

JCY International Berhad

(Company No. 713422-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL PERIOD ENDED

30 JUNE 2010

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 Jun 2010 RM'000	30 Jun 2009 RM'000	30 Jun 2010 RM'000	30 Jun 2009 RM'000
Revenue	480,789	480,669	1,558,678	1,256,861
Cost of sales	<u>(414,565)</u>	<u>(420,754)</u>	<u>(1,331,817)</u>	<u>(1,097,048)</u>
Gross profit	66,224	59,915	226,861	159,813
Other operating income	724	902	2,918	2,349
Foreign exchange gain / (loss)	(3,659)	(290)	(7,331)	(8,811)
General and administrative expenses	<u>(5,890)</u>	<u>(3,058)</u>	<u>(17,349)</u>	<u>(14,148)</u>
Profit from operations	57,399	57,468	205,099	139,202
Finance costs	<u>(1,450)</u>	<u>(2,054)</u>	<u>(5,133)</u>	<u>(5,323)</u>
Profit before taxation	55,949	55,414	199,966	133,879
Income tax expense	<u>(350)</u>	<u>(37)</u>	<u>(1,022)</u>	<u>(100)</u>
Profit for the period	<u>55,599</u>	<u>55,377</u>	<u>198,944</u>	<u>133,779</u>
Attributable to:				
Equity holders of the Company	55,599	55,377	198,944	133,779
Basic and diluted earnings per share (Sen)	<u>2.72</u>	<u>2.71</u>	<u>9.73</u>	<u>6.54</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010

(The figures have not been audited)

	Unaudited As At 30 Jun 2010 RM'000	Audited As At 30 Sep 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	773,883	643,428
Prepaid land lease payments	19,336	19,593
	<u>793,219</u>	<u>663,021</u>
Current assets		
Inventories	241,297	185,339
Trade and other receivables	337,007	345,268
Cash and bank balances	144,903	238,670
	<u>723,207</u>	<u>769,277</u>
Non-current asset classified as held for sale	-	28,801
	<u>-</u>	<u>28,801</u>
TOTAL ASSETS	<u><u>1,516,426</u></u>	<u><u>1,461,099</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	511,215	511,215
Reserves	396,870	291,471
Total equity	<u>908,085</u>	<u>802,686</u>
Non-current liabilities		
Deferred tax liabilities	6,352	5,536
Term loan	80,913	-
	<u>87,265</u>	<u>5,536</u>
Current liabilities		
Trade and other payables	240,431	292,155
Amount due to shareholder	-	173,236
Short term borrowings	279,991	186,122
Tax payable	654	1,364
	<u>521,076</u>	<u>652,877</u>
Total liabilities	<u>608,341</u>	<u>658,413</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,516,426</u></u>	<u><u>1,461,099</u></u>
	-	-

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

(The figures have not been audited)

	Share capital RM'000	Non-distributable foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 October 2009	511,215	22,358	269,113	802,686
Foreign currency translation		(13,591)		(13,591)
Net profit for the period			198,944	198,944
Interim tax-exempt dividend of 3.91 sen per ordinary share in respect of the financial year end 30 Sept 2010			(79,954)	(79,954)
At 30 June 2010	<u>511,215</u>	<u>8,767</u>	<u>388,103</u>	<u>908,085</u>
At 1 October 2008	511,215	20,779	293,312	825,306
Foreign currency translation		10,639		10,639
Net profit for the period			133,779	133,779
At 30 June 2009	<u>511,215</u>	<u>31,418</u>	<u>427,091</u>	<u>969,724</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

JCY International Berhad

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD

ENDED 30 JUNE 2010

(The figures have not been audited)

	Current Year To Date	Preceding Year Corresponding Period
	30 Jun 2010	30 Jun 2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	199,966	133,879
Adjustments for :		
Depreciation	69,085	59,385
Amortisation of prepaid land lease	257	192
(Gain) / Loss on disposal of property, plant and equipment	(178)	23
Unrealised loss on foreign exchange	1,543	1,636
Interest income	(1,427)	(1,952)
Interest expense	5,133	5,323
Operating profit before working capital changes	274,379	198,486
Inventories	(55,958)	18,161
Receivables	8,261	(3,925)
Payables	(51,724)	(54,449)
Amount due to/from shareholder	(173,236)	(60,000)
Cash (used in) / generated from operations	1,722	98,273
Interest paid	(5,133)	(5,323)
Tax paid	(1,022)	(100)
Net cash (used in) / generated from operating activities	(4,433)	92,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(206,201)	(100,985)
Payment of prepaid land lease	(69)	(73)
Acquisition of subsidiary	-	(10,000)
Proceeds from disposal of property, plant and equipment	28,986	457
Interest received	1,427	1,952
Net cash used in investing activities	(175,857)	(108,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(79,954)	-
Drawdown of short-term borrowings	93,869	20,732
Drawdown of long-term borrowings	80,913	-
Net cash generated from financing activities	94,828	20,732
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(85,462)	4,933
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	(8,305)	(3,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	238,670	145,062
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	144,903	146,527

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 September 2009 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 year ended 30 September 2009.

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 2009, except for the adoption of FRS 8 : Operating Segments which is effective for financial period beginning on or after 1 July 2009.

The adoption of FRS 8 does not result in significant change in accounting policies of the Group.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2010.

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

As at 30 June 2010, the Group has capital commitments for the followings:

Approved and contracted for :	RM'000
Purchase of plant and equipment	33,573

A8. DEBTS AND EQUITY SECURITIES

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

A9. DIVIDENDS PAID

In respect of financial year ended 30 September 2010;

- Interim tax-exempted dividend of RM0.0391 per ordinary shares of RM0.25 each
(Paid on 30 June 2010)

Current Year to Date
30 June 2010
RM
0.0391
<hr/>
<u>0.0391</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

A10. DILUTED EARNINGS PER SHARE

There were no diluted earnings per share as at 30 June 2010.

