



# **JCY INTERNATIONAL BERHAD**

(713422 X)

(Incorporated in Malaysia)

## **Interim Financial Statements**

30 Jun 2016



# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For The Period Ended 30 June 2016 (Unaudited)

|   | Individual Quarter<br>3 Months Ended |                                    | Cumulative<br>9 Months Ended       |                                    |
|---|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | 30 Jun 2016<br>Unaudited<br>RM'000   | 30 Jun 2015<br>Unaudited<br>RM'000 | 30 Jun 2016<br>Unaudited<br>RM'000 | 30 Jun 2015<br>Unaudited<br>RM'000 |
| Revenue   | 343,841                              | 479,754                            | 1,329,289                          | 1,476,419                          |
| Cost of sales   | (364,932)                            | (436,037)                          | (1,264,040)                        | (1,338,559)                        |
| Gross profit  | (21,091)                             | 43,717                             | 65,249                             | 137,860                            |
| Other operating income  | 1,641                                | 1,333                              | 5,970                              | 4,530                              |
| Foreign exchange (loss) / gain  | 17,184                               | (1,328)                            | (10,252)                           | 25,611                             |
| General and administrative expenses   | (21,362)                             | (9,475)                            | (43,538)                           | (29,518)                           |
| Derivative gain / (loss)  | (1,205)                              | -                                  | (1,413)                            |                                    |
| (Loss) / profit from operations   | (24,833)                             | 34,247                             | 16,016                             | 138,483                            |
| Finance costs   | (371)                                | (593)                              | (1,077)                            | (1,293)                            |
| (Loss) / profit before taxation   | (25,204)                             | 33,654                             | 14,939                             | 137,190                            |
| Income tax expense  | (3,396)                              | (1,100)                            | (8,572)                            | (3,297)                            |
| Net (loss) / profit for the period  | (28,600)                             | 32,554                             | 6,367                              | 133,893                            |
| Other comprehensive (loss) / income:  |                                      |                                    |                                    |                                    |
| - Foreign currency translation  | (19,975)                             | 5,005                              | (31,122)                           | 35,962                             |
| Total comprehensive (loss) / income<br>for the period                         | (48,575)                             | 37,559                             | (24,755)                           | 169,855                            |
| Net (loss) / profit attributable to:  |                                      |                                    |                                    |                                    |
| - Equity holders of the Company   | (28,600)                             | 32,554                             | 6,367                              | 133,893                            |
| Basic (loss) / earnings per share (Sen)                                       | (1.39)                               | 1.59                               | 0.31                               | 6.58                               |
| Diluted (loss) / earnings per share (Sen)                                     | (1.38)                               | 1.58                               | 0.31                               | 6.48                               |
| Total comprehensive (loss) / income<br>attributeable to:                      |                                      |                                    |                                    |                                    |
| - Equity holders of the Company   | (48,575)                             | 37,559                             | (24,755)                           | 169,855                            |
| Basic total comprehensive (loss) / income<br>per share for the period (sen)   | (2.36)                               | 1.84                               | (1.20)                             | 8.34                               |
| Diluted total comprehensive (loss) / income<br>per share for the period (sen) | (2.35)                               | 1.82                               | (1.20)                             | 8.22                               |

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016 (Unaudited)

