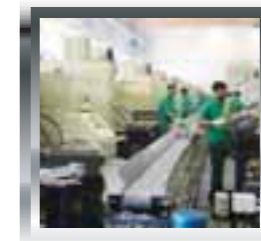




JCY International Berhad
(Company No. 713422-X)

JCY International Berhad



www.jcyinternational.com.my



ANNUAL REPORT 2010

ANNUAL
REPORT
2010



Unit #21-02, Level 21
Menara MSC Cyberport
No. 5, Jalan Bukit Meldrum
80300 Johor Bahru
Johor, Malaysia

T : +607-352 5822 ext. 202
F : +607-352 0922



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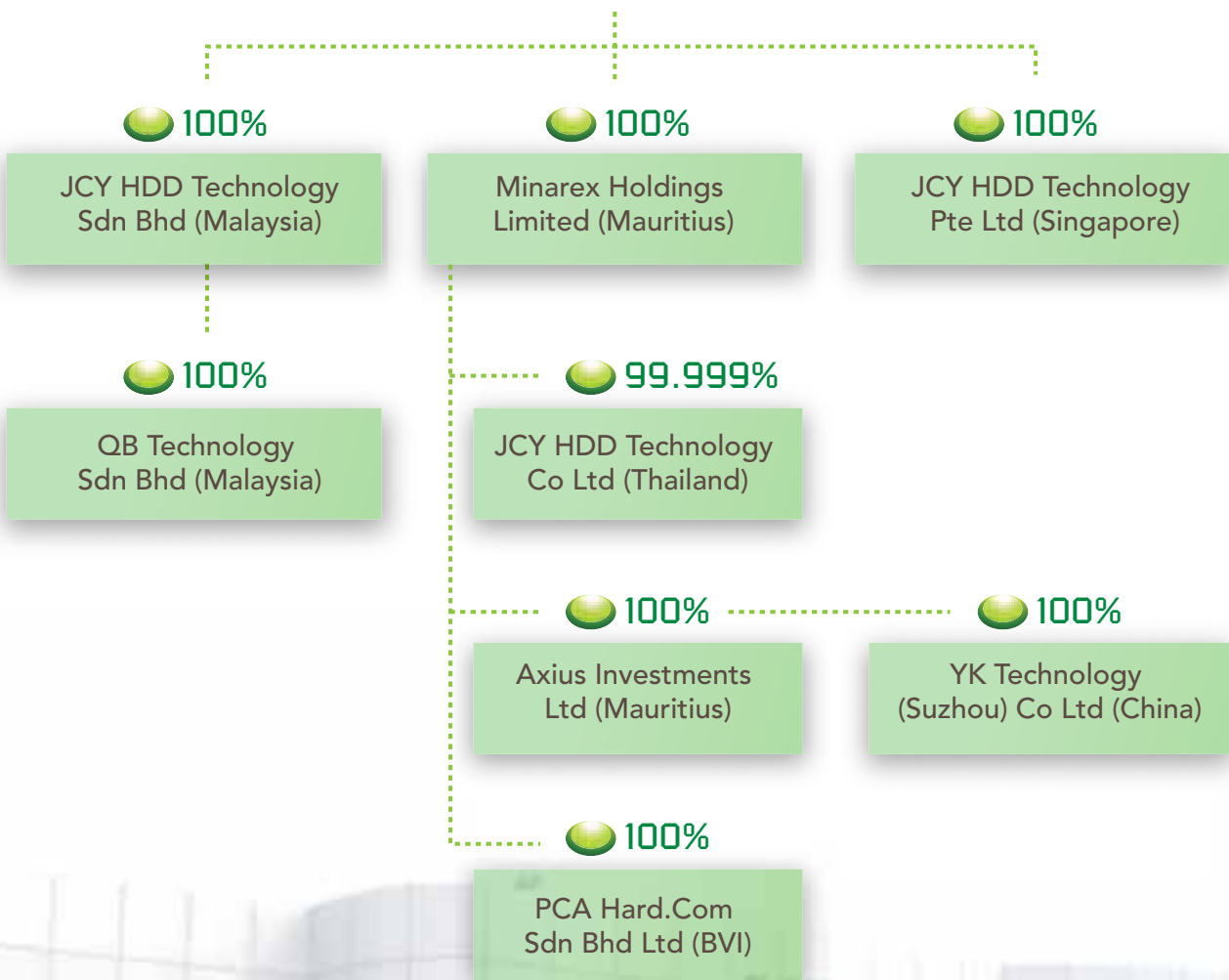
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the Notice of Annual General Meeting

Proxy Form

Corporate Structure



JCY International Berhad
(Company No.: 713422-X)



Corporate Information



BOARD OF DIRECTORS

Dr. Rozali Bin Mohamed Ali	<i>(Independent Non-Executive Chairman)</i>
Goh Chye Kang	<i>(Non-Independent Executive Director)</i>
Wong King Kheng	<i>(Non-Independent Executive Director)</i>
Yong Yong Chai	<i>(Non-Independent Executive Director)</i>
Chatar Singh A/L Santa Singh	<i>(Non-Independent Executive Director)</i>
Chang Wei Ming	<i>(Independent Non-Executive Director)</i>
Chan Boon Hui	<i>(Independent Non-Executive Director)</i>

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Pan Seng Wee (MAICSA 7034299)

AUDIT COMMITTEE

Chang Wei Ming
(Chairman, Independent Non-Executive Director)

Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)

Chan Boon Hui
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Chan Boon Hui
(Chairman, Independent Non-Executive Director)

Chang Wei Ming
(Independent Non-Executive Director)

Dr. Rozali Bin Mohamed Ali
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dr. Rozali Bin Mohamed Ali
(Chairman, Independent Non-Executive Director)

Chan Boon Hui
(Independent Non-Executive Director)

Chang Wei Ming
(Independent Non-Executive Director)

Wong King Kheng
(Non-Independent Executive Director)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No. : (603) 2084 9000
Fax No. : (603) 2094 9940

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No. : (603) 2084 9000
Fax No. : (603) 2094 9940

HEAD/MANAGEMENT OFFICE

No. 1, Jalan Firma 3
Kawasan Perindustrian Tebrau IV
81100 Johor Bahru
Johor Darul Takzim, Malaysia
Tel No. : (607) 352 5822
Fax No. : (607) 352 5833

Unit # 21-02, Level 21
Menara MSC Cyberport
No. 5, Jalan Bukit Meldrum
80300 Johor Bahru
Johor Darul Takzim, Malaysia

AUDITORS

Ernst & Young
Suite 11.2, Level 11, Menara Pelangi
2, Jalan Kuning, Taman Pelangi
80400 Johor Bahru
Johor Darul Takzim, Malaysia
Tel No. : (607) 334 1740
Fax No. : (607) 334 1749

BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad

SOLICITORS

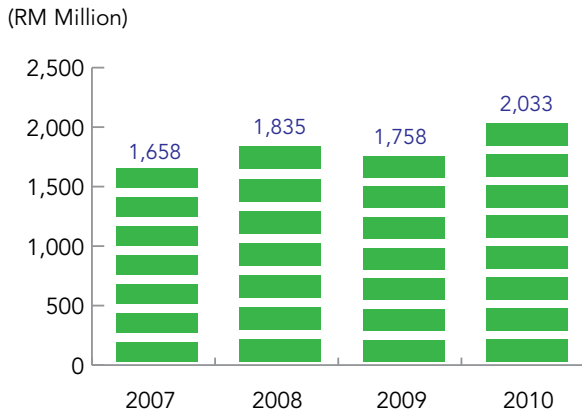
Zaid Ibrahim & Co, Advocates & Solicitors
Level 19, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No. : (603) 2087 9999
Fax No. : (603) 2094 4888

STOCK EXCHANGE LISTING

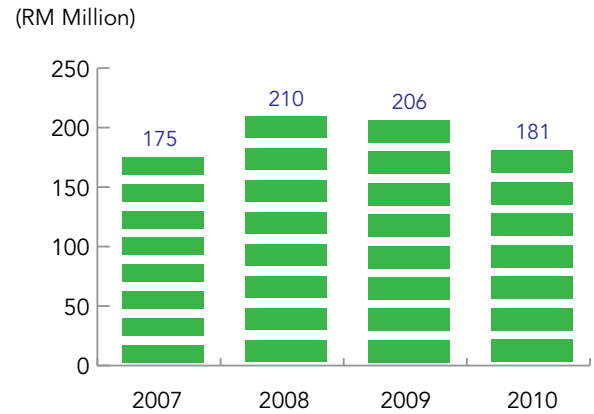
Main Market of Bursa Malaysia Securities Berhad
Stock Name : JCY
Stock Code : 5161

Financial Highlights

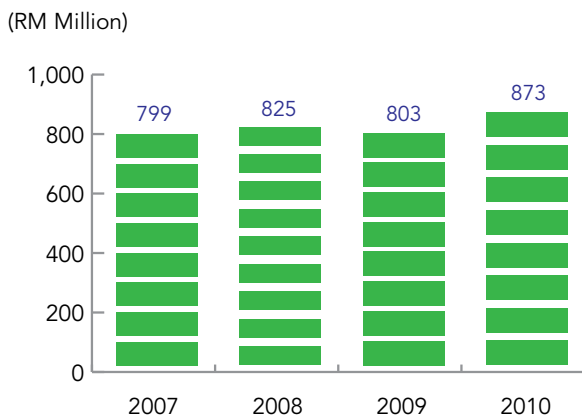
REVENUE



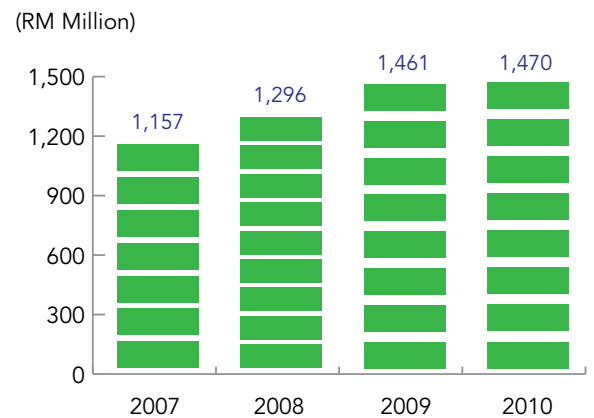
PROFIT BEFORE TAXATION



SHAREHOLDERS' FUND



TOTAL ASSETS



Financial Highlights cont'd

Description	2007 RM Million	2008 RM Million	2009 RM Million	2010 RM Million
Revenue	1,657.8	1,834.9	1,758.0	2,033.4
Profit Before Taxation	174.6	209.8	205.9	180.6
Profit After Taxation	173.9	202.8	207.3	173.8
Profit Attributable to Shareholders	173.9	202.8	207.3	173.8
Share Capital	511.2	511.2	511.2	511.2
Reserves	287.7	314.1	291.5	362.0
Shareholders' Fund	798.9	825.3	802.7	873.2
Minority Interests	-	-	-	-
Deferred Tax Liabilities	-	6.4	5.5	11.9
Current Liabilities	358.4	464.6	652.9	507.3
Non-Current Liabilities	-	-	-	77.1
	1,157.3	1,296.3	1,461.1	1,469.5
Property, Plant & Equipment	467.4	600.6	643.4	753.8
Prepaid Land Lease Payments	14.0	28.0	19.6	19.2
Current Assets	675.9	667.7	798.1	696.5
Total Assets	1,157.3	1,296.3	1,461.1	1,469.6
Net Assets Per Share (RM)	0.39	0.40	0.39	0.43
Net Earnings Per Share (RM)	0.085	0.099	0.101	0.085
Dividend Against Net Earnings	0.00%	95.79%	111.66%	46.01%
Dividend Amount (RM'000)	-	194,262	231,478	79,954

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual report and the audited financial statements of JCY International Berhad (JCY) for the financial year ended 30 September 2010. This is our first report since JCY was listed on the Bursa Malaysia in February 2010.

