

JCY International Berhad
(Incorporated in Malaysia - Company No. 713422-X)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial quarter ended 31 December 2010 (Unaudited)

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Dec 2010 RM'000	31 Dec 2009 RM'000	31 Dec 2010 RM'000	31 Dec 2009 RM'000
Revenue	438,904	528,202	438,904	528,202
Cost of sales	<u>(422,104)</u>	<u>(443,624)</u>	<u>(422,104)</u>	<u>(443,624)</u>
Gross profit	16,800	84,578	16,800	84,578
Other operating income	964	1,353	964	1,353
Foreign exchange gain / (loss)	(2,346)	(1,308)	(2,346)	(1,308)
General and administrative expenses	<u>(5,931)</u>	<u>(5,610)</u>	<u>(5,931)</u>	<u>(5,610)</u>
Profit from operations	9,487	79,013	9,487	79,013
Finance costs	<u>(1,932)</u>	<u>(1,225)</u>	<u>(1,932)</u>	<u>(1,225)</u>
Profit before taxation	7,555	77,788	7,555	77,788
Income tax expense	<u>(43)</u>	<u>(322)</u>	<u>(43)</u>	<u>(322)</u>
Net profit for the period	<u>7,512</u>	<u>77,466</u>	<u>7,512</u>	<u>77,466</u>
Other comprehensive income				
Foreign exchange translation difference	1,863	(2,609)	1,863	(2,609)
Total comprehensive income for the period	<u>9,375</u>	<u>74,857</u>	<u>9,375</u>	<u>74,857</u>
Net profit attributable to:				
Equity holders of the Company	7,512	77,466	7,512	77,466
Basic and diluted earnings per share (Sen)	<u>0.37</u>	<u>3.79</u>	<u>0.37</u>	<u>3.79</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2010 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 31 December 2010 (Unaudited)

	Unaudited As At 31 Dec 2010 RM'000	Audited As At 30 Sep 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	739,496	753,846
Prepaid land lease payments	19,288	19,239
	<u>758,784</u>	<u>773,085</u>
Current assets		
Inventories	206,194	213,321
Trade and other receivables	315,746	354,310
Cash and bank balances	129,009	128,834
	<u>650,949</u>	<u>696,465</u>
TOTAL ASSETS	<u><u>1,409,733</u></u>	<u><u>1,469,550</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	511,215	511,215
Reserves	371,383	362,008
Total equity	<u>882,598</u>	<u>873,223</u>
Non-current liabilities		
Deferred tax liabilities	11,891	11,890
Term loan	-	77,138
	<u>11,891</u>	<u>89,028</u>
Current liabilities		
Trade and other payables	238,445	243,408
Short term borrowings	275,843	262,935
Tax payable	956	956
	<u>515,244</u>	<u>507,299</u>
Total liabilities	<u>527,135</u>	<u>596,327</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,409,733</u></u>	<u><u>1,469,550</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 2010 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 financial quarter ended 31 December 2010 (Unaudited)

	Share capital RM'000	Non-distributable foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 October 2010	511,215	(914)	362,922	877,543
Foreign currency translation		1,863		1,863
Net profit for the period			7,512	7,512
At 31 December 2010	<u>511,215</u>	<u>949</u>	<u>370,434</u>	<u>882,598</u>
At 1 October 2009	511,215	22,358	269,113	802,686
Foreign currency translation		(2,609)		(2,609)
Net profit for the period			77,466	77,466
At 31 December 2009	<u>511,215</u>	<u>19,749</u>	<u>346,579</u>	<u>877,543</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2010 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 financial quarter ended 31 December 2010 (Unaudited)

	Current Year To Date	Preceding Year Corresponding Period
	31 Dec 2010 RM'000	31 Dec 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,555	77,788
Adjustments for :		
Depreciation	25,043	20,163
Amortisation of prepaid land lease	69	51
(Gain) / Loss on disposal of property, plant and equipment	-	(185)
Excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost of business combination	-	-
Unrealised loss on foreign exchange	1,805	3,607
Interest income	(262)	(577)
Interest expense	1,932	1,225
Operating profit before working capital changes	36,142	102,072
Inventories	7,127	(8,611)
Receivables	38,564	4,179
Payables	(4,962)	(23,987)
Cash (used in) / generated from operations	76,871	73,653
Interest paid	(1,932)	(1,225)
Tax paid	(43)	(770)
Net cash (used in) / generated from operating activities	74,896	71,658
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,699)	(36,883)
Acquisition of subsidiary	-	(14)
Proceeds from disposal of property, plant and equipment	-	24,651
Interest received	262	577
Net cash used in investing activities	(11,437)	(11,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount due to shareholder	-	(80,000)
Dividend paid	-	-
Drawdown / (Repayment) of short-term borrowings	(64,230)	36,275
Drawdown of long-term borrowings	-	119,928
Net cash generated from financing activities	(64,230)	76,203
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(771)	136,192
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	946	(274)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	128,834	238,670
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	129,009	374,588

This statement should be read in conjunction with the Company's audited financial statements for the year ended 30 September 2010 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 QUARTER ENDED 31 DECEMBER 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 2010 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 2010.

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 2010, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2011.

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: First-time Adoption of Financial Reporting Standards - Limited exemption for comparative FRS 7: Disclosures for First-time Adopters
Amendments to FRS 7: Financial Instruments Disclosures - Improving disclosures about Financial Instruments
Additional Exemptions for First-Time Adopters (Amendments to FRS 1)
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
IC Interpretation 4: Determining whether an Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers
TR 3: Guidance a Disclosure of Transition to IFRSs
TR i - 4: Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15: Agreements for the Construction of Real Estate
FRS 124: Related Party Disclosures

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 31 December 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.

