



JCY International Berhad

(Company No. 713422-X)

JCY International Berhad (Company No. 713422-X)

www.jcyinternational.com.my

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

T | 607-352 5822
F | 607-352 5833

A FURTHER
STEP FORWARD GLOBALLY

ANNUAL REPORT 2011

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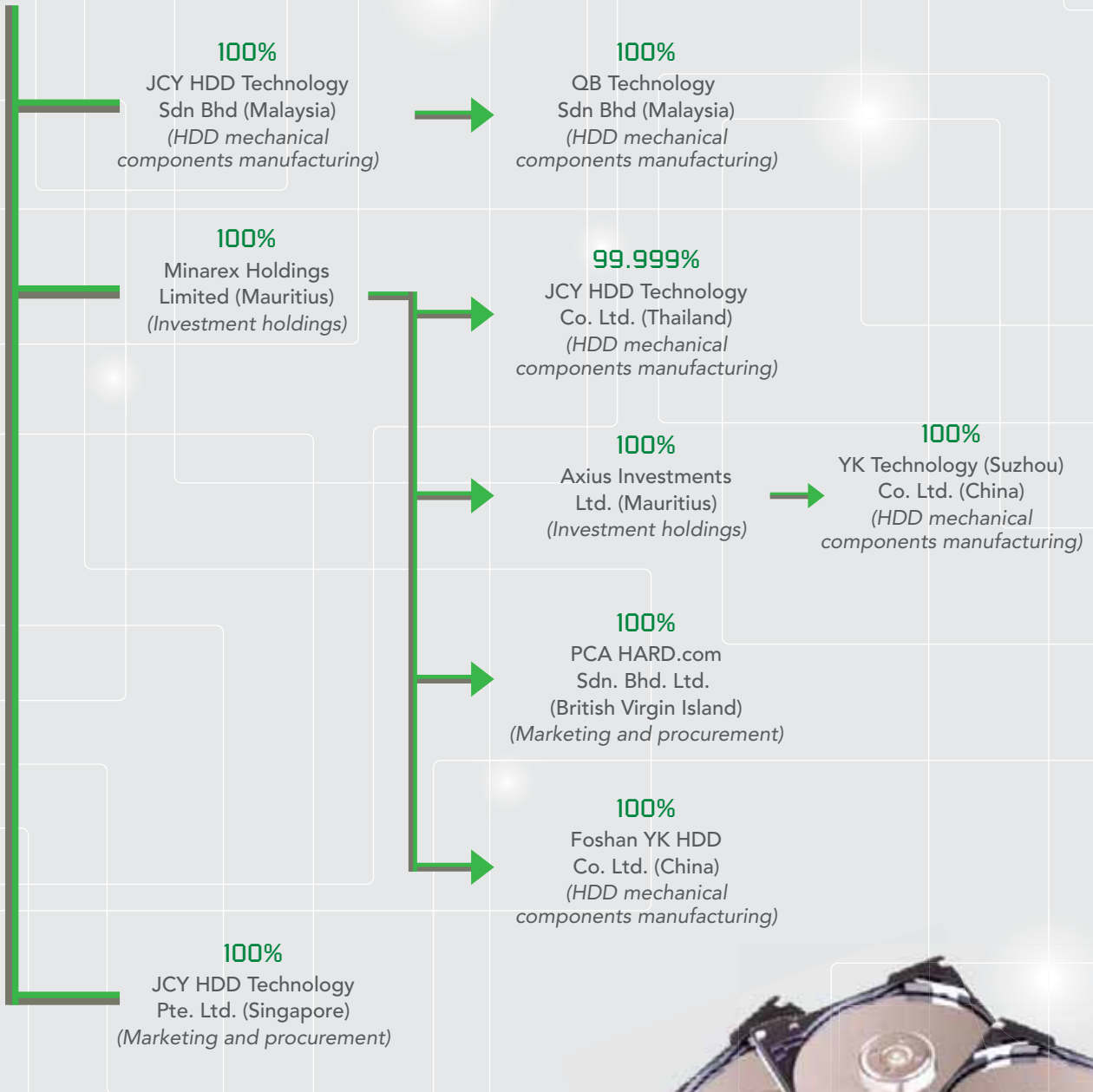
CORPORATE STRUCTURE



JCY International Berhad

(Company No.: 713422-X)

(Design and development of HDD mechanical components)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Goh Chye Kang
(Non-Independent Executive Director)

Wong King Kheng
(Non-Independent Executive Director)

Tan Shih Leng
(Non-Independent Executive Director)

Lim Ching Tee Peter
(Non-Independent Executive Director)

Chang Wei Ming
(Senior Independent Non-Executive Director)

Chan Boon Hui
(Independent Non-Executive Director)

COMPANY SECRETARIES

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

AUDIT COMMITTEE

Chang Wei Ming
(Chairman, Senior 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
(Senior 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
(Senior 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

BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad

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

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

Description	2007 RM Million	2008 RM Million	2009 RM Million	2010 RM Million	2011 RM Million
Revenue	1,657.8	1,834.9	1,758.0	2,033.4	1,671.3
Profit Before Taxation	174.6	209.8	205.9	180.6	13.8
Profit After Taxation	173.9	202.8	207.3	173.8	13.5
Profit Attributable to Shareholders	173.9	202.8	207.3	173.8	13.5
Share Capital	511.2	511.2	511.2	511.2	511.2
Reserves	287.7	304.1	291.5	362.0	374.1
Shareholder's Fund	798.9	825.3	802.7	873.2	885.3
Minority Interest	-	-	-	-	-
Deferred Tax Liabilities (Net)	-	6.4	5.5	11.9	12.0
Current Liabilities	358.4	464.6	652.9	507.3	483.0
Non-Current Liabilities	-	-	-	77.1	21.4
	1,157.3	1,296.3	1,461.1	1,469.5	1,389.7
Property, Plant and Equipment	467.4	600.6	643.4	753.8	702.3
Land Use Rights	14.0	28.0	19.6	19.2	19.0
Current Assets	675.9	667.7	798.1	696.5	659.0
Total Assets	1,157.3	1,296.3	1,461.1	1,479.1	1,389.8
Net Assets Per Share (Sen)	39.0	40.0	39.0	42.7	43.3
Net Earnings Per Share (Sen)	8.5	9.9	10.1	8.5	0.7
Dividend Against Net Earnings	-	95.79%	111.66%	54.83%	-
Dividend Amount	-	194.3	231.5	95.3	-



Financial Highlights

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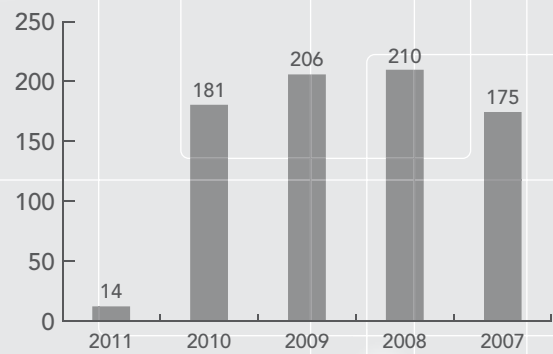
REVENUE

(RM Million)



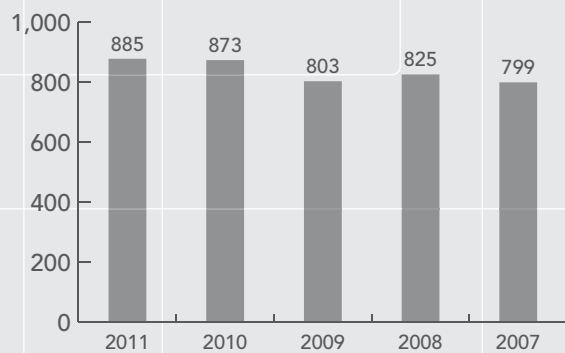
PROFIT BEFORE TAXATION

(RM Million)



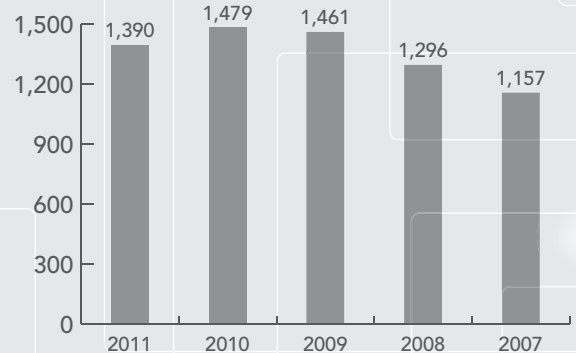
SHAREHOLDERS' FUND

(RM Million)



TOTAL ASSETS

(RM Million)



CHAIRMAN'S STATEMENT



"A Further Step Forward Globally"

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure again to present here the Annual Report of the Group for the financial year 2011.

FINANCIAL PERFORMANCE

The financial year under review was the most challenging year for the Group in its history. The Average Selling Price ("ASP") of our products dropped by approximately 4.9 percent, and the US dollar depreciated relative to the Ringgit by about 8.4 percent. In the face of these key factors, the Group recorded a turnover of RM1,671 million for the year, representing a decrease of 17.8 percent or RM362 million compared to the previous year. Further pressure from increases in labour costs and raw materials also contributed to a decline in profit before tax to RM13.8 Million for the financial year 2011.

RE-ENGINEERING JCY AND BUILDING GLOBAL PRESENCE

Your Board and senior management instituted a comprehensive set of turnaround strategies during 2011 to address these difficult operating conditions. These include the introduction of several automation initiatives to reduce reliance on manual labour, re-designing operational processes to ensure a lean, efficient and reliable flow of manufacturing, closer liaison with our partners to improve product yields and returns, and improving delivery systems to increase outputs for each specific investment of resources.

The implementation of these and other methodologies and techniques has borne positive results, placing the Group in an improved position to address the challenges it faces in the future as it continues to consolidate and enhance its position in the global market.

INDUSTRY DEVELOPMENTS

In October 2011, major and extensive floods occurred in Thailand. The consequent damage to industrial production capacity has resulted in significant changes to the balance of supply and demand for the global Hard Disk Drive ("HDD") industry.

Many HDD manufacturers and component suppliers with facilities in Thailand were seriously affected by the floods. Reports from HDD industry analysts, observers and publications indicate that HDD supplies for the quarter ended 31 December 2011 were approximately 50 million pieces lower than normal output. This has led to an unprecedented shortage in supply of HDD products, with the majority of HDD component suppliers in Thailand still struggling to restore their production output, and consequent upward pressure on the ASP of HDD components.