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) Others : These consist of segments which are outside Malaysia but which individually fall below the 10% threshold of a reportable segment.

	Malaysia	Others	Eliminations	Total
Year to Date - 30 June 2010				
Segment revenue				
Sales to external customers	1,250,066	308,612	-	1,558,678
Inter-segment sales	280,139	32,399	(312,538)	-
Total	1,530,205	341,011	(312,538)	1,558,678
Segment results	197,064	(6,279)	6,158	196,944
Year to Date - 30 June 2009				
Segment revenue				
Sales to external customers	1,046,652	210,209	-	1,256,861
Inter-segment sales	176,423	32,581	(209,004)	-
Total	1,223,075	242,790	(209,004)	1,256,861
Segment results	128,200	14,999	(9,420)	133,779

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 to date.

A14. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the balance sheet as at 30 September 2009 except for the followings:

A subsidiary of the Company, JCY HDD Technology Sdn. Bhd. (JCY HDD), has received letters dated 14 December 2009 from Tenaga Nasional Berhad ("TNB") claiming for additional electricity charges of approximately RM8.36 million. The additional electricity charges were in respect of the electricity charges supposedly undercharged by TNB for the period from September 2007 to November 2009 due to the incorrect meter reading from electricity meters that were either defective or tampered.

As at the date of this announcement, JCY HDD is disputing the claims and is in discussion with TNB as to their basis and quantification of the additional electricity charges. JCY HDD had on 14 June 2010 met TNB directors to discuss on the matter and had on 28 June 2010 provided TNB with the third party audited production reports as requested by TNB. JCY continue to seek amicable solution to the matter and hopes it can be resolved as soon as possible. In view of this, the directors of the Company are of the view that the additional electricity charges should not be provided in the financial statements as the amount, if any, cannot be reasonably estimated and such amount that may finally have to be paid to TNB are not expected to have a significant impact on the financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

A15. RELATED PARTY TRANSACTIONS

	Current Year To Date 30 June 2010 RM'000
Armster Sdn. Bhd. - a company in which a director's brother has interest - Factory renovation and maintenance expenses	2,851
PCA Mahlin Technology Sdn. Bhd. - a company in which a director is the brother of the Company's director - Rental of building	<u>450</u>

A16. MATERIAL EVENT SUBSEQUENT TO END OF CURRENT FINANCIAL QUARTER

The were no material event subsequent to the end of the current financial quarter under review to the date of this announcement.

By Order of the Board

Company Secretary
20 August 2010

JCY International Berhad

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM480.8 million and profit before taxation ("PBT") of RM55.9 million for the 3rd quarter ended 30 June 2010, both revenue and PBT remains similar as compared to the corresponding quarterly figures. Current quarter gross profit is higher by RM6.3 million but these were off-set by higher foreign exchange losses and G&A expenses as compared to the corresponding quarterly figures.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a turnover of RM480.8 million and PBT of RM55.9 million for the current quarter. This represents a decrease of 12.5% and 15.2% respectively as compared with the preceding quarter ended 31 March 2010. The strengthening of the RM against the USD and the reduction in Average Selling Price due to slowdown of the consumers' demand continue to contribute to the decrease in our profit. In addition, our customers also demand a higher volume of the lower end products which command a lower selling prices and contribution for our profits for the quarter ended 30 June 2010.

B3. FUTURE PROSPECT

With the weak recovery in consumer spending in the USA and Europe and the debt crisis in Europe, the HDD shipment has slow down. Our Group continue to focus in our core business of supplying quality mechanical components for the HDD industry. The Group have also started supplying our HDD components to our new Korean and Japanese customers for this coming quarter. Barring any unforeseen circumstances, the Group's performance will be favourable for the financial year ending 30 September 2010.

B4. VARIANCE FROM PROFIT FORECAST

Not applicable as the Group has not issued any profit forecast.

B5. TAXATION

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) 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 31 December 2009 has reflected the effects of such exemptions.

	Current Year Quarter 30 June 2010 RM'000	Current Year To Date 30 June 2010 RM'000
Taxation	78	206
Deferred Taxation	272	816

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. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities by the Group for the current quarter and financial year under review.

B8. STATUS OF CORPORATE PROPOSALS

There were no corporate proposal by the Group for the current quarter under review.

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

B9. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 June 2010.

	USD'000	RM'000
Long Term Borrowings		
Term loan*	25,000	<u>80,913</u>
Total long term borrowings		<u>80,913</u>
Short Term Borrowings		
Term loan*	17,500	56,639
Bankers' acceptance		89,428
Letter of Credit		<u>133,924</u>
Total short term borrowings		<u>279,991</u>
Total borrowings		<u><u>360,904</u></u>

Note:

* Converted to RM based on the exchange rate of RM3.2365 : USD1.00 as at 30 June 2010

The Short Term and Long Term Borrowings are unsecured.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11. MATERIAL LITIGATION

As of the date of this announcement, there are no material litigations against the Group or taken by the Group.

B12. DIVIDENDS

No dividend has been proposed for the current quarter ended 30 June 2010.

B13. EARNINGS PER SHARE

The basic earnings per share for the current quarter of 2.72 sen was calculated by dividing the Group's net profit attributable to equity holders of the Company for the quarter amounting to RM55.6 million by the weighted average number of ordinary shares in issue of 2,044,860,000.