



JCY INTERNATIONAL BERHAD

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

Interim Financial Statements
31 Dec 2023



JCY International Berhad

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

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

	Individual Quarter 3 Months Ended		Cumulative 3 Months Ended	
	31 Dec 2023 Unaudited RM'000	31 Dec 2022 Unaudited RM'000	31 Dec 2023 Unaudited RM'000	31 Dec 2022 Unaudited RM'000
Revenue	126,712	111,243	126,712	111,243
Cost of sales	<u>(128,178)</u>	<u>(141,243)</u>	<u>(128,178)</u>	<u>(141,243)</u>
Gross loss	(1,466)	(30,000)	(1,466)	(30,000)
Other operating income	5,577	919	5,577	919
Foreign exchange gain	179	786	179	786
General and administrative expenses	(5,839)	(7,134)	(5,839)	(7,134)
Other operating expenses	<u>(249)</u>	<u>-</u>	<u>(249)</u>	<u>-</u>
Loss from operations	(1,798)	(35,429)	(1,798)	(35,429)
Finance costs	<u>(773)</u>	<u>(976)</u>	<u>(773)</u>	<u>(976)</u>
Loss before taxation	(2,571)	(36,405)	(2,571)	(36,405)
Income tax (expense)/credit	<u>(75)</u>	<u>4,334</u>	<u>(75)</u>	<u>4,334</u>
Net loss for the period	<u><u>(2,646)</u></u>	<u><u>(32,071)</u></u>	<u><u>(2,646)</u></u>	<u><u>(32,071)</u></u>
Other comprehensive income				
- Foreign currency translation	1,158	174	1,158	174
- Recycling of translation differences to income statement on derecognising a subsidiary	249	-	249	-
Total comprehensive loss for the period	<u><u>(1,239)</u></u>	<u><u>(31,897)</u></u>	<u><u>(1,239)</u></u>	<u><u>(31,897)</u></u>
Net loss attributable to:				
- Equity holders of the Company	(2,646)	(32,071)	(2,646)	(32,071)
Basic loss per share (Sen)	(0.13)	(1.52)	(0.13)	(1.52)
Dilluted loss per share (Sen)	<u><u>(0.12)</u></u>	<u><u>(1.49)</u></u>	<u><u>(0.12)</u></u>	<u><u>(1.49)</u></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 2023 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 2023 (Unaudited)

	As At 31 Dec 2023 Unaudited RM'000	As At 30 Sep 2023 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	248,616	253,871
Right of use assets	22,870	23,172
Restricted bank deposits	1,894	1,813
	<u>273,380</u>	<u>278,856</u>
Current assets		
Inventories	207,832	230,122
Trade and other receivables	142,819	168,753
Non-current assets held for sales	-	3,450
Other current assets	6,516	8,115
Tax recoverable	839	839
Cash and bank balances	147,825	103,126
	<u>505,831</u>	<u>514,405</u>
TOTAL ASSETS	<u><u>779,211</u></u>	<u><u>793,261</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	549,204	549,204
Reserves	133,542	134,650
Total equity	<u>682,746</u>	<u>683,854</u>
Non-current liabilities		
Deferred tax liabilities	54	54
Lease liabilities	53	92
Long term employees benefits	1,148	1,172
	<u>1,255</u>	<u>1,318</u>
Current liabilities		
Trade and other payables	61,177	63,473
Short term borrowings	33,681	44,143
Short term lease liabilities	281	402
Tax payable	71	71
	<u>95,210</u>	<u>108,089</u>
Total liabilities	<u>96,465</u>	<u>109,407</u>
TOTAL EQUITY AND LIABILITIES	<u><u>779,211</u></u>	<u><u>793,261</u></u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2023 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 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 2023	549,204	26,868	7,190	(15,584)	116,176	683,854
Total comprehensive loss for the period	-	1,407	-	-	(2,646)	(1,239)
Transactions with owners:-						
Share-based payments under ESOS	-	-	131	-	-	131
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-
At 31 December 2023	549,204	28,275	7,321	(15,584)	113,530	682,746
At 01 October 2022	549,204	36,697	5,905	(15,584)	206,480	782,702
Total comprehensive loss for the period	-	174	-	-	(32,071)	(31,897)
Transactions with owners:-						
Share-based payments under ESOS	-	-	321	-	-	321
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-
At 31 December 2022	549,204	36,871	6,226	(15,584)	174,409	751,126
Total comprehensive loss for the period	-	(10,003)	-	-	(58,233)	(68,236)
Transactions with owners:-						
Dividend	-	-	-	-	-	-
Share-based payments under ESOS	-	-	964	-	-	964
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-
At 30 September 2023	549,204	26,868	7,190	(15,584)	116,176	683,854

