



JCY INTERNATIONAL BERHAD

[200501031285 (713422 X)]
(Incorporated in Malaysia)

Interim Financial Statements
31 Mar 2023



JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For The Period Ended 31 March 2023 (Unaudited)

	Individual Quarter		Cumulative	
	3 Months Ended		6 Months Ended	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	104,618	224,710	215,861	521,819
Cost of sales	(126,825)	(232,244)	(268,068)	(511,785)
Gross (loss) / profit	(22,207)	(7,534)	(52,207)	10,034
Other operating income	1,170	510	2,089	1,122
Foreign exchange gain	3,787	3,233	4,573	4,161
General and administrative expenses	(7,154)	(10,815)	(14,288)	(20,822)
Other operating expenses	-	-	-	-
(Loss) / profit from operations	(24,404)	(14,606)	(59,833)	(5,505)
Finance costs	(925)	(853)	(1,901)	(1,488)
(Loss) / profit before taxation	(25,329)	(15,459)	(61,734)	(6,993)
Income tax credit / (expense)	46	1,190	4,380	(901)
Net (loss) / profit for the period	(25,283)	(14,269)	(57,354)	(7,894)
Other comprehensive income / (loss)				
- Foreign currency translation	(634)	3,121	(460)	865
Total comprehensive (loss) / profit for the period	(25,917)	(11,148)	(57,814)	(7,029)
Net (loss) / profit attributable to:				
- Equity holders of the Company	(25,283)	(14,269)	(57,354)	(7,894)
Basic (loss) / profit per share (Sen)	(1.20)	(0.68)	(2.72)	(0.37)
Diluted (loss) / profit per share (Sen)	(1.18)	(0.67)	(2.67)	(0.37)
Total comprehensive (loss) / profit attributable to:				
- Equity holders of the Company	(25,917)	(11,148)	(57,814)	(7,029)
Basic total comprehensive (loss) / profit per share for the period (sen)	(1.23)	(0.53)	(2.74)	(0.33)
Diluted total comprehensive (loss) / profit per share for the period (sen)	(1.21)	(0.53)	(2.69)	(0.33)

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As at 31 March 2023 (Unaudited)

	As At 31 Mar 2023 Unaudited RM'000	As At 30 Sep 2022 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	277,208	297,094
Right of use assets	23,803	24,890
Goodwill	4,393	4,393
Restricted bank deposits	1,669	1,585
	<u>307,073</u>	<u>327,962</u>
Current assets		
Inventories	279,701	330,209
Trade and other receivables	100,564	109,229
Other current assets	13,558	15,878
Tax recoverable	1,308	1,145
Cash and bank balances	140,674	165,448
	<u>535,805</u>	<u>621,909</u>
TOTAL ASSETS	<u>842,878</u>	<u>949,871</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	549,204	549,204
Reserves	176,326	233,498
Total equity	<u>725,530</u>	<u>782,702</u>
Non-current liabilities		
Deferred tax liabilities	42	4,466
Lease liabilities	205	477
Long term employees benefits	1,500	1,315
	<u>1,747</u>	<u>6,258</u>
Current liabilities		
Trade and other payables	61,289	89,340
Short term borrowings	53,601	70,242
Short term lease liabilities	631	1,249
Tax payable	80	80
	<u>115,601</u>	<u>160,911</u>
Total liabilities	<u>117,348</u>	<u>167,169</u>
TOTAL EQUITY AND LIABILITIES	<u>842,878</u>	<u>949,871</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY For The Period Ended 31 March 2023 (Unaudited)

	Non-distributable				Distributable	Total RM'000
	Share capital RM'000	Foreign currency translation reserve RM'000	ESOS reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	
At 01 October 2022	549,204	36,697	5,905	(15,584)	206,480	782,702
Total comprehensive income for the period	-	(460)	-	-	(57,354)	(57,814)
Transactions with owners:-						
Share-based payments under ESOS	-	-	642	-	-	642
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-
At 31 March 2023	549,204	36,237	6,547	(15,584)	149,126	725,530
At 01 October 2021	549,131	34,104	4,884	(15,584)	295,661	868,196
Total comprehensive income for the period	-	865	-	-	(7,894)	(7,029)
Transactions with owners:-						
Share-based payments under ESOS	-	-	-	-	-	-
Issuance of new shares pursuant to ESOS	73	-	-	-	-	73
At 31 March 2022	549,204	34,969	4,884	(15,584)	287,767	861,240
Total comprehensive income for the period	-	1,728	-	-	(81,287)	(79,559)
Transactions with owners:-						
Share-based payments under ESOS	-	-	1,021	-	-	1,021
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-
At 30 September 2022	549,204	36,697	5,905	(15,584)	206,480	782,702

