(56)		(56)
Total Comprehensive income for the period	-	(56)	8,020	7,964
Contribution by and distribution to owners of the Company				
Issuance of shares under private placement	69,982			69,982
Share issuance expenses from private placement	(560)			(560)
Dividend paid during the financial period			(3,386)	(3,386)
Total transactions with owners	69,422	-	(3,386)	66,036
Balance as at 31 December 2020	90,675	(56)	21,648	112,267

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 2020 and the accompanying explanatory notes attached to this interim financial statements.

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Unaudited Condensed Consolidated Statement of Cash Flows For 2nd financial quarter ended 31 December 2020

	(Unaudited) As at 31/12/2020 RM'000	(Audited) As at 30/06/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,110	8,058
Adjustments for :		
Depreciation of property, plant and equipment	594	1,110
Depreciation of right-of-use assets	207	356
Interest expense	52	62
Inventories written off	-	29
Amortisation of deferred income	(101)	(203)
Gain on disposal of property, plant and equipment	-	(22)
Gain on disposal of right-of-use asset	-	(62)
Loss on disposal of property, plant and equipment	9	-
Property, plant and equipment written off	1	-
Interest income from short-term funds	(480)	(220)
Unrealised gain on foreign exchange	7	(83)
Unrealised loss on foreign exchange	137	-
Operating profit before working capital changes	8,536	9,025
Changes in working capital:		
Decrease/(Increase) in inventories	(239)	(755)
Decrease/(Increase) in receivables	(3,391)	3,604
(Decrease) / Increase in payables	(473)	(6,994)
Cash generated from/(used in) operating activities	4,433	4,880
Income tax refund/(paid)	(89)	(177)
Net cash generated from/ (used in) operating activities	4,344	4,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	480	220
Increase in pledged deposit with a licensed bank	(1)	(6)
Purchase of property, plant and equipment	(455)	(422)
Purchase of right-of-use assets	-	(175)
Proceeds from disposal of property, plant and equipment	6	24
Proceeds from disposal of right-of-use assets	-	95
Net cash from/ (used in) investing activities	30	(264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on term loan	-	(62)
Interest paid on lease liabilities	(52)	-
Additional hire-purchase loan	476	-
Repayment of lease liabilities	(384)	(439)
Repayment of term loan	-	(704)
Drawdown of term loan	2,000	-
Proceeds from issuance of ordinary shares	69,422	-
Dividends paid	(3,386)	(1,050)
Net cash (used in)/ from financing activities	68,076	(2,255)
Net (decrease)/ increase in cash and cash equivalents	72,450	2,184
Cash and cash equivalents at beginning of period	13,997	11,755
Effects of exchange rate changes	(201)	58
Cash and cash equivalents at end of period	86,246	13,997
Cash and cash equivalents consist of:		
Money market unit trust fund in Malaysia	75,078	9,009
Cash and bank balances	10,938	4,759
Fixed deposits pledged to licensed banks	230	229
	86,246	13,997

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 2020 and the explanatory notes attached to the interim financial statements.

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

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 2020, 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 2020 :

	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 3 : Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4 : Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 : Interest Rate Benchmark Reform	1 January 2020
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 16 : COVID-19 Related Rent Concessions	1 June 2020 *
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108 : Definition of Material	1 January 2020
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-Current	1 January 2023 **
Amendments to MFRS 116 : Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 : Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018-2020	1 January 2022

* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023 pursuant to the amendments to MFRS 17 issued by the MASB, namely "Amendments to MFRS 17 Insurance Contracts".

* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2022 to 1 January 2023 pursuant to the amendments to MFRS 101 issued by the MASB, namely "Classification of Liabilities as Current or Non-Current - Deferral of Effective Date".

The initial 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.

A3 Auditors' report on preceding annual financial statements

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

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

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.

A7 Debt and equity securities

There was 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
	01/10/2020 to 31/12/2020 RM'000	01/07/2020 to 31/12/2020 RM'000	01/07/2020 to 31/12/2020 %
Malaysia	2,809	5,742	31%
China	2,787	5,652	31%
United States	1,725	2,547	14%
Philippines	838	1,536	8%
Thailand	339	772	4%
Taiwan	175	332	2%
Others	691	1,924	10%
Total	9,364	18,505	100%

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

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

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.

