



JCY INTERNATIONAL BERHAD

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

Interim Financial Statements
31 Dec 2021



JCY International Berhad

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For The Period Ended 31 December 2021 (Unaudited)

	Individual Quarter		Cumulative	
	3 Months Ended		3 Months Ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	297,109	276,852	297,109	276,852
Cost of sales	<u>(279,541)</u>	<u>(287,131)</u>	<u>(279,541)</u>	<u>(287,131)</u>
Gross profit / (loss)	17,568	(10,279)	17,568	(10,279)
Other operating income	612	1,228	612	1,228
Foreign exchange gain	928	41	928	41
General and administrative expenses	<u>(10,007)</u>	<u>(9,274)</u>	<u>(10,007)</u>	<u>(9,274)</u>
Profit / (Loss) from operations	9,101	(18,284)	9,101	(18,284)
Finance costs	<u>(635)</u>	<u>(482)</u>	<u>(635)</u>	<u>(482)</u>
Profit / (loss) before taxation	8,466	(18,766)	8,466	(18,766)
Income tax (expense) / credit	<u>(2,091)</u>	<u>1,039</u>	<u>(2,091)</u>	<u>1,039</u>
Net profit / (loss) for the period	<u><u>6,375</u></u>	<u><u>(17,727)</u></u>	<u><u>6,375</u></u>	<u><u>(17,727)</u></u>
Other comprehensive income / (loss)				
- Foreign currency translation	(2,256)	1,343	(2,256)	1,343
Total comprehensive income / (loss) for the period	<u><u>4,119</u></u>	<u><u>(16,384)</u></u>	<u><u>4,119</u></u>	<u><u>(16,384)</u></u>
Net profit / (loss) attributable to:				
- Equity holders of the Company	6,375	(17,727)	6,375	(17,727)
Basic earning / (loss) per share (Sen)	0.30	(0.84)	0.30	(0.84)
Diluted earning / (loss) per share (Sen)	<u>0.30</u>	<u>(0.84)</u>	<u>0.30</u>	<u>(0.84)</u>
Total comprehensive income / (loss) attributable to:				
- Equity holders of the Company	4,119	(16,384)	4,119	(16,384)
Basic total comprehensive income / (loss) per share for the period (sen)	0.20	(0.78)	0.20	(0.78)
Diluted total comprehensive income / (loss) per share for the period (sen)	<u>0.19</u>	<u>(0.77)</u>	<u>0.19</u>	<u>(0.77)</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2021 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 December 2021 (Unaudited)

	As At 31 Dec 2021 Unaudited RM'000	As At 30 Sep 2021 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	324,518	325,577
Right of use assets	29,044	29,341
Goodwill	4,393	4,393
Deferred tax assets	444	440
Restricted bank deposits	1,611	1,598
	<u>360,010</u>	<u>361,349</u>
Current assets		
Inventories	259,110	234,133
Trade and other receivables	239,916	226,643
Non-current assets held for sales	-	390
Other current assets	16,402	17,520
Tax recoverable	953	913
Short term fund	47,963	47,813
Cash and bank balances	243,123	270,210
	<u>807,467</u>	<u>797,622</u>
TOTAL ASSETS	<u><u>1,167,477</u></u>	<u><u>1,158,971</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	549,141	549,131
Reserves	323,184	319,065
Total equity	<u>872,325</u>	<u>868,196</u>
Non-current liabilities		
Deferred tax liabilities	13,929	12,025
Lease liabilities	4,107	4,332
Long term employees benefits	2,359	2,107
	<u>20,395</u>	<u>18,464</u>
Current liabilities		
Trade and other payables	176,878	174,819
Short term borrowings	96,316	96,038
Short term lease liabilities	1,563	1,454
	<u>274,757</u>	<u>272,311</u>
Total liabilities	<u>295,152</u>	<u>290,775</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,167,477</u></u>	<u><u>1,158,971</u></u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2021 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 December 2021 (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 2021	549,131	34,104	4,884	(15,584)	295,661	868,196
Total comprehensive income for the period	-	(2,256)	-	-	6,375	4,119
Transactions with owners:-						
Issuance of new shares pursuant to ESOS	10	-	-	-	-	10
At 31 December 2021	549,141	31,848	4,884	(15,584)	302,036	872,325
At 01 October 2020	544,871	57,887	5,270	(15,584)	330,646	923,090
Total comprehensive income for the period	-	1,343	-	-	(17,727)	(16,384)
Transactions with owners:-						
Issuance of new shares pursuant to ESOS	2,288	-	-	-	-	2,288
At 31 December 2020	547,159	59,230	5,270	(15,584)	312,919	908,994
Total comprehensive income for the period	-	(25,126)	-	-	(17,644)	(42,770)
Transactions with owners:-						
Reclass ESOS reserves to retained earnings	-	-	(386)	-	386	-
Issuance of new shares pursuant to ESOS	1,972	-	-	-	-	1,972
At 30 September 2021	549,131	34,104	4,884	(15,584)	295,661	868,196

