

# JCY International Berhad

(Company No. 713422-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

(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
	31 Dec 2009 RM'000	31 Dec 2008 RM'000	31 Dec 2009 RM'000	31 Dec 2008 RM'000
Revenue	528,202	429,792	528,202	429,792
Cost of sales	<u>(443,624)</u>	<u>(379,260)</u>	<u>(443,624)</u>	<u>(379,260)</u>
Gross profit	84,578	50,532	84,578	50,532
Other operating income	1,353	666	1,353	666
Foreign exchange loss	(1,308)	(19,191)	(1,308)	(19,191)
General and administrative expenses	<u>(5,610)</u>	<u>(6,507)</u>	<u>(5,610)</u>	<u>(6,507)</u>
Profit from operations	79,013	25,500	79,013	25,500
Finance costs	<u>(1,225)</u>	<u>(1,475)</u>	<u>(1,225)</u>	<u>(1,475)</u>
Profit before taxation	77,788	24,025	77,788	24,025
Income tax expense	<u>(322)</u>	<u>(25)</u>	<u>(322)</u>	<u>(25)</u>
Profit for the period	<u>77,466</u>	<u>24,000</u>	<u>77,466</u>	<u>24,000</u>
Attributable to:				
Equity holders of the Company	77,466	24,000	77,466	24,000
Basic and diluted earnings per share (RM)	<u>0.04</u>	<u>0.01</u>	<u>0.04</u>	<u>0.01</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 31 DECEMBER 2009

(The figures have not been audited)

	Unaudited As At 31 Dec 2009 RM'000	Audited As At 30 Sep 2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	657,678	643,428
Prepaid land lease payments	19,652	19,593
	<u>677,330</u>	<u>663,021</u>
<b>Current assets</b>		
Inventories	192,715	185,339
Trade and other receivables	336,246	345,268
Cash and bank balances	374,588	238,670
	<u>903,549</u>	<u>769,277</u>
Non-current asset classified as held for sale	4,335	28,801
	<u>4,335</u>	<u>28,801</u>
<b>TOTAL ASSETS</b>	<u><u>1,585,214</u></u>	<u><u>1,461,099</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	511,215	511,215
Reserves	366,328	291,471
<b>Total equity</b>	<u>877,543</u>	<u>802,686</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,808	5,536
Term Loan	119,928	-
	<u>125,736</u>	<u>5,536</u>
<b>Current liabilities</b>		
Trade and other payables	265,683	292,155
Amount due to shareholder	93,237	173,236
Short term borrowings	222,397	186,122
Tax payable	618	1,364
	<u>581,935</u>	<u>652,877</u>
<b>Total liabilities</b>	<u>707,671</u>	<u>658,413</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,585,214</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.

## JCY International Berhad

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### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2009

(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		(2,609)		(2,609)
Net profit for the period			77,466	77,466
<b>At 31 December 2009</b>	<u>511,215</u>	<u>19,749</u>	<u>346,579</u>	<u>877,543</u>
<b>At 1 October 2008</b>	511,215	20,779	293,312	825,306
Foreign currency translation		2,659		2,659
Net profit for the period			24,000	24,000
<b>At 31 December 2008</b>	<u>511,215</u>	<u>23,438</u>	<u>317,312</u>	<u>851,965</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 QUARTER ENDED 31 DECEMBER 2009

(The figures have not been audited)

	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	77,788	24,025
Adjustments for :		
Depreciation	20,163	17,727
Amortisation of prepaid land lease	51	64
Gain on disposal of property, plant and equipment	(185)	23
Inventory written down	885	231
Unrealised loss on foreign exchange	4,305	13,174
Unrealised gain on foreign exchange	(698)	(1,118)
Interest income	(577)	(390)
Interest expense	1,225	1,475
Operating profit before working capital changes	102,957	55,211
Inventories	(8,611)	(20,738)
Receivables	4,179	101,241
Payables	(23,987)	(68,402)
Amount due to/from shareholder	(80,000)	(60,000)
Cash generated from / (used in) operations	(5,462)	7,312
Interest paid	(1,225)	(1,475)
Tax paid	(770)	(28)
Net cash generated from / (used in) operating activities	(7,457)	5,809
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(36,883)	(39,582)
Payment of prepaid land lease	(14)	(61)
Proceeds from disposal of property, plant and equipment	24,651	-
Interest received	577	390
Net cash used in investing activities	(11,669)	(39,253)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of short-term borrowings	36,275	42,730
Drawdown of long-term borrowings	119,928	-
Net cash used in financing activities	156,203	42,730
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	137,077	9,286
<b>EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES</b>	(1,159)	672
<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>	374,588	155,020

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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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

### 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 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 2009.

### 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 31 December 2009, the Group has capital commitments for the followings:

Approved and contracted for :	<b>RM'000</b>
Purchase of plant and equipment	73,777

### 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

There were no dividend paid during the current financial quarter.

### A10. DILUTED EARNINGS PER SHARE

There were no diluted earnings per share as at 31 December 2009.

