

# JCY International Berhad

(Company No. 713422-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED

30 SEPTEMBER 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 Sep 2010 RM'000	30 Sep 2009 RM'000	30 Sep 2010 RM'000	30 Sep 2009 RM'000
Revenue	485,970	501,216	2,044,648	1,758,077
Cost of sales	<u>(484,809)</u>	<u>(416,023)</u>	<u>(1,816,626)</u>	<u>(1,513,071)</u>
Gross profit	1,161	85,193	228,022	245,006
Other operating income	734	5,443	3,652	7,792
Foreign exchange gain / (loss)	(6,914)	(7,868)	(14,245)	(16,679)
General and administrative expenses	<u>(8,102)</u>	<u>(8,663)</u>	<u>(25,451)</u>	<u>(22,811)</u>
Profit from operations	(13,121)	74,105	191,978	213,308
Finance costs	<u>(2,553)</u>	<u>(2,074)</u>	<u>(7,686)</u>	<u>(7,397)</u>
Profit before taxation	(15,674)	72,031	184,292	205,911
Income tax expense	<u>(6,883)</u>	<u>1,468</u>	<u>(7,905)</u>	<u>1,368</u>
Profit for the period	<u>(22,557)</u>	<u>73,499</u>	<u>176,387</u>	<u>207,279</u>
Attributable to:				
Equity holders of the Company	(22,557)	73,499	176,387	207,279
Basic and diluted earnings per share (Sen)	<u>(1.10)</u>	<u>3.59</u>	<u>8.63</u>	<u>10.14</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

(Company No. 713422-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2010

(The figures have not been audited)

	Unaudited As At 30 Sep 2010 RM'000	Audited As At 30 Sep 2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	754,421	643,428
Prepaid land lease payments	19,333	19,593
	<u>773,754</u>	<u>663,021</u>
<b>Current assets</b>		
Inventories	209,418	185,339
Trade and other receivables	366,753	345,268
Cash and bank balances	124,923	238,670
	<u>701,094</u>	<u>769,277</u>
Non-current asset classified as held for sale	-	28,801
	<u>-</u>	<u>28,801</u>
<b>TOTAL ASSETS</b>	<u>1,474,848</u>	<u>1,461,099</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	511,215	511,215
Reserves	368,361	291,471
<b>Total equity</b>	<u>879,576</u>	<u>802,686</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	12,936	5,536
Term loan	77,138	-
	<u>90,074</u>	<u>5,536</u>
<b>Current liabilities</b>		
Trade and other payables	241,347	292,155
Amount due to shareholder	-	173,236
Short term borrowings	262,934	186,122
Tax payable	917	1,364
	<u>505,198</u>	<u>652,877</u>
<b>Total liabilities</b>	<u>595,272</u>	<u>658,413</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,474,848</u>	<u>1,461,099</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 STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
<b>At 1 October 2009</b>	511,215	22,358	269,113	802,686
Foreign currency translation		(19,543)		(19,543)
Net profit for the period			176,387	176,387
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)
<b>At 30 September 2010</b>	<u>511,215</u>	<u>2,815</u>	<u>365,546</u>	<u>879,576</u>
<b>At 1 October 2008</b>	511,215	20,779	293,312	825,306
Foreign currency translation		1,579		1,579
Net profit for the period			207,279	207,279
Dividends			(231,478)	(231,478)
<b>At 30 September 2009</b>	<u>511,215</u>	<u>22,358</u>	<u>269,113</u>	<u>802,686</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 SEPTEMBER 2010

(The figures have not been audited)

	Current Year To Date	Preceding Year Corresponding Period
	30 Sep 2010 RM'000	30 Sep 2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	184,292	205,911
Adjustments for :		
Depreciation	94,298	81,860
Amortisation of prepaid land lease	257	477
(Gain) / Loss on disposal of property, plant and equipment	-	(616)
Excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost of business combination	-	(2,976)
Unrealised loss on foreign exchange	4,949	5,040
Interest income	(1,724)	(2,620)
Interest expense	7,686	7,397
Operating profit before working capital changes	289,758	294,473
Inventories	(24,079)	7,522
Receivables	(21,485)	(14,712)
Payables	(43,408)	(4,673)
Amount due to/from shareholder	(173,236)	-
Cash (used in) / generated from operations	27,550	282,610
Interest paid	(7,686)	(7,397)
Tax paid	(6,953)	(202)
Net cash (used in) / generated from operating activities	12,912	275,011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(225,760)	(141,423)
Acquisition of subsidiary	-	(6,024)
Proceeds from disposal of property, plant and equipment	28,986	4,269
Interest received	1,724	2,620
Net cash used in investing activities	(195,050)	(140,558)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount due to shareholder	-	(4,057)
Dividend paid	(79,954)	(60,000)
Drawdown of short-term borrowings	76,812	22,803
Drawdown of long-term borrowings	77,138	-
Net cash generated from financing activities	73,996	(41,254)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(108,142)	93,199
<b>EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES</b>	(5,605)	409
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	238,670	145,062
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	124,923	238,670