FINANCIAL PERFORMANCE

Despite volatility in the Hard Disk Drive (HDD) markets particularly in the third and fourth quarters of our financial year, and a drop in the average selling price of our products, the Group revenue grew 15.6% from RM1,758 million in 2009 to RM2,033 million in 2010. The sales volume also increased by about 37% from approximately 270 million components in 2009 to over 370 million components in 2010.

The Group's gross profit shows a decrease of approximately 10% to RM221.6 million compared with RM245 million in 2009. Our cost of sales has increased by 19.6% to RM1,811 million in FY 2010, from RM1,513 million in the previous year.

This increase in the cost of sales was due to adverse foreign exchange movements (the U.S. Dollar weakening significantly against the Malaysian Ringgit), and increases in labour and raw materials costs.

The increase in taxation was mainly due to the provision of deferred taxation in compliance with FRS 112, which requires deferred tax provision for taxable timing difference in respect of property, plant & equipment potentially reversible for years 2016 and beyond.

During the year under review, we also started to supply HDD mechanical components to new customers from Japan and Korea. Consequently, the Group has needed to maintain higher inventories to ensure continuous and uninterrupted supply of its HDD components to its customers.



Chairman's Statement cont'd



The Group continued its expansion in Thailand and China, investing more than RM220 million, mainly in factory buildings, plant and machinery, and other equipment.

The Group took up short-term loans of US\$50 million in November 2009 to finance the Group's working capital and to be prepared for further expansion through potential mergers or acquisitions.

DIVIDEND

Interim dividends, tax exempt, of 3.9 sen and 0.75 sen per ordinary share for the financial year 2010 were paid to shareholders on 30 June 2010 and 24 January 2011.

Despite the Group currently operating in a "high technology" sector of industry, with its attendant risks and fluctuations, our Board believes that we should be able to declare dividends amounting to at least 50% of our net earnings for each financial year.

OPERATION REVIEW

The first quarter of our financial year (quarter ended 31 December 2009) was very encouraging with increase in orders from our customers despite the unprecedented global financial crisis in late 2008 and early 2009. However, the unexpected turnaround quickly slowed down and quarterly HDD demands remained quite stagnant for the next three quarters at approximately 160 million drives per quarter.

At the same time other key factors affected our operational profitability. We experienced increases in labour costs due to a shortage of foreign workers and increases in workers' salaries and related costs. Raw materials costs, particularly of aluminium and steel, also rose. Key measures undertaken by the Group to mitigate these cost increases include headcount reductions, shifting of labour-intensive operations to lower labour-cost countries, and improvements in operational processes, including increasing levels of automation to improve operational efficiencies.

OUTLOOK AND PROSPECTS

The outlook for the HDD sector for the year 2011 is challenging, given the entry and increasing popularity of non-volatile semiconductor-based memory in media tablets, netbooks and other personal electronic devices. Nevertheless HDD demand will remain significant and continue to grow, albeit at a slower rate. We will continue to expand our market share, with new customers and improved competitiveness.

APPRECIATION

Our Board wishes to acknowledge and thank our management staff and all our employees for their dedication and contribution towards ensuring continuing growth and success of the Group.

Our Board also wishes to express our sincere appreciation and gratitude to all our customers, supplies and business associates including our existing shareholders, bankers, investment analysts and fund managers for their continuous support and confidence in the Group's business direction and strategies.

Dr. Rozali Bin Mohamed Ali

Independent Non-Executive Chairman

24 February 2011



Profile of Directors

DR. ROZALI BIN MOHAMED ALI

Aged 63, Malaysian

Chairman

Independent Non-Executive Director

Chairman of the Remuneration Committee

Member of the Audit Committee

Member of the Nomination Committee

Dr. Rozali Bin Mohamed Ali was appointed as Chairman and Independent Non-Executive Director on 13 November 2009. He was then appointed the Chairman of the Remuneration Committee, a member of the Audit Committee, a member of the Nomination Committee on the same day.

Dr. Rozali started his career in 1970 at Lembaga Letrik Negara Tanah Melayu, until 1990, when he was appointed Assistant Director-General, Institute of Strategic and International Studies ("ISIS") Malaysia, an appointment he held until 1995. Dr. Rozali was then appointed Executive Director of Commerce Asset-Holdings Berhad (now known as CIMB Group Holdings Berhad) from 1996 to 2000, Managing Director and Chief Executive Officer of Bumiputra-Commerce Bank Berhad (now known as CIMB Bank Berhad) from 2000 to 2004, and Executive Director and Chief Executive Officer of Bumiputra-Commerce Holdings Berhad from 2004 to 2005.

He graduated with B.Sc. (Hons), Mechanical Engineering Brighton Polytechnic, Sussex, England; M.Sc. Thermal Power Engineering, Diploma of Imperial College (D.I.C.) and PhD, Imperial College of Science Technology, University of London.

Dr. Rozali currently sits on the Board of Directors of the International Institute for Leadership in Finance and Chairman of the International Governing Council and Pro-Rector of the International Centre for Education in Islamic Finance.

Dr. Rozali has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

GOH CHYE KANG

Aged 54, Singaporean

Non-Independent Executive Director

Goh Chye Kang was appointed as Non-Independent Executive Director on 13 November 2009. Mr. Goh has more than 28 years of working experience in the components manufacturing industry of which 20 years has been in the HDD industry. Prior to joining the Company, Mr. Goh was Vice President – Operation, in the Precision Engineering Division of Beyonics Technology Limited, a company listed on the Singapore Exchange Securities Trading Limited from 1998 to 2005. He was attached to Maxtor Peripherals for 8 years and was the Senior Director of Materials when he left in 1997.

Mr. Goh completed his professional qualification with Masters of Business Administration from Brunel University, United Kingdom. He is also a certified Six Sigma Champion and a qualified Lean Manufacturing Captain/Master.

Mr. Goh has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Profile of Directors cont'd

WONG KING KHENG

Aged 58, Malaysian

Non-Independent Executive Director

Member of the Remuneration Committee

Wong King Kheng was appointed as Non-Independent Executive Director on 30 November 2005. He was then appointed member of the Remuneration Committee on 13 November 2009.

Mr. Wong is presently the Director of Soh & Wong Management Consultant Pte Ltd, a management consultancy firm in Singapore, and Partner of K K Wong and Associates, a public accounting firm in Singapore. He was the founder and Partner of Soh, Wong & Partners, a public accounting firm, from 1989 to 2000. Prior to that, he was an audit manager in an international accounting firm and this gave him extensive exposure in the fields of auditing, tax planning, management consulting and public listing consulting.

He also sits on board of directors of various public companies listed on the Singapore Exchange Securities Trading Limited, including as the Chairman of the Audit, Remuneration and Nominations Committee of Ossia International Limited, Portek International Limited, Integrated Technology Group Limited and VGO Corporation Limited, and as an independent director and member of the Audit, Remuneration and Nominations Committee of Tiong Woon Corporation Holding Ltd. He is also a director of a number of private companies in Singapore.

Mr. Wong has qualified as a member of the Institute of Chartered Accountants in England and Wales and is presently a member of the Institute of Certified Public Accountants, Singapore, Malaysian Institute of Accountants and Australian Certified Practising Accountants.

Mr. Wong has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

YONG YONG CHAI

Aged 46, Malaysian

Non-Independent Executive Director

Yong Yong Chai was appointed as Non-Independent Executive Director on 18 April 2006. He has more than 12 years of experience in the HDD industry, having joined PCA (the primary entity within the Predecessor Group) in 1994. He was an executive director of PCA since 1994, and is involved in the day-to-day operations of PCA, including the heading of various departments and task groups in PCA.

Mr. Yong graduated from NCC, United Kingdom with a Diploma in Computer Studies. Mr. Yong is the brother of YK Yong, who is a beneficiary under the discretionary trust created over shares in YKY Investments, the substantial shareholder of our Company.

Profile of Directors cont'd

CHATAR SINGH A/L SANTA SINGH

Aged 59, Malaysian

Non-Independent Executive Director

Chatar Singh A/L Santa Singh, was appointed as Non-Independent Executive Director on 13 November 2009.

Mr. Chatar is currently the Non-Executive Chairman of MQ Technology Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

He started his career in Sharp-Roxy Corporation (M) Sdn Bhd in Sungai Petani, Kedah and was with the company for 7 years, his last position being Assistant Factory Manager. In 1983, he joined LH Research, an American switching power supply company based in Prai, Penang and HQ in California, in the U.S. He was with LH Research for a total of 9 years and was also responsible for managing LH Research factories in the Caribbean (Puerto Rico and Dominican Republic) for approximately 3 years as General Manager. In 1992, he joined Dai-Ichi Industries Berhad ("Dai-Ichi") (Loudspeaker and Speaker Box business) as General Manager and was later appointed as a Director when the company was listed on the then Second Board of Bursa Securities. He resigned from the board of Dai-Ichi in 1999.

In 1994, he founded SMT Technologies, a company involved in electronics contract manufacturing using surface mount technology and was the Managing Director. He left SMT Technologies in 1999. Thereafter, he was with PCA Mahlin, a company involved in making actuators for the HDD industry from 2000-2001 as Managing Director.

In 2001, he founded QB Technology Sdn Bhd, a company manufacturing precision coils for HDD actuators and was the Managing Director. In 2004, QB was acquired by MQ Technology Berhad and was subsequently listed in the then MESDAQ market of Bursa Securities in 2005.

Mr. Chatar graduated in 1976 with a B.Sc (Hons) degree majoring in Physics and Chemistry from University Sains Malaysia and has more than 30 years experience in the electronics manufacturing industry.

Mr. Chatar has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

CHANG WEI MING

Aged 59, Malaysian

Independent Non-Executive Director

Chairman of the Audit Committee

Member of the Nomination Committee

Member of the Remuneration Committee

Chang Wei Ming was appointed as Independent Non-Executive Director on 13 November 2009. He is also the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee.

Mr. Chang is a self-employed Consultant providing consulting services to both listed and private companies. He started his career as a Finance Officer with the Malaysian Timber Industry Board in 1975. Thereafter, he joined Touche Ross & Co, Chartered Accountants in London as an Articled Student Accountant. Upon returning to Malaysia in 1980, he joined Hanafiah Raslan & Mohamad as an Audit Supervisor. He left the industry in 1981 when he was recruited by the MBf Group for the post of Management Accountant. He held several positions within the Group and his last appointment in 1988 was General Manager of MBf Holdings Berhad, responsible for Group Corporate and Treasury as well as the Group Company Secretary.

He was employed by Falmac Machinery Pte Ltd as General Manager for a year before joining the National University Hospital (S) Pte Ltd in 1989 and served as its Chief Administration Officer and Company Secretary for 5 years. In 1994 he was appointed as Finance Director of Liang Huat Aluminium Limited until 1998 when he left to become a Consultant.

Mr. Chang graduated from University of Malaya in 1975 with a Bachelor of Economics (Hons) and is a member of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Certified Public Accountants, Singapore.

Mr. Chang has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Profile of Directors cont'd

CHAN BOON HUI

Aged 43, Malaysian

Independent Non-Executive Director

Chairman of the Nomination Committee

Member of the Audit Committee

Member of the Remuneration Committee

Chan Boon Hui was appointed as Independent Non-Executive Director on 13 November 2009. He is also the Chairman of Nomination Committee and a member of Audit and Remuneration Committee.

Mr. Chan is presently the Managing Director of Chancery Capital. He started his career in investment banking with Schroders in Singapore. He then moved to the Rothschilds Group, based in Singapore and New York, before joining BNP Paribas Peregrine and OCBC Bank in Singapore. He has more than 15 years experience in this field involving domestic and cross-border transactions with companies and government institutions.

Mr. Chan is also a Non-Executive Independent Director of Hiap Hoe Limited, a company listed on the Singapore stock exchange.

Mr. Chan holds a Master of Arts Degree (Law) from Cambridge University, United Kingdom. He is also a CFA Charter holder.

Mr. Chan has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Corporate Governance Statement

The Board of Directors ("Board") of JCY International Berhad recognizes the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The following statements outline the main corporate governance practices of the Group which were in place throughout the financial year.