# JCY International Berhad

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

### 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>31 December 2009</b>				
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>(3,796)</u>	<u>77,466</u>
<b>31 December 2008</b>				
Segment revenue				
Sales to external customers	374,605	55,186	-	429,791
Inter-segment sales	57,007	12,680	(69,687)	-
Total	<u>431,612</u>	<u>67,866</u>	<u>(69,687)</u>	<u>429,791</u>
Segment results	<u>24,546</u>	<u>3,083</u>	<u>(3,629)</u>	<u>24,000</u>

### 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. 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 31 DECEMBER 2009**

**A15. RELATED PARTY TRANSACTIONS**

	<b>Current Year Quarter 31 Dec 2009 RM'000</b>
Armster Sdn. Bhd. - a company in which a director's brother has interest - Factory renovation and maintenance expenses	1,272
PCA Mahlin Technology Sdn. Bhd. - a company in which a director is the brother of the Company's director - Rental of building	<u>150</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, other than those disclosed under note B8 above.

**By Order of the Board**

Company Secretary  
22 February 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 RM528.2 million and profit before taxation ("PBT") of RM77.5 million for the 1st quarter ended 31 December 2009, this represents a 22.9% and 222.8% growth as compared to the corresponding quarterly figures. The improvement in revenue is due to a much higher demand from both our key customers, Western Digital & Seagate. The improved PBT is attributed to various factors like product mix, economy of scale, capacity utilization, result of cost control measures implemented and raw materials cost. There was also a reduction in Forex losses during the current quarter of RM1.3 million as compared to Forex losses of RM19.2 million in the corresponding quarterly figures where losses were incurred mostly due to the appreciation of Japanese Yen.

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

The Group continued to expand its production capacities in the 1st quarter. Revenue and PBT were 5.4% and 7.6% higher respectively as compared to the preceding quarter's results. The quarter also showed growth in shipment quantity for all three main products. The improvement in revenue is due to increase in orders from both our key customers, Western Digital & Seagate, which are supported by the overall growth in desktop and netbook segments as well as mobile and consumer electronic segments in the hard disk drive (HDD) industry. The improvement in PBT and PAT were attributed to various measures put in place by the Group coupled with strong growth in sales, as mentioned above.

### B3. FUTURE PROSPECTS

Based on the following and barring any unforeseen circumstances, the Directors of JCY expect the financial performance of the Group for the financial year ending 30 September 2010 to be satisfactory:

- (a.) Increase orders from the key customers in view of the prevailing market condition on the desktop and netbook segments as well as mobile and consumer electronic segments in the HDD industry and the global HDD shipments expected to increase at a compound annual growth rate of 11.6% from 2009 to 2012 (based on TRENDFOCUS Report dated 27 January 2010 included in our Prospectus dated 1 February 2010);
- (b.) Expansion and qualification in the Group's manufacturing facilities are on schedule, contributing in increase in the production capacities to meet the key customers' orders;
- (c.) New orders for shipment of its Top Cover to one of its key customers commencing in the 2nd quarter;
- (d.) Improvement in prospects to secure new customers, which the Group is currently in the process of qualifying its products.

### 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 31 Dec 2009 RM'000	Current Year To Date 31 Dec 2009 RM'000
Taxation	50	50
Deferred Taxation	272	272

### B6. PROFIT ON SALES OF UNQUOTED INVESTMENT OR PROPERTIES

During the quarter, the Group has completed the disposal of a piece of land with building at Tebrau IV, Johor Bahru, which was included in the non-current assets held for sales and realised a gain of approximately RM185k.



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

#### 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

On 26 January 2010, the Securities Commission approved the following:

(a) Offer for sale of 530,210,000 ordinary shares of RM0.25 each in JCY by YKY Investments Ltd to retail and institutional investors ("Offer for Sales"); and

(b) Listing of and quotation for the entire issued and paid-up ordinary share capital of JCY on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

A Prospectus was issued on 1 February 2010 in relation to the Offer for Sales, the Offer for sales were scaled down to 442,893,000 on 11 February 2010, and the Listing will be scheduled on 25 February 2010.

JCY will not receive any proceeds from the Offer for Sales.

#### B9. BORROWING AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2009.

	USD'000	RM'000
<b>Long Term Borrowings</b>		
Term loan*	35,000	<u>119,928</u>
Total long term borrowings		<u>119,928</u>
<b>Short Term Borrowings</b>		
Term loan*	15,000	51,397
Bankers' acceptance		114,138
Letter of Credit		<u>56,862</u>
Total short term borrowings		<u>222,397</u>
<b>Total borrowings</b>		<u><u>342,325</u></u>

Note:

\* Converted to RM based on the exchange rate of RM3.4265:USD1.00 as at 31 December 2009

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 interim/final dividend was declared during the current quarter under review.

#### B13. EARNINGS PER SHARE

The basic earnings per share for the current quarter of 4 sen was calculated by dividing the Group's net profit attributable to equity holders of the Company for the quarter amounting to RM77.5 million by the weighted average number of ordinary shares in issue of 2,044,860,000.