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

(Company No. 713422-X)

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2010, the Group has capital commitments for the followings:

Approved and contracted for :	<b>RM'000</b>
Purchase of plant and equipment	17,132

### 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)

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

**JCY International Berhad**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

**A10. DILUTED EARNINGS PER SHARE**

There were no diluted earnings per share as at 30 September 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
<b>Year to Date - 30 September 2010</b>				
Segment revenue				
Sales to external customers	1,637,034	407,613	-	2,044,648
Inter-segment sales	352,154	42,017	(394,172)	-
<b>Total</b>	<b>1,989,188</b>	<b>449,630</b>	<b>(394,172)</b>	<b>2,044,648</b>
Segment results	249,674	4,984	(78,270)	176,387
<b>Year to Date - 30 September 2009</b>				
Segment revenue				
Sales to external customers	1,442,330	315,747	-	1,758,077
Inter-segment sales	510,183	45,871	(556,054)	-
<b>Total</b>	<b>1,952,513</b>	<b>361,618</b>	<b>(556,054)</b>	<b>1,758,077</b>
Segment results	420,556	11,468	(224,745)	207,279

**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.

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

**A15. RELATED PARTY TRANSACTIONS**

	<b>Current Year To Date 30 September 2010 RM'000</b>
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>600</u>

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

There was 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  
30 November 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 RM486.0 million and losses before taxation ("LBT") of RM15.7 million for the 4th quarter ended 30 September 2010. The losses were due mainly to decrease in average selling price (ASP) and adverse foreign exchange losses where USD depreciated against Ringgit. In addition, the cost of production increased due to higher raw material cost and labour cost resulting from shortage of workers in Malaysia.

### B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of approximately RM486.0 million and LBT of RM15.7 million for the reporting quarter. In the preceding quarter, the Group recorded a turnover of RM480.8 million and profit before taxation (PBT) of RM55.9 million. The Group revenue for the year ended 30 September 2010 was RM2,044.6 million with a PBT of RM184.3 million. The previous year's revenue was RM1,758.1 million with a PBT of RM205.9 million.

The Group's annual revenue increased by 16.30% from RM1,758.1 million to RM2,044.6 million due mainly to increases in the sales for the first three quarters as a result of increase in the consumers' demand for HDD products. However, the annual PBT decreased by 10.5% due mainly to adverse foreign exchange loss (arising from weakening of USD against Ringgit), decrease in ASP and increase in raw material and labour cost.

### B3. FUTURE PROSPECT

Consumer spending in the USA and Europe is still weak and the on-going debt crisis of some of the European countries has continued to affect the recovery of the demand for HDD products. The Group has started supplying HDD components to Korean and Japanese customers. The Group will continue to focus on its core business and continue to intensify its efforts to increase its revenue and will focus on improving operational efficiency and cost management.

### 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 30 September 2010 has reflected the effects of such exemptions.

	Current Year Quarter 30 September 2010 RM'000	Current Year To Date 30 September 2010 RM'000
Taxation	(3)	203
Deferred Taxation	6,886	7,702

### 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 was 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 was 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 September 2010.

	USD'000	RM'000
<b>Long Term Borrowings</b>		
Term loan*	25,000	<u>77,138</u>
Total long term borrowings		<u>77,138</u>
<b>Short Term Borrowings</b>		
Term loan*	17,500	53,996
Bankers' acceptance / ECR		87,784
Letter of Credit		<u>121,154</u>
Total short term borrowings		<u>262,934</u>
<b>Total borrowings</b>		<u><u>340,072</u></u>

Note:

\* Converted to RM based on the exchange rate of RM3.0855 : USD1.00 as at 30 September 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 September 2010.

#### B13. EARNINGS PER SHARE

The basic losses per share for the current quarter of 1.10 sen was calculated by dividing the Group's net losses attributable to equity holders of the Company for the quarter amounting to RM22.6 million by the weighted average number of ordinary shares in issue of 2,044,860,000.