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2021 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 December 2021 (Unaudited)

	Cumulative 3 Months Ended	
	31 Dec 2021	31 Dec 2020
	Unaudited	Unaudited
	RM'000	RM'000
CASH FLOWS FROM		
OPERATING ACTIVITIES		
(Loss) / profit before taxation	8,466	(18,766)
Adjustments for :		
Depreciation	12,902	10,477
Amortisation of rights of use	521	461
(Gain)/loss on disposal of PPE / right of use	20	1,810
Inventory written down to NRV and obsolete inventory written-off	-	-
Unrealised (gain)/loss on foreign exchange	(6,083)	(4,495)
Property, plant and equipment written off	1	7
Defined benefit plan	208	61
Interest and investment income	(516)	(1,189)
Interest expense	489	352
Operating cash flow before working capital changes	16,008	(11,282)
Inventories	(24,977)	10,043
Receivables	(16,752)	(5,672)
Other Current Assets	1,118	1,724
Payables	2,013	8,689
Cash generated from operations	(22,590)	3,502
Interest paid	(428)	(290)
Tax (paid) / recovered	(231)	(210)
Net cash (used in) / generated from operating activities	(23,249)	3,002

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JCY International Berhad

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 31 December 2021 (Unaudited)

	Cumulative 3 Months Ended	
	31 Dec 2021	31 Dec 2020
(Continued)		
CASH FLOWS FROM	Unaudited	Unaudited
 INVESTING ACTIVITIES	RM'000	RM'000
Acquisition of property, plant and equipment	(11,235)	(17,749)
Proceeds from disposal of property, plant and equipment	735	1,881
Additional deposits in short term fund	(150)	(234)
Placement of deposit for more than 3-months maturity	-	7,300
Interest and investment income received	516	1,189
Net cash used in investing activities	<u>(10,134)</u>	<u>(7,613)</u>
CASH FLOWS FROM		
 FINANCING ACTIVITIES		
Dividend paid	-	-
Proceed from issuance of new shares pursuant to exercise of ESOS	10	2,288
Drawdown / (repayment) of short-term borrowings	905	30,758
Repayment on lease liabilities	(406)	(328)
Net cash generated from financing activities	<u>509</u>	<u>32,718</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(32,874)	28,107
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	5,787	9,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	262,742	274,038
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>235,655</u>	<u>311,189</u>
Reconciliation with Cash and Bank Balances:-		
Deposit for more than 3-months maturity	<u>7,468</u>	<u>-</u>
Cash and bank balances	<u>243,123</u>	<u>311,189</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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 2021 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 2021.

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 2021, 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 2022:-

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16:

Interest Rate Benchmark Reform - Phase 2

Effective for financial periods beginning on or after 1 April 2021

Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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 December 2021.

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 Dec 21	As at 30 Sep 21
Approved and contracted for :	RM'000	RM'000
Purchase of properties, plants and equipment	10,800	7,481

A8. DEBTS AND EQUITY SECURITIES

During the quarter under review, the Company issued 40,000 new ordinary shares arising from the exercise of options granted under the Executive Share Option Scheme ("ESOS") for the Eligible Executives of JCY International Berhad and its subsidiaries at the exercise price of 25 sen per share.

There were no 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 2022 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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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
3 Months Ended 31 December 2021					
Segment revenue					
Sales to external customers	191,160	104,657	1,292	-	297,109
Inter-segment sales	64,622	-	-	(64,622)	-
Total	<u>255,782</u>	<u>104,657</u>	<u>1,292</u>	<u>(64,622)</u>	<u>297,109</u>
Segment results	<u>5,965</u>	<u>2,941</u>	<u>(3,059)</u>	<u>528</u>	<u>6,375</u>
As at 31 December 2021					
Total assets	1,740,454	197,917	234,297	(1,005,191)	1,167,477
Total liabilities	315,778	187,350	261,436	(469,412)	295,152
3 Months Ended 31 December 2020					
Segment revenue					
Sales to external customers	189,680	86,585	587	-	276,852
Inter-segment sales	54,766	-	-	(54,766)	-
Total	<u>244,446</u>	<u>86,585</u>	<u>587</u>	<u>(54,766)</u>	<u>276,852</u>
Segment results	<u>(21,489)</u>	<u>(1,620)</u>	<u>(4,167)</u>	<u>9,549</u>	<u>(17,727)</u>
As at 31 December 2020					
Total assets	1,595,545	208,251	544,122	(1,176,448)	1,171,470
Total liabilities	217,090	233,706	366,569	(554,889)	262,476

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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 December 2021.