|   | As At<br>30 Jun 2016<br>Unaudited<br>RM'000 | As At<br>30 Sep 2015<br>Audited<br>RM'000 |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| <b>Non-current assets</b>                                   |   |   |
| Property, plant and equipment                               | 564,220                                     | 649,338                                   |
| Land use rights   | 19,963                                      | 20,608                                    |
| Deferred tax assets   | 2,419                                       | 10,673                                    |
| Restricted bank deposits                                    | 1,344                                       | 1,419                                     |
|   | <u>587,946</u>                              | <u>682,038</u>                            |
| <b>Current assets</b>                                       |   |   |
| Inventories   | 319,126                                     | 366,238                                   |
| Trade and other receivables                                 | 220,794                                     | 366,154                                   |
| Other current assets  | 14,408                                      | 15,119                                    |
| Tax recoverable   | -   | 207                                       |
| Investment with Financial Institution (Islamic Cash Fund)   | 40,444                                      | -   |
| Cash and bank balances                                      | 348,899                                     | 383,488                                   |
|   | <u>943,671</u>                              | <u>1,131,206</u>                          |
| <b>TOTAL ASSETS</b>   | <u><u>1,531,617</u></u>                     | <u><u>1,813,244</u></u>                   |
| <b>EQUITY AND LIABILITIES</b>                               |   |   |
| <b>Equity attributable to equity holders of the Company</b> |   |   |
| Share capital   | 519,030                                     | 515,669                                   |
| Reserves  | 653,357                                     | 785,036                                   |
| <b>Total equity</b>   | <u>1,172,387</u>                            | <u>1,300,705</u>                          |
| <b>Non-current liabilities</b>                              |   |   |
| Deferred tax liabilities                                    | 39,969                                      | 39,969                                    |
| Long term employees benefits                                | 3,030                                       | 2,695                                     |
|   | <u>42,999</u>                               | <u>42,664</u>                             |
| <b>Current liabilities</b>                                  |   |   |
| Trade and other payables                                    | 217,702                                     | 297,742                                   |
| Short term borrowings                                       | 71,285                                      | 138,567                                   |
| Tax payable   | 79  | -   |
| Dividends payable   | 25,752                                      | 25,584                                    |
| Derivative liabilities                                      | 1,413                                       | 7,982                                     |
|   | <u>316,231</u>                              | <u>469,875</u>                            |
| <b>Total liabilities</b>                                    | <u>359,230</u>                              | <u>512,539</u>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <u><u>1,531,617</u></u>                     | <u><u>1,813,244</u></u>                   |

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Period Ended 30 June 2016 (Unaudited)

|   | Non-distributable<br>←-----> |                                  |                            |                            |                              | Distributable<br>←----->       |                  | Total<br>RM'000 |
|---|------------------------------|----------------------------------|----------------------------|----------------------------|------------------------------|--------------------------------|------------------|-----------------|
|   | Foreign currency             |                                  | Share<br>premium<br>RM'000 | ESOS<br>reserves<br>RM'000 | Treasury<br>shares<br>RM'000 | Retained<br>earnings<br>RM'000 |                  |                 |
|   | Share<br>capital<br>RM'000   | translation<br>reserve<br>RM'000 |                            |                            |                              |                                |                  |                 |
| <b>At 01 October 2015</b>                 | 515,669                      | 87,403                           | 9,686                      | 3,719                      | (15,584)                     | 699,812                        | 1,300,705        |                 |
| Total comprehensive income for the period | -                            | (29,590)                         |                            | -                          | -                            | 6,367                          | (23,223)         |                 |
| Transactions with owners:-                |                              |                                  |                            |                            |                              |                                |                  |                 |
| Dividend                                  | -                            | -                                | -                          | -                          | -                            | (113,296)                      | (113,296)        |                 |
| Grant of ESOS                             | -                            | -                                | -                          | -                          | -                            | -                              | -                |                 |
| Exercise of ESOS                          | 3,361                        | -                                | 7,426                      | (2,586)                    | -                            | -                              | 8,201            |                 |
| <b>At 30 June 2016</b>                    | <b>519,030</b>               | <b>57,813</b>                    | <b>17,112</b>              | <b>1,133</b>               | <b>(15,584)</b>              | <b>592,883</b>                 | <b>1,172,387</b> |                 |
| <b>At 01 October 2014</b>                 | 511,982                      | 31,352                           | 1,652                      | 5,513                      | (15,584)                     | 587,215                        | 1,122,130        |                 |
| Total comprehensive income for the period | -                            | 35,962                           |                            | -                          | -                            | 133,893                        | 169,855          |                 |
| Transactions with owners:-                |                              |                                  |                            |                            |                              |                                |                  |                 |
| Dividend                                  | -                            | -                                | -                          | -                          | -                            | (71,319)                       | (71,319)         |                 |
| Grant of ESOS                             | -                            | -                                | -                          | 931                        | -                            | -                              | 931              |                 |
| Exercise of ESOS                          | 3,121                        | -                                | 6,772                      | (2,278)                    | -                            | -                              | 7,615            |                 |
| <b>At 30 June 2015</b>                    | <b>515,103</b>               | <b>67,314</b>                    | <b>8,424</b>               | <b>4,166</b>               | <b>(15,584)</b>              | <b>649,789</b>                 | <b>1,229,212</b> |                 |
| Total comprehensive income for the period | -                            | 20,089                           | -                          | -                          | -                            | 75,607                         | 95,696           |                 |
| Transactions with owners:-                |                              |                                  |                            |                            |                              |                                |                  |                 |
| Dividend                                  | -                            | -                                | -                          | -                          | -                            | (25,584)                       | (25,584)         |                 |
| Grant of ESOS                             | -                            | -                                | -                          | -                          | -                            | -                              | -                |                 |
| Exercise of ESOS                          | 566                          | -                                | 1,262                      | (447)                      | -                            | -                              | 1,381            |                 |
| <b>At 30 September 2015</b>               | <b>515,669</b>               | <b>87,403</b>                    | <b>9,686</b>               | <b>3,719</b>               | <b>(15,584)</b>              | <b>699,812</b>                 | <b>1,300,705</b> |                 |