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

As at 31 December 2020, the Group has no material capital commitments in respect of property, plant and equipment.

A15 Significant related party transactions

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

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

B1 Review of performance

	INDIVIDUAL PERIOD		Changes YoY %	CUMULATIVE PERIOD		Changes YoY %
	Current Year 2nd Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	01/10/2020 to 31/12/2020 RM'000	01/07/2019 to 31/12/2019 RM'000		01/07/2020 to 31/12/2020 RM'000	01/07/2019 to 31/12/2019 RM'000	
Revenue	9,364	6,073	54%	18,505	12,512	48%
Operating Profit	3,728	1,436	160%	7,681	3,291	133%
Profit before tax ("PBT")	4,063	1,490	173%	8,110	3,398	139%
Profit after tax ("PAT")	4,013	1,413	184%	8,020	3,222	149%
Profit attributable to ordinary equity holders of the parent	4,013	1,413	184%	7,964	3,222	147%
EBITDA	4,492	1,848	143%	8,963	4,115	118%

Individual Quarter : Comparison with the corresponding quarter in previous year

For the current quarter ended 31 December 2020, the Group posted its highest-ever quarterly turnover of RM9.36 million, an increase of 54% ("YoY") or RM3.29 million from RM6.07 million in the previous year corresponding quarter. The jump was primarily attributed to the sustained robust demand from our customers despite the Covid-19 pandemic. The Group's Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") soared to RM4.49 million in 2QFY2021 as compared to RM1.85 million (+143% YoY) in 2QFY2020. The strong growth was translated into the Group's Profit After Tax ("PAT") as well, surging 184% QoQ to RM4.01 million in the quarter under review versus RM1.41 million a year ago.

Cumulative Quarter : Comparison with preceding financial period

For the current year to date ended 31 December 2020, the Group achieved a turnover of RM18.51 million as compared to RM12.51 million in the preceding year corresponding period, which was an increase of 48% YoY. This was also the Group's best-ever first-half performance in its history. In tandem with the record top-line performance, PBT leaped 139% YoY to RM8.11 million for the period under review versus RM3.40 million a year ago. In addition to stronger sales, the larger-than-proportionate growth in PBT was attributed to lower operating cost to revenue ratio.

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

B2 Financial review for current quarter compared with immediate Preceding Quarter

	Current Year 2nd Quarter	Immediate Preceding Quarter	Changes QoQ
	01/10/2020 to 31/12/2020 RM'000	01/04/2020 to 30/06/2020 RM'000	%
Revenue	9,364	9,142	2%
Operating Profit	3,728	3,954	-6%
Profit before tax ("PBT")	4,063	4,047	0%
Profit after tax ("PAT")	4,013	4,007	0%
Profit attributable to ordinary equity holders of the parent	4,013	4,007	0%
EBITDA	4,492	4,468	1%

For the current quarter under review, the Group's turnover increased 2% quarter-on-quarter ("QoQ") to RM9.36 million on the back of sustained growth in demand. The slight increase in PAT was mainly due to the increase in sales during the quarter under review.

B3 Prospects for the financial year ending 30 June 2021.

The Board is cautiously optimistic on the Group's business prospects, underpinned by the opportunities in the semiconductor industry and strong demand for our test contacting solutions which is highly customised and manufactured to our customers' requirements. Our revenue flow is also supported by the recurring sales of consumable parts. The Group will continue to place utmost emphasis and commitment on the expansion of our product line in parallel with the advancement in technology along with the broadening of our services, business opportunities and growth in the overseas markets. The Group anticipates demand will continue growing for its existing products as well as new products related to 5G, automotive, IoT and other semiconductor applications to be introduced in the future.

The Group had incorporated a subsidiary named JF TestSense Sdn Bhd for the new test interface business with additional value-added test program conversion, test hardware design, test program development and human capital development services in semiconductor test industry. The Group is now able to provide total turnkey test contacting, interfacing and test program engineering services to semiconductor companies globally thus, moving the Group up in the value chain of the semiconductor industry.