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 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
Segments	RM'000	RM'000	RM'000	RM'000
Malaysia	255,782	244,446	5,965	(21,489)
Thailand	104,657	86,585	2,941	(1,620)
Group	297,109	276,852	6,375	(17,727)

Detailed Analysis for current quarter and cumulative period

The Group recorded a revenue of RM297.1 million reporting quarter, this represents an improvement of 7.3% in revenue for the reporting quarter compared to previous year's corresponding period. The improvement in revenue recorded in the reporting period was due mainly to the completion of re-alignment of customer base.

The Group recorded a net profit of RM6.4 million for the reporting quarter, compared to net loss of RM17.7 million recorded in the previous year's corresponding period. The improvement of the net results for the financial year were due mainly to the increased revenue as explained above and improved utilisation of the operation facilities.

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.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a revenue of approximately RM297.1 million for the reporting quarter or 14.2% higher compared to RM260.2 million recorded in the immediate preceding quarter ended 30 September 2021. The higher revenue was due mainly to the completion of re-alignment of customer base.

The Group recorded a profit before tax of RM8.5 million for the reporting quarter, compared to profit before tax of RM25.0 million reported in the immediate preceding quarter ended 30 September 2021. The profit before tax recorded in the immediate preceding quarter included one-time gain of RM36.7 million arising from liquidation of a foreign subsidiary. Without the one-time gain, the reported result before tax would have been a loss of RM11.7 million in the immediate preceding quarter, compared to profit before tax of RM8.5 million recorded in the reporting quarter, the improvement in result before tax was due mainly to better contribution of gross profit as a result of the increased revenue in the reporting quarter as explained above.

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

B3. FUTURE PROSPECT

HDDs continue to maintain a significant cost advantage over SSDs, particularly in hyperscale and cloud applications. Recently, the persistent shortage of chip supplies appears to have adversely affected cost and availability of SSDs, and this has benefited HDD pricing.

The total addressable market (TAM) for HDD remains stable and is expected to amount to around 60 million per quarter for the year 2022. Market demand for mobile HDD and Desktop HDD while declining in line with historical patterns, is expected to pick up later in the financial year. Enterprise HDD demand experienced single digit percentage decline quarter to quarter; it is understood that this is due to system OEM and cloud vendors facing difficulties in securing components for system deployment, and is expected to firm up once bottlenecks in the supply chain are resolved.

Operationally, our vaccination programmes and other measures to ensure safe working environment for our employees in the face of the continuing COVID-19 pandemic in Malaysia and Thailand appear to have been effective in minimising workforce disruption.

B4. VARIANCE FROM PROFIT FORECAST

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

B5. TAXATION

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	3 Months Ended 31 Dec 21 RM'000	3 Months Ended 31 Dec 20 RM'000
Current year tax	18	38
Relating to temporary tax differences	<u>2,073</u>	<u>(1,077)</u>
	<u><u>2,091</u></u>	<u><u>(1,039)</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.

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

B8. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2021.

	As At 31 Dec 21 RM'000	As At 30 Sep 21 RM'000
Long Term Borrowings and Debt Securities		
Lease liabilities	4,107	4,332
Total long term borrowings and lease liabilities	<u>4,107</u>	<u>4,332</u>
Short Term Borrowings and Debt Securities	RM'000	RM'000
Bank borrowings	96,316	96,038
Lease liabilities	1,563	1,454
Total short term borrowings and lease liabilities	<u>97,879</u>	<u>97,492</u>
Total borrowings and lease liabilities	<u>101,986</u>	<u>101,824</u>

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 December 2021.

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 3 months Ended	
	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
Net profit / (loss) (RM '000)	6,375	(17,727)	6,375	(17,727)
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	2,110,527	2,100,609	2,110,527	2,100,609
Basic earnings / (loss) per share (Sen)	0.30	(0.84)	0.30	(0.84)
Diluted weighted average no. of ordinary shares (excluding Treasury Shares) ('000)	2,115,712	2,115,712	2,115,712	2,115,712
Diluted earnings / (loss) per share (Sen)	0.30	(0.84)	0.30	(0.84)

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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 3 months Ended	
	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
	RM'000	RM'000	RM'000	RM'000
After charging:-				
Interest Expense	489	352	489	352
Depreciation and Amortization	13,423	10,938	13,423	10,938
Foreign Exchange Loss (net)	-	-	-	-
Loss on disposal of property, plant and equipment / land use rights (net)	20	1,810	20	1,810
Property, plant and equipment written-off	1	7	1	7
Impairment loss	-	-	-	-
Inventory written down to NRV and obsolete inventory written-off	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
After crediting:-				
Interest Income	366	956	366	956
Investment Income	150	233	150	233
Reversal of impairment	-	-	-	-
Gain on liquidation of subsidiary	-	-	-	-
Other Income	96	39	96	39
Foreign Exchange Gain (Net)	928	41	928	41
Gain on disposal of property, plant and equipment (Net)	-	2,438	-	2,438
	<u>-</u>	<u>2,438</u>	<u>-</u>	<u>2,438</u>

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 December 2021.

By Order of the Board

Company Secretary
22 February 2022