

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial quarter ended 31 March 2011 (Unaudited)

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Revenue	397,432	549,687	836,336	1,077,889
Cost of sales	<u>(375,324)</u>	<u>(473,628)</u>	<u>(797,428)</u>	<u>(917,252)</u>
Gross profit	22,108	76,059	38,908	160,637
Other operating income	1,182	841	2,146	2,194
Foreign exchange gain / (loss)	(3,381)	(2,364)	(5,727)	(3,672)
General and administrative expenses	<u>(6,617)</u>	<u>(5,849)</u>	<u>(12,548)</u>	<u>(11,459)</u>
Profit from operations	13,292	68,687	22,779	147,700
Finance costs	<u>(771)</u>	<u>(2,458)</u>	<u>(2,703)</u>	<u>(3,683)</u>
Profit before taxation	12,521	66,229	20,076	144,017
Income tax expense	<u>(63)</u>	<u>(350)</u>	<u>(106)</u>	<u>(672)</u>
Net profit for the period	<u>12,458</u>	<u>65,879</u>	<u>19,970</u>	<u>143,345</u>
Other comprehensive income				
Foreign exchange translation difference	1,229	(7,103)	3,092	(9,712)
Total comprehensive income for the period	<u>13,687</u>	<u>58,776</u>	<u>23,062</u>	<u>133,633</u>
Net profit attributable to:				
Equity holders of the Company	12,458	65,879	19,970	143,345
Basic and diluted earnings per share (Sen)	<u>0.61</u>	<u>3.22</u>	<u>0.98</u>	<u>7.01</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 March 2011 (Unaudited)

	Unaudited As At 31 Mar 2011 RM'000	Audited As At 30 Sep 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	712,690	753,846
Prepaid land lease payments	19,273	19,239
	<u>731,963</u>	<u>773,085</u>
Current assets		
Inventories	220,715	213,321
Trade and other receivables	304,291	354,310
Cash and bank balances	72,844	128,834
	<u>597,850</u>	<u>696,465</u>
TOTAL ASSETS	<u><u>1,329,813</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	369,734	362,008
Total equity	<u>880,949</u>	<u>873,223</u>
Non-current liabilities		
Deferred tax liabilities	11,890	11,890
Term loan	-	77,138
	<u>11,890</u>	<u>89,028</u>
Current liabilities		
Trade and other payables	214,435	243,408
Short term borrowings	221,583	262,935
Tax payable	956	956
	<u>436,974</u>	<u>507,299</u>
Total liabilities	<u>448,864</u>	<u>596,327</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,329,813</u></u>	<u><u>1,469,550</u></u>

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JCY International Berhad
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial quarter ended 31 March 2011 (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	873,223
Total comprehensive income for the period		3,092	19,970	23,062
Interim tax-exempt dividend of 0.75 sen per ordinary share in respect of the financial year end 30 Sept 2010			(15,336)	(15,336)
At 31 March 2011	<u>511,215</u>	<u>2,178</u>	<u>367,556</u>	<u>880,949</u>
At 1 October 2009	511,215	22,358	269,113	802,686
Total comprehensive income for the period		(9,712)	143,345	133,633
At 31 March 2010	<u>511,215</u>	<u>12,646</u>	<u>412,458</u>	<u>936,319</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 March 2011 (Unaudited)

	Current Year To Date	Preceding Year Corresponding Period
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,076	144,017
Adjustments for :		
Depreciation	53,825	44,200
Amortisation of prepaid land lease	138	171
(Gain) / Loss on disposal of property, plant and equipment	-	(178)
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	3,580	1,020
Interest income	(455)	(1,100)
Interest expense	2,703	3,683
Operating profit before working capital changes	79,867	191,813
Inventories	(7,394)	(33,422)
Receivables	50,019	(28,748)
Payables	(28,973)	(21,668)
Cash (used in) / generated from operations	93,520	107,975
Interest paid	(2,703)	(3,683)
Tax paid	(106)	(760)
Net cash (used in) / generated from operating activities	90,711	103,532
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,423)	(116,923)
Acquisition of subsidiary	-	(69)
Proceeds from disposal of property, plant and equipment	-	28,986
Interest received	455	1,100
Net cash used in investing activities	(15,968)	(86,906)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount due to shareholder	-	(173,237)
Dividend paid	(15,336)	-
Drawdown / (Repayment) of short-term borrowings	(118,490)	62,905
Drawdown of long-term borrowings	-	114,188
Net cash generated from financing activities	(133,826)	3,856
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(59,084)	20,482
EFFECTS OF FOREIGN EXCHANGE RATE DIFFERENCES	3,093	(3,908)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	128,834	238,670
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	72,844	255,244

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 MARCH 2011

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.

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127:

Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary,
Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation (Paragraphs 95A, 97AA
and 97AB)

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded
Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding
Requirements and their Interaction

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

The adoption of the above FRSs, amendments to FRSs and IC interpretations did not have any material impact on the financial statements of the Group.