Recovery to the *status quo ante* will likely take some time. We are pleased to report that JCY's factory in Saraburi, Thailand was not adversely affected by the floods and, together with the rest of our global network of production facilities, was able to continue operating at full capacity.

EXPANSION

In February 2012, the Group started operations at its second plant in Suzhou, China, and the Group expects the commencement of operations at a new factory in Foshan, China later in 2012.

The Group has budgeted a further RM300 million for capital investments in the future, the investment will help to increase the capacity of the Group and enhance our ability to capture additional global market share.

Chairman's Statement *cont'd*

OUTLOOK AND PROSPECTS

Your Board has reviewed the operations of the Group and we consider that our operations are now in a satisfactorily turned-around position, as evidenced by substantially improved product yields and contributions for the quarters ended 30 September 2011 and 31 December 2011.

As a result, the Group has been able to respond positively to increased demand resulting from disruptions to HDD supply chain after the floods in Thailand, with orders diverted to component suppliers not affected by the floods. For the foreseeable future prospects are favourable as the Group benefits from increases in shipments and ASP.

The US dollar has also since reversed its decline against the Ringgit, and this has further relieved pressure on profit margins.

On the basis of the above, and coupled with our continuing attention to operational efficiency and effective cost management, your Board is optimistic on delivering a favourable result for the financial year 2012.

DIVIDEND

There was no dividend declared for the financial year 2011. However, the Board believes we should be able declare dividends amounting to approximately 50 percent of our net earnings for the coming financial years.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Your Board is committed to uphold and implement the highest standards of corporate governance and best practices throughout its businesses. Detailed elaborations of the corporate governance practices are discussed in the Corporate Governance Statement.

We also prioritise our corporate social responsibility, recognising and acknowledging our responsibility to promote the overall welfare of society and the community. A Corporate Social Responsibility Committee has been established tasked with planning and organising activities reflecting our corporate social responsibility on behalf of the Group. This is discussed further in the Corporate Social Responsibility Report.

CHANGES IN THE BOARD

On behalf of your Board, I would like to take this opportunity to introduce our new board members, namely Tan Shih Leng ("Mr. Tan") and Lim Ching Tee Peter ("Mr. Lim").

They replace Mr. Chatar Singh ("Mr. Singh"), who stepped down as director in accordance with his retirement plan, and Mr. Yong Yong Chai ("Mr. Yong"), who will still remain actively involved in Management despite leaving the Board as Executive Director.

The Board would like to take this opportunity to express our gratitude and appreciation to Mr. Singh and Mr. Yong for their considerable contributions to the Group during their office as Executive Directors.

Mr. Tan, who joined the Board on 1 July 2011, and Mr. Lim, who joined the Board on 1 January 2012, have been working with the Group since the Group's inception. They are exceptionally well-experienced in their respective fields, and we believe they will contribute further in the best interests of the Group as members of the Board of Directors.

APPRECIATION

Your Board wishes to acknowledge the hard work, dedication, and contributions from all our management staff and employees in carrying out the Group's strategies effectively, as we continue to strive for a robust operational model and build a significant global presence, to ensure sustainable profitability for the Group.

We also wish to express our sincere appreciation and gratitude to all our customers, suppliers and business associates, and our 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



PROFILE OF DIRECTORS

DR. ROZALI BIN MOHAMED ALI

Aged 64, 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 as 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 Board of Directors of the International Institute for Leadership in Finance and is the 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 55, 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 Master 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.

YONG YONG CHAI

Aged 47, Malaysian

(Resigned on 31 December 2011)

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 Ltd, the substantial shareholder of the Company.



Profile of Directors

cont'd

WONG KING KHENG

Aged 59, 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 was the Partner of K K Wong and Associates, a public accounting firm in Singapore, 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 Nomination 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.

CHATAR SINGH A/L SANTA SINGH

Aged 60, Malaysian

(Resigned on 30 June 2011)

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 over 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.



Profile of Directors

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TAN SHIH LENG

Aged 47, Malaysian

(Appointed on 1 July 2011)

Non-Independent Executive Director

Tan Shih Leng has held the position of General Manager – Operations in the Company (and its Predecessor Group) since 1997 prior to his appointment as a Non-Independent Executive Director on 1 July 2011. He has been responsible for daily operation and administration of the Company's plants involves in various manufacturing activities, such as die-casting, machining, stamping, plating, plastic moulding and clean room assembly. In addition, he also takes charge in human resource, plant facility, material planning, engineering, production and logistic planning.

Prior to joining the Company, Mr. Tan had held several positions in other manufacturing companies, including Operations Manager in Technic Precision Casting Sdn Bhd from 1994 to 1996, in which he was responsible for the daily operation activities and for overseeing the overall operations of baseplate manufacturing from casting, machining to final assembly.

Mr. Tan was appointed as Assistant Manufacturing Manager in Technic Precision Pte Ltd from 1993 to 1994, during which he was responsible for engineering, quality control, process planning and production control. He was appointed as Process Engineer in Technicast Pte Ltd in 1991 to 1993 and was in charge of FA, QC and CNC machining process.

Mr. Tan holds a M. Sc in Mechanical Engineering from The City University of New York, and a B. Sc in Mechanical Engineering from Oklahoma State University, USA.

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

LIM CHING TEE PETER

Aged 52, Singaporean

(Appointed on 1 January 2012)

Non-Independent Executive Director

Prior to the appointment as an Non-Independent Executive Director of JCY on 1 January 2012, Lim Ching Tee Peter has held the appointment of General Manager – Quality Assurance in the Company since 1997. He has been responsible for the planning, organizing and administration of activities to ensure the delivery of quality products to the Company's customers.

Mr. Lim has held other similar appointments in other manufacturing companies before joining the Company, including Technic Precision (S) Pte Ltd from 1995 to 1997, Technicast (S) Pte Ltd from 1994 to 1995, Advanced Die Casting Pte Ltd from 1984 to 1990 and was a Supplier Quality Engineer in Miniscribe Peripherals Private Limited/Maxtor Corporation from 1990 to 1994.

Mr. Lim holds a Diploma in Mechanical Engineering from Singapore Polytechnic, trained in Die Casting Technology from Switzerland and Germany and holds individual membership in Singapore Quality Institute.

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



Profile of Directors

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CHANG WEI MING

Aged 60, Malaysian

Senior Independent Non-Executive Director

Chairman of the Audit Committee

Member of the Remuneration Committee

Member of the Nomination Committee

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

He qualified as a Chartered Accountant with Touche Ross in London in 1979 and worked as an Audit Supervisor with Hanafiah Raslan & Mohamad in Malaysia until 1981.

Mr. Chang held several Executive and Directorship positions within the MBf Group from 1981 to 1988. His last appointment was General Manager of MBf Holdings Berhad responsible for Group Corporate and Treasury and as the Group Company Secretary.

He joined the National University Hospital (S'pore) Pte Ltd in 1989 and served as its Chief Administration Officer and Company Secretary for 5 years and as a Director of NUH Referral Laboratories Pte Ltd for 2 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 the 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 currently sits on the Board of Directors of FSBM Holdings Berhad as an Independent Non-Executive Director.

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

CHAN BOON HUI

Aged 44, 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 Committee and Remuneration Committee.

Mr. Chan is presently the Managing Director of Chancery Capital. He started his career in investment banking with Schrodgers in Singapore. He then moved to the Rothschilds Group, based in Singapore and New York, before joining BNP Paribas Peregrined 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 SOCIAL RESPONSIBILITY REPORT



CSR is about conducting business with conscience caring and integrity for the community, environment, customers, employees and stakeholders

Corporate Social Responsibility ("CSR") for the Group has always been more than just a matter of compliance and obligation. It is about a continuous practice that will bring a greater value to our community, environment, employees and other stakeholders as a whole.

Our achievements today towards our mother earth on her selfless and generous provision of natural resources are a result of inputs, efforts, contributions and assistance from our community, employees, customers and other stakeholders.

We are committed to conducting our business with conscience, care and integrity. Our Statement on Corporate Governance also exemplifies our commitment in complying with all regulatory requirements. Placing equal importance also on quality excellence as proven by all the various ISO that we have been certified with, we have strived to further promote well-being for the goodness of the society and the environment.

COMMUNITY

To meet our social responsibilities to the community in a fair and consistent manner, the Group has established a Corporate Social Responsibility Committee ("CSR Committee" or "the Committee") in order to plan and carry out certain donation programmes, volunteerism promotions and charitable activities aimed at supporting organisations and institutions involved in health and welfare, education, culture, recreation and civic activities designed to enhance quality of life. These programmes, promotions and activities will be reviewed annually to ensure that the distribution of corporate contribution continues to effectively address the community's changing needs. The followings show some of the examples of how the Group has demonstrated its care for the community.



Every child needs a family

Touched by the underlying principle of the OrphanCARE – "Every child needs a family" and their selfless love for orphans and abandoned babies, the Group had contributed its part towards the OrphanCARE's fund raising dinner to commemorate their first year anniversary.

Employee Volunteerism

The Group encourages its employees to voluntarily participate in social activities that will benefit the rest of the community and our employees are constantly seeking and actively participating in charitable activities. For instance, on 18 August 2011, our employees from JCY HDD Technology Co., Ltd, Thailand donated their blood in a public event organised by the Red Cross Society in the industrial estate where the factory is located.

Corporate Social Responsibility Report *cont'd*

Help the helpless

In business, we know that it is not an easy task to manage a taskforce with 210 workers, even though they are all healthy and sound. However, there is an organisation in Johor that houses 210 children, adults or elders who are handicapped, mentally disabled, abandoned or hindered with some other physical or mental flaws. The Group, astounded by their courage and greatness, and moved by their belief – “Helping Hands, Straight from the Heart”, had visited their house and offered some aids and contributions as an acknowledgement and encouragement on their contribution to the community. The name of the house is Handicapped and Mentally Disabled Children Association Johor Bahru, Johor.

ENVIRONMENT

At the Group’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 CSR agenda, we have measures in place to minimise the adverse impacts of pollution 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 of the emission and discharge 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 air purification and filter facilities and send other controlled 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 with the international environmental management systems standard, ISO 14001.

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

The Group has plans to further explore the areas where it can contribute to the environment, which are to be driven by the CSR Committee.



Corporate Social Responsibility Report

cont'd

CUSTOMERS & STAKEHOLDERS

The Group 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 Group sees Enterprise Risk Management as a serious measure to protect the company from defaults that could fundamentally damage enterprise value.
3. Upholding transparency and integrity in its supply chain management.
4. Complying with International Organisation for Standardisation (ISO) standards 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.
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 Securities Malaysia Berhad.
7. In choosing its directors, the Group seeks individuals who are of high integrity, are value-adding orientated and have a genuine interest in their respective roles in the Group. They are tasked with the responsibility of exercising their professional judgement to act in what they reasonably believe to be in the best interest of the Group.