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 31 March 2023 (Unaudited)

	Cumulative 6 Months Ended	
	31 Mar 2023	31 Mar 2022
	Unaudited	Unaudited
	RM'000	RM'000
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Loss before taxation	(61,734)	(6,993)
Adjustments for :		
Depreciation	22,589	25,897
Amortisation of rights of use	1,107	1,082
Loss on disposal of PPE / right of use	-	54
Inventory written down to NRV and obsolete inventory written-off	-	-
Unrealised gain on foreign exchange	(8,295)	(10,754)
Property, plant and equipment written off	-	1
Share-based payments under ESOS	642	-
Defined benefit plan	112	445
Interest and investment income	(1,891)	(883)
Interest expense	1,673	1,293
Operating cash flow before working capital changes	(45,797)	10,142
Inventories	50,508	(89,792)
Receivables	(2,639)	74,572
Other Current Assets	2,320	2,604
Payables	(27,699)	(18,547)
Cash used in operating activities	(23,307)	(21,021)
Interest paid	(1,644)	(1,170)
Tax (paid) / recovered	(207)	(530)
Net cash used in operating activities	(25,158)	(22,721)

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This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 31 March 2023 (Unaudited)

	Cumulative 6 Months Ended	
	31 Mar 2023	31 Mar 2022
(Continued)		
CASH FLOWS FROM	Unaudited	Unaudited
 INVESTING ACTIVITIES	RM'000	RM'000
Acquisition of property, plant and equipment	(3,329)	(21,468)
Proceeds from disposal of property, plant and equipment	5,259	-
Addition of deposits in short term fund	-	(408)
Interest and investment income received	1,891	883
Net cash used in investing activities	<u>3,821</u>	<u>(20,346)</u>
CASH FLOWS FROM		
 FINANCING ACTIVITIES		
Dividend paid	-	-
Proceed from issuance of new shares pursuant to exercise of ESOS	-	73
(Repayment) / drawdown of short-term borrowings	(13,354)	(4,847)
Repayment on lease liabilities	(938)	(844)
Net cash (used in) / generated from financing activities	<u>(14,292)</u>	<u>(5,618)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,629)	(48,685)
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	10,855	10,746
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	156,117	262,742
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>131,343</u>	<u>224,803</u>
Reconciliation with Cash and Bank Balances:-		
 Deposit for more than 3-months maturity	9,331	7,468
 Cash and bank balances	<u>140,674</u>	<u>232,271</u>

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This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

A1. BASIS OF PREPARATION

These interim financial statements are unaudited and have been prepared in compliance with MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Main Market LR").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 September 2022 and the accompanying explanatory notes attached to this interim financial statements. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of JCY International Berhad and its subsidiaries ("the Group") since the financial year ended 30 September 2022.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2022, except for the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs adopted by the Group for the financial year ending 30 September 2023:-

Effective for financial periods beginning on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 – 2020

Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets -

Onerous Contracts - Cost of Fulfilling a Contract

A3. AUDITORS' REPORT IN PRECEDING FINANCIAL STATEMENTS

The auditors' report on the financial statements for the preceding year was not subject to any audit qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The Group does not experience significant fluctuations in operations due to seasonal factors, although demand for hard disk drive ("HDD") components tends to increase slightly during the last quarter of the financial year as a result of higher demand for HDDs.

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JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

A5. UNUSUAL ITEMS AFFECTING THE ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 March 2023.

A6. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates that have had a material effect in the current financial period results.

A7. CAPITAL COMMITMENTS

The Group has capital commitments for the followings:

	As at 31 Mar 23	As at 30 Sep 22
	RM'000	RM'000
Approved and contracted for :		
Purchase of properties, plants and equipment	1,980	12,837

A8. DEBTS AND EQUITY SECURITIES

There were no issuance, repurchase, cancellation, resale and repayment of debt and equity securities during the quarter under review.

A9. DIVIDENDS PAID

Dividends declared or paid, if any, during the financial quarter under review and the financial year ending 30 September 2023 are disclosed in note B11.