JCY International Berhad
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2011

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 March 2011.

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 March 2011, the Group has capital commitments for the followings:

Approved and contracted for :	RM'000
Purchase of plant and equipment	9,780

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)
- Interim tax-exempted dividend of RM0.0075 per ordinary shares of RM0.25 each (Paid on 24 January 2011)

Current Year to Date
30 September 2010
RM
0.0391
0.0075
<u>0.0466</u>

A10. DILUTED EARNINGS PER SHARE

There were no diluted earnings per share as at 31 March 2011.

JCY International Berhad
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2011

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 March 2011				
Segment revenue				
Sales to external customers	641,839	194,498	-	836,336
Inter-segment sales	156,919	15,484	(172,403)	-
Total	798,757	209,982	(172,403)	836,336
Segment results	18,511	3,462	(2,003)	19,970
Year to Date - 31 March 2010				
Segment revenue				
Sales to external customers	853,153	224,736	-	1,077,889
Inter-segment sales	215,183	24,138	(239,321)	-
Total	1,068,336	248,874	(239,321)	1,077,889
Segment results	134,957	3,147	5,240	143,345

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 as disclosed in note B11.

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 March 2011
RM'000

300

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2011

A17. DISCLOSURE ON REALISED AND UNREALISED PROFITS / LOSSES

	Group As at 31 March 2011 RM'000
Retained earnings of the Company and its subsidiaries :	
- Realised	431,381
- Unrealised	<u>(54,524)</u>
	376,857
Less: Consolidation adjustments	<u>(7,123)</u>
Retained earnings per financial statements	<u>369,733</u>

By Order of the Board

Company Secretary
18 May 2011

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 RM397.4 million and profit before taxation ("PBT") of RM12.5 million for the 2nd quarter ended 31 March 2011. The revenue and PBT were lower by about 27.7% and 81.1% 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 to depreciating USD against Ringgit and lower volume of components sold for the current quarter as a result of weakening global demand for Hard Disk Drive (HDD) for the current quarter ended 31 March 2011.

The lower PBT were mainly due to increase in the cost of production resulting from increase in the cost of raw materials like aluminium and stainless steel and also increase in labour cost.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of approximately RM397.4 million and PBT of RM12.5 million for the reporting quarter. In the preceding quarter ended 31 December 2010, the Group recorded a turnover of RM438.9 million and PBT of RM7.6 million. The Group's turnover decreased by approximately 9.5% due to decrease in the sales volume resulting from weakening global demand for HDD for the financial quarter ended 31 March 2011.

The Group PBT increased by approximately 64.5% from RM7.6 million for quarter ended 31 December 2010 to RM12.5 million for the current quarter ended 31 March 2011. The increase in PBT to RM12.5 million due mainly to better margin resulting from better cost control and increase in productivity.

B3. FUTURE PROSPECT

HDD industry is going through another round of consolidation at our customers' level. Our major customers continues to increase their global markets shares as a result of the recent merger and acquisitions.

However, the strengthening of Malaysia Ringgit and shortage of labour in Malaysia couples with the increases in the raw material prices will continues to affect the profitability of the HDD component manufacturers. In addition, the HDD components shortages due to the recent Japanese Tsunami may effect the HDD output too. The Group will continue to intensify our efforts to improve operational effeciently 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 March 2011 RM'000	Current Year To Date 31 March 2011 RM'000
Taxation	63	106
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 following Corporate proposals were approved by the shareholders during the AGM and EGM on 24 March 2011:-

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; and
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 March 2011.

	USD'000	RM'000
Long Term Borrowings		
Term loan*	-	-
Total long term borrowings		<u>-</u>
Short Term Borrowings		
Term loan*	35,000	105,886
Bankers' acceptance / ECR / OFCL		60,961
Letter of Credit		<u>54,736</u>
Total short term borrowings		<u>221,583</u>
Total borrowings		<u>221,583</u>

:Note: Converted to RM based on the exchange rate of RM3.0253 : USD1.00 as at 31 March 2011*

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

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.

JCY HDD had disputed the claims and had discussed 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.

The Writ of Summons and Statement of Claim dated 23 February 2011 was served on JCY HDD by TNB claiming for the additional electricity charges 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. The Company had sought for solicitor's advise on the necessary course of action to be taken in relation to the aforesaid Writ of Summons. The Company had filed into court its Defence and Counter-Claim on 29 April 2011. The matter is currently at the case management stage at the Penang High Court.

There will be no significant financial impact arising from the Writ of Summons and Statement of Claim served of JCY HDD as the major shareholder has undertaken that they would make good to the amount claimed by TNB.

B12. DIVIDENDS

No dividend has been proposed for the current quarter ended 31 March 2011.

B13. EARNINGS PER SHARE

The basic earning per share for the current quarter of 0.61 sen was calculated by dividing the Group's net losses attributable to equity holders of the Company for the quarter amounting to RM12.5 million by the weighted average number of ordinary shares in issue of 2,044,860,000.