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 and nurturing the best talents, we continually provide our employees with education and training. Our training programmes relate to 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. Besides that, the Company also provides insurance coverage to the Management Staff and subsidised coverage for the rest of the workers.

Corporate Social Responsibility Report
*cont'd***EMPLOYEE** *cont'd*

We strongly believe that human capital is the most important value to an organisation. We place great importance on the welfare, health and safety of our 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 we 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 operations. 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, organises sports events such as Football, Badminton and Bowling competitions with the aim to motivate and build up teamwork amongst the employees.

Emergency Response Team ("ERT")

To preserve our Employees' health and safety as well as the assets of the Group, an ERT has been established and trained to act and aid at the very beginning of an emergency event.

In-house Clinic

The in-house clinic is fully subsidised by the Group for the convenience of the employees.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of JCY International Berhad recognises 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 ended 30 September 2011.

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, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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 the 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.

Having three (3) knowledgeable and professional Independent Non-Executive Directors appointed as the members of the Board has enabled a check-and-balance system on the functioning of the Group. The primary role of the Independent Non-Executive Directors is to enquire into material policies, strategies, directions or actions taken or omitted by the Management. We believe that the representation of the members of the Board had facilitated a balanced opinion within the Board in order to fairly reflect, through board representation, the investment of the minority shareholders of the Company.

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.

Corporate Governance Statement *cont'd*

BOARD OF DIRECTORS AND ITS COMMITTEES *cont'd*

Board Balance and Composition *cont'd*

The Independent Non-Executive Chairman and Directors are 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 conducts.

There is a clear division of responsibilities between the Chairman of the Board and the Non-Independent Executive Directors responsible for the day-to-day management of the Group. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

The Board has identified Mr. Chang Wei Ming to be the Senior Independent Non-Executive Director to whom concerns may be conveyed to by shareholders and the general public.

Board Meetings

A total of four (4) Board meetings were held during the financial year ended 30 September 2011. The attendance of each Director to the Board meetings held during the financial year is summarised as follows:-

Directors	No. of Meetings Attended	Percentage
Dr. Rozali Bin Mohamed Ali	4/4	100%
Mr. Goh Chye Kanag	4/4	100%
Mr. Wong King Kheng	4/4	100%
Mr. Yong Yong Chai *	4/4	100%
Mr. Chatar Singh A/L Santa Singh **	3/3	100%
Mr. Tan Shih Leng ***	1/1	100%
Mr. Chang Wei Ming	3/4	75%
Mr. Chan Boon Hui	4/4	100%

* resigned with effect from 31 December 2011

** resigned with effect from 30 June 2011

*** appointed with effect from 1 July 2011

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

Where applicable, there will be a schedule for 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 expenses 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 information, advice and services of the Company Secretaries and the senior management staff in the Group in carrying out their duties.

Corporate Governance Statement

*cont'd***BOARD OF DIRECTORS AND ITS COMMITTEES** *cont'd***Board Committees**

The Board is assisted by three (3) Board Committees which operate within clearly defined terms of reference. The Board Committees are:

- a. Audit Committee;
- b. Nomination Committee; and
- c. Remuneration Committee.

a. Audit Committee

The Audit Committee's composition, duties and responsibilities, terms of reference and activities are set out on pages 22 to 24 of this Annual Report.

b. Nomination Committee

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

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

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

- Recommending candidates for appointments to the Board, and its Committees, and key management positions;
- Establishing the performance criteria to evaluate the performance of the Board and its Committees and each member of the Board and reviewing their respective performance;
- Formulating the nomination, selection and succession policies for members of the Board and its Committees;
- Recommending to the Board the optimum size of the Board, and formalising a transparent procedure for proposing new nominees to the Board and its 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 skills, knowledge, expertise and experience, professionalism and integrity of the new Directors, including core competencies which Directors of the Company should bring to the Board.

c. Remuneration Committee

Established on 13 November 2009, the Remuneration Committee comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Executive Director 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>Senior 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*

The Committee is primarily responsible for recommending to the Board the policy and framework for Directors' remuneration and for reviewing and assessing the remuneration packages of the Executive Directors and key management.

Appointment and Re-election of Directors

In accordance with Article 95 of the Articles of Association of the Company, one-third of the Directors shall retire from office at every annual general meeting ("AGM") and each Director shall retire from office once at least once in three (3) years but shall be eligible for re-election. In accordance with Article 101 of the Articles of Association of the Company, 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 this respect, Mr. Wong King Kheng, Mr. Goh Chye Kang, Mr. Tan Shih Leng and Mr. Lim Ching Tee Peter shall retire at this coming AGM 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 Malaysia Securities Berhad ("Bursa Securities"). In addition, seminars and conferences organised 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 relevant training programme, as and when required. Director may also request to attend additional training to keep abreast of changes in the regulatory framework on their own accord.

The Directors are also updated by the Company Secretaries on any changes to legal and corporate governance practices which will affect the Group and the Directors at every Board meeting.

The Directors have attended the following trainings during the financial year ended 30 September 2011:

Goh Chye Kang, Tan Shih Leng and Yong Yong Chai

- "Expanded governance role of the Audit Committee and recent changes to the Financial Reporting Standards (FRS)", organised by Ernst and Young in September, 2011

Chang Wei Ming

- "Challenges and Opportunities of Key Clarified SSA's – updates and Developments" by ICPAS in August 2011

Mr. Wong King Kheng

- "Audit Planning & Risk Assessment Considerations for Trading" by CPA Australia in Oct 2010
- "Fraud: Early Warning Signs (Auditors)" by CPA Australia in Oct 2010
- "Singapore Accounting Convention 2010" by ICPAS in Nov 2010
- "Business, Economy & Regulatory Updates – IAS 39, Replacement Project, Impairment etc." by CPA Australia, in Nov 2010
- "Business Combinations and Consolidation under FRS103 and FRS 27" by ICPAS in Dec 2010.
- "Cash Flow Statements" by ICPAS in Dec 2010
- "2011 Budget Update & Recent Tax Developments" by ICPAS in Feb 2011
- "Singapore Budget 2011 Highlights" by CPA Australia in Mar 2011
- "Managing Transfer Pricing in Asia" by ICPAS in Mar 2011
- "FRS 12 Income Taxes" by ICPAS in Apr 2011
- "Preparation of Financial Statements: Essential FRSs (formerly known as: Financial Reporting)" by ICPAS in April 2011
- "CPA Forum 2011" by CPA Australia in Jul 2011
- "Public Accountants Conference 2011" by ACRA in Jul 2011

Dr. Rozali Bin Mohamed Ali and Mr. Chan Boon Hui had not attended any training due to their tight schedule during the financial year under review.

Corporate Governance Statement

*cont'd***DIRECTORS' REMUNERATION**

The Remuneration Committee is guided by the need to "attract and retain" and at the same time, link rewards to corporate and individual Executive Directors' 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' aggregated remuneration for the financial year ended 30 September 2011 is as follows:

	Salary and EPF RM'000	Other Emoluments RM'000	Fee RM'000	Total RM'000
Executive Directors	2,690	-	240	2,930
Non-Executive Directors	-	300	150	450
Total	2,690	300	390	3,380

The number of Directors whose remuneration during the financial year ended 30 September 2011 falls within the following bands are as follows:

	Group	
	Executive	Non-Executive
RM100,000 and below	-	2
RM150,001 – RM200,000	1	-
RM300,001 – RM350,000	-	1
RM450,001 – RM500,000	1	-
RM650,001 – RM700,000	1	-
RM800,001 – RM850,000	2	-

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

SHAREHOLDER COMMUNICATION AND INVESTOR RELATIONS**Dialogue between the Company and Investors**

The Board acknowledges the need for the shareholders and investors to be informed about 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 Bursa Securities, the Company also maintains a website at 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 its shareholders. At each AGM, the Board encourages shareholders to participate in the question and answer session to which members of the Board would be available to respond to.

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.

Corporate Governance Statement *cont'd*

SHAREHOLDER COMMUNICATION AND INVESTOR RELATIONS *cont'd*

General Meetings *cont'd*

Where Extraordinary General Meetings 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.

ACCOUNTABILITY AND AUDIT

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 scrutinises 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 28 of this Annual Report.

Internal Control

The Board acknowledges that an internal audit function is an integral part of an effective system of corporate governance and hence, the Company has established 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 review and highlight weaknesses in control procedures and make recommendations for improvement.

A Summary of the activities of the Internal Audit Department is set out in the Audit Committee Report on page 24 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.

EXECUTIVES' SHARE OPTION SCHEME ("ESOS")

The effective date for implementation of the ESOS is 1 August 2011 and to be in force for a duration of three (3) years from the date of implementation.

There is no share option offered, granted or exercised to any of the Eligible Executives in pursuant to the ESOS.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("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 during the Board of Directors' Meeting held on 8 February 2012.

AUDIT COMMITTEE REPORT

MEMBERS

The present members of the Committee comprise:

Chairman	Chang Wei Ming	<i>(Senior 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

- 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 shall be Non-Executive Directors, where a majority shall be independent. The Board adopts the Main Market Listing Requirements of Bursa Malaysia Securities Berhad's ("Main LR of Bursa Securities") definition of "Independent Director".

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

- Must be a member of the Malaysian Institute of Accountant; or
 - 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 accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - Fulfils such requirements as prescribed or approved by Bursa Securities.
- No alternate Director shall be appointed as a member of the Audit Committee.
 - The members of the Audit Committee shall select a Chairman from among their number who shall be an Independent Director.
 - In the event of any vacancy in the Audit Committee resulting in the non-compliance with item 1 above, the Board shall fill the vacancy within three (3) months.
 - The Board shall review the term of office and performance of the Audit Committee and each member at least once every three (3) years.

Authority

The Audit Committee is authorised by the Board:

- To investigate any matter within its terms of reference;
- To have the resources which are required to perform its duties;
- To have full and unrestricted access to any information pertaining to the Company;
- To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- To be able to convene meetings 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 Audit Committee shall be review of the following and report the same to Board:-

1. With the external auditors, their audit plan, evaluation of the system of internal controls and audit report.
2. 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
3. In relation to internal audit functions, the Audit Committee shall:-
 - Assess 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;
 - Review 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
 - Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
4. 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.
5. Any external auditors' management letter and management's response on findings arising from the interim and final audits.
6. Any appointment of the external auditors, the audit fee and any question of resignation or dismissal.
7. Any other topics or functions as may be agreed to by itself and the Board of Directors.
8. Allocation of Executives' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.