A10. DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are disclosed in the Condensed Consolidated Statements of Comprehensive Income and note B12.

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JCY International Berhad

(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

A11. SEGMENTAL INFORMATION

The Group's activities are predominantly in the sector of trading, manufacturing and assembling of HDD components. As such, segmental information is only presented by geographical segments. The geographical segments are based on the location of assets and these are :

- (i) Malaysia
- (ii) Thailand
- (iii) Others : These consist of segments which cover mainly China and Singapore but which individually fall below the 10% threshold of a reportable segment

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
6 Months Ended 31 March 2023					
Segment revenue					
Sales to external customers	188,654	26,963	244	-	215,861
Inter-segment sales	15,255	-	-	(15,255)	-
Total	203,909	26,963	244	(15,255)	215,861
Segment results	(65,714)	(4,952)	8,709	4,603	(57,354)
As at 31 March 2023					
Total assets	1,368,824	165,939	1,417	(693,302)	842,878
Total liabilities	197,994	167,176	318,228	(566,050)	117,348
6 Months Ended 31 March 2022					
Segment revenue					
Sales to external customers	337,197	182,081	2,541	-	521,819
Inter-segment sales	122,817	-	-	(122,817)	-
Total	460,014	182,081	2,541	(122,817)	521,819
Segment results	2,907	(1,444)	(5,151)	(4,206)	(7,894)
As at 31 March 2022					
Total assets	1,719,173	198,299	317,358	(1,103,729)	1,131,101
Total liabilities	297,583	149,983	345,966	(523,671)	269,861

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(Incorporated in Malaysia - Company No. 200501031285 [713422 X])

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

A12. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review.

A14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2023.

A15. RELATED PARTY TRANSACTIONS

There was no related party transaction in the current period under review and the corresponding period in previous financial year.

A16. MATERIAL EVENT SUBSEQUENT TO END OF CURRENT FINANCIAL QUARTER

There was no material event of sufficient clarity after the current financial quarter under review that have not been reflected in the financial statements for the period.

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ADDITIONAL NOTES REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

	Revenue		Net Profit / (Loss)	
	3 Months Ended		3 Months Ended	
	31 Mar 23	31 Mar 22	31 Mar 23	31 Mar 22
Segments	RM'000	RM'000	RM'000	RM'000
Malaysia	103,637	204,232	(20,796)	(3,058)
Thailand	11,733	77,424	(8,962)	(4,385)
Group	104,618	224,710	(25,283)	(14,269)

	Revenue		Net Profit / (Loss)	
	6 Months Ended		6 Months Ended	
	31 Mar 23	31 Mar 22	31 Mar 23	31 Mar 22
Segments	RM'000	RM'000	RM'000	RM'000
Malaysia	203,909	460,014	(65,714)	2,907
Thailand	26,963	182,081	(4,952)	(1,444)
Group	215,861	521,819	(57,354)	(7,894)

Detailed Analysis for current quarter and cumulative period

The Group recorded a revenue of RM104.6 million and RM215.9 million for the reporting quarter and the cumulative period respective, these represent a reduction of 53.4% in revenue for the reporting quarter and 58.6% for the cumulative period compared to previous year's corresponding periods. The reduction in revenue recorded in the reporting period was due mainly to drop in shipments as a result of weaker market demand.

The Group recorded a net loss of RM25.3 million and RM57.4 million for the reporting quarter and cumulative period respectively, compared to net loss of RM14.3 million and RM7.9 million recorded in the previous year's corresponding periods. The net losses in the reporting quarter and cumulative period were due mainly to lower shipments as explained above.

As our segmental report is based on geographical performance with similar business activities, the factors affecting the earnings and revenue for Malaysia and Thailand segments are similar to those affecting the Group as discussed above.

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ADDITIONAL NOTES REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of approximately RM104.6 million for the reporting quarter. This represents a reduction of 6.0% compared to RM111.2 million revenue recorded in the immediate preceding quarter ended 31 December 2022. The lower revenue was due mainly to drop in USD exchange rates against Ringgit Malaysia.

The Group recorded a loss before tax of RM25.3 million for the reporting quarter, compared to loss before tax of RM36.4 million reported in the immediate preceding quarter ended 31 December 2022. The improvement on loss before tax recorded in the reporting quarter was due mainly to improvement on gross margin as a result of cost rationalisation measures taken place.