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2023 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 2023 (Unaudited)

	Cumulative 3 Months Ended	
	31 Dec 2023	31 Dec 2022
	Unaudited	Unaudited
	RM'000	RM'000
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Loss before taxation	(2,571)	(36,405)
Adjustments for :		
Depreciation	10,036	11,669
Amortisation of rights of use	315	554
Gain on liquidation of subsidiaries	(249)	-
Gain on disposal of assets held for sales	(4,149)	-
Unrealised (loss)/gain on foreign exchange	2,672	(632)
Share-based payments under ESOS	131	321
Defined benefit plan	(74)	(289)
Interest and investment income	(1,293)	(739)
Interest expense	671	853
Operating cash flow before working capital changes	5,489	(24,668)
Inventories	22,290	27,218
Receivables	16,785	(9,086)
Other Current Assets	1,599	1,537
Payables	(1,211)	(28,684)
Cash generated from/(used in) operating activities	44,952	(33,683)
Interest paid	(666)	(836)
Tax paid	(75)	(83)
Net cash generated from/(used in) operating activities	44,211	(34,602)

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JCY International Berhad

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

	Cumulative 3 Months Ended	
	31 Dec 2023	31 Dec 2022
(Continued)		
CASH FLOWS FROM	Unaudited	Unaudited
 INVESTING ACTIVITIES	RM'000	RM'000
Acquisition of property, plant and equipment	(1,276)	(946)
Proceeds from disposal of assets held for sales	7,599	5,278
Interest and investment income received	1,293	739
Net cash generated from investing activities	<u>7,616</u>	<u>5,071</u>
CASH FLOWS FROM		
 FINANCING ACTIVITIES		
Dividend paid	-	-
Repayment of short-term borrowings	(10,314)	(2,596)
Repayment on lease liabilities	(180)	(469)
Net cash used in financing activities	<u>(10,494)</u>	<u>(3,065)</u>
NET INCREASE/(DEREASE) IN CASH AND CASH EQUIVALENTS	41,333	(32,596)
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	3,366	919
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	103,126	156,117
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>147,825</u>	<u>124,440</u>
Reconciliation with Cash and Bank Balances:-		
 Deposit for more than 3-months maturity	-	9,331
 Cash and bank balances	<u>147,825</u>	<u>133,771</u>

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JCY International Berhad

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 2023 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 2023.

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 2023, 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 2024:-

Effective for financial periods beginning on or after 1 January 2023

MFRS 17: Insurance Contracts

Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9

- Comparative Information

Amendments to MFRS 101: Presentation of Financial Statements

- Classification of Liabilities as Current or Non-current

- Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

- Definition of Accounting Estimates

Amendments to MFRS 112: Income Taxes

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

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 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 December 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	As at
	31 Dec 23	30 Sep 23
	RM'000	RM'000
Approved and contracted for :		
Purchase of properties, plants and equipment	1,280	2,076

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 2024 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 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
3 Months Ended 31 December 2023					
Segment revenue					
Sales to external customers	107,425	19,287	-	-	126,712
Inter-segment sales	4,934	-	-	(4,934)	-
Total	<u>112,359</u>	<u>19,287</u>	<u>-</u>	<u>(4,934)</u>	<u>126,712</u>
Segment results	<u>(5,305)</u>	<u>3,062</u>	<u>(65)</u>	<u>(338)</u>	<u>(2,646)</u>
As at 31 December 2023					
Total assets	1,252,575	150,735	5,440	(629,539)	779,211
Total liabilities	135,857	122,127	45,910	(207,429)	96,465
3 Months Ended 31 December 2022					
Segment revenue					
Sales to external customers	95,759	15,230	254	-	111,243
Inter-segment sales	4,513	-	-	(4,513)	-
Total	<u>100,272</u>	<u>15,230</u>	<u>254</u>	<u>(4,513)</u>	<u>111,243</u>
Segment results	<u>(44,918)</u>	<u>4,010</u>	<u>(1,425)</u>	<u>10,262</u>	<u>(32,071)</u>
As at 31 December 2022					
Total assets	1,388,093	165,205	7,495	(681,295)	879,498
Total liabilities	195,136	157,375	332,415	(556,554)	128,372

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

During the financial year under review, an indirect wholly owned subsidiary of the Company, YQ Technology (Jiangsu) Co. Ltd., has completed the voluntary liquidation process.