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. A majority of the Audit Committee members present must be independent Directors to form a quorum to the meeting.
2. The Audit 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 Audit Committee.
4. The Company Secretary shall be the secretary of the Audit Committee.

Reporting Procedures

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

Audit Committee Report

cont'd

MEETINGS

During the financial year ended 30 September 2011, the Audit Committee held a total of four (4) meetings. Details of each member's meeting attendance during the said financial year are as follows:

Committee Members	No. of Meetings Attended
Chang Wei Ming	3/4
Dr. Rozali Bin Mohamed Ali	4/4
Chan Boon Hui	4/4

The Audit Committee had two (2) dialogue sessions with the external auditors without the presence of Executive Directors and employees of the Company on 24 February 2011 and 17 May 2011.

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 auditors and management response.
4. 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.
5. The reports prepared by the internal auditor on the state of internal control of the Group in respect of the financial year.
6. The related party transaction(s) and those that may arise within the Group or Company.
7. Reviewed the re-appointments of the external auditors for the ensuing year.

Internal Audit Function

The Company has an Internal Audit Department, which reports directly to the Audit Committee and assists the Audit 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 2011 amounted to approximately RM70,000.

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 each respective 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.

STATEMENT ON INTERNAL CONTROL

The Malaysian Code on 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. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Main LR of Bursa Securities"), the Board of Directors of JCY International Berhad is pleased to provide the following Statement on Internal Control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

This statement is in line with the Main LR of Bursa Securities on the Group's compliance with the Principles and Best Practices of the Malaysian Code on Corporate Governance in relation to internal controls.

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, fraud or loss.

There is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process, which was in place throughout the financial year, is regularly reviewed by the Board.

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control. The control processes in place are as follows:-

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.

Authority Limits

Delegation of authority including authorisation 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 authorisation procedures where the Executive Directors will review significant projects before making recommendations to the Board for consideration, and approval.

Formalised 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.

Statement on Internal Control

cont'd

CONTROL ENVIRONMENT AND KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

Management Processes and Mechanisms

Periodic meetings of the Board, Board Committees and Senior Management represent the main platform through which the Group's performance and conduct is assessed and monitored.

The daily operations of the business is entrusted to the respective General Managers/Operational Heads and their respective management teams.

Under the purview of the General Managers/Operational Heads, the heads of departments are delegated with the responsibility of managing their respective operations. The General Managers/Operational Heads actively communicate the Board's expectations to their management teams at monthly senior management meetings as well as through attendance at various operational meetings where operational and financial risks are discussed and dealt with.

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.

Through these mechanisms, the Board obtains timely and accurate information of all major control issues in relation to internal controls, regulatory compliance and risk-taking.

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.

Quality Control

The Group emphasises 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.

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.

INDEPENDENCE OF AUDIT COMMITTEE

The Audit Committee comprises wholly of Non-Executive Directors who each has the relevant experience and qualification to perform their duties effectively. 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 auditors, the external auditors and the management, and evaluates 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 Department ("IAD").

Statement on Internal Control

cont'd

INTERNAL AUDIT DEPARTMENT

The IAD is an independent and objective assurance function designed to add value to the Group.

The IAD reports directly to the Audit Committee and is independent of the activities and operations it audits. Its primary responsibility is to undertake regular and systematic reviews of the business operations, processes and procedures in order to provide reasonable assurance that the Group's system of internal control continues to operate adequately and effectively.

During the year, the IAD has carried out audits on key operating units within the Group in accordance with the risk-based annual audit plan that has been reviewed and approved by the Audit Committee. Internal audit reports are presented to the Audit Committee on a quarterly basis, highlighting findings, recommendations and agreed action plans to improve the system of internal controls. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted. Significant follow-up audit issues would be highlighted to the Audit Committee on a quarterly basis.

CONCLUSION

For the financial year under review, the Board is satisfied that the system of internal control maintained by the Group was generally sound and adequate and has not resulted in any material losses, contingencies or uncertainties.

The Board remains committed in ensuring that appropriate initiatives and active measures are taken to enhance the system of internal control to safeguard the shareholders' investment and the Group's assets.

This statement is made in accordance with the resolution of the Board dated 8 February 2012 and has been duly reviewed by the external auditors pursuant to paragraph 15.23 of the Main LR of Bursa Securities .

ADDITIONAL COMPLIANCE INFORMATION

1. Share Buy-Back

During the financial year ended 30 September 2011, 100,000 ordinary shares of RM0.25 each were repurchased as treasury shares for a total cost of RM41,728.25. All the said repurchased shares were retained as treasury shares and none of the repurchased shares was resold or cancelled during the financial year ended 30 September 2011.

The details of the shares bought back during the financial year ended 30 September 2011 are as follows:-

Month	Number of shares purchased	Purchase Price per Share (RM)	Consideration Paid (RM)
August 2011	100,000	0.415	41,728.25

2. Options or Convertible Securities

Save for the Executives' Share Option Scheme ("ESOS") which was approved at the Extraordinary General Meeting held on 24 March 2011 and implemented on 1 August 2011, the Company did not grant any options and did not issue any convertible securities during the financial year ended 30 September 2011.

3. Non-Audit Fees

There were no non-audit fees incurred or paid by the Company to its external auditors except for other service expenditure of approximately RM59,000 paid to an affiliate of the external auditors during the financial year ended 30 September 2011.

4. Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year ended 30 September 2010.

5. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The details of related party transactions undertaken by the Group during the financial year ended 30 September 2011 are stated in Note 26 to the financial statements on page 72 of this Annual Report.

6. Directors' Responsibility Statement

The directors are responsible for ensuring that the all annual financial statements and interim financial statements of the Group and of the Company are drawn up in accordance with the applicable approved accounting standards issued by MASB, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Main LR of Bursa Securities") 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 2011 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

In preparing the financial statements, the directors consider that:

- suitable accounting policies have been adopted and applied consistently;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards issued by MASB have been adopted.

The directors are responsible for ensuring that the Group and the Company maintain proper accounting records which enable them to ensure that the financial statements comply with the provisions of the Companies Act 1965, the Main LR of Bursa Securities and all applicable approved accounting standards issued by MASB.

The directors are also responsible for ensuring that a proper internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

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 2011.

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 14 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
Profit net of tax	13,466	22,293

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 dividend paid by the Company since 30 September 2010 was as follows:

	RM'000
In respect of financial year ended 30 September 2010:	
Single tier interim dividend of 0.75 sen per ordinary share on 2,044,860,000 ordinary shares, declared on 20 December 2010 and paid on 24 January 2011	15,336

The directors do not recommend the payment of final dividend for the financial year ended 30 September 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	
Wong King Kheng	
Chang Wei Ming	
Chan Boon Hui	
Goh Chye Kang	
Tan Shih Leng	<i>(appointed on 1 July 2011)</i>
Lim Ching Tee Peter	<i>(appointed on 1 January 2012)</i>
Chatar Singh A/L Santa Singh	<i>(resigned on 30 June 2011)</i>
Yong Yong Chai	<i>(resigned on 31 December 2011)</i>

Director's Report

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 7 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 26 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 2010/Date of appointment	Bought	Sold	30 September 2011
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
Tan Shih Leng	950,000	-	-	950,000

As at 30 September 2011, the holding company of the Company, YKY Investments Ltd ("YKY"), held 1,515,833,052 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.

Treasury Shares

During the financial year, the Company purchased 100,000 of its issued ordinary shares from the open market at an average price of RM0.415 per share. The total consideration paid for the purchase including transaction costs was RM41,728. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Other Statutory Information

- (a) Before the statements of comprehensive income and statements of financial position 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.

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.

Subsequent Event

Details of subsequent event are disclosed in Note 33 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 30 January 2012.

Goh Chye Kang

Wong King Kheng

STATEMENT BY DIRECTORS

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

We, Goh Chye Kang 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 35 to 82 are drawn up in accordance with applicable Financial Reporting Standards and the provisions of 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 2011 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 January 2012.

Goh Chye Kang

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 35 to 83 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 30 January 2012)

Wong King Kheng

No: J 149
Periethamby A/L Supaiya
Commissioner of Oath

Before me,

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of JCY International Berhad, which comprise the statements of financial position as at 30 September 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 35 to 82.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 statements of financial position as at 30 September 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 35 to 82, 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 2011 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 14 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
(Incorporate 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

The supplementary information set out in Note 35 on page 83 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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: 30 January 2012

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 30 september 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	4	1,671,255	2,033,386	24,448	116,893
Cost of sales		(1,625,364)	(1,811,813)	(3,675)	(4,419)
Gross profit		45,891	221,573	20,773	112,474
Other items of income					
Other operating income		2,128	3,039	3,924	523
Other items of expense					
General and administrative expenses		(29,718)	(36,317)	(2,403)	(15,541)
Finance costs	8	(4,457)	(7,676)	(1)	-
Profit before taxation	5	13,844	180,619	22,293	97,456
Income tax expense	9	(378)	(6,856)	-	-
Profit net of tax		13,466	173,763	22,293	97,456
Other comprehensive income					
Foreign currency translation		13,996	(23,272)	-	-
Total comprehensive income for the year		27,462	150,491	22,293	97,456
Basic and diluted earnings per share (sen)	10	0.7	8.5		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 september 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	702,311	753,846	9,145	11,673
Land use rights	13	19,005	19,239	-	-
Investment in subsidiaries	14	-	-	451,751	451,751
Deferred tax asset		9,458	9,557	-	-
		<u>730,774</u>	<u>782,642</u>	<u>460,896</u>	<u>463,424</u>
Current assets					
Inventories	15	224,864	213,321	-	-
Trade and other receivables	16	336,969	344,483	165,429	155,221
Other current assets	17	3,669	9,787	233	322
Tax recoverable		40	40	40	40
Cash and bank balances	18	93,468	128,834	320	94
		<u>659,010</u>	<u>696,465</u>	<u>166,022</u>	<u>155,677</u>
Total assets		<u>1,389,784</u>	<u>1,479,107</u>	<u>626,918</u>	<u>619,101</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	19	257,740	243,408	76,321	75,419
Borrowings	20	224,708	262,935	-	-
Tax payable		582	956	-	-
		<u>483,030</u>	<u>507,299</u>	<u>76,321</u>	<u>75,419</u>
Net current assets		<u>175,980</u>	<u>189,166</u>	<u>89,701</u>	<u>80,258</u>
Non-current liabilities					
Borrowings	20	-	77,138	-	-
Deferred tax liabilities	21	21,447	21,447	-	-
		<u>21,447</u>	<u>98,585</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>504,477</u>	<u>605,884</u>	<u>76,321</u>	<u>75,419</u>
Net assets		<u>885,307</u>	<u>873,223</u>	<u>550,597</u>	<u>543,682</u>
Equity attributable to equity holders of the Company					
Share capital	22	511,215	511,215	511,215	511,215
Reserves		374,092	362,008	39,382	32,467
Total equity		<u>885,307</u>	<u>873,223</u>	<u>550,597</u>	<u>543,682</u>
Total equity and liabilities		<u>1,389,784</u>	<u>1,479,107</u>	<u>626,918</u>	<u>619,101</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 september 2011