JCY International Berhad
(Incorporated in Malaysia - Company No. 713422-X)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

A7. CAPITAL COMMITMENTS

As at 31 December 2010, the Group has capital commitments for the followings:

Approved and contracted for :	RM'000
Purchase of plant and equipment	10,680

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;

Current Year to Date
30 September 2010
RM

- Interim tax-exempted dividend of RM0.0391 per ordinary shares of RM0.25 each (Paid on 30 June 2010)	0.0391
- Interim tax-exempted dividend of RM0.0075 per ordinary shares of RM0.25 each (Paid on 24 January 2011)	0.0075
	<u>0.0466</u>

A10. DILUTED EARNINGS PER SHARE

There were no diluted earnings per share as at 31 December 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 - 31 December 2010				
Segment revenue				
Sales to external customers	341,074	97,830	-	438,904
Inter-segment sales	10,277	72,763	(83,040)	-
Total	<u>351,351</u>	<u>170,593</u>	<u>(83,040)</u>	<u>438,904</u>
Segment results	<u>5,430</u>	<u>5,336</u>	<u>(3,254)</u>	<u>7,512</u>
Year to Date - 31 December 2009				
Segment revenue				
Sales to external customers	414,365	113,837	-	528,202
Inter-segment sales	117,984	13,464	(131,448)	-
Total	<u>532,349</u>	<u>127,301</u>	<u>(131,448)</u>	<u>528,202</u>
Segment results	<u>75,275</u>	<u>5,986</u>	<u>(3,795)</u>	<u>77,466</u>

JCY International Berhad
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

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 2010 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. TNB has reverted with claim of approximately RM8 million on 11 January 2011. However, JCY disagrees with the claim and has engaged legal counsel to challenge the claim and seek independent court assessment of the claim.

A15. RELATED PARTY TRANSACTIONS

PCA Mahlin Technology Sdn. Bhd. -
a company in which a director is the brother of the Company's director
- Rental of building

Current Year To Date
31 December 2010
RM'000

150

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.

A17. DISCLOSURE ON REALISED AND UNREALISED PROFITS / LOSSES

	Group
	As at 31 December 2010
	RM'000
Retained earnings of the Company and its subsidiaries :	
- Realised	435,212
- Unrealised	<u>(54,667)</u>
	380,545
Less: Consolidation adjustments	<u>(9,162)</u>
Retained earnings per financial statements	<u>371,383</u>

By Order of the Board

Company Secretary
25 February 2011

JCY International Berhad
(Incorporated in Malaysia - Company No. 713422-X)

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM438.9 million and profit before taxation ("PBT") of RM7.6 million for the 1st quarter ended 31 December 2010. The revenue and PBT were lower by about 16.9% and 90.3% respectively as compared to the corresponding quarterly figures. The Group recorded lower revenue for current quarter as compared to corresponding preceding quarter were due mainly the lower Average Selling Price (ASP) and depreciating USD against Ringgit.

The lower PBT were mainly due to increase in the cost of production resulting from increase in the cost of raw material and increase in the labour cost.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of approximately RM438.9 million and PBT of RM7.6 million for the reporting quarter. In the preceding quarter, the Group recorded a turnover of RM474.7 million and losses before taxation (LBT) of RM25.2 million. The Group's turnover decreased by approximately 7.5% due to a slight decrease in the sales volume for the higher sales value products shipped in the current quarter. The group had also turnaround from LBT of RM25.2m to PBT of RM7.6 million due to better cost control and absence of significant foreign exchange losses in the current quarter.

B3. FUTURE PROSPECT

The outlook for the global economic remains uncertain and based on the report of an industry information service company, the demand for HDD will be slightly lower for the first quarter of 2011 due to HDD inventory overhang at PC companies. The Group will continue to focus on its core business and continue to intensify its efforts to improve 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% (2010: 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 September 2010 has reflected the effects of such exemptions.

	Current Year Quarter 31 December 2010 RM'000	Current Year To Date 31 December 2010 RM'000
Taxation	43	43
Deferred Taxation	-	-

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.

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

B8. STATUS OF CORPORATE PROPOSALS

The Corporate proposals that we intend to undertake are as follows:-

1. Proposed Amendments to the Company's Articles of Association to align with the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the implementation of the electronic Dividend payment (eDividend).
2. Proposed Executives' Share Option Scheme "ESOS" for the eligible directors and executives of JCY and its subsidiaries
3. Proposed purchase of our own ordinary shares of up to 10% of the issued and paid-up share capital of JCY.

B9. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2010.

	USD'000	RM'000
Long Term Borrowings		
Term loan*	-	-
Total long term borrowings		<u>-</u>
Short Term Borrowings		
Term loan*	35,000	107,993
Bankers' acceptance / ECR / OFCL		69,234
Letter of Credit		98,616
Total short term borrowings		<u>275,843</u>
Total borrowings		<u>275,843</u>

:Note:
* Converted to RM based on the exchange rate of RM3.0855 : USD1.00 as at 31 December 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 31 December 2010 other than as disclosed in note A9.

B13. EARNINGS PER SHARE

The basic earning per share for the current quarter of 0.37 sen was calculated by dividing the Group's net losses attributable to equity holders of the Company for the quarter amounting to RM7.5 million by the weighted average number of ordinary shares in issue of 2,044,860,000.