A14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 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

Segments	Revenue		Net Profit / (Loss)	
	3 Months Ended		3 Months Ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	RM'000	RM'000	RM'000	RM'000
Malaysia	112,359	100,272	(5,305)	(44,918)
Thailand	19,287	15,230	3,062	4,010
Group	126,712	111,243	(2,646)	(32,071)

Detailed Analysis for current quarter and cumulative period

The Group recorded a revenue of RM126.7 million for the reporting period, this represents an increment of 12.1% in revenue for the reporting quarter compared to previous year's corresponding period. The increment in revenue recorded in the reporting period was due mainly to an increase in shipments as an early sign of recovery of demands from customers.

The Group recorded a net loss of RM2.6 million for the reporting quarter, compared to a net loss of RM32.1 million recorded in the previous year's corresponding period. The improvement in net result in the reporting quarter was due mainly to the improvement of gross margin as a result of cost rationalisation efforts that the Group consistently put in in the past quarters.

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 RM126.7 million for the reporting quarter. This represents an increment of 0.6% compared to RM126.0 million revenue recorded in the immediate preceding quarter ended 30 September 2023. The higher revenue was due mainly to the strengthening of USD against Malaysian Ringgit during the reporting quarter.

The Group recorded a loss before tax of RM2.6 million for the reporting quarter, compared to loss before tax of RM29.6 million reported in the immediate preceding quarter ended 30 September 2023. The improvement of profit before tax recorded in the reporting quarter was due mainly to the improvement of gross margin as a result of the cost rationalisation efforts that the Group consistently putting in in the past quarters.

B3. FUTURE PROSPECT

Since last quarter total HDD storage market TAM unit shipments declined to 29 million pieces for the quarter ended 30 September 2023, the 31 December 2023 quarter recorded a slight increase in unit shipments. Further, we noted from the data storage industry's report of improved nearline and surveillance HDD demand which indicates early signs of recovery for recent months. We are also seeing a slight pick up in our storage portfolio coming off from the bottom.

Our short to medium term strategy remains to strengthen our core in the storage industry while diversifying into other industries. We aim to be recognized as a Quality focused, engineering based precision casting, machining and assembly company. Improving the utilization of our plant, equipment, and machinery, while increasing our revenues.

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% (2023: 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 23 RM'000	3 Months Ended 31 Dec 22 RM'000
Current year tax	75	90
Relating to temporary tax differences	-	(4,424)
	<u>75</u>	<u>(4,334)</u>

B6. PROFIT ON SALES OF UNQUOTED INVESTMENT OR PROPERTIES

During the quarter under review, the Group disposed a property which includes a warehouse building on a piece of freehold land. The disposal transaction recorded a realised gain of RM4,149,000. The property disposed was used by the Group as a spare warehouse and the disposal of the property does not affect the production capacity of the Group.

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 December 2023.

	As At 31 Dec 23 RM'000	As At 30 Sep 23 RM'000
Long Term Borrowings and Debt Securities		
Lease liabilities	53	92
Total long term borrowings and lease liabilities	<u>53</u>	<u>92</u>
Short Term Borrowings and Debt Securities		
Bank borrowings	33,681	44,143
Lease liabilities	281	402
Total short term borrowings and lease liabilities	<u>33,962</u>	<u>44,545</u>
Total borrowings and lease liabilities	<u>34,015</u>	<u>44,637</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 December 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 3 months Ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Net loss (RM '000)	(2,646)	(32,071)	(2,646)	(32,071)
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	2,110,800	2,110,800	2,110,800	2,110,800
Basic loss per share (Sen)	(0.13)	(1.52)	(0.13)	(1.52)
Diluted weighted average no. of ordinary shares (excluding Treasury Shares) ('000)	2,140,966	2,145,473	2,140,966	2,145,473
Diluted loss per share (Sen)	(0.12)	(1.49)	(0.12)	(1.49)

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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 23	31 Dec 22	31 Dec 23	31 Dec 22
	RM'000	RM'000	RM'000	RM'000
After charging:-				
Interest Expense	671	853	671	853
Depreciation and Amortization	<u>10,351</u>	<u>12,223</u>	<u>10,351</u>	<u>12,223</u>
After crediting:-				
Interest Income	1,293	739	1,293	739
Other Income	135	180	135	180
Foreign Exchange Gain (Net)	179	786	179	786
Gain on disposal of assets held for sales (Net)	<u>4,149</u>	<u>-</u>	<u>4,149</u>	<u>-</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 2023.

By Order of the Board

Company Secretary
27 February 2024