	Note	<--Non-Distributable-->				Total RM'000
		Share Capital (Note 22) RM'000	Treasury Shares (Note 22) RM'000	Foreign Currency Translation Reserve (Note 23) RM'000	Distributable Retained Earnings (Note 24) RM'000	
At 1 October 2010		511,215	-	(914)	362,922	873,223
Total comprehensive income		-	-	13,996	13,466	27,462
Transactions with owners						
Dividend	11	-	-	-	(15,336)	(15,336)
Purchase of treasury shares		-	(42)	-	-	(42)
At 30 September 2011		<u>511,215</u>	<u>(42)</u>	<u>13,082</u>	<u>361,052</u>	<u>885,307</u>
At 1 October 2009		511,215	-	22,358	269,113	802,686
Total comprehensive income		-	-	(23,272)	173,763	150,491
Transactions with owners						
Dividend	11	-	-	-	(79,954)	(79,954)
At 30 September 2010		<u>511,215</u>	<u>-</u>	<u>(914)</u>	<u>362,922</u>	<u>873,223</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 september 2011

	Note	Share Capital (Note 22) RM'000	Non- Distributable Treasury Shares (Note 22) RM'000	Distributable Retained Earnings (Note 24) RM'000	Total RM'000
At 1 October 2010		511,215	-	32,467	543,682
Total comprehensive income		-	-	22,293	22,293
Transactions with owners					
Dividend	11	-	(42)	(15,336)	(15,378)
At 30 September 2011		<u>511,215</u>	<u>(42)</u>	<u>39,424</u>	<u>550,597</u>
At 1 October 2009		511,215	-	14,965	526,180
Total comprehensive income		-	-	97,456	97,456
Transactions with owners					
Dividend	11	-	-	(79,954)	(79,954)
At 30 September 2010		<u>511,215</u>	<u>-</u>	<u>32,467</u>	<u>543,682</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 september 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating activities				
Profit before taxation	13,844	180,619	22,293	97,456
Adjustments for:				
Depreciation	98,275	93,670	2,528	2,531
Amortisation of land use rights	341	240	-	-
Gain on disposal of property, plant and equipment	(723)	(101)	-	(523)
Gain on disposal of non-current assets classified as held for sale	-	(185)	-	-
Unrealised (gain)/loss on foreign exchange	(9,768)	15,665	(3,924)	13,627
Property, plant and equipment written off	1,753	437	-	-
Interest income	(799)	(1,729)	-	-
Interest expenses	3,756	7,352	-	-
Operating cash flows before working capital changes	106,679	295,968	20,897	113,091
Inventories	(11,543)	(28,330)	-	-
Receivables	43,009	(25,030)	-	(2)
Other current assets	6,118	(2,532)	89	(285)
Payables	975	(47,479)	(72)	332
Amount due to/from subsidiaries	-	-	(5,310)	(34,797)
Cash flows from operations	145,238	192,597	15,604	78,339
Interest paid	(3,756)	(7,352)	-	-
Tax paid	(653)	(908)	-	(3)
Net cash flows from operating activities	140,829	184,337	15,604	78,336
Investing activities				
Interest income	799	1,729	-	-
Purchase of property, plant and equipment	(47,561)	(220,261)	-	(13)
Proceeds from disposal of non-current assets classified as held for sale	-	28,986	-	-
Proceeds from disposal of property, plant and equipment	12,253	324	-	1,669
Net cash flows (used in)/from investing activities	(34,509)	(189,222)	-	1,656

Statements of Cash Flows
for the financial year ended 30 september 2011 *cont'd*

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financing activities				
Amount due to shareholder	-	(173,236)	-	-
Dividends paid	(15,336)	(79,954)	(15,336)	(79,954)
Proceeds from term loan	-	163,125	-	-
Repayment of term loan	(55,635)	(31,991)	-	-
Treasury shares purchased	(42)	-	(42)	-
(Repayment)/Drawdown of short-term borrowings	(72,100)	22,817	-	-
Net cash flows used in financing activities	(143,113)	(99,239)	(15,378)	(79,954)
Net (decrease)/increase in cash and cash equivalents	(36,793)	(104,124)	226	38
Effect of exchange rate changes on cash and cash equivalents	1,427	(5,712)	-	-
Cash and cash equivalents at beginning of year	128,834	238,670	94	56
Cash and cash equivalents at end of year (Note 18)	93,468	128,834	320	94

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 september 2011

1. CORPORATE INFORMATION

JCY International Berhad 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 holding company of the Company is YKY Investments Ltd, which is incorporated in Bahamas.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 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 periods beginning on or after 1 October 2010 as described fully in Note 2.2.

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except the following:

On 1 October 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 September 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 : Financial Instruments: Recognition and Measurement
- 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
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRSs in 2009
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Amendments to FRS 132: Classification of Rights Issues
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (Revised)

Notes to the Financial Statements

for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- 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

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions are also effective for annual financial periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group and the Company.

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 October 2010, information on financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 September 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 30).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Changes in accounting policies *cont'd*

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 October 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 October 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity instruments

Prior to 1 October 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 October 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date. Investments in equity instruments whose fair value cannot be reliably measured continued to be carried at cost less impairment losses.

- Non-hedging derivatives

Prior to 1 October 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 October 2010 are recognised at their fair values and are classified as financial assets at fair value through profit or loss.

- Impairment of trade receivables

Prior to 1 October 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 October 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and concluded that there was no adjustment which was required to be made to the opening retained earnings as at 1 October 2010.

- Financial guarantee contracts

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 October 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 October 2010.

- Inter-company loans

During the current and prior years, the Company granted interest-free loans and advances to its related companies. Prior to 1 October 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances continued to be recorded at cost as the loans and advances repayable do not have any fixed terms of repayment and are repayable on demand. Therefore, the effect of discounting is considered as immaterial and the fair value of the loans is equal to the amount of the advances given or received. No adjustments were made to the opening balance of retained earnings as at 1 October 2010.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

FRSs and IC Interpretations	Effective for annual periods beginning or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR 3: Guidance on Disclosure of Transition to IFRSs	1 January 2011
TR i - 4: Shariah Compliant Sale Contracts	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011

Except for the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 September 2013.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 30 September 2011 would not be significantly different if prepared under the MFRS Framework.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

In the case of other acquisitions, the purchase method of consolidation is applied wherein, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Property, plant and equipment *cont'd*

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Depreciation on other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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 assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

2.9 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition. The Group's and the Company's financial assets are categorised as loans and receivables.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.10 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Notes to the Financial Statements

for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Impairment of financial assets *cont'd*

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are categorised as either financial liabilities at fair value through profit or loss or other financial liabilities. These include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.13 Financial liabilities *cont'd*

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.15 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

2.16 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.17 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.17 Income taxes *cont'd*

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.20 Foreign currency

(a) 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.

Notes to the Financial Statements

for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.20 Foreign currency *cont'd*

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried 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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(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) Rendering of services

Revenue from the design and development services rendered is recognised when the services are performed at the reporting date. Revenue is recognised to the extent of the expenses recognised that on recoverable.

(iii) Interest income

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

(iv) Dividend income

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

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) 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 range from 5 to 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.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the recognised and unrecognised deferred tax assets are disclosed in Note 21.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

4. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sales of hard disk drive components	1,671,255	2,033,386	-	-
Rendering of design and development services	-	-	1,860	3,955
Dividend income	-	-	22,588	112,938
	<u>1,671,255</u>	<u>2,033,386</u>	<u>24,448</u>	<u>116,893</u>

5. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
Depreciation (Note 12)	98,275	93,670	2,528	2,531
Amortisation of land use rights (Note 13)	341	240	-	-
Auditors' remuneration:				
- Statutory audit				
- current year	353	322	55	55
- (over)/underprovision in prior year	-	(11)	-	5
- Other services	59	55	-	-
Employee benefits expense (Note 5)	83,064	82,425	1,844	1,812
Non-executive directors' remuneration (Note 6)				
- Fee	150	150	150	150
- Other emoluments	300	300	300	300
Rental of land and building	2,791	3,494	-	-
Rental of equipment	1,714	1,737	-	-
Rental of hostel	6,210	10,817	-	-
Rental of office	184	184	184	184
Property, plant and equipment written off	1,753	437	-	-
Loss on foreign exchange				
- Realised	11,171	-	-	-
- Unrealised	-	15,665	-	13,627
And crediting:				
Interest income from deposits	799	1,729	-	-
Gain on disposal of property, plant and equipment	723	101	-	523
Gain on disposal of non-current assets classified as held for sale	-	185	-	-
Gain on foreign exchange				
- Realised	-	5,725	-	-
- Unrealised	9,768	-	3,924	-

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	70,479	74,918	1,767	1,720
Defined contribution plans	3,088	2,842	71	85
Social security contributions	2,797	2,555	6	7
Other staff related expenses	6,700	2,110	-	-
	<u>83,064</u>	<u>82,425</u>	<u>1,844</u>	<u>1,812</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,930,000 (2010: RM3,342,000) and RM1,221,000 (2010: RM1,107,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

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

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Executive directors (Note 6) :				
Fees	240	200	200	200
Other emoluments	2,690	3,142	1,021	907
	<u>2,930</u>	<u>3,342</u>	<u>1,221</u>	<u>1,107</u>
Non-executive directors (Note 5) :				
Fees	150	150	150	150
Other emoluments	300	300	300	300
	<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>
Total directors' remuneration	<u>3,380</u>	<u>3,792</u>	<u>1,671</u>	<u>1,557</u>

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

7. DIRECTORS' REMUNERATION *cont'd*

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive:				
Salaries	2,613	2,902	972	844
Fees	240	200	200	200
Bonus	-	114	-	20
Defined contribution plan	77	126	49	43
	<u>2,930</u>	<u>3,342</u>	<u>1,221</u>	<u>1,107</u>
Non-Executive:				
Other emoluments	300	300	300	300
Fees	150	150	150	150
	<u>3,380</u>	<u>3,792</u>	<u>1,671</u>	<u>1,557</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	
	2011	2010
Executive directors:		
RM150,001 - RM200,000	1	-
RM450,001 - RM500,000	1	1
RM500,001 - RM550,000	-	1
RM650,001 - RM700,000	1	1
RM800,001 - RM850,000	2	-
RM1,150,001 - RM1,200,000	-	1
Non-executive directors:		
Below RM100,000	2	2
RM300,001 - RM350,000	1	1