BOARD OF DIRECTORS AND ITS COMMITTEES

An effective Board leads and controls the Company and the Group. The Board has the overall responsibility for Corporate Governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long term shareholders' value.

Board Responsibilities

The responsibilities of the Board of the Company are as follows:-

- a. Reviewing and adopting a strategic plan for the company;
- b. Overseeing the conduct of the company's business to evaluate whether the business is being properly managed;
- c. Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- d. Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management;
- e. Developing and implementing an investor relations programme or shareholder communications policy for the company; and
- f. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems.

Board Balance and Composition

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

The Board currently has seven (7) members of whom four (4) are Non-Independent Executive Directors and three (3) are Independent Non-Executive Directors. The composition of the Board is in compliance with Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Main LR of Bursa Securities") which require one-third of the Directors to be Independent Non-Executive Directors.

A brief description of the background and profiles of the Directors is set out on pages 8 to 11. The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, development and control of the Group and overseeing the investments and operations of the Group.

The Board is assisted by three (3) Board Committees namely, the Audit Committee, the Nomination Committee and the Remuneration Committee all of which operate within clearly defined terms of reference.

The Independent Non-Executive Chairman and Directors are both professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct.

Corporate Governance Statement cont'd

BOARD OF DIRECTORS AND ITS COMMITTEES cont'd

Board Meetings

A total of five (5) Board meetings were held during the financial year ended 30 September 2010. The attendance of each Director to the Board meetings held during the financial year is summarized as follows:-

Directors	No. of Meetings Attended	Percentage
Dr. Rozali Bin Mohamed Ali	4/5	80%
Mr. Goh Chye Kang	5/5	100%
Mr. Wong King Kheng	5/5	100%
Mr. Yong Yong Chai	5/5	100%
Mr. Chatar Singh A/L Santa Singh	5/5	100%
Mr. Chang Wei Ming	4/5	80%
Mr. Chan Boon Hui	5/5	100%

All the directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Main LR of Bursa Securities.

Supply of Information

An agenda and Board papers will be distributed to all Directors prior to the Board meetings and sufficient time is given to enable Directors to evaluate the matters to be discussed in order to discharge their duties effectively and efficiently. The Directors are free to seek any further explanation and information they consider necessary to facilitate informed decision-making.

Where applicable, there will be a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of major investment, change to management and control structure of the Group, including key policies, procedures and authority limits.

The Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense if circumstances necessitate it. Prior to incurring such professional fees, the Directors shall refer to the Chairman on the scope, nature and fees of the professional advice to be sought.

All Directors have unrestricted access to the information, advice and services of the Company Secretaries and the senior Management staff in the Group in carrying out their duties.

Board Committees

The Board has appointed other Board Committees which operate within clearly defined terms of reference. The Board Committees are:

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

Corporate Governance Statement cont'd

BOARD OF DIRECTORS AND ITS COMMITTEES cont'd

Board Committees cont'd

a. **Audit Committee**

The Audit Committee's role and functions are set out on pages 20 to 23 of this Annual Report.

b. **Nomination Committee**

Established on 13 November 2009, the Nomination Committee comprises of three (3) Independent Non-Executive Directors. Its composition is as follows:

Name	Position	Directorship
Chan Boon Hui	<i>Chairman</i>	<i>Independent Non-Executive Directors</i>
Chang Wei Ming	<i>Member</i>	<i>Independent Non-Executive Directors</i>
Dr. Rozali Bin Mohamed Ali	<i>Member</i>	<i>Independent Non-Executive Directors</i>

The duties and functions of the Nomination Committee are as follow:

- Recommending candidates for appointments to the Board of Directors, Board Committees, regulatory committees and key management positions;
- Establishing the performance criteria to evaluate the performance of each member of the Board of Directors and reviewing respective performance;
- Formulating the nomination, selection and succession policies for members of the Board and Board Committees;
- Recommending to the Board the optimum size of the Board, and formalizing a transparent procedure for proposing new nominees to the Board and Board Committees; and
- Assisting the Board in reviewing on an annual basis the required mix of skills and experience of Non-Executive Directors.

The appointment of new directors is the responsibility of the full Board after consideration of the recommendations by the Nomination Committee.

In making this recommendation, the Committee will consider the required mix of skills and experience and other qualities, including core competencies which directors of the Company should bring to the Board.

c. **Remuneration Committee**

The Remuneration Committee which was set up on 13 November 2009 comprising three (3) Independent Non-Executive Directors and one (1) Non-Independent Executive Director. Its composition is as follows:

Name	Position	Directorship
Dr. Rozali Bin Mohamed Ali	<i>Chairman</i>	<i>Independent Non-Executive Director</i>
Mr. Chang Wei Ming	<i>Member</i>	<i>Independent Non-Executive Director</i>
Mr. Chan Boon Hui	<i>Member</i>	<i>Independent Non-Executive Director</i>
Mr. Wong King Kheng	<i>Member</i>	<i>Non-Independent Executive Director</i>

Corporate Governance Statement cont'd

BOARD OF DIRECTORS AND ITS COMMITTEES cont'd

Board Committees cont'd

c. **Remuneration Committee** cont'd

The Committee is primarily responsible for recommending to the Board of the Company the policy and framework for Directors' remuneration as well as review and assess the remuneration packages of the Executive Directors and key management.

Appointment and Re-election of Directors

In accordance with the Articles of Association of the Company, one-third of the directors shall retire from office at every annual general meeting ("AGM") but shall be eligible for re-election. Directors appointed during the year by the Board shall hold office until the next annual general meeting and shall then be eligible for re-election. In accordance with Articles 95 of the Company's Articles of Association, Mr. Yong Yong Chai and Mr. Chan Boon Hui are due to retire at this coming annual general meeting and being eligible, would be standing for re-election.

Directors' Continuous Professional Development

All directors have attended and successfully completed the Mandatory Accreditation Programme accredited by Bursa Securities. In addition, seminars and conferences organized by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board will also identify training needs amongst the Directors and enroll the Directors for the training programme, as and when required. Director may also request to attend additional training to keep abreast on their individual requirements.

The Directors are also updated by the Company Secretaries on any changes to legal and governance practices of the Group and which affect themselves as Directors at every Audit Committee and Board meetings.

DIRECTORS' REMUNERATION

The Remuneration Committee is guided by the need to "attract and retain" during establishment of remuneration package and at the same time, link the rewards to corporate and individual Executive Director's performance. The compensation of Non-Executive Directors, including the Non-Executive Chairman, should be a matter for the board as a whole. Directors' fees payable to non-executive directors are subject to shareholders' approval at the AGM.

A summary of the Directors' remuneration for financial year ended 30 September 2010 is disclosed below:

The details of the Directors' remuneration for the financial year are:

	Salary and EPF RM'000	Fee RM'000	Total RM'000
Executive Directors	2,658	200	2,858
Non-Executive Directors	300	150	450
Directors of subsidiaries	484	-	484
Total	3,442	350	3,792

Corporate Governance Statement cont'd

DIRECTORS' REMUNERATION cont'd

A summary of the Directors' remuneration for services rendered to the Group and the Company for financial year ended 30 September 2010 is disclosed below:

The Directors, whose remuneration falls within the following bands are as follows:

Range	Group		Company	
	Executive	Non-Executive	Executive	Non-Executive
RM100,000 and below	-	2	2	2
RM300,001 - RM350,000	-	1	-	1
RM450,001 - RM500,000	1	-	1	-
RM500,001 - RM550,000	1	-	1	-
RM650,001 - RM700,000	1	-	-	-
RM1,150,001 - RM1,200,000	1	-	-	-

The detail remuneration of each Director is not disclosed as the information is sensitive and confidential.

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

Dialogue between the Company and Investors

The Board acknowledges the need for the shareholders and investors to be informed of the Group's business and corporate developments. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

Apart from the mandatory announcements through the Bursa Securities, the Company also maintains a website www.jcyinternational.com to which shareholders and investors can have access to information on the operations and business activities of the Group.

General Meetings

The ("AGM") is the principal forum for dialogue between the Company and the shareholders. At each Annual General Meeting, the Board encourages shareholders to participate in the questions and answers session. The members of the Board are available to respond to questions from shareholders.

Any item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of the resolution to facilitate full understanding and evaluation of the issues involved.

Where Extraordinary General Meeting are held to obtain shareholders' approval on business or corporate proposals, comprehensive circulars are sent to shareholders within prescribed deadlines in accordance with regulatory and statutory provisions.

Corporate Governance Statement cont'd

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities.

With assistance from the Audit Committee, the Board scrutinized the financial aspect of the Audited Financial Statements and ensures that all annual and quarterly financial reports are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

A Statement of Directors' Responsibilities is shown on page 21 of this Annual Report.

Internal Control

The Board acknowledges that internal audit function is an integral part of an effective system of corporate governance and has an in house Internal Audit Department to periodically review the adequacy, effectiveness and integrity of the Group's internal control system, management information system, risk management and governance processes. The Internal Auditors reviews and highlights weaknesses in control procedures and makes recommendations for improvement.

Summary of the activities of the Internal Audit Department is set out in the Audit Committee Report on page 22 and 23 of this Annual Report.

Relationship with Auditors

The Group's independent external auditors play an important role in enhancing the reliability of the Group's financial statements and giving assurance of that reliability to the users of these financial statements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report of this Annual Report. The Group has always maintained a transparent relationship with its Auditors in seeking professional advice and ensuring compliance with applicable approved accounting standards in Malaysia.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Group and to adopt the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the best practices as set out in the Code.

This statement is made in accordance with the resolution passed in the Board of Directors' Meeting held on 24 February 2011.

Corporate Social Responsibility Report

Corporate social responsibility ("CSR") for the Group has always been more than just a matter of compliance and obligation. It is about conducting business with conscience-caring for the community, the environment, the customers, employees and stakeholders.

We are committed to conducting our business with integrity. Our Statement of Corporate Governance makes clear our commitment in complying with all the regulatory requirements. We also place equal importance on quality excellence by proofing all the various ISO that we have received.

COMMUNITY

To meet its social responsibilities to the community in a fair and consistent manner, the Company has certain donation programmes aimed at supporting organizations and institutions involved in health and welfare, education, culture, recreation and civic activities designed to enhance quality of life. These donation programmes will be reviewed annually to ensure that distribution of corporate contributions continues to effectively address the community's changing needs.

ENVIRONMENT

At the Company's various plants, we ensure strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. As part of our corporate responsibility agenda, we have measures in place to minimize the adverse impact on the environment and to achieve continuous improvement of our plants/factories environmental performance.

The Company has an environmental management system to measure its environmental performance through periodic monitoring on the emission of pollutants. In addition, waste and chemical management system are put in place to ensure that the environment system is being protected. We treat most of the pollutants on-site with our wastewater treatment plant and send other waste substances (such as waste oil, spent solvent and metal hydroxide sludge) to government-licensed waste disposal units or specialist contractors. The Company is also subject to regular review by the Department of Environment of its wastewater discharge and air emissions. In line with this, our manufacturing factories are certified to the international environmental management systems standard, ISO 14001.

Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the conservation measures taken by our Company.

CUSTOMERS & STAKEHOLDERS

The Company believes that effective CSR can deliver benefits to its business and stakeholders by inculcating essential attributes such as:

1. An established Financial Management Discipline intended to drive excellence in financial management with the objective of preserving and enhancing the quality of business as a going concern.
2. An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility is clearly set out to guide management. The Company sees Enterprise Risk Management as a serious consideration to protect the company from defaults that could fundamentally damage enterprise value.
3. Upholding accountability and integrity in its supply chain management.
4. Complying with International Organization for Standardization (ISO) standard and Electronics Industry Code of Conduct (EICC). A strict code of business conduct and ethics which the Company abides by in all types of transactions and interactions.
5. Enhancing skills and development of employees to achieve professionalism in good business conduct. Public communications, like financial reports, contain disclosures that are fair, accurate, timely and understandable.