Meanwhile, the expansion plans to set up a manufacturing facility in China are progressing well and on schedule. To recap, the Group is partnering with Hubble Technology Investment Co., Ltd ("HTI") from China to design, develop, manufacture and supply high performance test contactors in China. It is envisaged that the facility in China will greatly enhance the Group's footprint and network in China.

On balance, given the aforementioned factors, the outlook for the Group remains positive despite the challenging environment. Barring any unforeseen circumstances, the Board expects the Group to achieve a satisfactory performance for the financial year ending 30 June 2021.

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.

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

B5 Notes to the statement of comprehensive income

PBT is arrived at after charging/ (crediting) :

	Current Year 2nd Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	01/10/2020 to 31/12/2020 RM'000	01/07/2019 to 31/12/2019 RM'000	01/07/2020 to 31/12/2020 RM'000	01/07/2019 to 31/12/2019 RM'000
Other Income - Amortisation of government grant	(50)	(50)	(101)	(50)
Depreciation of property, plant and equipment	403	347	801	347
Interest expense	26	11	52	11
Interest income from short term funds	(361)	(65)	(480)	(65)
Loss on disposal of property, plant and equipment	9	-	9	-
Property, plant and equipment written off	1	-	1	-
Net loss/(gain) on realised and unrealised foreign exchange	87	66	216	50
Sales Commission	468	225	684	401

B6 Taxation

	Current Year 2nd Quarter	Current Year To-date
	01/10/2020 to 31/12/2020 RM'000	01/07/2020 to 31/12/2020 RM'000
Current tax	(50)	(90)
Deferred tax	0	0
In respect of prior years	-	-
Total	(50)	(90)

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 December 2020 is as follows :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowing	1,025	-	1,025
Long term borrowing	2,769	-	2,769
Total	3,794	-	3,794

The Group does not have any foreign currency borrowings.

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

B8 Dividend Payable

In view of the Group's financial performance, the Board declared and approved single-tier interim dividend as follows :

Interim dividend for financial period ended	31-Dec-20
Dividend per share	0.5 sen
Total dividend payable	RM4,619,991.70
Ex-date of entitlement	24-Feb-21
Entitlement to dividends based on record of Depositors as at	25-Feb-21
Date Payable (paid as of reporting date)	11-Mar-21

The financial statements for the current financial period do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the month it was approved by the Board of Directors.

B9 Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report.

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

B10. Earnings per share ("EPS")

	Current year 2nd Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	01/10/2020 to 31/12/2020	01/07/2019 to 31/12/2019	01/07/2020 to 31/12/2020	01/07/2019 to 31/12/2019
Profit after taxation (RM'000)	4,013	1,413	8,020	3,222
Weighted average number of ordinary shares for basic earnings per share ('000)	226,469	210,000	226,469	210,000
Basic Earnings Per Share based on weighted average number of ordinary shares (sen)	1.77	0.67	3.54	1.53

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

B11. Status of Corporate Proposals Announced

There was no corporate proposal announced but not completed as at the date of this report.

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

B12 Utilisation of Proceeds from Private Placement Issue

As at the date of this report, the status of the utilisation of the proceeds is as follows :

	Details of utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Unutilised proceeds (RM'000)	Intended Timeframe for utilisation
1	Factory capacity expansion	23,000	268	22,732	Within 36 months
2	R&D laboratory expansion	4,000	0	4,000	Within 24 months
3	Setting up of new test interface and services business unit	12,000	2,142	9,858	Within 24 months
4	Purchase of input materials and manufacturing consumables	5,000	0	5,000	Within 60 months
5	Future working capital/investment	25,632	2,069	23,563	Within 60 months
6	Estimated expenses in relation to the Proposed Private Placement	350	350	0	Within 36 months
		69,982	4,829	65,153	

B13. Authorisation for issue

The interim financial report has been authorised for issue by the Board of Directors ("Board") in accordance with a resolution of the Board on 9 February 2021

On Behalf of the Board

Dato' Foong Wei Kuong
Managing Director

9 February 2021