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

8. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expenses on:				
Bankers' acceptances	1,132	2,674	-	-
Term loan	2,443	2,772	-	-
Bill payables	181	1,906	-	-
Bank charges	701	324	1	-
	<u>4,457</u>	<u>7,676</u>	<u>1</u>	<u>-</u>

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	170	502	-	-
Underprovision in prior year	109	-	-	-
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	99	6,354	-	-
	<u>378</u>	<u>6,856</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
for the financial year ended 30 September 2011 *cont'd*

9. INCOME TAX EXPENSE *cont'd*

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2011 and 2010 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	13,844	180,619	22,293	97,456
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%)	3,461	45,155	5,573	24,364
Income not subject to tax	(2,894)	(37,370)	(6,628)	(24,371)
Expenses not deductible for tax purposes	812	1,535	36	7
Deferred tax recognised at different tax rates	341	358	-	-
Deferred tax asset not recognised for unabsorbed losses	1,744	735	1,019	-
Deferred tax assets recognised on certain property, plant and equipment in respect of which the tax base exceeds the net carrying amount	(3,195)	(3,557)	-	-
Underprovision of income tax in prior year	109	-	-	-
Income tax expense recognised in profit or loss	378	6,856	-	-

Domestic current income tax is calculated at the statutory tax rate of 25% (2010 : 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Group enjoy tax exemptions from the relevant authorities on their business income for current and future periods. The computation of deferred tax as at 30 September 2011 has reflected the effects of such exemptions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 30 September:

	Group	
	2011	2010
Profit attributable to ordinary equity holders of the Company (RM'000)	13,466	173,763
Weighted average number of ordinary shares in issue ('000 units)	2,044,850	2,044,860
Basic and diluted earnings per share (sen)	0.7	8.5

11. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Single tier interim dividend of 3.91 sen per ordinary share on 2,044,860,000 ordinary shares	-	79,954	-	79,954
Single tier interim dividend of 0.75 sen per ordinary share on 2,044,860,000 ordinary shares	-	15,336	15,336	-
	-	95,290	15,336	79,954

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

12. PROPERTY, PLANT AND EQUIPMENT

2011 Group	Freehold	Buildings	Construction	Fixtures, fittings and office equipment	Plant and machinery	Equipment	Electrical installation	Renovation	Motor vehicles	Total
	land	RM'000	in progress	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 October 2010	7,422	105,387	56,938	6,797	879,119	121,830	7,848	21,274	2,458	1,209,073
Additions	-	1,536	3,178	1,477	34,317	5,157	1,420	316	160	47,561
Disposal	-	-	-	-	(21,276)	-	-	-	(30)	(21,306)
Written off	-	-	-	-	(29,467)	(9,491)	(154)	(1,163)	(389)	(40,664)
Transfers	-	19,633	(20,414)	58	537	141	-	-	45	-
Exchange differences	56	3,600	30	111	15,446	-	-	-	25	19,268
At 30 September 2011	7,478	130,156	39,732	8,443	878,676	117,637	9,114	20,427	2,269	1,213,932
Accumulated depreciation										
At 1 October 2010	-	11,914	-	4,656	364,703	52,777	3,362	16,017	1,798	455,227
Charge for the year (Note 5)	-	4,091	-	1,255	78,353	11,324	1,691	1,381	180	98,275
Disposal	-	-	-	-	(9,968)	149	-	73	(30)	(9,776)
Written off	-	-	-	-	(28,522)	(8,912)	(153)	(1,089)	(235)	(38,911)
Exchange differences	-	70	-	85	6,645	-	-	-	6	6,806
At 30 September 2011	-	16,075	-	5,996	411,211	55,338	4,900	16,382	1,719	511,621
Net carrying amount										
At 30 September 2011	7,478	114,081	39,732	2,447	467,465	62,299	4,214	4,045	550	702,311

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

12. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Plant and machinery	Equipment	Renovation	Total
2011	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 October 2010	21,103	1,136	364	22,603
Addition	-	-	-	-
Disposal	-	-	-	-
At 30 September 2011	21,103	1,136	364	22,603
Accumulated depreciation				
At 1 October 2010	10,071	672	187	10,930
Charge for the year (Note 5)	2,306	149	73	2,528
Disposal	-	-	-	-
At 30 September 2011	12,377	821	260	13,458
Net carrying amount				
At 30 September 2011	8,726	315	104	9,145
2010				
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 5)	2,309	150	72	2,531
Disposal	(738)	-	-	(738)
At 30 September 2010	10,071	672	187	10,930
Net carrying amount				
At 30 September 2010	11,032	464	177	11,673

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

13. LAND USE RIGHTS

	Group	
	2011 RM'000	2010 RM'000
As at beginning of year	19,239	19,593
Amortisation for the year (Note 5)	(341)	(240)
Exchange differences	107	(114)
As at end of year	<u>19,005</u>	<u>19,239</u>
Amount to be amortised:		
- Not later than one year	341	240
- Later than one year but not later than five years	1,364	960
- Later than five years	17,300	18,039
	<u>19,005</u>	<u>19,239</u>

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 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	2011 %	2010 %	Principal activities
Held by the Company:				
JCY HDD Technology Sdn Bhd*	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

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

14. INVESTMENT IN SUBSIDIARIES *cont'd*

Name of company	Country of incorporation	2011 %	2010 %	Principal activities
Held through subsidiaries:				
Minarex Holdings Limited*	Mauritius	100.00	100.00	Investment holding
YK Technology (Suzhou) Co. Ltd***##	The People's Republic of China	100.00	100.00	Manufacturing and trading of HDD components
Foshan YK HDD Co. Ltd***#	The People's Republic of China	100.00	-	Manufacture and distribution of HDD components. Currently dormant
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

15. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At cost:		
Raw materials	33,024	37,378
Work-in-progress	112,881	69,653
Finished goods	70,653	61,031
Consumables	8,306	9,683
	<hr/> 224,864	<hr/> 177,745
At net realisable value:		
Work-in-progress	-	19,407
Finished goods	-	16,169
	<hr/> -	<hr/> 35,576
	<hr/> <hr/> 224,864	<hr/> <hr/> 213,321

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade receivables				
Third parties	333,965	340,961	-	-
Other receivables				
Subsidiaries	-	-	165,395	155,187
Sundry receivables	1,429	1,686	-	-
Deposits	1,575	1,836	34	34
	3,004	3,522	165,429	155,221
Total trade and other receivables	336,969	344,483	165,429	155,221
Add: Cash and bank balances (Note 18)	93,468	128,834	320	94
Add: Tax recoverable	40	40	40	40
Total loans and receivables	430,477	473,357	165,789	155,355

(a) Trade receivables

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.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	298,614	300,228
1 to 30 days past due not impaired	25,485	34,778
31 to 60 days past due but not impaired	6,251	4,237
More than 61 past due but not impaired	3,615	1,718
	35,351	40,733
	333,965	340,961

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

16. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables *cont'd*

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Almost 100% (2010: 100%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM35,351,000 (2010: RM40,733,000) that are past due at the reporting date but not impaired.

(b) Amounts due from subsidiaries

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

17. OTHER CURRENT ASSETS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Prepayments	3,669	9,787	233	322

18. CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Repurchase agreements	20,457	61,559	-	-
Fixed deposits with commercial banks	3,693	15,672	-	-
Cash and bank balances	69,318	51,603	320	94
	93,468	128,834	320	94

Included are fixed deposits and bank balances of the Group of approximately RM804,000 and RM104,000 respectively (2010: RM437,000 and RM96,000 respectively) which have been pledged for bankers' guarantees facilities granted to certain subsidiaries.

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

	Range of interest rates		Range of maturities	
	2011	2010	2011	2010
	%	%	Days	Days
Repurchase agreements	0.17 - 2.80	0.23 - 2.5	3 - 5	1
Fixed deposits with commercial banks	3.05	0.85 - 1.98	28 - 365	92-365

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade payables				
Third parties	215,417	197,341	-	-
Other payables				
Subsidiaries	-	-	75,808	74,834
Sundry payables	15,507	19,941	-	-
Accruals	26,816	26,126	513	585
	42,323	46,067	76,321	75,419
Total trade and other payables	257,740	243,408	76,321	75,419
Add: Borrowings (Note 20)	224,708	340,073	-	-
Add: Tax payable	582	956	-	-
Total financial liabilities carried at amortised cost	483,030	584,437	76,321	75,419

(a) Trade payables

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

(b) Amounts due to subsidiaries

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

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

20. BORROWINGS

	Group	
	2011 RM'000	2010 RM'000
Current		
Unsecured:		
Bills payables	9,824	121,154
Export credit refinancing	-	87,784
Foreign currency trade loans	62,464	-
Onshore foreign currency loans	72,695	-
Term loan	79,725	53,997
	<hr/>	<hr/>
	224,708	262,935
Non-current		
Unsecured:		
Term loan	-	77,138
Total loans and borrowings	<hr/>	<hr/>
	224,708	340,073

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

	Group	
	2011 % per annum	2010 % per annum
Bill payables	1.20	1.20
Foreign currency trade loans	0.69 - 1.39	-
Onshore foreign currency loans	0.73 - 1.68	-
Export credit refinancing	-	2.80 - 3.00
Term loan	LIBOR+2.00	LIBOR+2.00

The Group's 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
for the financial year ended 30 september 2011 *cont'd*

21. DEFERRED TAX

	2011 RM'000	2010 RM'000
Group		
At beginning of year	11,890	5,536
Recognised in profit or loss (Note 9)	99	6,354
At end of year	<u>11,989</u>	<u>11,890</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	9,458	9,557
Deferred tax liabilities	(21,447)	(21,447)
	<u>(11,989)</u>	<u>(11,890)</u>

The components of deferred tax comprised mainly from timing difference on property, plant and equipment. The movement of deferred tax during the financial year are as follows:

	2011 RM'000	2010 RM'000
Deferred tax assets		
At beginning of year	9,557	13,114
Recognised in profit or loss	(99)	(3,557)
At end of year	<u>9,458</u>	<u>9,557</u>
Deferred tax liabilities		
At beginning of year	21,447	11,536
Recognised in profit or loss	-	9,911
At end of year	<u>21,447</u>	<u>21,447</u>

At the reporting date, the Company has tax losses and unabsorbed capital allowances of approximately RM9,945,000 (2010: Nil) that is available for offset against future taxable profits of the Company, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

22. SHARE CAPITAL

	Number of ordinary shares of RM0.25 each		-----Amount-----	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At beginning of year	2,044,860	-	511,215	-
Purchase of treasury shares	-	100	-	42
At end of year	2,044,860	100	511,215	42

	Number of ordinary shares of RM0.25 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised share capital	8,000,000	8,000,000	2,000,000	2,000,000

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 100,000 (2010: Nil) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM41,728 (2010: Nil) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

23. 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.