Corporate Social Responsibility Report cont'd

CUSTOMERS & STAKEHOLDERS cont'd

6. Applying the principles in compliance with Best Practices of good corporate governance as set out in the Malaysian Code on Corporate Governance pursuant to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.
7. In choosing its directors, the Company seeks individuals of high integrity, have shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgment to act in what they reasonably believe to be in the best interest of the company and shareholders they represent.
8. The strict practice of responsible selling and marketing of products and services, in global market that is increasingly becoming even more aggressive and competitive.

EMPLOYEE

No matter how good a business plan and strategy, it is the people who make it work. Our employees are our greatest assets. We believe in supporting local employment, therefore we provide equal opportunities to all existing and potential employees without discrimination to race, religion or gender and we respect the basic rights of individual employees. We participate in career fairs that attract a large pool of quality talents.

In retaining the best talents, we continually provide our employees with education and training. Our training programmes are for leadership skills, as well as technical and behavioral competencies. Currently our CSR activities are focused on Employee Training and Development which is carried out through internal and external training aimed at equipping our employees with skills and knowledge related to projects and tasks handled by them so that these may be executed to meet customers' needs and expectations.

The Company complies with the Malaysian statutory requirements to contribute to the Employees' Provident Fund and also makes a monthly contribution to the Social Security Organisation. Beside that the Company also provides insurance coverage to the Management Staff and subsidized coverage for the rest of the workers.

We strongly believe that human capital is the most important value to an organization. We place great importance on the welfare, health and safety of its employees and it is our policy to promote high safety and health standards in order to provide a safe and healthy working environment for our employees and the public and will not compromise the health and safety of our employees. To ensure a safe and healthy working condition for our employees and support workers, the Company has developed certain policies to safeguard employees in all of its business operation. Among such policies are Fire Safety Policy, Smoking Policy and First Aid Policy. Our Health and Safety Team is responsible for supporting these measures and the team members receive training from various bodies such as National Institute of Occupational Health & Safety and the Malaysian Red Crescent. At the Company's manufacturing locations, we have continued to ensure that equipment and building systems are functioning properly and are well maintained.

The Company's premises are also well-equipped with facilities for employees' convenience. The Company provides an in-house clinic with full-time industrial nurses to provide medical consultation and treatment, surau facility, a 24 hour canteen, transport and hostels with free utilities charges for operators.

The company being a caring employer organizes sports events such as Football, Badminton and Bowling competitions with the aim to motivate and build up teamwork amongst the employees.

Audit Committee Report

MEMBERS

The present members of the Committee comprise :

Chairman	Chang Wei Ming	<i>(Independent Non-Executive Director)</i>
Committee Members	Dr. Rozali Bin Mohamed Ali	<i>(Independent Non-Executive Director)</i>
	Chan Boon Hui	<i>(Independent Non-Executive Director)</i>

TERMS OF REFERENCE

Composition

1. The Committee members shall consist of at least three (3) members appointed by the Board of Directors from amongst the Directors of whom all members are Independent Non-Executive Directors. In this respect, the Board adopts the definition of 'Independent Director' as defined under the Main LR.

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee:

- a. Must be a member of the Malaysian Institute of Accountant; or
 - b. If he is not a member of the Malaysian Institute of Accountant, he must have at least three (3) years' working experience and:
 - He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountant Act 1967; or
 - He must be a member of one of the associations of accountant specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - c. Fulfils such requirement as prescribed or approved by Bursa Securities.
2. No alternate Director shall be appointed as a member of the Committee.
 3. The members of the Audit Committee shall select a Chairman from among their number who shall be an Independent Director.
 4. In the event of any vacancy in the Committee resulting in the non-compliance with item 1 above, the Board shall fill the vacancy within three (3) months.
 5. The Board shall review the term of office and performance of the Committee and of each member at least once every three (3) years.

Authority

The Committee is authorized by the Board:

1. To investigate any matter within its terms of reference;
2. To have the resources which are required to perform its duties;
3. To have full and unrestricted access to any information pertaining to the Company;
4. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. To be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Executive Directors and employees of the Company at least twice a year and whenever necessary.

Audit Committee Report cont'd

TERMS OF REFERENCE cont'd

Duties and Responsibility

The duties and responsibility of the Committee shall be:

1. Review the following and report the same to the Board: -
 - a. with the external auditors, their audit plan, evaluation of the system of internal controls and audit report;
 - b. the quarterly and year-end financial statements of the Group and the Company, focusing particularly on:
 - any changes in or implementation of major accounting policies and procedures;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with applicable approved accounting standards and other legal and regulatory requirements;
 - c. in relation to internal audit functions, to do the following:
 - the adequacy of audit scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - d. any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - e. any external auditors' management letter and management's response on findings arising from the interim and final audits;
 - f. any appointment of the external auditors, the audit fee and any question of resignation or dismissal; and
 - g. any other topics or functions as may be agreed to by itself and the Board of Directors.

Meetings and Quorum

1. The Audit Committee should meet regularly, at least every quarter with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. Majority of Committee members present must be independent Director to form a quorum to the meeting.
2. The Committee shall meet with the external auditors without the presence of Executive Directors and employees of the Company at least twice a year and whenever necessary.
3. The Group Finance Manager, the internal auditors, and representatives of the external auditors shall normally attend meetings. Other Board members and employees shall attend meetings only at the invitation of the Committee.
4. The Company Secretary shall be the secretary of the Committee.

Audit Committee Report cont'd

TERMS OF REFERENCE cont'd

Reporting Procedures

1. The Chairman of the Audit Committee is continuously engage with senior management and auditors in order to be kept informed of any matters affecting the Company.
2. The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

MEETINGS

During the financial year, the Audit Committee held a total of three (3) meetings. Details of each members' meeting attendance during the financial year are as follows:

Committee Members	No. of Meetings Attended
Chang Wei Ming	2/3
Dr. Rozali Bin Mohamed Ali	2/3
Chan Boon Hui	3/3

The non-executive members of the Committee had one (1) dialogue session with the external auditors on 20 May 2010.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee has reviewed:

1. The external audit plan with the external auditors.
2. The quarterly unaudited results and the audited annual financial statements before submission to the Board for their consideration and approval for the purpose of announcement to Bursa Securities.
3. The management letter of external audits and management response.
4. The risk management framework report.
5. The internal audit plan and results of the internal audit process; to ensure appropriate actions are taken on the recommendations made by the internal auditors.
6. The reports prepared by the internal auditor on the state of internal control of the Group in respect of the financial year.
7. The related party transaction(s) that may arise within the Group or Company.
8. Reviewed the re-appointments of the external auditors for the ensuing year.

Audit Committee Report cont'd

SUMMARY OF ACTIVITIES cont'd

Internal Audit Function

The Company has an Internal Audit Department, which reports directly to the Audit Committee and assists the Committee in discharging its functions and duties. The internal audit function is independent of operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care. The costs incurred for the internal audit function in respect of the financial year ended 30 September 2010 amounted to RM54,000.

During the financial year, the Internal Audit Department carried out the following:

1. Reviewed the internal control system of the Group on its compliance and effectiveness taking into consideration factors that have arisen from evolving business environment.
2. Conducted compliance, operational and financial audits covering Group Policies and Procedures and key internal control areas.
3. Presented audit findings and discussed corrective actions to be taken in business unit's management meeting, corporate level's operations review meeting and in the quarterly Audit Committee meetings.
4. Conducted follow-up audits to ensure corrective actions on audit reports were implemented.

Internal Control Statement

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls in order to enhance the value of shareholders' investments and to safeguard the companies' assets. The Board of Directors is pleased to provide the following Statement on Internal Control made in compliance with paragraph 15.26 of the Main Market Listing Requirements of the BMSB's ("Bursa Malaysia Securities Berhad") and the Statement on Internal Control Guidance for Directors of Public Listed Companies.

RESPONSIBILITY OF THE BOARD

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control, and for reviewing its effectiveness, adequacy and integrity. This includes the establishment of an appropriate control environment and framework, and review of the effectiveness, adequacy and integrity of the system.

Due to limitations that are inherent in any systems of internal control, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The system of internal control can only provide reasonable but not absolute assurance against any material misstatement or loss.

KEY ELEMENT OF INTERNAL CONTROL

The principal features of the Group's internal control structures which are conducive toward achieving a sound system of internal control are summarized as follows:

1. Independence of the Audit Committee

The Audit Committee comprise majority of Non-Executive Directors, who have varied experience and qualification. The Audit Committee has full access to both the internal as well as external auditors.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the internal auditor, the external auditors and management, and evaluated the adequacy and effectiveness of the Group's risk management and internal control system. It also conducts a review of the internal audit functions with emphasis on the scope of audits, quality and independence of the Internal Audit Division.

2. Organization Structure with Defined Roles and Responsibilities

Terms of reference for the Executive Directors are clearly defined. Job functions for the Management and employees in the Group have been streamlined to provide well defined roles and responsibilities for the enhancement of the Group's performance.

3. Formalized Strategic Planning Processes

The Group has formulated the appropriate business plans within which the business objectives, strategies and targets are articulated. Business planning and budgeting is undertaken annually, to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

4. Reporting and Review

The Group's key management team carries out monthly monitoring and review of financial results including monitoring and reporting thereon, of performance against the operating plans. The key management team communicates regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern.

Internal Control Statement cont'd

KEY ELEMENT OF INTERNAL CONTROL cont'd

5. Authority Limits

Delegation of authority including authorization limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility.

Investments and projects are subject to formal review and authorization procedures where the Executive Directors will review significant projects before making recommendations to the Board for consideration, and approval.

6. Continuous Employee Education

All employees are encouraged to improve themselves through adequate training and continuous education. The Group has put in place a continuous training programme to motivate and improve the leadership quality of employees in the Group in order to better conduct themselves at work and in relationship with external parties, such as customers and suppliers.

7. Quality Control

The Group emphasizes continuous effort in maintaining the quality of products. The Directors have ensured that safety and health regulations, environmental controls and all other legislations in connection with the industry have been considered and complied with.

8. Financial Performance

The preparation of quarterly and full year results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year financial statements are also audited by the external auditors.

This statement is made in accordance with the resolution of the Board of Directors dated 24 February 2011 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Listing Requirements.

Director's Report

for the year ended 30 September 2010

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 30 September 2010.

Principal Activities

The principal activities of the Company consist of investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	173,763	97,456

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 30 September 2009 were as follows :

	RM'000
In respect of financial year ended 30 September 2010	
Single tier interim dividend of 3.91 sen per ordinary share on 2,044,860,000 ordinary shares, declared on 15 June 2010 and paid on 30 June 2010	79,954

The Company has, on 20 December 2010, declared single tier interim dividend of 0.75 sen per ordinary share on 2,044,860,000 ordinary shares amounting to RM15,336,450 which is payable on 24 January 2011.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Dr. Rozali Bin Mohamed Ali
Yong Yong Chai
Wong King Kheng
Chatar Singh A/L Santa Singh
Chang Wei Ming
Chan Boon Hui
Goh Chye Kang

Director's Report for the year ended 30 September 2010 cont'd

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and in its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM0.25 Each			
	1 October 2009	Bought	Sold	30 September 2010
Direct Interest				
Yong Yong Chai	-	5,000,000	-	5,000,000
Wong King Kheng	-	3,500,000	-	3,500,000
Chang Wei Ming	-	25,000	-	25,000
Dr. Rozali Bin Mohamed Ali	-	650,000	-	650,000
Goh Chye Kang	-	600,000	-	600,000
Chatar Singh A/L Santa Singh	-	750,000	-	750,000

As at 30 September 2010, the holding company of the Company, YKY Investments Ltd ("YKY"), held 1,515,483,052 ordinary shares in the Company. Yong Yong Chai, the director of the Company, is the brother of Yong Yoon Kiong, the sole director of YKY and indirect substantial shareholder of the Company.