B3. FUTURE PROSPECT

For the HDD industry as a whole, the recent solid quarter to quarter increase in nearline shipments contributed to last quarter's Enterprise HDDs positive performance. However, continuing inventory digestion and slower cloud spending may affect hopes of more improvements in nearline demand before the end of the calendar year. Both desktop HDDs and mobile HDDs continue to decline due to seasonal reductions in client markets such as PC and notebook as SSDs continues to cannibalise the traditional desktop and mobile HDDs market. Similarly, Consumer Electronics (CE) demand also declined due to seasonal reductions and the weak economic environment.

The opening of the Chinese economy since December 2022 has yet to generate significant demand for HDD products. It is expected that the inventory will reach more manageable levels by the end of the year.

Operationally, due to near-term uncertainties in HDD demand, we continue to streamline our operations to achieve further improvements in our production efficiency. Our diversification into other industries also continues.

B4. VARIANCE FROM PROFIT FORECAST

Not applicable as the Group has not issued any profit forecast for the period under review.

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ADDITIONAL NOTES REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B5. TAXATION

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	6 Months Ended 31 Mar 23 RM'000	6 Months Ended 31 Mar 22 RM'000
Current year tax	44	36
Relating to temporary tax differences	<u>(4,424)</u>	<u>865</u>
	<u><u>(4,380)</u></u>	<u><u>901</u></u>

B6. PROFIT ON SALES OF UNQUOTED INVESTMENT OR PROPERTIES

There were no sales of unquoted investment or property by the Group for the current quarter under review.

B7. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals which had been announced but not yet completed.

B8. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2023.

	As At 31 Mar 23 RM'000	As At 30 Sep 22 RM'000
Long Term Borrowings and Debt Securities		
Lease liabilities	<u>205</u>	<u>477</u>
Total long term borrowings and lease liabilities	<u>205</u>	<u>477</u>
Short Term Borrowings and Debt Securities		
Bank borrowings	53,601	70,242
Lease liabilities	<u>631</u>	<u>1,249</u>
Total short term borrowings and lease liabilities	<u>54,232</u>	<u>71,491</u>
Total borrowings and lease liabilities	<u><u>54,437</u></u>	<u><u>71,968</u></u>

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ADDITIONAL NOTES REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any off balance sheet financial instruments.

B10. MATERIAL LITIGATION

There is no material litigation which has not yet been resolved as at 31 March 2023.

B11. DIVIDENDS

The Group has not declared or proposed for dividend for current and preceding financial year.

B12. EARNINGS PER SHARE

The basic and diluted earnings per share were derived as below:-

	3 months Ended		Cumulative 6 months Ended	
	31 Mar 23	31 Mar 22	31 Mar 23	31 Mar 22
Net profit / (loss) (RM '000)	(25,283)	(14,269)	(57,354)	(7,894)
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	2,110,800	2,110,600	2,110,800	2,110,563
Basic earnings / (loss) per share (Sen)	(1.20)	(0.68)	(2.72)	(0.37)
Diluted weighted average no. of ordinary shares (excluding Treasury Shares) ('000)	2,145,473	2,115,712	2,145,473	2,115,712
Diluted earnings / (loss) per share (Sen)	(1.18)	(0.67)	(2.67)	(0.37)

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ADDITIONAL NOTES REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B13. (LOSS) / PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	3 months Ended		Cumulative 6 months Ended	
	31 Mar 23	31 Mar 22	31 Mar 23	31 Mar 22
After charging:-	RM'000	RM'000	RM'000	RM'000
Interest Expense	820	804	1,673	1,293
Depreciation and Amortization	11,473	13,556	23,696	26,979
Foreign Exchange Loss (net)	-	-	-	-
Loss on disposal of property, plant and equipment / land use rights (net)	-	34	-	54
Property, plant and equipment written-off	-	-	-	1
Impairment loss	-	-	-	-
Inventory written down to NRV and obsolete inventory written-off	-	-	-	-
Provision for and write off of receivables	-	-	-	-
After crediting:-				
Interest Income	1,152	109	1,891	475
Investment Income	-	258	-	408
Other Income	18	143	198	239
Foreign Exchange Gain (Net)	3,787	3,233	4,573	4,161
Gain on disposal of property, plant and equipment (Net)	-	-	-	-

There were no gain or loss on disposal of quoted or unquoted investments and other exceptional items for the current quarter under review and cumulative period ended 31 March 2023.

By Order of the Board

Company Secretary
19 May 2023