24. RETAINED EARNINGS

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 2011 under the single tier system.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

25. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:				
Property, plant and equipment	5,524	10,222	-	-

(b) Operating lease commitments – as lessee

In addition to the land use rights disclosed in Note 13, 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.

Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 30 September 2011 amounted to RM11,240,000 (2010: RM16,472,000).

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payments:				
Not later than 1 year	5,664	5,497	153	-
Later than 1 year and not later than 5 years	7,477	10,473	-	-
	13,141	15,970	153	-

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

26. RELATED PARTY TRANSACTIONS

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2011 RM'000	2010 RM'000
Group		
Armster Sdn. Bhd. -		
a company in which a former director's brother has interest		
- Factory renovation and maintenance expenses	-	2,716
PCA Mahlin Technology Sdn. Bhd. -		
a company in which a director is the brother of the Company's former director		
- Rental of building	600	600
	<hr/>	<hr/>
Company		
Rendering of design and development services to a subsidiary	1,860	3,955
Dividends income from a subsidiary	22,588	112,938
	<hr/>	<hr/>

(b) Compensation to key management personnel

Key management personnel of the Group and of the Company are also executive directors of the Company. Information on compensation to key management personnel is disclosed in Note 7.

27. CONTINGENT LIABILITIES

Group - Unsecured

A subsidiary of the Company, JCY HDD Technology Sdn. Bhd. ("JCY HDD"), has received letters dated 14 December 2009 from Tenaga Nasional Berhad ("TNB") claiming for additional electricity charges of approximately RM8.36 million. The additional electricity charges were in respect of the electricity charges supposedly undercharged by TNB for the period from September 2007 to November 2009 due to the incorrect meter reading from electricity meters that were either defective or tampered.

JCY HDD had disputed the claims and had discussed with TNB as to their basis and quantification of the additional electricity charges. JCY HDD had on 14 June 2010 met TNB directors to discuss on the matter and had on 28 June 2010 provided TNB with the third party audited production reports as requested by TNB. TNB has reverted with claim of approximately RM8 million on 11 January 2011. However, JCY HDD disagreed with the claim and has engaged legal counsel to challenge the claim and seek independent court assessment of the claim.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

27. CONTINGENT LIABILITIES *cont'd*

Group - Unsecured *cont'd*

The Writ of Summons and Statement of Claim dated 23 February 2011 was served on JCY HDD by TNB. JCY HDD had sought for solicitor's advise on the necessary course of action to be taken in relation to the aforesaid Write of Summons and had filed its Defence and Counter-Claim on 29 April 2011. On 19 August 2011, a mediation process that was arranged by the Court took place at Penang High Court between JCY HDD and TNB's representatives. There was no settlement reached and TNB requested JCY HDD to raise the amount it had offered.

On 27 October 2011, an application has been filed into the Court to have certain preliminary question of law tried and determined by the judge before trial. The Judge fixed the preliminary question of law for hearing on 25 November 2011. On 25 November 2011, the Judge had reserved decision and would deliver his decision on 15 December 2011.

On 15 December 2011, the Judge fixed for decision for the case that TNB's claim is only restricted to 3 months backcharges. Therefore, JCY HDD is only required to pay to TNB for an amount of approximately RM1.05 million. However, TNB had filed an appeal to the Court of Appeal against the decision of the High Court made on 15 December 2011.

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

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	16
Trade and other payables (current)	19
Borrowings (current)	20
Borrowings (non-current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

For the purpose of the above estimates of fair value of financial instruments, 'short term nature' is defined as a period within 1 year.

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 Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

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 customers.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM224,708,000 (2010: RM340,073,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16(a).

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	125,645	37%	121,998	36%
Singapore	16,073	5%	9,642	3%
Thailand	186,687	56%	205,074	60%
Other countries	5,560	2%	4,247	1%
	<u>333,965</u>	<u>100%</u>	<u>340,961</u>	<u>100%</u>

At the reporting date, approximately 83% (2010: 88%) of the Group's trade receivables were due from 2 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 16. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	After 1 year but within 5 years RM'000	Total RM'000
Group			
2011			
Financial liabilities			
Trade and other payables	257,740	-	257,740
Borrowings	224,708	-	224,708
Tax payable	582	-	582
Total undiscounted financial liabilities	483,030	-	483,030
2010			
Financial liabilities			
Trade and other payables	243,408	-	243,408
Borrowings	262,935	77,138	340,073
Tax payable	956	-	956
Total undiscounted financial liabilities	507,299	77,138	584,437
Company			
2011			
Financial liabilities			
Trade and other payables	76,321	-	76,321
Borrowings	-	-	-
Total undiscounted financial liabilities	76,321	-	76,321
2010			
Financial liabilities			
Trade and other payables	75,419	-	75,419
Borrowings	-	-	-
Total undiscounted financial liabilities	75,419	-	75,419

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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 2011. 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.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM843,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

Approximately 77% (2010: 80%) of the Group's sales are denominated in foreign currencies whilst almost 48% (2010: 50%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM19,905,000 (2010: RM63,680,000) and RM42,000 (2010: RM40,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investment in foreign operations in Republic of Mauritius. The Group's investment in these subsidiaries, which are denominated in USD, are not hedged as the currency position in these subsidiaries are considered to be long-term in nature.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Foreign currency risk *cont'd*

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				Total RM'000
	Thai Baht RM'000	United States Dollars RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	
2011					
United States Dollars	(627)	-	40,299	47	39,719
Singapore Dollars	(1,227)	(98)	(15,611)	-	(16,936)
Euro	(141)	-	(80)	-	(221)
Japanese Yen	-	-	(70)	-	(70)
Swiss Franc	-	-	(32)	-	(32)
Thai Baht	-	-	(1,368)	-	(1,368)
	(1,995)	(98)	23,138	47	21,092
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)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, JPY and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Profit net of tax	
		2011 RM'000	2010 RM'000
USD/RM	- strengthened 3% (2010: 5%)	1,209	(1,283)
	- weakened 3% (2010: 5%)	(1,209)	1,283
USD/RMB	- strengthened 10% (2010: 7%)	5	1,190
	- weakened 10% (2010: 7%)	(5)	(1,190)
SGD/RM	- strengthened 7% (2010: 7%)	(1,093)	(1,208)
	- weakened 7% (2010: 7%)	1,093	1,208
YEN/RM	- strengthened 10% (2010: 3%)	(7)	(3,351)
	- weakened 10% (2010: 3%)	7	3,351

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2011 and 30 September 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners.

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Borrowings	20	224,708	340,073	-	-
Trade and other payables	19	257,740	243,408	76,321	75,419
Less: Cash and bank balances	18	(93,468)	(128,834)	(320)	(94)
Net debt		388,980	454,647	76,001	75,325
Equity attributable to the owners of the parent, represents total capital		885,307	873,223	550,597	543,682
Capital and net debt		1,274,287	1,327,870	626,598	619,007
Gearing ratio		31%	34%	12%	12%

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) Thailand
- (iii) 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
for the financial year ended 30 september 2011 *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	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2011					
Revenue					
Sales to external customers	1,286,466	355,959	28,830	-	1,671,255
Inter-segment sales	313,435	25	29,610	(343,070)	-
Total revenue	1,599,901	355,984	58,440	(343,070)	1,671,255
Results					
Segment results	28,565	(475)	(15,621)	5,832	18,301
Finance costs	(4,442)	(1)	(14)	-	(4,457)
Profit/(Loss) before tax	24,123	(476)	(15,635)	5,832	13,844
Income tax	(279)	-	-	(99)	(378)
Net profit/(loss) for the year	23,844	(476)	(15,635)	5,733	13,466
Assets and liabilities					
Segment assets	1,396,339	245,704	270,931	(523,190)	1,389,784
Segment liabilities	563,269	217,788	194,693	(471,273)	504,477
Other segment information					
Depreciation	82,149	14,256	15,483	(13,613)	98,275
Amortisation	341	-	-	-	341

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

31. SEGMENT INFORMATION *cont'd*

Geographical segments *cont'd*

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Total RM'000
30 September 2010					
Revenue					
Sales to external customers	1,625,893	363,308	44,185	-	2,033,386
Inter-segment sales	465,092	-	42,017	(507,109)	-
Total revenue	2,090,985	363,308	86,202	(507,109)	2,033,386
Results					
Segment results	280,639	(2,424)	7,108	(97,028)	188,295
Finance costs	(7,666)	-	(10)	-	(7,676)
Profit/(Loss) before tax	272,973	(2,424)	7,098	(97,028)	180,619
Income tax expense	(10,414)	-	-	3,558	(6,856)
Net profit/(loss) for the year	262,559	(2,424)	7,098	(93,470)	173,763
Assets and liabilities					
Segment assets	1,992,917	231,679	440,427	(1,185,916)	1,479,107
Segment liabilities	706,562	203,527	187,211	(491,416)	605,884
Other segment information					
Depreciation	76,100	11,933	16,018	(10,381)	93,670
Amortisation	240	-	-	-	240

32. SIGNIFICANT EVENTS

(a) Establishment of a subsidiary in Foshan, People Republic of China

Minarex Holdings Limited ("Minarex"), a wholly-owned subsidiary of the Company, had on 9 August 2011 established a wholly-owned subsidiary under the name of Foshan YK HDD Co., Ltd ("Foshan YK") in Foshan, People's Republic of China ("the Establishment"). The registered share capital of Foshan YK is USD10,000,000. As at the reporting date, USD1,550,000 has been paid up. Upon the Establishment, Foshan YK will be a wholly-owned subsidiary of Minarex. The intended activity of Foshan YK is to carry on the business of manufacturing and trading of components for hard disk drive.

(b) Executives' Share Option Scheme

Shareholders of the Company had on 24 March 2011, in an Extraordinary General Meeting, approved that the Company be authorised to establish, implement and administer an Executives' Share Option Scheme ("ESOS") for the benefit of the eligible Directors and Executive of the Group and its subsidiaries. The total new ordinary shares as may be required to be issued to Eligible Executives under the ESOS shall not exceed 10% in aggregate of the total issued and paid-up share capital at any point of time during the duration of the ESOS and that such new shares shall rank pari passu in all respects with the then existing issued and paid-up share capital of the Company.