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 30 June 2016 (Unaudited)

|  | Cumulative 9 Months Ended |             |
|--|---------------------------|-------------|
|  | 30 Jun 2016               | 30 Jun 2015 |
|  | Unaudited                 | Unaudited   |
|  | RM'000                    | RM'000      |
| <b>CASH FLOWS FROM</b>   |                           |             |
| <b>OPERATING ACTIVITIES</b>  |                           |             |
| Profit before taxation   | 14,939                    | 137,190     |
| Adjustments for :  |                           |             |
| Depreciation   | 74,041                    | 70,778      |
| Amortisation of prepaid land lease                                   | 326                       | 325         |
| Gain on disposal of property, plant and equipment                    | 716                       | 80          |
| Unrealised loss / (gain) on foreign exchange                         | 39,650                    | 3,577       |
| Unrealised Derivative loss   | 208                       | -           |
| Property, plant and equipment written off                            | 13,999                    | -           |
| ESOS Benefit   | -                         | 931         |
| Interest income  | (3,936)                   | (3,184)     |
| Investment income  | (444)                     | -           |
| Interest expense   | 706                       | 1,293       |
| Operating cash flow before working capital changes                   | 140,205                   | 210,990     |
| Inventories  | 47,112                    | (68,271)    |
| Receivables  | 100,582                   | 22,863      |
| Other Current Assets   | 711                       | (1,635)     |
| Derivatives  | (6,777)                   | -           |
| Payables   | (68,144)                  | 5,675       |
| Cash generated from operations                                       | 213,689                   | 169,622     |
| Interest paid  | (706)                     | (1,293)     |
| Tax paid - net   | (32)                      | (40)        |
| Net cash generated from operating activities                         | 212,951                   | 168,289     |
| <b>CASH FLOWS FROM</b>   |                           |             |
| <b>INVESTING ACTIVITIES</b>  |                           |             |
| Purchase of property, plant and equipment                            | (35,624)                  | (54,363)    |
| Proceeds from disposal of property, plant and equipment              | 6,026                     | 335         |
| Additional investment with financial institution (islamic cash fund) | (40,444)                  | -           |
| Investment income  | 444                       | -           |
| Interest received  | 3,936                     | 3,184       |
| Net cash used in investing activities                                | (65,662)                  | (50,844)    |
| <b>CASH FLOWS FROM</b>   |                           |             |
| <b>FINANCING ACTIVITIES</b>  |                           |             |
| Dividend paid  | (113,128)                 | (66,083)    |
| Proceed from issuance of shares pursuant to exercise of ESOS         | 8,201                     | 7,615       |
| (Repayment) / drawdown of short-term borrowings                      | (60,845)                  | 27,413      |
| Net cash used in financing activities                                | (165,772)                 | (31,055)    |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>        | (18,483)                  | 86,390      |
| <b>EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES</b>                  | (16,106)                  | (8,119)     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>    | 383,488                   | 260,786     |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>          | 348,899                   | 339,057     |

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 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 2015 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 2015.