Other Statutory Information

- (a) Before the income statement and balance sheet of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Director's Report for the year ended 30 September 2010 cont'd

Other Statutory Information cont'd

- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group or of the Company; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Events

The significant events are disclosed in Note 32 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 January 2011

Yong Yong Chai

Wong King Kheng

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Yong Yong Chai and Wong King Kheng, being two of the directors of JCY International Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 69 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 January 2011

Yong Yong Chai

Wong King Kheng

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Wong King Kheng, being the director primarily responsible for the financial management of JCY International Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Wong King Kheng at Johor)
Bahru in the State of Johor Darul Ta'zim)
on 26 January 2011)

Wong King Kheng

No: J 149
Periethamby A/L Supaiya
Commissioner for oaths

Before me,

Independent Auditors' Report

to the members of JCY International Berhad
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of JCY International Berhad, which comprise the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 68, except for explanatory note 33 set out on page 69.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements comprising the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 68, have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2010 and of their financial performance and cash flows for the year then ended.

Report On Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Independent Auditors' Report
to the members of JCY International Berhad
(Incorporated in Malaysia) cont'd

Report On Other Legal And Regulatory Requirements cont'd

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Abraham Verghese A/L T.V. Abraham
1664/10/12(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 26 January 2011

Income Statements

for the year ended 30 September 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	2,033,386	1,758,077	116,893	246,660
Cost of sales		(1,811,813)	(1,513,071)	(4,419)	(5,517)
Gross profit		221,573	245,006	112,474	241,143
Other operating income		3,039	7,792	523	1,429
General and administrative expenses		(36,317)	(39,490)	(15,541)	(3,426)
Profit from operations	4	188,295	213,308	97,456	239,146
Finance costs	7	(7,676)	(7,397)	-	-
Profit before taxation		180,619	205,911	97,456	239,146
Taxation	8	(6,856)	1,368	-	-
Net profit for the year		173,763	207,279	97,456	239,146
Basic and diluted earnings per share (RM)	9	0.08	0.10		

The accompanying notes form an integral part of the financial statements

Balance Sheets

as at 30 September 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	753,846	643,428	11,673	15,337
Prepaid land lease payments	12	19,239	19,593	-	-
Investment in subsidiaries	13	-	-	451,751	451,751
		<u>773,085</u>	<u>663,021</u>	<u>463,424</u>	<u>467,088</u>
Current assets					
Inventories	14	213,321	185,339	-	-
Trade and other receivables	15	354,310	345,268	356	67
Amount due from subsidiaries	16	-	-	155,227	316,309
Cash and bank balances	18	128,834	238,670	94	56
		<u>696,465</u>	<u>769,277</u>	<u>155,677</u>	<u>316,432</u>
Non-current assets classified as held for sale	19	-	28,801	-	-
		<u>696,465</u>	<u>798,078</u>	<u>155,677</u>	<u>316,432</u>
TOTAL ASSETS		<u>1,469,550</u>	<u>1,461,099</u>	<u>619,101</u>	<u>783,520</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	511,215	511,215	511,215	511,215
Reserves		362,008	291,471	32,467	14,965
		<u>873,223</u>	<u>802,686</u>	<u>543,682</u>	<u>526,180</u>
Non-current liabilities					
Deferred tax liabilities	22	11,890	5,536	-	-
Borrowings	21	77,138	-	-	-
		<u>89,028</u>	<u>5,536</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	20	243,408	292,155	585	253
Amount due to subsidiaries	16	-	-	74,834	79,793
Amount due to shareholder	17	-	173,236	-	177,294
Borrowings	21	262,935	186,122	-	-
Tax payable		956	1,364	-	-
		<u>507,299</u>	<u>652,877</u>	<u>75,419</u>	<u>257,340</u>
Total liabilities		<u>596,327</u>	<u>658,413</u>	<u>75,419</u>	<u>257,340</u>
TOTAL EQUITY AND LIABILITIES		<u>1,469,550</u>	<u>1,461,099</u>	<u>619,101</u>	<u>783,520</u>

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

for the year ended 30 September 2010

		Share Capital (Note 23)	Non- Distributable Foreign Currency Translation Reserve (Note 25)	Distributable Retained Earnings (Note 24)	Total
	Note	RM'000	RM'000	RM'000	RM'000
At 1 October 2008		511,215	20,779	293,312	825,306
Net profit for the year		-	-	207,279	207,279
Foreign currency translation		-	1,579	-	1,579
Dividends	10	-	-	(231,478)	(231,478)
At 30 September 2009		511,215	22,358	269,113	802,686
At 1 October 2009		511,215	22,358	269,113	802,686
Net profit for the year		-	-	173,763	173,763
Foreign currency translation		-	(23,272)	-	(23,272)
Dividends	10	-	-	(79,954)	(79,954)
At 30 September 2010		511,215	(914)	362,922	873,223

The accompanying notes form an integral part of the financial statements

Company Statement of Changes in Equity

for the year ended 30 September 2010

		Share Capital (Note 23)	Distributable Retained Earnings (Note 24)	Total
	Note	RM'000	RM'000	RM'000
At 1 October 2008		511,215	7,297	518,512
Net profit for the year		-	239,146	239,146
Dividends	10	-	(231,478)	(231,478)
At 30 September 2009		511,215	14,965	526,180
Net profit for the year		-	97,456	97,456
Dividends	10	-	(79,954)	(79,954)
At 30 September 2010		511,215	32,467	543,682

The accompanying notes form an integral part of the financial statements

Cash Flow Statements

for the year ended 30 September 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit before taxation	180,619	205,911	97,456	239,146
Adjustment for:				
Depreciation	93,670	81,860	2,531	2,896
Amortisation of prepaid land lease	240	477	-	-
Impairment of investment in subsidiary	-	-	-	2,300
Gain on disposal of property, plant and equipment	(101)	(616)	(523)	(597)
Gain on disposal of non-current assets classified as held for sale	(185)	-	-	-
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combination	-	(2,976)	-	-
Unrealised loss/(gain) on foreign exchange	15,665	5,040	13,627	(832)
Property, plant and equipment written off	437	-	-	-
Interest income	(1,729)	(2,620)	-	-
Finance costs	7,676	7,397	-	-
Operating profit before working capital changes	296,292	294,473	113,091	242,913
Inventories	(28,330)	7,522	-	-
Receivables	(27,562)	(14,712)	(287)	4
Payables	(47,479)	(4,673)	332	80
Amount due to/from subsidiaries	-	-	(34,797)	(185,008)
Cash generated from operations	192,921	282,610	78,339	57,989
Finance costs paid	(7,676)	(7,397)	-	-
Tax paid	(908)	(202)	(3)	-
Net cash generated from operating activities	184,337	275,011	78,336	57,989
Cash flows from investing activities				
Interest income	1,729	2,620	-	-
Purchase of property, plant and equipment	(220,261)	(141,423)	(13)	(171)
Proceeds from disposal of non-current assets classified as held for sale	28,986	-	-	-
Acquisition of subsidiary	-	(6,024)	-	-
Proceeds from disposal of property, plant and equipment	324	4,269	1,669	2,013
Net cash (used in)/generated from investing activities	(189,222)	(140,558)	1,656	1,842

Cash Flow Statements
for the year ended 30 September 2010 cont'd

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from financing activities				
Amount due to shareholder	(173,236)	(4,057)	-	-
Dividends paid	(79,954)	(60,000)	(79,954)	(60,000)
Proceeds from term loan	163,125	-	-	-
Repayment of term loan	(31,991)	-	-	-
Repayment of hire purchase	-	(7)	-	-
Drawdown of short-term borrowings	22,817	22,810	-	-
Net cash used in financing activities	(99,239)	(41,254)	(79,954)	(60,000)
Net (decrease)/increase in cash and cash equivalents	(104,124)	93,199	38	(169)
Effects of foreign exchange rate differences	(5,712)	409	-	-
Cash and cash equivalents at beginning of year	238,670	145,062	56	225
Cash and cash equivalents at end of year (Note 18)	128,834	238,670	94	56

Notes to the Financial Statements

30 September 2010

1. CORPORATE INFORMATION

The principal activities of the Company consist of investment holding and design and development of hard disk drive (HDD) components. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

The holding company of the Company is YKY Investments Ltd, which is incorporated in Bahamas.

The Company is a public limited company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business is located at 1, Jalan Firma 3, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 January 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial period on or after 1 October 2009 as described fully in Note 2.3.

The financial statements which have been prepared on a historical basis, are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) *Subsidiaries and Basis of Consolidation*

(i) *Subsidiaries*

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying value is included in profit or loss.

(ii) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup transactions, balances and unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(a) *Subsidiaries and Basis of Consolidation* cont'd

(ii) *Basis of Consolidation* cont'd

Subsidiaries and businesses acquired under common control are accounted for in the consolidated financial statements by way of the application of merger principles of accounting. The common control transfers are acquisition of entities, or businesses controlled by such entities, at book values as recorded in these entities whereby these entities and the Company have common ultimate controlling parties prior to and immediately after such transfers. The results of such subsidiaries and businesses are presented as if the "merger" had been effected throughout the previous financial years.

In the case of other acquisitions, the purchase method of consolidation is applied wherein, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The cost of acquisition is allocated to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) *Property, Plant and Equipment and Depreciation*

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(b) *Property, Plant and Equipment and Depreciation* cont'd

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Buildings	2%
Fixtures, fittings and office equipment	20%
Motor vehicles	20%
Plant, machinery and equipment	10%-20%
Electrical installation	10%-20%
Renovation	10%-20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(c) *Impairment of Non-Financial Assets*

The carrying amounts of assets, other than inventories and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(ii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(f) *Non-current Assets Held for Sale*

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(g) *Leases*

(i) *Classification*

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) *Operating Leases - the Group As Lessee*

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or up-front payments made are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(h) *Income Tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(i) **Provisions**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(j) **Employee Benefits**

(i) *Short Term Benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) *Defined Contribution Plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(k) **Foreign Currencies**

(i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) *Foreign Currency Transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.2 Summary of Significant Accounting Policies cont'd

(k) Foreign Currencies cont'd

(ii) Foreign Currency Transactions cont'd

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are initially taken directly to the foreign exchange reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign exchange reserve within equity.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sales of Goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest Income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.3 Changes in Accounting Policy and Effects Arising from Adoption of New FRS

During the financial year, the Group and the Company adopted FRS 8: Operating Segments. The adoption of this new FRS has no significant impact to the Group and the Company.

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of approval of these financial statements, the following new FRSs, Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

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

Notes to the Financial Statements 30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.4 Standards and Interpretations Issued but Not Yet Effective cont'd

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

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. Unless otherwise described below, these pronouncements are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application:

(i) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(ii) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Company's exposure to risks, enhanced disclosure regarding components of the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Notes to the Financial Statements
30 September 2010 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

2.5 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with FRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to depreciation of plant and machinery.

The cost of plant and machinery for the manufacture of hard disk drive components is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

No major judgements have been made by management in applying the Group and the Company's accounting policies.