All conditions attached to the ESOS had been fulfilled and the ESOS had been effected on 1 August 2011. As at the reporting date, there is no share option offered, granted or exercised to any of the Eligible Executives in pursuant to the ESOS.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

33. SUBSEQUENT EVENT

In October 2011, the Group became aware that its major customers' operations in Thailand had been affected by floods but thereafter received confirmation from the customers that their orders from the Group would not be affected. On 3 December 2011, the Company was further updated by the announcement made by one of the major customers that they had re-started their operation in their Thailand factory.

The flood in Thailand also affected many suppliers of hard disk drive ("HDD") components and HDD manufacturers, hence creating a shortage on HDD supply. The global HDD shipments in the quarter ended 31 December 2011 are estimated to be approximately 50 million units short of what were originally estimated.

Due to shortage of HDD, the retail prices of HDD had increased significantly in December 2011 as compared to the pre-flood period, and the Group has benefited from the price increment of HDD.

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 September 2011 were authorised for issue in accordance with a resolution of the directors on 30 January 2012.

Notes to the Financial Statements
for the financial year ended 30 september 2011 *cont'd*

35. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 January 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Retained earnings of the Company and its subsidiaries:				
Realised	366,328	427,700	35,500	46,094
Unrealised	(2,221)	(55,616)	3,924	(13,627)
	364,107	372,084	39,424	32,467
Less: Consolidation adjustments	(3,055)	(9,162)	-	-
Retained earnings per financial statements	361,052	362,922	39,424	32,467

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 Carrying Amount as at 30 September 2011 (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	10.5 years	4,616,636
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	11 years	5,158,618
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	10 years	12,760,761
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	11 years	5,666,761
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	7.5 years	15,959,920
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	2 year	33,769,336

List of Properties
cont'd

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 Carrying Amount as at 30 September 2011 (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	9 years	4,350,210
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	2 year	16,518,416
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.	41,122,506
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	5 years	32,282,906
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	Freehold	Land	Approximately 5.928 acres	n.a.	3,059,625

STATISTICS OF SHAREHOLDINGS

as at 31 January 2012

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 (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%#	No. of Shares Held	%#
1 – 99	7	0.08	194	0.00
100 – 1,000	962	10.84	876,200	0.04
1,001 – 10,000	5,103	57.51	29,246,900	1.43
10,001 – 100,000	2,377	26.79	78,237,100	3.83
100,001 – 102,237,999(*)	424	4.78	420,916,554	20.59
102,238,000 and above (**)	1	0.00	1,515,483,052	74.11
TOTAL	8,874	100.00	2,044,760,000	100.00

Remarks:

- * Less than 5% of Issued Shares
- ** 5% and above of Issued Shares
- # After netting off 100,000 treasury shares held as at 31 January 2012

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of JCY and their respective shareholdings based on the Register of Substantial Shareholders of JCY as at 31 January 2012 are as follows:-

Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
YKY Investments Ltd	1,515,833,052	74.13	-	-
YKY Trustees Pte Ltd*	-	-	1,515,833,052	74.13
Yong Yoon Kiong**	-	-	1,515,833,052	74.13
Liew Wan***	-	-	1,515,833,052	74.13
Cheryl Yong Sunn Sunn***	-	-	1,515,833,052	74.13
Jeremy Yong Wei Quan***	-	-	1,515,833,052	74.13

Remarks:

- * 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

Statistics of Shareholdings
as at 31 January 2012 *cont'd*

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of JCY as at 31 January 2012 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dr. Rozali Bin Mohamed Ali	650,000	0.03	-	-
Wong King Kheng	3,500,000	0.17	-	-
Goh Chye Kang	600,000	0.03	-	-
Tan Shih Leng	950,000	0.05	-	-
Lim Ching Tee Peter	1,000,000	0.05	-	-
Chang Wei Ming	25,000	*	-	-
Chan Boon Hui	-	-	-	-

* Negligible

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

No. Shareholders	No. of Shares	%
1. Citigroup Nominees (Asing) Sdn. Bhd. – Exempt AN for UBS AG Hong Kong (Foreign)	1,515,483,052	74.12
2. Cimsec Nominees (Tempatan) Sdn. Bhd. – Maju Uni-Concept Sdn. Bhd.	61,309,737	3.00
3. OSK Investment Bank Berhad - IVT "SW Book 1"	58,256,500	2.85
4. Citigroup Nominees (Asing) Sdn. Bhd. – Exempt AN for UBS AG Singapore (Foreign)	46,001,800	2.25
5. Cimsec Nominees (Asing) Sdn. Bhd. – Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	19,850,000	0.97
6. Citigroup Nominees (Asing) Sdn. Bhd. – Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	11,030,200	0.54
7. HSBC Nominees (Asing) Sdn. Bhd. – HSBC-FS for Legg Mason Western Asset Southeast Asia Special Situations Trust (201061)	7,606,300	0.37
8. Tai Chin Oon	6,542,700	0.32
9. Eeh Cheng Hock	5,660,000	0.28
10. OSK Nominees (Tempatan) Sdn. Berhad – Pledged Securities Account for Tan Soon Ping	5,571,200	0.27
11. Yong Yong Chai	5,000,000	0.24
12. Yong Yoong Kian	4,155,000	0.20
13. ECML Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Tan Fee Ping (009)	4,094,000	0.20
14. Tan Fee Ping	3,676,000	0.18
15. Wong King Kheng	3,500,000	0.17
16. Commerce Technology Ventures Sdn. Bhd.	3,250,000	0.16
17. Woo Wai Onn @ Foo Wai Onn	3,200,000	0.16

Statistics of Shareholdings

as at 31 January 2012 *cont'd*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS *cont'd*

No. Shareholders	No. of Shares	%
18. Pang Mei Mei	3,154,500	0.15
19. Cimsec Nominees (Tempatan) Sdn. Bhd. – CIMB for Wong Lai Cheng (PB)	3,000,000	0.15
20. Tan Ah Loy @ Tan May Ling	3,000,000	0.15
21. HSBC Nominees (Asing) Sdn. Bhd. – Morgan Stanley & Co. International PLC (Firm A/C)	2,936,200	0.14
22. Cimsec Nominees (Tempatan) Sdn. Bhd. – CIMB for Kho Chai Yam (PB)	2,800,000	0.14
23. HSBC Nominees (Tempatan) Sdn. Bhd. – HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	2,740,000	0.13
24. Po Siew Kim	2,690,100	0.13
25. HSBC Nominees (Asing) Sdn. Bhd. – Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	2,648,400	0.13
26. Lim Ham Choon	2,550,000	0.12
27. Yong Jong Siah	2,500,000	0.12
28. HSBC Nominees (Asing) Sdn. Bhd. – Exempt AN for Morgan Stanley & Co. International PLC (Client)	2,450,000	0.12
29. Public Invest Nominees (Tempatan) Sdn. Bhd. – Exempt AN for Phillip Securities Pte Ltd (Clients)	2,355,900	0.12
30. Amsec Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Nicholas Tan Chye Seng	2,000,000	0.10
TOTAL	1,799,011,589	87.98

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("6th 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, 22 March 2012 at 10:30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 September 2011 together with the Reports of the Directors and the Auditors thereon. (Please refer to Note 1)
2. To approve the payment of Directors' fees for the financial year ended 30 September 2011. (Resolution 1)
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. Wong King Kheng; and (Resolution 2)
 - (b) Mr. Goh Chye Kang. (Resolution 3)
4. To re-elect the following Directors who are retiring in accordance with Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Mr. Tan Shih Leng; and (Resolution 4)
 - (b) Mr. Lim Ching Tee Peter. (Resolution 5)
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. (Resolution 6)

As Special Business

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

6. **ORDINARY RESOLUTION NO. 1**
- **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** (Resolution 7)

"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 conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 2

- **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** (Resolution 8)

"THAT, subject to the compliance with Section 67A of the Companies Act, 1965 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued and paid-up ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any), upon such terms and conditions as set out in the Circular to Shareholders dated 29 February 2012.

Notice of the Sixth Annual General *cont'd*

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

7. **SPECIAL RESOLUTION****- PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY**

(Resolution 9)

"**THAT** the Proposed Amendments to the Company's Articles of Association as set out in the Circular to Shareholders dated 29 February 2012, be and are hereby approved **AND THAT** the Directors and Secretary 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 to the Company's Articles of Association."

8. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

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

Kuala Lumpur
 Dated : 29 February 2012

Explanatory Notes to Special Business: -

1. This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval for the Audited Financial Statements from the shareholders. Hence, this Agenda item is not put forward for voting.

Notice of the Sixth Annual General *cont'd***2. 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 6th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 5th AGM of the Company held on 24 March 2011 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

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 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.

3. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution 2 is to renew the authority granted by the shareholders of the Company at the Extraordinary General Meeting held on 24 March 2011. The proposed renewal will allow your Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company any time within the time period stipulated in Bursa Securities Main Market Listing Requirements.

4. Proposed Amendments to 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 to the Bursa Malaysia Securities Berhad Main Market Listing Requirements which took effect on 3 January 2012.

Notes:-

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 15 March 2012 shall be eligible to attend the Meeting.
2. A member/shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member/shareholder appoints two (2) proxies to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member/shareholder of the Company and a member/shareholder 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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (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.
6. 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, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

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

FORM OF PROXY

CDS Account No.	
Number of ordinary shares held	

*I/We (full name), _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

being *a shareholder/shareholders of JCY International Berhad ("the Company") hereby appoint:-

First Proxy "A"

Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

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 Sixth 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 on Thursday, 22 March 2012 at 10:30 a.m. and at any adjournment thereof.

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.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 September 2011 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 2011.	1		
3.	To re-elect Mr. Wong King Kheng who is retiring in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.	2		
4.	To re-elect Mr. Goh Chye Kang who is retiring in accordance with Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.	3		
5.	To re-elect Mr. Tan Shih Leng who is retiring in accordance with Article 101 of the Company's Articles of Association and being eligible, has offered himself for re-election.	4		
6.	To re-elect Mr. Lim Ching Tee Peter who is retiring in accordance with Article 101 of the Company's Articles of Association and being eligible, has offered himself for re-election.	5		
7.	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.	6		
Special Business				
8.	Ordinary Resolution 1: Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.	7		
9.	Ordinary Resolution 2: Proposed Renewal of Authority for Share Buy-Back	8		
10.	Special Resolution: Proposed Amendments to the Articles of Association of the Company.	9		

As witness my/our hand(s) this day _____ of _____ 2012.

*Signature/Common Seal of Shareholder

*Strike out whichever not applicable

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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