### 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 2015.

### 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.

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

The Company announced on 23 May 2016 that its Board had resolved to cease the operations of the Company's subsidiary in China, YK Foshan. This exercise has caused an one-time RM13,160,000 adverse impact of on the group's carried value of Properties, Plants and Equipment and reported result.

### 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<br>30 Jun 16 | As at<br>30 Sep 15 |
|--|--------------------|--------------------|
|  | RM'000             | RM'000             |
| Approved and contracted for :                |                    |                    |
| Purchase of properties, plants and equipment | 29,840             | 9,575              |

# JCY International Berhad

(Incorporated in Malaysia - Company No. 713422-X)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### 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 2016 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.

### 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<br>RM'000 | Thailand<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000  |
|------------------------------------|--------------------|--------------------|------------------|------------------------|------------------|
| <b>9 Months Ended 30 June 2016</b> |                    |                    |                  |                        |                  |
| Segment revenue                    |                    |                    |                  |                        |                  |
| Sales to external customers        | 1,032,162          | 302,751            | (5,624)          | -                      | 1,329,289        |
| Inter-segment sales                | 196,275            | 318                | 58,432           | (255,025)              | -                |
| Total                              | <u>1,228,437</u>   | <u>303,069</u>     | <u>52,808</u>    | <u>(255,025)</u>       | <u>1,329,289</u> |
| Segment results                    | <u>2,753</u>       | <u>10,976</u>      | <u>(29,587)</u>  | <u>22,225</u>          | <u>6,367</u>     |
| <b>As at 30 June 2016</b>          |                    |                    |                  |                        |                  |
| Total assets                       | 1,563,314          | 228,757            | 261,619          | (522,073)              | 1,531,617        |
| Total liabilities                  | 361,239            | 243,868            | 219,511          | (465,388)              | 359,230          |

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# JCY International Berhad

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

### A11. SEGMENTAL INFORMATION (CONTINUED)

|                                    | Malaysia<br>RM'000 | Thailand<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000  |
|------------------------------------|--------------------|--------------------|------------------|------------------------|------------------|
| <b>9 Months Ended 30 June 2015</b> |                    |                    |                  |                        |                  |
| Segment revenue                    |                    |                    |                  |                        |                  |
| Sales to external customers        | 1,148,819          | 304,509            | 23,091           | -                      | 1,476,419        |
| Inter-segment sales                | 213,954            | -                  | 52,250           | (266,204)              | -                |
| Total                              | <u>1,362,773</u>   | <u>304,509</u>     | <u>75,341</u>    | <u>(266,204)</u>       | <u>1,476,419</u> |
| Segment results                    | <u>171,636</u>     | <u>(12,885)</u>    | <u>1,404</u>     | <u>(26,262)</u>        | <u>133,893</u>   |
| <b>As at 30 June 2015</b>          |                    |                    |                  |                        |                  |
| Total assets                       | 1,683,859          | 244,812            | 323,359          | (565,606)              | 1,686,424        |
| Total liabilities                  | 466,230            | 255,852            | 275,076          | (539,946)              | 457,212          |

### 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 year.

### A14. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the previous Statement of Financial Position as at 30 September 2013 except as disclosed in note B10.