3. REVENUE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Sales of hard disk drive components	2,033,386	1,758,077	-	-
Rendering of design and development services	-	-	3,955	6,780
Dividend income	-	-	112,938	239,880
	<u>2,033,386</u>	<u>1,758,077</u>	<u>116,893</u>	<u>246,660</u>

Notes to the Financial Statements
30 September 2010 cont'd

4. PROFIT FROM OPERATIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit from operations is stated after charging:				
Depreciation (Note 11)	93,670	81,860	2,531	2,896
Amortisation of prepaid land lease payments (Note 12)	240	477	-	-
Audit fees				
- current year	322	322	55	45
- (over)/underprovision in prior year	(11)	25	5	5
Impairment of investment in subsidiary	-	-	-	2,300
Employee benefits expense (Note 5)	82,425	67,850	1,812	1,529
Non-executive directors' remuneration (Note 6)				
- Fee	150	-	150	-
- Other emoluments	300	-	300	-
Rental of land and building	3,494	3,456	-	-
Rental of equipment	1,737	1,644	-	-
Rental of hostel	10,817	12,203	-	-
Rental of office	184	184	184	184
Property, plant and equipment written off	437	-	-	-
Loss on foreign exchange				
- realised	8,363	8,347	-	-
- unrealised	15,665	8,332	13,627	-
And crediting:				
Interest income from deposits	1,729	2,620	-	-
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combination	-	2,976	-	-
Gain on disposal of property, plant and equipment	101	616	523	597
Gain on disposal of non-current assets classified as held for sale	185	-	-	-
Gain on foreign exchange				
- unrealised	-	3,292	-	832
- realised	14,088	1,144	-	-

Notes to the Financial Statements
30 September 2010 cont'd

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	74,918	62,413	1,720	1,398
Defined contribution plans	2,842	2,737	85	124
Social security contributions	2,555	1,475	7	7
Other staff related expenses	2,110	1,225	-	-
	<u>82,425</u>	<u>67,850</u>	<u>1,812</u>	<u>1,529</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,342,000 (2009: RM1,719,000) and RM1,107,000 (2009: RM560,000) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors (Note 5) :				
Fees	200	-	200	-
Other emoluments	3,142	1,719	907	560
	<u>3,342</u>	<u>1,719</u>	<u>1,107</u>	<u>560</u>
Non-executive directors (Note 4) :				
Fees	150	-	150	-
Other emoluments	300	-	300	-
	<u>450</u>	<u>-</u>	<u>450</u>	<u>-</u>
Total directors' remuneration	<u>3,792</u>	<u>1,719</u>	<u>1,557</u>	<u>560</u>

Notes to the Financial Statements
30 September 2010 cont'd

6. DIRECTORS' REMUNERATION cont'd

Details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive:				
Salaries	2,902	1,534	844	500
Fees	200	-	200	-
Bonus	114	75	20	-
Defined contribution plan	126	110	43	60
	<u>3,342</u>	<u>1,719</u>	<u>1,107</u>	<u>560</u>
Non-Executive:				
Other emoluments	300	-	300	-
Fees	150	-	150	-
	<u>3,792</u>	<u>1,719</u>	<u>1,557</u>	<u>560</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below :

	Number of Directors	
	2010	2009
Executive directors:		
Below RM100,000	2	5
RM250,001 - RM300,000	-	2
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	-
Non-executive directors:		
Below RM100,000	2	-
RM200,001 - RM350,000	1	-

Notes to the Financial Statements
30 September 2010 cont'd

7. FINANCE COSTS

	Group	
	2010 RM'000	2009 RM'000
Interest expense on:		
Bankers' acceptances	2,674	3,246
Term loan	2,772	-
Bill payables	1,906	722
Bank charges	324	329
Facility fee	-	3,100
	<u>7,676</u>	<u>7,397</u>

8. TAXATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current income tax:				
Malaysian income tax	502	65	-	-
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	6,354	(1,553)	-	-
Underprovision in prior year	-	120	-	-
	<u>6,856</u>	<u>(1,368)</u>	<u>-</u>	<u>-</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 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.

Notes to the Financial Statements
30 September 2010 cont'd

8. TAXATION cont'd

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	180,619	205,911	97,456	239,146
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	45,155	51,478	24,364	59,786
Income not subject to tax	(37,370)	(50,629)	(24,371)	(59,970)
Expenses not deductible for tax purposes	1,535	375	7	184
Deferred tax recognised at different tax rates	358	2,689	-	-
Deferred tax asset not recognised for unabsorbed losses	735	599	-	-
Deferred tax assets recognised on certain property, plant and equipment in respect of which the tax base exceeds the net carrying amount	(3,557)	(6,000)	-	-
Underprovision of deferred tax in prior year	-	120	-	-
Taxation for the year	6,856	(1,368)	-	-

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'000)	173,763	207,279
Weighted average number of ordinary shares in issue ('000 units)	2,044,860	2,044,860
Basic and diluted earnings per share (RM)	0.08	0.10

Notes to the Financial Statements
30 September 2010 cont'd

10. DIVIDENDS

	Dividend in respect of year		Dividends recognised in year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Single tier interim dividend of 3.97 sen per ordinary share on 2,044,860,000 ordinary shares	-	81,181	-	81,181
Single tier interim dividend of 7.35 sen per ordinary share on 2,044,860,000 ordinary shares	-	150,297	-	150,297
Single tier interim dividend of 3.91 sen per ordinary share on 2,044,860,000 ordinary shares	79,954	-	79,954	-
	<u>79,954</u>	<u>231,478</u>	<u>79,954</u>	<u>231,478</u>

The Company has, on 20 December 2010, declared single tier interim dividend of 0.75 sen per ordinary share on 2,044,860,000 ordinary shares amounting to RM15,336,450 which is payable on 24 January 2011.

Notes to the Financial Statements
30 September 2010 cont'd

11. PROPERTY, PLANT AND EQUIPMENT

At 30 September 2010 Group	Freehold	Buildings	Building in progress	Fixtures, fittings and office equipment	Plant and machinery	Equipment	Electrical installation	Renovation	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 October 2009	4,353	51,413	77,064	9,715	746,724	99,378	9,239	21,325	2,335	1,021,546
Additions	3,113	698	36,214	1,437	151,372	23,752	1,817	1,591	267	220,261
Disposal	-	-	-	-	(549)	(1,249)	-	-	(123)	(1,921)
Written off	-	-	-	(4,212)	(453)	(51)	(3,208)	(1,614)	-	(9,538)
Transfers	-	53,586	(53,586)	-	-	-	-	-	-	-
Exchange differences	(44)	(310)	(2,754)	(143)	(17,975)	-	-	(28)	(21)	(21,275)
At 30 September 2010	7,422	105,387	56,938	6,797	879,119	121,830	7,848	21,274	2,458	1,209,073
Accumulated depreciation										
At 1 October 2009	-	9,389	-	7,731	295,614	42,882	5,127	15,677	1,698	378,118
Charge for the year (Note 4)	-	2,547	-	1,047	76,160	10,251	1,443	2,002	220	93,670
Disposal	-	-	-	-	(1,273)	(309)	-	-	(116)	(1,698)
Written off	-	-	-	(4,040)	(192)	(47)	(3,208)	(1,614)	-	(9,101)
Exchange differences	-	(22)	-	(82)	(5,606)	-	-	(48)	(4)	(5,762)
At 30 September 2010	-	11,914	-	4,656	364,703	52,777	3,362	16,017	1,798	455,227
Net carrying amount										
At 30 September 2010	7,422	93,473	56,938	2,141	514,416	69,053	4,486	5,257	660	753,846

Notes to the Financial Statements
30 September 2010 cont'd

11. PROPERTY, PLANT AND EQUIPMENT cont'd

At 30 September 2009	Freehold land	Buildings	Building in progress	Fixtures, fittings and office equipment	Plant and machinery	Equipment	Electrical installation	Renovation	Motor vehicles	Total
Group										
Cost										
At 1 October 2008	4,291	50,178	40,427	9,192	676,959	87,673	7,114	20,893	2,188	898,915
Additions	-	264	57,930	348	67,671	12,681	2,125	404	-	141,423
Acquisition of subsidiary	-	-	-	205	4,249	8	-	-	138	4,600
Reclassified to non-current assets held for sale (Note 19)	-	-	(20,831)	-	-	-	-	-	-	(20,831)
Disposal	-	-	-	(47)	(5,346)	(984)	-	-	-	(6,377)
Transfers	-	576	(576)	-	-	-	-	-	-	-
Exchange differences	62	395	114	17	3,191	-	-	28	9	3,816
At 30 September 2009	4,353	51,413	77,064	9,715	746,724	99,378	9,239	21,325	2,335	1,021,546
Accumulated depreciation										
At 1 October 2008	-	7,285	-	6,610	231,657	34,200	4,105	13,095	1,360	298,312
Charge for the year (Note 4)	-	2,084	-	1,149	66,382	8,927	1,022	1,959	337	81,860
Disposal	-	-	-	(27)	(2,452)	(245)	-	-	-	(2,724)
Exchange differences	-	20	-	(1)	27	-	-	623	1	670
At 30 September 2009	-	9,389	-	7,731	295,614	42,882	5,127	15,677	1,698	378,118
Net carrying amount										
At 30 September 2009	4,353	42,024	77,064	1,984	451,110	56,496	4,112	5,648	637	643,428

Notes to the Financial Statements
30 September 2010 cont'd

11. PROPERTY, PLANT AND EQUIPMENT cont'd

At 30 September 2010 Company	Plant and machinery RM'000	Equipment RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 October 2009	22,987	1,136	351	24,474
Addition	-	-	13	13
Disposal	(1,884)	-	-	(1,884)
At 30 September 2010	21,103	1,136	364	22,603
Accumulated depreciation				
At 1 October 2009	8,500	522	115	9,137
Charge for the year (Note 4)	2,310	149	72	2,531
Disposal	(738)	-	-	(738)
At 30 September 2010	10,072	671	187	10,930
Net carrying amount				
At 30 September 2010	11,031	465	177	11,673
At 30 September 2009				
Cost				
At 1 October 2008	25,253	1,136	180	26,569
Addition	-	-	171	171
Disposal	(2,266)	-	-	(2,266)
At 30 September 2009	22,987	1,136	351	24,474
Accumulated depreciation				
At 1 October 2008	6,667	373	51	7,091
Charge for the year (Note 4)	2,683	149	64	2,896
Disposal	(850)	-	-	(850)
At 30 September 2009	8,500	522	115	9,137
Net carrying amount				
At 30 September 2009	14,487	614	236	15,337

Notes to the Financial Statements
30 September 2010 cont'd

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 RM'000	2009 RM'000
As at 1 October	19,593	28,040
Reclassified to non-current asset held for sale (Note 19)	-	(7,970)
Amortisation for the year (Note 4)	(240)	(477)
Exchange differences	(114)	-
As at 30 September	<u>19,239</u>	<u>19,593</u>
Analysed as:		
Long term leasehold land	<u>19,239</u>	<u>19,593</u>

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost:		
- In Malaysia	451,751	451,751
- Outside Malaysia	2,300	2,300
	<u>454,051</u>	<u>454,051</u>
Less: Accumulated impairment losses	(2,300)	(2,300)
	<u>451,751</u>	<u>451,751</u>

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	2010 %	2009 %	Principal activities
Held by the Company:				
JCY HDD Technology Sdn Bhd ("JCY HDD")*	Malaysia	100.00	100.00	Manufacturing and trading of HDD components
JCY HDD Technology Pte Ltd**	Singapore	100.00	100.00	Trading of HDD components
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding

Notes to the Financial Statements
30 September 2010 cont'd

13. INVESTMENT IN SUBSIDIARIES cont'd

Name of company	Country of incorporation	2010 %	2009 %	Principal activities
Held through subsidiaries:				
YK Technology (Suzhou) Co Ltd ^{***##}	The People's Republic of China	100.00	100.00	Manufacturing and trading of HDD components
PCA Hard.Com Sdn Bhd Limited [#]	British Virgin Island	100.00	100.00	International marketing support and procurement services
Axius Investments Ltd [#]	Mauritius	100.00	100.00	Investment holding
JCY HDD Technology Company Limited ^{**#}	Thailand	99.99	99.99	Manufacture and distribution of HDD components
QB Technology Sdn Bhd ^{****##}	Malaysia	100.00	100.00	Manufacture of magnetic coils for HDD

* Audited by Ernst & Young, Malaysia

** Audited by member firms of Ernst & Young Global in the respective countries

*** Audited by firms other than Ernst & Young

Subsidiaries of Minarex Holdings Limited

Subsidiary of Axius Investments Ltd

Subsidiary of JCY HDD Technology Sdn Bhd

14. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost :		
Raw materials	37,378	52,295
Work-in-progress	69,653	53,862
Finished goods	61,031	43,220
Consumables	9,683	11,602
At net realisable value :		
Work-in-progress	19,407	5,975
Finished goods	16,169	18,385
	<u>213,321</u>	<u>185,339</u>

Notes to the Financial Statements
30 September 2010 cont'd

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables				
Third parties	340,961	330,654	-	-
Other receivables				
Sundry receivables	1,726	484	-	-
Deposits	1,836	6,864	34	30
Prepayments	9,787	7,266	322	37
	13,349	14,614	356	67
	354,310	345,268	356	67

The Group's primary exposure to credit risk arises from its trade receivables. The Group's trading terms with its customers are on credit. The credit period is generally for a period of 30 days, extending up to 60 days for major customers. Each customer has a maximum credit limit. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are unsecured and non-interest bearing.