### A15. RELATED PARTY TRANSACTIONS

|  | 9 Months Ended      |                     |
|--|---------------------|---------------------|
|  | 30-Jun-16<br>RM'000 | 30-Jun-15<br>RM'000 |
| PCA Mahlin Technology Sdn. Bhd. -<br>a company in which a director is the brother of the Company's substantial<br>shareholder  |                     |                     |
| - Rental of building   | 900                 | 900                 |
| - Payment for acquisition of land and building   | <u>2,300</u>        | <u>-</u>            |
| YK Technology (Foshan) Co., Ltd -<br>a company in which a substantial shareholder has equity interest in<br>a company in which a director is also the key management personnel |                     |                     |
| - Rental of building   | <u>571</u>          | <u>740</u>          |

### A16. MATERIAL EVENT SUBSEQUENT TO END OF CURRENT FINANCIAL QUARTER

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



# JCY International Berhad

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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      |               |
|                 | 30 Jun 16      | 30 Jun 15      | 30 Jun 16           | 30 Jun 15     |
| <b>Segments</b> | <b>RM'000</b>  | <b>RM'000</b>  | <b>RM'000</b>       | <b>RM'000</b> |
| Malaysia        | 331,307        | 433,226        | (238)               | 45,098        |
| Thailand        | 71,685         | 87,418         | (4,070)             | (12,936)      |
| <b>Group</b>    | <b>343,841</b> | <b>479,754</b> | <b>(28,600)</b>     | <b>32,554</b> |

  

|                 | Revenue          |                  | Net Profit / (Loss) |                |
|-----------------|------------------|------------------|---------------------|----------------|
|                 | 9 Months Ended   |                  | 9 Months Ended      |                |
|                 | 30 Jun 16        | 30 Jun 15        | 30 Jun 16           | 30 Jun 15      |
| <b>Segments</b> | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>       | <b>RM'000</b>  |
| Malaysia        | 1,228,437        | 1,362,773        | 2,753               | 171,636        |
| Thailand        | 303,069          | 304,509          | 10,976              | (12,885)       |
| <b>Group</b>    | <b>1,329,289</b> | <b>1,476,419</b> | <b>6,367</b>        | <b>133,893</b> |

#### Detailed Analysis for current quarter and cumulative period

The Group recorded a revenue of RM383.8 million for the reporting quarter, representing an reduction of 28.3% compared to previous year's corresponding period. This was due mainly to lower sales volume and a lower average selling price recorded in the reporting quarter, despite at favourable USD exchange rate against Ringgit.

The Group recorded a net loss after tax of RM28.6 million for the reporting quarter, compared to net profit after tax of RM32.6 million in the previous year's corresponding period, this was due mainly to the lower revenue as explained above and a RM13.2 million one-time write-off of properties, plants and equipment in the reporting period due to cessation of operation in Foshan, PRC.

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 RM383.8 million for the reporting quarter or a reduction of 24.8% compared to RM457.3 million recorded in the immediate preceding quarter ended 31 March 2016, this was due mainly to the lower average exchange rate of USD against Ringgit Malaysia, lower volume shipped and lower average selling price recorded in the reporting quarter.

The Group also recorded a loss before tax of RM25.2 million for the reporting quarter, compared to loss before tax of RM3.7 million reported in the immediate preceding quarter ended 31 March 2016. The widening of the loss was due mainly to the lower revenue as explained above and a RM13.2 million one-time write-off of properties, plants and equipment in the reporting period due to cessation of operation in Foshan, PRC.

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

### B3. FUTURE PROSPECT

The demand for HDD digital storage capacity continues to increase, by 7% over the last quarter. For enterprise, desktop, mobile and consumer applications, HDDs continue to maintain cost competitiveness over SSDs.

Average size per drive now exceeds one terabyte for non-enterprise solutions, and major hyperscale customers are beginning to transition to 10 terabyte drives. These developments mean that with larger capacity drives, demand for baseplates and actuators is not increasing commensurately. The global demand for HDD continues to stand at around 100 million units per quarter.

JCY continues to be competitive in the HDD space. We will also strive to leverage our operational efficiency and economies of scale to achieve reasonable returns from our business. We are also exploring the possibilities of leveraging our capabilities in other fields.

### 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 25% (2014: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Group enjoy tax exemptions from the relevant authorities on their business income for current and future periods. The computation of deferred tax as at 30 June 2016 has reflected the effects of such exemptions.

|                                       | <b>9 Months<br/>Ended<br/>30 Jun 16<br/>RM'000</b> | <b>9 Months<br/>Ended<br/>30 Jun 15<br/>RM'000</b> |
|---------------------------------------|--|--|
| Current year tax                      | 868  | 40   |
| Relating to temporary tax differences | <u>7,704</u>                                       | <u>3,257</u>                                       |
|                                       | <u><u>8,572</u></u>                                | <u><u>3,297</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.

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# JCY International Berhad

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

### B7. STATUS OF CORPORATE PROPOSALS

On 02 February 2016, the Company announced that a Sales and Purchase Agreement had been entered into between PCA Mahlin Technology Sdn. Bhd. ("PCA") and JCY HDD Technology Sdn. Bhd. ("JCY HDD"), a wholly-owned subsidiary of the Company, for the purchase of all that piece of leasehold land held under HS(D) 26391 PT 261 in the Mukim of 13, District of Seberang Perai Tengah, State of Pulau Pinang, and the factory building erected thereon ("the Acquisition").

On 27 July 2016, the Company further announced that the Acquisition has been completed in accordance with the terms and conditions of the SPA.

### B8. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 June 2016.

|                              | As At<br>30 Jun 16 | As At<br>30 Sep 15 |
|------------------------------|--------------------|--------------------|
|                              | RM'000             | RM'000             |
| <b>Short Term Borrowings</b> |                    |                    |
| Foreign currency trade loans | 69,322             | 110,636            |
| Bills payable                | 1,963              | 27,931             |
| Total short term borrowings  | <u>71,285</u>      | <u>138,567</u>     |

All the above borrowings are unsecured.

### B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

### B10. MATERIAL LITIGATION

There is no major changes to material litigation since the last statement of financial position date as of 30 September 2013, save for:-

#### Tenaga Nasional Berhad ("TNB") vs JCY HDD Technology Sdn Bhd ("JCY HDD")

A subsidiary of the Company, JCY HDD Technology Sdn. Bhd. ("JCY HDD"), has received letters dated 14 December 2010 from Tenaga Nasional Berhad ("TNB") claiming for additional electricity charges of approximately RM8.36 million. JCY HDD had disputed the claims and had discussed with TNB as to their basis and quantification of the additional electricity charges.

On 15 December 2011, the Judge fixed for decision for the case after a preliminary question of law that TNB's claim is only restricted to 3 months backcharges and JCY HDD is only required to pay to TNB for an amount of approximately RM1.05 million. However, TNB had filed an appeal to the Court of Appeal against the decision of the High Court made on 15 December 2011.

Currently, the Judge has requested parties to attend before him on 17 October 2016 to update the court with regards to a few issues which were pending decision by the Federal Court.

There will be no significant financial impact arising from the case as the major shareholder of the Company has undertaken to indemnify the Company for any claim awarded.

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

### B11. DIVIDENDS

|  | In Respect of                                   |  |
|--|---|--|
|  | Financial<br>Year Ending<br>30 Sep 16<br>RM'000 | Financial<br>Year Ended<br>30 Sep 15<br>RM'000 |
| Single Tier Interim Dividend of 1.25 sen per ordinary share on 2,035,475,300 ordinary shares (excluding Treasury Shares), declared on 13 February 2015 and paid on 06 April 2015   |   | 25,443   |
| Single Tier Interim Dividend of 1.25 sen per ordinary share on 2,044,464,300 ordinary shares (excluding Treasury Shares), declared on 20 May 2015 and paid on 08 July 2015   |   | 25,556   |
| Single Tier Interim Dividend of 1.25 sen per ordinary share on 2,046,727,300 ordinary shares (excluding Treasury Shares), declared on 19 Aug 2015 and paid on 09 Oct 2015  |   | 25,584   |
| Single Tier Interim Dividend of 3 sen per ordinary share on 2,059,720,300 ordinary shares (excluding Treasury Shares), declared on 23 Nov 2015 and paid on 08 Jan 2016*  |   | 61,792   |
| Single Tier Interim Dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares (excluding Treasury Shares), declared on 26 Feb 2016 and paid on 8 Apr 2016   | 25,752  |  |
| Single Tier Interim Dividend of 1.25 sen per ordinary share on 2,060,172,300 ordinary shares (excluding Treasury Shares), declared on 19 May 2016 and paid on 12 Jul 2016  | 25,752  |  |
| The Board has further resolved to declare a Single Tier Tax Exempt Third Interim Dividend for the financial year ending 30 September 2016 of 1.25 sen per share or 5.0% on 18 August 2016 with the entitlement date and payable date to be determined in due course. |   |  |