Approximately 63% (2009 : 57%) of the total trade receivables as at financial year end were due from the Group's principal customer.

16. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/(to) subsidiaries, which arose from advances, are unsecured, non-interest bearing and are repayable on demand.

Further details on related party transactions are disclosed in Note 28.

17. AMOUNT DUE TO SHAREHOLDER

The amount due to the shareholder in prior year, which represented the dividend payable to the shareholder, was unsecured, non-interest bearing and repayable on demand. This amount has been settled during the current financial year.

18. CASH AND BANK BALANCES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Repurchase agreements	61,559	165,949	-	-
Fixed deposits with commercial banks	15,672	29,042	-	-
Cash and bank balances	51,603	43,679	94	56
	128,834	238,670	94	56

Notes to the Financial Statements
30 September 2010 cont'd

18. CASH AND BANK BALANCES cont'd

Included are fixed deposits and bank balances of the Group of approximately RM437,000 and RM96,000 respectively (2009: RM543,000 and RM105,000 respectively) which have been pledged for bankers' guarantees facilities granted to certain subsidiaries.

The interest rates and maturities of repurchase agreements and fixed deposits as at the end of the financial year were as follows:

	Range of interest rates		Range of maturities	
	2010 %	2009 %	2010 Days	2009 Days
Repurchase agreements	0.23-2.5	0.20-2.60	1	1-30
Fixed deposits with commercial banks	0.85-1.98	1.71-2.75	92-365	92-365

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The disposal of non-current assets classified as held for sale was completed during the current financial year.

The non-current assets classified as held for sale on the Group's balance sheet as at 30 September 2009 was as follows:

	Prepaid land lease payments RM'000 (Note 12)	Building RM'000 (Note 11)	Total RM'000
Carrying amount immediately before classification	7,970	20,831	28,801
Allocation of remeasurement	-	-	-
Carrying amount as at 30 September 2009	7,970	20,831	28,801

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables				
Third parties	197,341	239,328	-	-
Other payables				
Sundry payables	19,941	26,031	-	-
Accruals	26,126	26,796	585	253
	46,067	52,827	585	253
	243,408	292,155	585	253

Trade payables are unsecured, non-interest bearing and the normal trade credit terms granted to the Group is two months.

Notes to the Financial Statements
30 September 2010 cont'd

21. BORROWINGS

	Group	
	2010	2009
	RM'000	RM'000
Short term borrowings		
Unsecured:		
Bill payables	121,154	51,118
Bankers' acceptances and export credit refinancing	87,784	135,004
Term loan	53,997	-
	262,935	186,122
Long term borrowings		
Unsecured:		
Term loan	77,138	-
	77,138	-
Total borrowings		
Bills payables	121,154	51,118
Bankers' acceptances and export credit refinancing	87,784	135,004
Term loan	131,135	-
	340,073	186,122

The interest rates at the balance sheet date for borrowings were as follows:

	Group	
	2010	2009
	% per annum	% per annum
Bill payables	1.20	1.20
Bankers' acceptances	-	2.30-3.70
Foreign currency trade loans	-	3.50-4.00
Onshore foreign currency loans	-	3.50-4.00
Export credit refinancing	2.80-3.00	3.20-3.70
Term loan	LIBOR+2.00	-
	LIBOR+2.00	-

The term loan is repayable over 4 half-yearly instalments commencing in June 2010.

The borrowings are secured by the following:

- (a) Corporate guarantee from the Company; and
- (b) Negative pledge over the assets of a subsidiary.

Notes to the Financial Statements
30 September 2010 cont'd

22. DEFERRED TAX LIABILITIES

	2010 RM'000	2009 RM'000
Group		
At 1 October	5,536	6,369
Recognised in the income statement (Note 8)	6,354	(1,433)
Acquisition of subsidiary	-	600
At 30 September	<u>11,890</u>	<u>5,536</u>

The components and movement of deferred tax liabilities during the financial year are as follows:

	Property, plant and equipment RM'000
Deferred tax liabilities of the Group	
At 1 October 2009	5,536
Recognised in the income statement	<u>6,354</u>
At 30 September 2010	<u>11,890</u>
At 1 October 2008	6,369
Recognised in the income statement	(1,433)
Acquisition of subsidiary	<u>600</u>
At 30 September 2009	<u>5,536</u>

23. SHARE CAPITAL

	Number of ordinary shares of RM0.25 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised:				
At 1 October/30 September	<u>8,000,000</u>	<u>8,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
At 1 October/30 September	<u>2,044,860</u>	<u>2,044,860</u>	<u>511,215</u>	<u>511,215</u>

Notes to the Financial Statements
30 September 2010 cont'd

24. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 30 September 2010 under the single tier system.

25. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and hostel. These leases have an average life of between 1 and 5 years with renewal options of 12 months included in the contracts.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities under non-cancellable subleases, are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum rental payments:				
Not later than 1 year	5,497	5,574	-	184
Later than 1 year and not later than 5 years	10,473	13,342	-	115
	<u>15,970</u>	<u>18,916</u>	<u>-</u>	<u>299</u>

27. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Approved and contracted for:				
Property, plant and equipment	10,222	45,017	-	-
	<u>10,222</u>	<u>45,017</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
30 September 2010 cont'd

28. RELATED PARTY TRANSACTIONS

The directors are of the opinion that the transactions below have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

	2010 RM'000	2009 RM'000
Group		
Armster Sdn Bhd -		
a company in which a director's brother has interest		
- Factory renovation and maintenance expenses	2,716	3,088
PCA Mahlin Technology Sdn Bhd -		
a company in which a director is the brother of the Company's director		
- Rental of building	600	600
	<u>600</u>	<u>600</u>
Company		
Rendering of design and development services to a subsidiary	3,955	6,780
Dividends receivable from a subsidiary	112,938	239,880
	<u>112,938</u>	<u>239,880</u>

The remuneration of the executive directors who are also the key management of the Group are disclosed in Note 5.

29. CONTINGENT LIABILITIES

	2010 RM'000	2009 RM'000
Company		
Corporate guarantees given to banks for banking facilities utilised by a subsidiary (unsecured)	340,073	186,122
	<u>340,073</u>	<u>186,122</u>

Group

Unsecured

A subsidiary of the Company, JCY HDD Malaysia, 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 report, JCY HDD Malaysia 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 significant impact on the financial statements.

Notes to the Financial Statements
30 September 2010 cont'd

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Foreign Exchange Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), Japanese Yen (JPY) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are closely monitored by the Group and kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Net financial assets/(liabilities) held in non-functional currency	Functional Currency of Group Companies				
	Thai Baht RM'000	United States Dollars RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
At 30 September 2010					
United States Dollars	(6,308)	-	(25,657)	16,993	(14,972)
Singapore Dollars	(5)	(375)	(17,252)	-	(17,632)
Euro	-	-	(385)	-	(385)
Japanese Yen	-	-	(111,712)	-	(111,712)
Swiss Franc	-	-	(4)	-	(4)
Australian Dollars	-	-	(16)	-	(16)
Thai Baht	-	-	(1,251)	-	(1,251)
Ringgit Malaysia	(1)	-	-	-	(1)
	(6,314)	(375)	(156,277)	16,993	(145,973)
At 30 September 2009					
United States Dollars	(48)	-	280,257	21	280,230
Singapore Dollars	(17)	859	(13,293)	-	(12,451)
Euro	-	-	(2)	-	(2)
Japanese Yen	-	-	(45,799)	-	(45,799)
Thai Baht	-	-	(447)	-	(447)
	(65)	859	220,716	21	221,531

Notes to the Financial Statements 30 September 2010 cont'd

30. FINANCIAL INSTRUMENTS cont'd

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures. Cash terms and advance payments are required for customers of lower credit standing.

Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

As at year end, the Group has a concentration of credit risk as a substantial portion of the trade receivables were due from its principal customer.

(e) Fair Values

It is not practical to estimate the fair value of amounts due from/to subsidiaries principally due to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The carrying amounts of other financial instruments approximate their fair values due to the relatively short term maturity of these financial instruments.

(f) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group has no substantial long term interest-bearing assets as at 30 September 2010. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposits.

The Group manages its interest rate exposure by constantly reviewing its debt portfolio to capitalise on cheaper funding when interest rates are low and relying on internally generated funds when interest rates are high.

31. SEGMENT 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.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

Notes to the Financial Statements
30 September 2010 cont'd

31. SEGMENT INFORMATION cont'd

Geographical Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segment:

	Malaysia RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2010				
Revenue				
Sales to external customers	1,625,893	407,493	-	2,033,386
Inter-segment sales	465,092	42,017	(507,109)	-
Total revenue	2,090,985	449,510	(507,109)	2,033,386
Results				
Segment results	280,639	4,684	(97,028)	188,295
Finance costs	(7,666)	(10)	-	(7,676)
Profit before tax	272,973	4,674	(97,028)	180,619
Income tax	(10,414)	-	3,558	(6,856)
Net profit for the year	262,559	4,674	(93,470)	173,763
Assets and liabilities				
Segment assets	1,992,917	662,549	(1,185,916)	1,469,550
Segment liabilities	706,562	381,181	(491,416)	596,327
Other segment information				
Depreciation	76,100	27,951	(10,381)	93,670
Amortisation	240	556	(556)	240

Notes to the Financial Statements
30 September 2010 cont'd

31. SEGMENT INFORMATION cont'd

	Malaysia RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2009				
Revenue				
Sales to external customers	1,442,330	315,747	-	1,758,077
Inter-segment sales	510,183	45,871	(556,054)	-
Total revenue	1,952,513	361,618	(556,054)	1,758,077
Results				
Segment results	426,577	11,476	(224,745)	213,308
Finance costs	(7,389)	(8)	-	(7,397)
Profit/(loss) before tax	419,188	11,468	(224,745)	205,911
Income tax expense	1,368	-	-	1,368
Net profit/(loss) for the year	420,556	11,468	(224,745)	207,279
Assets and liabilities				
Segment assets	1,840,479	687,219	(1,066,599)	1,461,099
Segment liabilities	623,791	391,706	(357,084)	658,413
Other segment information				
Depreciation	66,148	25,639	(9,927)	81,860
Amortisation	477	940	(940)	477

Approximately 62.8% (2009 : 64.9%) of the Group's revenue is derived from direct sales to a major customer.