\* Being dividend declared for the results of financial year ended 30 September 2015, but paid and recognised in financial year ending 30 September 2016

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

### B12. EARNINGS PER SHARE

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

|  | 3 months Ended |           | Cumulative 9 months Ended |           |
|--|----------------|-----------|---------------------------|-----------|
|  | 30 Jun 16      | 30 Jun 15 | 30 Jun 16                 | 30 Jun 15 |
| Net (loss) / profit (RM '000)  | (28,600)       | 32,554    | 6,367                     | 133,893   |
| Weighted average number of ordinary shares (excluding Treasury Shares) ('000)      | 2,060,172      | 2,041,701 | 2,057,666                 | 2,035,547 |
| Basic (loss) / earnings per share (Sen)  | (1.39)         | 1.59      | 0.31                      | 6.58      |
| Diluted weighted average no. of ordinary shares (excluding Treasury Shares) ('000) | 2,065,593      | 2,065,843 | 2,065,593                 | 2,065,983 |
| Diluted (loss) / earnings per share (Sen)  | (1.38)         | 1.58      | 0.31                      | 6.48      |

### B13. PROFIT BEFORE TAX

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

|  | 3 months Ended |               | Cumulative 9 months Ended |               |
|--|----------------|---------------|---------------------------|---------------|
|  | 30 Jun 16      | 30 Jun 15     | 30 Jun 16                 | 30 Jun 15     |
| <b>After charging:-</b>  | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b>             | <b>RM'000</b> |
| Interest Expense   | 371            | 593           | 1,077                     | 1,293         |
| Depreciation and Amortization                                    | 27,642         | 24,944        | 74,367                    | 71,103        |
| Foreign Exchange Loss (Net)                                      | -              | 1,328         | 10,252                    | -             |
| Loss on disposal of property, plant and equipment (Net)          | -              | 80            | 716                       | 80            |
| Property, plant and equipment written-off                        | 13,505         | -             | 13,999                    | -             |
| Inventory written down to NRV and obsolete inventory written-off | -              | -             | -                         | -             |
| Derivative losses  | 1,205          | -             | 1,413                     | -             |
| <b>After crediting:-</b>   |                |               |                           |               |
| Interest Income  | 870            | 859           | 3,936                     | 3,184         |
| Investment Income  | 444            | -             | 444                       | -             |
| Other Income   | 327            | 474           | 1,590                     | 1,346         |
| Foreign Exchange Gain (Net)                                      | 17,184         | -             | -                         | 25,611        |
| Gain on disposal of property, plant and equipment (Net)          | 46             | -             | -                         | -             |
| Derivative gains   | -              | -             | -                         | -             |

There were no provision for and write off of receivables, gain or loss on disposal of quoted or unquoted investments, impairment of assets and exceptional items for the current quarter under review and cumulative period ended 30 June 2016.

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

## B14. DISCLOSURE ON REALISED AND UNREALISED PROFITS / LOSSES

|   | As at          |                |
|---|----------------|----------------|
|   | 30 Jun 16      | 30 Sep 15      |
|   | RM'000         | RM'000         |
| Retained earnings of the Company and its subsidiaries : |                |                |
| - Realised Profit                                       | 587,520        | 656,320        |
| - Unrealised (Loss) / Profit                            | 16,814         | 77,388         |
|   | <u>604,334</u> | <u>733,708</u> |
| Less: Consolidation adjustments                         | (11,451)       | (33,896)       |
| Retained earnings per financial statements              | <u>592,883</u> | <u>699,812</u> |

**By Order of the Board**

Company Secretary

18 August 2016