32. SIGNIFICANT EVENTS

During the financial year, the following were undertaken:

- Offer for sale of 442,893,000 ordinary shares of RM0.25 each in the Company by YKY Investments Ltd to retail and institutional investors; and
- Listing of and quotation for the entire issued and paid-up ordinary share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

Notes to the Financial Statements
30 September 2010 cont'd

33. SUPPLEMENTARY INFORMATION

The following supplementary information and the related guidance issued by the Malaysian Institute of Accountants dated 20 December 2010 is prepared and presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 for disclosure of the breakdown of the retained earnings into realised and unrealised profits or losses:

	As at 30 September 2010	
	Group	Company
	RM'000	RM'000
Retained earnings of the Company and its subsidiaries:		
Realised	427,700	46,094
Unrealised	(55,616)	(13,627)
	<hr/>	<hr/>
	372,084	32,467
Less: Consolidation adjustments	(9,162)	-
	<hr/>	<hr/>
Retained earnings per financial statements	362,922	32,467
	<hr/>	<hr/>

List of Properties

The details of the landed properties owned, leased or occupied by our Group are as follows:

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2010 (RM)
1	No. 1, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	2.002 acres/ Total built up area of approximately 50,000 square feet	9.5 years	4,729,721
2	No. 17, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	2.5 acres/Total built up area of approximately 69,000 square feet	10 years	5,292,533
3	No. 15, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 22 August 2000 and expiring 21 August 2060	Factory building cum office	2.501 acres/ Total built up area of approximately 153,000 square feet	9 years	13,069,831
4	No. 3, Jalan Firma 3 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 1 February 2000 and expiring 31 January 2060	Factory building cum office	1.986 acres/ Total built up area of approximately 55,000 square feet	10 years	5,814,403
5	No. 24/No. 24A/No. 24B Jalan Firma 2, Kawasan Perindustrian Tebrau IV Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 30 November 2002 and expiring 29 November 2062	Factory building cum office	4 acres/Total built up area of approximately 129,000 square feet	6.5 years	16,322,780
6	PLO 296, Jalan Firma 2 Kawasan Perindustrian Tebrau IV, Mukim Tebrau 81100 Johor Bahru Johor	60 years lease commencing on 6 January 2003 and expiring 5 January 2063	Factory building	5 acres/Total built up area of approximately 237,000 square feet	1 year	34,446,535

List of Properties cont'd

The details of the landed properties owned, leased or occupied by our Group are as follows: cont'd

No.	Address/Location	Tenure of land (years)	Existing use	Land area/ Built up area	Age of Building	Net book value as at 30 September 2010 (RM)
7	Lot PT 2743 Jalan Bemban Kawasan Perindustrian Jasin, 77000 Jasin Melaka	Freehold	Factory building cum office	2.81082 acres/ Total built up area of approximately 64,000 square feet	8 years	4,425,215
8	HS(D) 46612, PT 394 Mukim 13, Daerah Seberang Perai Tengah Pulau Pinang	60 years lease commencing on 12 March 2001 and expiring 11 March 2061	Factory building cum office	Approximately 9.33317 acres/Total built area of approximately 120,000 square feet	1 year	16,868,775
9	Certificate No. Wu Guo Yong (2007) Di 20805 for a parcel of land located at Hedong Industrial Park, Wuzhong Economic Development Zone, Jiangsu Province, PRC	50 years from 11 May 2007 to 10 May 2057	Factory building cum office	Approximately 13.17887 acres. Total built up area of the completed building is approximately 301,200 square feet	n.a.	39,167,583
10	Plot No. A58/2 in the S I L Industrial Zone, land title deed no. 36365, located at Bualoy Sub-District Nongkhae District Saraburi Province Thailand	Freehold	Factory building cum office	Approximately 5.878 acres/ Total built up area of the completed building is approximately 203,181 square feet	4 years	33,818,369
11	Plot No. 43 in the S I L Industrial Zone, land title deed no. 36364, located at Bualoy Sub-District Nongkhae District Saraburi Province Thailand		Land	Approximately 5.928 acres	n.a.	3,124,200

Analysis of Shareholdings

as at 31 January 2011

Authorised Share Capital	: RM2,000,000,000.00
Issued and Paid-Up Share Capital	: RM511,215,000.00
Class of Shares	: Ordinary Shares of RM0.25 each
Voting rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 JANUARY 2011

Size of Holding	No. of Holders	%	No. of Holdings	%
1 – 99	3	0.02	100	0.00
100 – 1,000	1,108	8.15	1,028,587	0.05
1,001 – 10,000	7,825	57.55	46,653,313	2.28
10,001 – 100,000	4,189	30.81	129,973,800	6.36
100,001 – 3,039,925 (*)	472	3.47	351,721,148	17.20
3,039,926 and above (**)	1	0.01	1,515,483,052	74.11
TOTAL	13,598	100.00	2,044,860,000	100.00

REMARK:

- * Less than 5% of issued holdings
- ** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of JCY International Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 31 January 2011 are as follows:-

Name	No. of Share Held			
	Direct	%	Indirect	%
YKY Investments Ltd	1,515,483,052	74.11	-	-
YKY Trustees Pte Ltd*	-	-	1,515,483,052	74.11
Yong Yoon Kiong**	-	-	1,515,483,052	74.11
Cheryl Yong Sunn Sunn***	-	-	1,515,483,052	74.11
Liew Wan***	-	-	1,515,483,052	74.11
Jeremy Yong Wei Quan***	-	-	1,515,483,052	74.11

- * Trustee of YKY Trust, a revocable trust that holds YKY Investments Ltd.
- ** Settlor of YKY Trust, a revocable trust that holds YKY Investments Ltd. Shareholder of YKY Trustees Ltd., the trustee of YKY Trust.
- *** Shareholder of YKY Trustees Ltd., the trustee of YKY Trust, a revocable trust that holds YKY Investments Ltd.

Analysis of Shareholdings as at 31 January 2011 cont'd

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 31 January 2011 are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dr. Rozali Bin Mohamed Ali	650,000	0.03	-	-
Goh Chye Kang	600,000	0.03	-	-
Wong King Kheng	3,500,000	0.17	-	-
Yong Yong Chai	5,000,000	0.24	-	-
Chatar Singh A/L Santa Singh	750,000	0.04	-	-
Chang Wei Ming	25,000	*	-	-
Chan Boon Hui	-	-	-	-

* Negligible

Analysis of Shareholdings as at 31 January 2011 cont'd

THIRTY LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares	%
1.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Hong Kong for YKY Investments Ltd</i>	1,515,483,052	74.11
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Maju Uni-Concept Sdn. Bhd.</i>	69,703,948	3.41
3.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore for Broadtime International Limited</i>	63,750,000	3.12
4.	Kumpulan Wang Persaraan (Diperbadankan)	12,666,300	0.62
5.	Amanahraya Trustees Berhad <i>Public Islamic Equity Fund</i>	10,298,700	0.50
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Nomura)</i>	10,000,000	0.49
7.	OSK Investment Bank Berhad <i>IVT "SW Book 1"</i>	7,983,400	0.39
8.	Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	6,040,000	0.30
9.	SBB Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	5,808,900	0.28
10.	Yong Yong Chai	5,000,000	0.24
11.	Yong Yoong Kian	4,155,000	0.20
12.	HSBC Nominees (Asing) Sdn. Bhd. <i>TNTC for Tiburon Taipan Fund</i>	4,000,000	0.20
13.	Amanahraya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	3,500,000	0.17
14.	Wong King Kheng	3,500,000	0.17
15.	Commerce Technology Ventures Sdn. Bhd.	3,250,000	0.16
16.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Wong Lai Cheng (PB)</i>	3,000,000	0.15
17.	Jerneh Insurance Bhd. <i>Shareholders' Funds Account</i>	3,000,000	0.15
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Kho Chai Yam (PB)</i>	2,800,000	0.14
19.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Maakl Al-Faid (4389)</i>	2,520,200	0.12
20.	Yong Jong Siah	2,500,000	0.12
21.	Amanahraya Trustees Berhad <i>PB Islamic Asia Equity Fund</i>	2,412,000	0.12
22.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for JP Morgan Chase Bank, National Association (U.S.A.)</i>	1,671,100	0.08
23.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG for New Harbour Asia Fund (Master) Limited</i>	1,664,000	0.08
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kho Chai Yam</i>	1,650,000	0.08
25.	Hong Leong Assurance Berhad <i>As Beneficial Owner (Unitlinked GF)</i>	1,649,900	0.08

Analysis of Shareholdings
as at 31 January 2011 cont'd

THIRTY LARGEST SHAREHOLDERS cont'd

No.	Shareholders	No. of Shares	%
26.	Jerneh Investment (HK) Limited	1,500,000	0.07
27.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Beng Hooi (E-SLY)</i>	1,337,500	0.07
28.	Eng Hong Palm Oil Mill Sdn. Bhd.	1,201,000	0.06
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Lian Huat (8055176)</i>	1,100,000	0.05
30.	Amanahraya Trustees Berhad <i>Public Islamic Enhanced Bond Fund</i>	1,100,000	0.05
TOTAL		1,754,245,000	85.79

Notice of the Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting ("5th AGM") of the Company will be held at Grand Paragon Hotel, D'Paragon 3, 18 Jalan Harimau, Taman Century, 80250, Johor Bahru, Johor, Malaysia on Thursday, 24 March 2011 at 10:30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2010 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' fees for the financial year ended 30 September 2010. (Resolution 2)
3. To re-elect the following Directors who are retiring in accordance with Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Mr. Yong Yong Chai (Resolution 3)
 - (b) Mr. Chan Boon Hui (Resolution 4)
4. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 5)

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

5. **ORDINARY RESOLUTION**
- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 (Resolution 6)

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."
6. **SPECIAL RESOLUTION**
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (Resolution 7)

"**THAT** the Proposed Amendments to the Company's Articles of Association as set out in the Circular to Shareholders dated 2 March 2011, be and are hereby approved and **THAT** the Directors and Secretaries of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments of the Company's Articles of Association."
7. To transact any other ordinary business of which due notice shall have been given.

Notice of the Fifth Annual General Meeting cont'd

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
PAN SENG WEE (MAICSA 7034299)
Company Secretaries

Kuala Lumpur
Dated : 2 March 2011

Explanatory Notes To Special Business: -

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Company wishes to seek a new mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the 5th AGM of the Company (hereinafter referred to as the "General Mandate").

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting.

The Company is actively exploring opportunities to broaden its earnings potential. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

The Company had not sought for the General Mandate in the preceding year since the Company is only listed in Bursa Malaysia Securities Berhad on 25 February 2010.

Proposed Amendments to the Articles of Association of the Company

The Proposed Amendments are to streamline the Company's Articles of Association to be aligned with the recent amendments in the Listing Requirements and the provisions in the Companies Act, 1965.

Notes :-

1. In respect of deposited security, only members whose names appear in the Record of Depositors on 17 March 2011 shall be eligible to attend the Meeting.
2. A Member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than 2 proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company. If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Statement Accompanying the Notice of Annual General Meeting

Pursuant to Paragraph 8.27 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

DIRECTORS STANDING FOR RE-ELECTION

1. Directors who are standing for re-election at the 5th AGM of the Company to be held at Grand Paragon Hotel, D'Paragon 3, 18 Jalan Harimau, Taman Century, 80250, Johor Bahru, Johor, Malaysia on Thursday, 24 March 2011 at 10:30 a.m. are as follows:-
 - (a) Mr. Yong Yong Chai; and
 - (b) Mr. Chan Boon Hui.
2. The details of the above Directors who are standing for re-election at the 5th AGM and the family relationship with any director and/or substantial shareholder of the Company are in the section of "Directors' Profile" and their shareholdings information are listed in the section of "Analysis of Shareholdings" of the Annual Report.



JCY International Berhad
(Company No. 713422-X)

FORM OF PROXY

Number of shares held

*I/We, (full name in capital letters) _____
of _____
(full address) _____ being
a *member/members of JCY INTERNATIONAL BERHAD ("the Company"), hereby appoint (full name in capital
letters) _____ NRIC No. _____ of
(full address) _____ or failing *him/her, (full name in capital letters)
NRIC No _____ of (full address) _____
_____ or failing *him/her, the *CHAIRMAN OF THE MEETING as
*my/our proxy to vote for *me/us and on *my/our behalf at the Fifth Annual General Meeting of the Company
to be held at Grand Paragon Hotel, D'Paragon 3, 18 Jalan Harimau, Taman Century, 80250, Johor Bahru, Johor,
Malaysia on Thursday, 24 March 2011 at 10:30 a.m. and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows: -

First Proxy "A"	%
Second Proxy "B"	%

100%	
=====	

In the case of a vote by a show of hands, my proxy _____ (one only) shall vote on *my/our behalf.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific
direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 30 September 2010 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' fees for the financial year ended 30 September 2010.		
3.	To re-elect Mr. Yong Yong Chai who is retiring in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.		
4.	To re-elect Mr. Chan Boon Hui who is retiring in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.		
5.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
	As Special Business		
6.	Ordinary Resolution Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
7.	Special Resolution Proposed Amendments to the Articles of Association of the Company		

* Strike out whichever not applicable

As witness my/our hand(s) this _____ day of _____ 2011.

Signature of Member/Common Seal

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
JCY International Berhad (713422-X)

C/O
Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

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Notes: -

1. In respect of deposited security, only members whose names appear in the Record of Depositors on 17 March 2011 shall be eligible to attend the Meeting.
2. A Member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than 2 proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company. If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.
4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.